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July 28, 2023

Hon. Robert Kirsch, U.S.D.J.
United States District Court
District of New Jersey
Courtroom 4E
Clarkson S. Fisher Building & U.S. Courthouse
402 East State Street
Trenton, NJ 08608

Re: *Cambridge Mobile Telematics, Inc. v. Sfara, Inc.*, Case No.: 3:23-cv-01368-RK-RLS

Dear Judge Kirsch:

Counterclaim-Defendant Cambridge Mobile Telematics, Inc. (“CMT”) respectfully requests this Court’s permission to move pursuant to Federal Rule of Civil Procedure 12(b)(6) to dismiss Counterclaim-Plaintiff Sfara, Inc.’s (“Sfara”) claims for breach of contract (Count III) and unenforceability of U.S. Patent No. 11,587,368 (“the ’368 Patent”) (Count V). First, the breach of contract claim should be dismissed with prejudice as Sfara did not assert a claim within Delaware’s three-year statute of limitations, which expired in 2019. The claim should also be dismissed because Sfara failed to plead what specific provisions of the contract that CMT allegedly breached or what “confidential information” CMT allegedly misappropriated. Second, Sfara’s claim for unenforceability should be dismissed because it does not meet Rule 9’s heightened pleading standard. Sfara’s apparent reliance on the fact that both the Sfara and CMT patents generally relate to crash detection is not nearly enough to meet the heightened standard set out in *Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312, 1326-27 (Fed. Cir. 2019).

Sfara’s claim for breach of contract should be dismissed with prejudice because it is barred by any applicable statute of limitations. Sfara fails to attach the Non-Disclosure Agreement (“NDA”) underlying its breach of contract claim or to plead what law applies. In such situations, New Jersey “applies the law of the jurisdiction having the most significant relation and closest contacts with the transaction and the parties.” *Nat’l Prop. Inv’rs v. Shell Oil Co.*, 917 F.Supp. 324, 330 (D.N.J. 1995). As both Sfara and CMT are Delaware corporations (Dkt. 12 (Sfara’s Counterclaims), ¶¶ 1, 3), the NDA must be interpreted under Delaware law, as it is the one forum with a relationship to both contracting parties. *See Forestal Guarani S.A. v. Daros Int’l, Inc.*, 613 F.3d 395, 401 (3d Cir. 2010). But application of either Delaware or New Jersey law leads to the same result—dismissal with prejudice.

Sfara has alleged no reasonable set of facts that state a claim for breach of contract that would not be time-barred by either Delaware’s three-year or New Jersey’s six-year statute of limitations. 10 Del. C. § 8106(a) (2023); N.J. STAT. ANN. § 2A:14-1 (2022). Sfara alleges that CMT breached (undisclosed) provisions of the NDA “by using and disseminating Sfara’s confidential information without authorization and for the improper use of commercializing products using Sfara’s confidential information . . .” by 2016. Dkt. 12, ¶ 87. Sfara alleges that CMT was “for the first time, in the marketplace with crash

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detection” at least by September 6, 2016. *Id.*, ¶ 24. Thus, Sfara, “a fierce competitor[]” of CMT, was or should have been on notice of the alleged conduct underlying its factual allegations on or about September 6, 2016. *See MirTech Inc. v. AgroFresh Inc.*, 561 F.Supp. 3d 447, 456 (D. Del. 2021) (finding “an observable and objective factor that should have put the [claimant] on notice”). Taking Sfara’s facts as true for purposes of this motion, Sfara had to file its claim no later than September 2019 under Delaware law and September 2022 under New Jersey law. Sfara’s June 2023 filing missed both deadlines. Both Delaware and New Jersey law requires that the breach of contract claim be dismissed with prejudice.

Sfara’s breach of contract claim should also be dismissed because it is only based on conclusory allegations, and thus does not provide fair notice of the grounds on which the claim rests. First, since Sfara “fails to allege which specific contractual provisions [CMT] allegedly violated, a court may dismiss the claim.” *Franchino v. J.P. Morgan Chase Bank, N.A.*, 2020 WL 3046318, at *4 (D.N.J. Jun. 8, 2020); *see also Faistl v. Energy Plus Holdings, LLC*, 2012 WL 3835815, at *7 (D.N.J. 2012) (“The plaintiff must also specifically identify the portions of the contract that were allegedly breached.”) (citing *Skypala v. Mortgage Elec. Registration Sys., Inc.*, 655 F.Supp. 2d 451, 459 (D.N.J. 2009)). Sfara pleads that CMT “breached the provisions of the NDA” (Dkt. 12, ¶ 87), but does not identify which provisions CMT allegedly breached or even attach the NDA. Thus, Sfara fails to provide notice of the grounds of its claim.

Second, Sfara never specifies what “confidential information” that CMT allegedly used or disseminated. *See Cascade Designs Inc. v. Windcatcher Tech. LLC*, 2016 WL 374564, at *3 (W.D. Wash. Feb. 1, 2016) (granting motion to dismiss breach of contract claim for failure to identify specifically what “‘confidential and proprietary information’ [was] allegedly misappropriated”); *Suarez v. Molinelli*, 2015 WL 4430223, at *2 (D.N.J. July 20, 2015) (granting motion to dismiss breach of contract claim as the “[a]llegations are conclusory and simply recite the elements of a breach of contract claim, without providing any substance”). Sfara’s allegations about the “confidential information” that CMT allegedly misappropriated are consistently vague, conclusory and without substance. *See* Dkt. 12, ¶ 15 (“confidential technology, business plans and financial information”); *id.*, ¶ 16 (“cutting-edge crash detection technology”); *id.*, ¶ 21 (unattached “73-page slide deck discussing algorithms, formulas, inputs, testing and other technical analysis”); *id.*, ¶ 24 (“technology and proprietary information”). Sfara never states what specific confidential information CMT allegedly took, relying instead only on generic terms. In sum, Sfara fails to provide fair notice to CMT of the facts underlying its claim for breach.

