Eric M. Fraser (#027241)
Phillip W. Londen (#032488)
OSBORN MALEDON, P.A.
2929 North Central Avenue, Suite 2000
Phoenix, Arizona 85012
Telephone: 602.640.9000
E-Mail: efraser@omlaw.com
plonden@omlaw.com

Benjamin J. Byer (*pro hac vice*)
Xiang Li (*pro hac vice*)
Jennifer K. Chung (*pro hac vice*)
Samantha Hunt (*pro hac vice)*
DAVIS WRIGHT TREMAINE LLP
920 Fifth Avenue, Suite 3300
Seattle, Washington 98104
Telephone: 206.622.3150
E-Mail: benbyer@dwt.com
xiangli@dwt.com
jenniferchung@dwt.com
samhunt@dwt.com

Attorneys for Defendant Firman Power Equipment, Inc.

UNITED STATES DISTRICT COURT

DISTRICT OF ARIZONA

Champion Power Equipment, Inc., Plaintiff, v. Firman Power Equipment Inc., Defendant.	No. CV-23-02371-PHX-DWL **DEFENDANT'S MOTION TO AMEND INVALIDITY CONTENTIONS**

Pursuant to the Court's Order dated January 28, 2025 (Doc. 114), instructing Defendant Firman Power Equipment Inc. ("Firman") to initiate formal motion practice for the relief sought in the parties' joint filing (Doc. 113), Firman submits this Motion requesting leave to amend its invalidity contentions to include four new prior art references.

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I. INTRODUCTION

Leave to amend should be granted because this motion presents the textbook example of good cause to amend that the Case Management Order allows for: a party recently locating material prior art, despite having conducted a prior diligent search. Firman has narrowly tailored its proposed amendment to address four newly discovered prior art references produced by a nonparty after Firman served its preliminary invalidity contentions. Firman's discovery of those references came after having conducted nine months of prior art searching that leveraged internal resources, expert witnesses, outside counsel, and one of the nation's leading prior art search firms. Firman provided Champion notice of this proposed amendment before any deadline following service of its original invalidity contentions, preventing any possibility of prejudice to Champion. Because Champion will suffer no undue prejudice and Firman has made a timely showing of good cause, this motion should be granted.

II. STATEMENT OF FACTS

On November 10, 2023, Champion Power Equipment, Inc. ("Champion") filed the present suit against Firman, alleging infringement of nineteen claims across ten patents. Doc. 1. Despite the complaint not containing any detail as to Champion's infringement allegations, Firman immediately began searching for invalidating prior art. Byer Decl. ¶ 3. More than four months later, on March 29, 2024, Champion amended its complaint—this time asserting 106 claims across thirteen patents—again, not providing any details as to how Champion alleged Firman's products infringed any of its patents. Doc. 24. In fact, Champion did not provide any details of its infringement allegations until June 21, 2024, when it served its infringement contentions—which added another 25 claims, for a total of 131 asserted claims. Firman served its invalidity contentions two months later.

Over the nine months Firman searched for prior art, Firman engaged its internal personnel, an industry expert, outside counsel, and a professional prior art search firm to scour numerous sources for prior art that would invalidate any or all of Champion's 130 asserted claims. Byer Decl. ¶¶ 3-4(f). These efforts identified more than 100 prior art

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references, including printed publications, patents, and products. *Id.* ¶ 5. Firman's invalidity contentions included over 5,000 pages of detailed claim charts showing how thirty-nine of the prior art references it located invalidated Champion's 131 asserted claims.

