

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION**

NINGDE AMPEREX TECHNOLOGY
LIMITED,

Plaintiff,

v.

ZHUHAI COSMX BATTERY CO., LTD.,

Defendant.

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CIVIL ACTION NO. 2:22-CV-00232-JRG

ORDER

Before the Court is Plaintiff Ningde Amperex Technology Limited’s (“ATL”) Opposed Motion for Leave to Amend Infringement Contentions (the “Motion”). (Dkt. No. 102.) Having considered the Motion and its briefing, the Court finds that the Motion should be and hereby is **GRANTED** for the reasons set forth below.

I. BACKGROUND

On June 24, 2022, ATL filed suit against Zhuhai CosMX Battery Co., Ltd. (“CosMX”) alleging infringement of U.S. Patent No. 10,971,706 (the “’706 Patent”)¹ and U.S. Patent No. 11,329,352 (the “’352 Patent”). (Dkt. No. 1.) On August 4, 2022, ATL filed its First Amended Complaint adding allegations of infringement of U.S. Patent No. 10,833,363 (the “’363 Patent”) and U.S. Patent No. 10,964,987 (the “’987 Patent”). (Dkt. No. 8.) The allegedly infringing products in this case are lithium-ion battery (“LIB”) cells that may be included in battery packs used in consumer electronic devices such as laptops, smartphones, and tablets. (Dkt. No. 102 at 1–3.)

¹ The parties stipulated to the voluntary dismissal of the ’706 Patent from this action, which the Court accepted. (Dkt. No. 87.)

ATL served its infringement contentions on November 3, 2022. Discovery in this case proceeded and, on May 30, 2023, ATL filed its Second Amended Complaint (Dkt. No. 97) identifying more than 300 additional allegedly infringing CosMX battery cells based on discovery taken by ATL up to that date. On the same date, ATL also served its proposed amended infringement contentions, which CosMX indicated that it would oppose.

ATL seeks to amend its infringement contentions to: (1) identify additional accused products for each of the asserted patents; (2) add claims 3, 4, 5, and 17 of the '987 Patent; and (3) update its claim charts for each asserted patent with citations to technical documents produced by CosMX. (*Id.* at 6; Dkt. No. 109 at 1.) ATL also seeks to add numerous of its own products allegedly practicing the asserted patents under P.R. 3-1(f) while deleting some previously identified products. (Dkt. No. 102 at 1; Dkt. No. 115 at 5.)

II. LEGAL STANDARD

Local Patent Rule 3-1 requires the patent owner to serve infringement contentions identifying each accused product as specifically as possible. P.R. 3-1. Local Patent Rule 3-6(b) allows a party to supplement its infringement contentions “only by order of the Court, which shall be entered only upon a showing of good cause.” P.R. 3-6(b). “Good cause in this context ‘requires a showing of diligence.’” *Intellectual Ventures II LLC v. FedEx Corp.*, 2017 WL 4812436, at *2 (E.D. Tex. Oct. 25, 2017) (quoting *O2 Micro Int’l Ltd. v. Monolithic Power Sys., Inc.*, 467 F.3d 1355, 1366 (Fed. Cir. 2006)). Additionally, the Court considers four factors when determining good cause: “(1) the explanation for the failure to meet the deadline; (2) the importance of the thing that would be excluded if the proposed amendment is not allowed; (3) potential prejudice in allowing the thing that would be excluded; and (4) the availability of a continuance to cure such prejudice.” *Id.* (citing *Packet Intelligence LLC v. NetScout Sys.*, 2017 WL 2531591, at *1 (E.D.

Tex. Apr. 27, 2017); *accord Harris Corp. v. Huawei Device USA, Inc.*, 2019 WL 4247067, at *1 (E.D. Tex. Sept. 6, 2019)).

III. DISCUSSION

ATL argues that good cause supports its Motion because each of the four factors the Court considers in determining whether to grant leave weigh in ATL's favor. (Dkt. No. 102 at 7–12.) In response, CosMX argues that ATL's proposed amended infringement contentions fail to comply with P.R. 3-1(c), which requires ATL to identify specifically where each element of each asserted claim is found within each Accused Instrumentality. (Dkt. No. 109 at 6–9.) CosMX also argues failure to comply with P.R. 3-1(d). (*Id.* at 9.) Further, CosMX argues that ATL has not demonstrated good cause for its amendment. (*Id.* at 9–15.) The Court addresses the good cause factors as follows.