Sfara’s claim that the ’368 Patent is unenforceable should be dismissed for failing to meet Rule 9’s heightened pleading standard. Sfara alleges two grounds for finding the ’368 patent unenforceable: (1) inequitable conduct due to “the intentional withholding of material prior art during prosecution of the ’368 patent, including the ’952 patent and Sfara’s pre-existing products;” and (2) “intentionally failing to name the proper inventors . . . because the alleged inventions . . . were, in actuality invented, in whole or in part by Mr. Sascha Simon.” Dkt 12, ¶¶ 104-06. But Sfara does not allege facts to support either ground with the requisite particularity. *See Exergen Corp.*, 575 F.3d at 1326-27; *Brixham Sols. Ltd. v. Juniper Networks, Inc.*, 2014 WL 250204, at *6 (N.D. Cal. Jan. 22, 2014).

Sfara’s claim that CMT intentionally withheld material prior art fails to meet the *Exergen* standard. First, Sfara does not allege with particularity what material information was omitted. Sfara states that “Sfara’s existing products and the ’952 Patent, [] were material to the patentability of the claims of the ’368 Patent” without explanation. Dkt. 12, ¶ 101. Such a conclusory allegation is insufficient, as Sfara offers no

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explanation of how or why the information is material and noncumulative, or would have been relevant to the examiner's assessment of the '368 patent claims. Sfara's reliance on the fact that both the Sfara and CMT patents generally relate to crash detection is not enough. *See 2109971 Ontario Inc. v. Best Deals Discount Furniture LLC*, 2023 WL 3072756, at *3 (D.N.J. Apr. 25, 2023) (dismissing inequitable conduct claim when defendant stated "the information was 'material' because it related to 'patentability,' which itself seems apparent in a patent infringement suit"). Critically, Sfara does not identify any claims or claim terms that it contends are relevant or connected to the allegedly withheld "prior art." *See Eagle View Techs., Inc. v. Xactware Sols., Inc.*, 325 F.R.D. 90, 94 (D.N.J. 2018) ("the 'what' and 'where' pled by identifying the germane claims and claim terms, their connection to the withheld or false information").

Second, Sfara does not plead facts that could lead to a reasonable inference that CMT had the specific intent to deceive the USPTO. To state a claim for inequitable conduct, "the pleadings [must] allege sufficient underlying facts from which a court may reasonably infer that a party acted with the requisite state of mind." *Exergen*, 575 F.3d at 1327; *see also Mycone Dental Supply Co. v. Creative Nail Design, Inc.*, 2013 WL 3216145, at *7 (D.N.J. June 24, 2013). Ultimately, "the accused infringer must prove by clear and convincing evidence that the applicant knew of the reference, knew that it was material, and made a deliberate decision to withhold it." *Therasense, Inc. v. Becton, Dickinson and Co.*, 649 F.3d 1276, 1290 (Fed. Cir. 2011). Here, Sfara merely alleges that two named inventors "were aware of" and had "knowledge of Sfara's existing products and the '952 Patent during prosecution of the '368 Patent" and that the alleged withholding of this information was "intentional." Dkt. 12, ¶¶ 101-04. Sfara alleges no facts that would allow a factfinder to infer that either named inventor deliberately withheld information (let alone that the information was material to the pending claims) and thus "do not plausibly suggest any deliberate decision to withhold a known material reference." *Exergen*, 575 F.3d at 1331.

Sfara's claim for unenforceability due to intentional misrepresentation of the inventors of the '368 patent similarly fails because it is conclusory. Sfara alleges CMT "knowingly and intentionally misrepresented the true inventorship of the '368 Patent by, at least, omitting Mr. Sascha Simon as a named inventor." Dkt. 12, ¶¶ 105-06. But Sfara does not identify "who" made the misrepresentation and, thus does not plead who had the specific intent to do so. Sfara alleges that undisclosed "Applicants knowingly and intentionally misrepresented the true inventorship of the '368 Patent" (*id.*, ¶ 106), but never identifies a specific individual as opposed to a class of individuals. *Exergen*, 575 F.3d at 1329. Sfara does not tie any '368 patent claims to information derived from Sfara or Mr. Simon. Sfara even fails to plead what portions of the '368 patent it alleges Mr. Simon invented or any communications that were sufficiently "definite and permanent enough that one skilled in the art could understand the invention" to "support an inference that anyone specifically intended to make a misrepresentation to the USPTO." *Bioness Inc. v. Aretech, LLC*, No. 1:22-cv-00679-MSN-IDD, Dkt. 57 (E.D.Va. Jan. 23, 2023); *see also Mycone*, 2013 WL 3216145, at *9 (dismissing inequitable conduct claim for pleading deceptive intent "based on the presently overly-generalized allegations"); *Brixham Sols.*, 2014 WL 250204, at *7 (holding a party must "set[] forth specific facts showing how each of these individuals contributed to the conception of a particular claim" and stating "[m]erely alleging generally that an inventor shared ideas with other individuals on the same subject matter . . . does not meet the particularity requirement of Rule 9(b) or establish co-inventorship").

CMT respectfully requests that Sfara's claims for (i) breach of contract be dismissed with prejudice; and (ii) unenforceability of the '368 patent be dismissed under Rule 9's heightened pleading standard.

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Respectfully submitted,

/s/ Eric I. Abraham

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Cc: all counsel of record via ECF