Before serving its invalidity contentions, Firman also subpoenaed five nonparties, including Generac Power Systems, Inc. ("Generac"), that it believed manufactured and/or sold invalidating products before the asserted patents' priority dates. Doc. 72. Although Generac agreed to conduct a reasonable search for responsive documents, given that Champion is one of its direct competitors, Generac objected to producing any documents before the Court entered a confidentiality protective order. Byer Decl. ¶ 6. Then, in early October, more than a month after Firman had served its invalidity contentions, Champion sued Generac and Harbor Freight Tools USA Inc. ("HFT"), alleging infringement of the same patents asserted against Firman. Complaint, *Champion Power Equip. Inc. v. Generac Power Sys. Inc.*, No. 2:24-cv-01281-LA (E.D. Wis. Oct. 9, 2024); Complaint, *Champion Power Equip. Inc. v. Harbor Freight Tools USA Inc.*, No. 2:24-cv-01302-PP (E.D. Wis. Oct. 14, 2024).

The week after the Court entered the protective order in the present matter, Firman issued another subpoena to Generac and a first subpoena to HFT requesting any prior art those parties had found against the patents recently asserted against them. *Compare* Doc. 95 (Protective Order issued Nov. 4, 2024) *with* Doc. 97 (Firman's Notice of Service on Generac and HFT on Nov. 12, 2024); *see also* Byer Decl. ¶ 8. Between November 19, 2024, and November 22, 2024, Generac produced 521 documents, spanning over 2,525 pages, and including over fifty prior art references ranging from foreign language patent publications to U.S. patents and publications to purchases of dual fuel generators Generac made from two separate manufactures. Byer Decl. ¶ 9. Within days of these productions, Firman notified Champion it intended to seek leave to amend its invalidity contention to include prior art recently discovered within the documents Generac produced. *Id.* ¶ 10. On December 6, 2024—within two weeks of Generac's production—Firman provided the

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complete proposed amended invalidity contentions it now seeks leave to add and asked whether Champion would oppose those amendments. *Id.* ¶ 11 & Ex. 1.

During a meet and confer on December 12, 2024, Champion asked Firman to draft an unopposed motion to amend its contention, which Firman provided within hours. *Id.* ¶ 12. A week later, Champion stated that it would not agree to Firman's proposed amendments. *Id.* ¶ 13. The parties then exchanged numerous correspondences and conducted another meet and confer before filing a joint discovery dispute statement on January 17, 2025. *Id.* ¶¶ 14-15; *see also* Doc. 113. On January 28, 2025, the Court invited Firman to file a motion for leave to amend its invalidity contentions. Doc. 114.

III. ARGUMENT

A. Firman Brings a Timely Request.

A party may amend its invalidity contentions upon a "timely" showing of good cause. Doc. 33 ¶ 5(C). The timeliness standard looks for any undue delay "in seeking amendment once the basis for [the] amendment has been discovered." *Positive Techs., Inc. v. Sony Elecs., Inc.*, No. C 11-2226 SI, 2013 WL 322556, at *2 (N.D. Cal. Jan. 28, 2013). Courts therefore distinguish between "good faith effort[s] to meet and confer on the issue," and unexplained delay in filing a motion. *Illumina Inc. v. BGI Genomics Co.*, No. 20-CV-01465-WHO, 2021 WL 1022865, at *4 (N.D. Cal. Mar. 17, 2021). "[S]everal courts … have found that time periods of three months and longer can be reasonable for seeking to amend contentions." *Karl Storz Endoscopy-Am., Inc. v. Stryker Corp.*, No. 14-CV-00876-RS (JSC), 2016 WL 2855260, at *6 (N.D. Cal. May 13, 2016) (collecting cases).

Firman brought this motion in a timely manner. Firman notified Champion of its intent to amend within days of receiving Generac's production—containing hundreds of documents and dozens of prior art references. Byer Decl. ¶¶ 9-10. Firman presented Champion with its complete proposed amendments the following week. *Id.* ¶ 11. Within two business days of Champion confirming it would oppose this motion, Firman provided Champion its portion of a discovery statement. *Id.* ¶¶ 13-14. The parties then exchanged drafts, conferred a second time, and filed that statement on January 17, 2024. *Id.* ¶ 15.