1. The Reason for the Delay and Whether the Party has Been Diligent

ATL argues that it acted with diligence to obtain necessary technical information from CosMX, which justifies the omission from its original infringement contentions of the supplemental material it now seeks to add. (Dkt. No. 102 at 7–10.) Primarily, ATL argues that analyzing physical products (i.e., CosMX's battery cells) is difficult, and technical documentation is preferred. For example, ATL asserts that due to safety concerns, reverse engineering or performing a teardown of every CosMX LIB product to determine which products infringe which claims of the asserted patents would be too time consuming and too expensive. ATL alleges that CosMX's production of technical documents has been deficient, which forced ATL to attempt discovery by other such methods (e.g., teardowns).

ATL also argues it acted diligently by promptly seeking leave to amend its infringement contentions and providing its proposed amended contentions to CosMX, noting that the Court has found parties in other cases diligent when they moved to amend infringement contentions up to

three months after receiving previously unavailable information. ATL references email communication between the parties where ATL noted deficiencies in CosMX's technical document production and that CosMX allegedly continued to delay.

CosMX responds by arguing that discovery in this case has been severely asymmetrical, noting that as of June 27, 2023, ATL had produced fewer than 59,000 pages of documents while CosMX had produced over 2.25 million pages of documents; ATL had not deposed a single CosMX witness; nor had ATL filed a motion to compel or otherwise sought any relief from the Court. (Dkt. No. 109 at 2–3; Dkt. No. 124 at 1.) CosMX also argues that the purported cost for ATL to conduct an infringement analysis should not be deemed a sufficient excuse for ATL's deficient infringement allegations. CosMX also questions why ATL could not have asserted some of its newly asserted claims against CosMX's LIB products that it already had on hand.

The main thrust of CosMX's opposition, however, is that ATL has not articulated its infringement theories for the hundreds of newly accused products it seeks to add. Instead, CosMX argues that ATL only analyzed and charted one (or two) CosMX product(s) and "assumes that Plaintiff's analysis of the CA3862E1 battery cell is representative of all '352, '363, and '987 Accused Products." (Dkt. No. 109 at 7.) CosMX complains that ATL failed to provide any supporting evidence for its assertions of representativeness, and thus ATL has not provided fair notice of ATL's infringement theories for the newly accused battery cells.

The Court finds that this factor, ATL's explanation for the delay, weighs in favor of finding good cause. Rather than address whether ATL has shown good cause for the amendment, CosMX's arguments mainly concern the sufficiency of the amended contentions, which is best left for a motion to strike or otherwise challenging ATL's compliance with the local rules. ATL has shown that CosMX delayed until May 17, 2023 to respond to ATL's interrogatory request with a

full list of model numbers of LIB cells at issue in the case, which ATL contends is the basis for its amended listing of accused products. (Dkt. No. 102 at 8.) Thus, CosMX contributed to the delay at least with respect to the issue of additional accused products.

As to newly asserted claims 3–5 and 17 of the '987 Patent, however, the Court finds ATL's explanation for the delay less persuasive. While both sides have discovery obligations, the ultimate burden of cost and effort in developing infringement positions rests on the party asserting infringement. ATL's explanation for why it was late to add the additional claims of the '987 Patent (that it noticed deficiencies in CosMX's technical document production in March 2023 and then ordered physical testing of an LIB cell with respect to the additional claims that month) is not directly related to CosMX's late disclosure on May 17, 2023. (See Dkt. No. 109 at 11.)

Concerning citations to CosMX technical documents, the Court has some skepticism, especially for the '352 Patent, of ATL's explanation that CosMX's late disclosure necessitated the delay when ATL has only added citations to technical documents that were *not* part of the May 17, 2023 disclosure. (See Dkt. No. 109 at 15; Dkt. No. 115 at 5.)

Nevertheless, while ATL could have been more diligent in seeking the supplemental information it now seeks to add in its amended infringement contentions, ATL has identified some delay on the part of CosMX which appears to have at least contributed to the late infringement contentions. On balance, the Court finds that this factor weighs slightly in favor ATL's amendment.

2. Importance of What the Court is Excluding

ATL argues that the proposed amendments are important because adding accused products and newly asserted patent claims affects the scope of patentee's case against the accused infringer and judicial economy, which weigh in ATL's favor. (Dkt. No. 102 at 10–11.) CosMX argues that the newly identified products “might (or might not) be important to ATL's case, but that does not

absolve ATL of its responsibility to properly detail its infringement theories” (Dkt. No. 109 at 10.)

Like the above, CosMX’s argument concerns the sufficiency of ATL’s contentions, rather than directly addressing the good cause factors. Indeed, CosMX acknowledges that the amendment “might [] be important.” Accordingly, the Court finds that this factor weighs in favor of amendment.

3. Potential Prejudice in Allowing the Amendment

ATL argues CosMX will suffer minimal prejudice if ATL’s amendments are granted because the Court has not yet held a claim construction hearing and the deadline to complete fact discovery is not until September 18, 2023. (Dkt. No. 102 at 11.) ATL also argues that CosMX will not be prejudiced by any new infringement theories because the proposed amendments do not offer any. Further, ATL argues that any prejudice CosMX may suffer is mitigated by the fact that CosMX already received a copy of the proposed amendments on May 30, 2023. (*Id.* at 12.)

CosMX argues that it would be severely prejudiced because it will be required to prepare responsive noninfringement expert reports for several hundred products without being sufficiently apprised of ATL’s infringement theories for each of those products until ATL serves its opening reports. (Dkt. No. 109 at 9–10.) CosMX also argues that adding newly asserted claims will require new infringement theories. (*Id.* at 3, 12.) CosMX argues that new claims 3–5 and 17 each include unique claim limitations that were not previously at issue with ATL’s previous set of asserted claims, and so there will necessarily be new infringement theories. (*Id.* at 13.)

Concerning ATL’s amendments to add products and citations to technical documents, the Court finds that CosMX would suffer minimal to no prejudice. However, concerning the addition of claims 3–5 and 17 of the ’987 Patent, the Court has some concerns. On the one hand, ATL claims that its proposed amendments do not introduce any new infringement theories. (Dkt. No.

102 at 2, 6.) On the other hand, ATL claims that CosMX waived any argument as to the newly asserted claims raising unique claim construction issues because CosMX, in response to ATL's proposed amendment, replied via email requesting to confer as to how the parties should deal with the late addition of four claims of the '987 Patent in the middle of the claim construction process. (Dkt. No. 115 at 4–5.)

The Court is concerned that the addition of new claims on the eve of the claim construction hearing risks expansion of the case at a point where defendant would be unable to adapt. However, the Court's concerns are mitigated by the fact that claims 3–5 and 17 of the '987 Patent are dependent claims, and ATL's representation that they are “based on the same structural elements as previously accused.” (Dkt. No. 102 at 2.) The Court recognizes that allowing ATL to add claims at this stage necessarily results in at least some prejudice to CosMX, however, the Court is not convinced that the issues CosMX raises (Dkt. No. 109 at 13) would necessarily implicate the reopening of claim construction briefing. Should any party reasonably believe that these additions (known since May) would run afoul of the claim construction process herein, they may seek appropriate relief from the Court.

The Court finds that this factor weighs slightly against amendment as to the new claims of the '987 Patent, and is neutral as to ATL's other amendments.

4. Availability of a Continuance to Cure Such Prejudice

ATL argues that a continuance is available, but no continuance is needed as a result of ATL's proposed amendments. (Dkt. No. 102 at 12.) CosMX responds that ATL has not explained how the current case schedule could reasonably be extended without adversely affecting the impending claim construction and expert report schedules without delaying the February 5, 2024 trial date. (Dkt. No. 109 at 10.) Further, CosMX argues that even if a continuance is available, it

should not be considered the appropriate remedy for ATL's failure to articulate its infringement theories.

For reasons similar to those discussed in connection with the prejudice factor *supra*, the Court finds that there is sufficient time in the case schedule to allow for the amendment.

IV. CONCLUSION

The Court finds that three factors weigh in favor of allowing ATL's amendment and only one factor counsels slightly against allowing the amendment or is neutral. Ultimately, the factors, on balance, support granting ATL leave to amend its infringement contentions.

For the reasons stated above, the Court finds that the Motion (Dkt. No. 102) should be and hereby is **GRANTED**. It is **ORDERED** that ATL be permitted to serve its Amended Infringement Contentions.

So Ordered this

Jul 20, 2023



RODNEY GILSTRAP
UNITED STATES DISTRICT JUDGE