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Within a week of the Court inviting it to file a full motion on the issue, Firman has done so. Firman's immediate action each step of the way demonstrates its timeliness. *See Illumina*, 2021 WL 1022865, at *4 (holding two-month delay in filing motion was timely when the defendant notified plaintiff of its intent to amend its invalidity contentions "a few weeks after discovering the reference …. [and] much of the delay in moving for leave was due to the parties' good faith effort to meet and confer on the issue"); *Stryker*, 2016 WL 2855260, at *6-7 (holding two-month delay in notifying opposing counsel and "fourth-plus months" delay in filing motion was timely); *Positive Techs.*, 2013 WL 322556, at *3 (holding two-month delay in notifying opposing counsel of intent to seek leave and four-month delay in filing motion was timely).

B. Firman's Amendment Address Newly Discovery Material Prior Art.

The Court's Case Management Order states that "recent discovery of material, prior art despite earlier diligent search" is one "example[] of [a] circumstance[] that may, absent undue prejudice to the non-moving party, support a finding of good cause." Doc. 33 ¶ 5(C). Firman recently discovered four additional prior art references: U.S. Patent No. 1,931,698 ("Holzapfel"), Japanese Patent Publication No. H11-190220 ("Miyashita"), and dual fuel generator sales by two manufacturers. Each of these references is material prior art for at least two independently sufficient reasons. ***First***, each prior art reference is material because it concerns the same subject matter as the asserted patents: switching between different fuel supplies for generators and engines. *Echologics, LLC v. Orbis Intelligent Sys., Inc.*, No. 21-CV-01147-RBM-AHG, 2022 WL 17724142, at *9 n.6 (S.D. Cal. Dec. 15, 2022); *see also* Doc. 24 ¶¶ 16, 29, 43, 57, 71, 81, 95, 112(c),122(a), 129, 139, 149, 159.

Second, each prior art reference is material because it renders the asserted claims invalid alone or in combination. *Yodlee, Inc. v. CashEdge, Inc.*, No. C05-01550 SI, 2007 WL 1454259, at *2 (N.D. Cal. May 17, 2007). Firman's proposed amendments support this contention with 400 pages of claim charts, replete with citations to specific images and documents, explaining on a claim-by-claim basis how each reference invalidates the asserted claims and another twelve pages detailing the motivation to combine specific

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references. Byer Decl. Ex. 1. And on their face, each of the four references provide the basis for Firman's contention that they qualify as prior art.[1]

Champion opposes Firman's request for leave to amend on the basis that it believes Firman has not sufficiently evidenced that two of these references qualify as prior art. Doc. 113 at 6. But Champion confuses Firman's burden for proving invalidity at trial, with its contention that a proposed amendment is based on recent discovery of material prior art. The good cause analysis does "not consider the sufficiency of the evidence supporting the proposed new theories of invalidity." *Echologics, LLC v. Orbis Intelligent Sys., Inc.*, No. 21-CV-01147-RBM-AHG, 2022 WL 17724142, at *9 & n.6 (S.D. Cal. Dec. 15, 2022). In other words, even though a Plaintiff "might believe [the defendant] has no chance of prevailing on its arguments, but that does not bar amendment." *Stryker*, 2016 WL 2855260, at *9.

C. Firman Conducted a Prior Diligent Search.

Before Firman located the prior art at issue in this motion, it had conducted an extensive search that far surpasses the requirement for a diligent search. Indeed, "[t]he good cause requirement does not require perfect diligence." *Fujifilm Corp. v. Motorola Mobility LLC*, No. 12-CV-03587-WHO, 2014 WL 491745, at *4 (N.D. Cal. Feb. 5, 2014). And "[u]nsuccessful prior art searches, standing alone, do not demonstrate an absence of diligence." *Network Prot. Scis., LLC v. Fortinet, Inc.*, No. C 12-01106 WHA, 2013 WL 1949051, at *2 (N.D. Cal. May 9, 2013). "Nor is it always necessary for a party to describe their search process in detail to establish diligence." *Illumina*, 2021 WL 1022865, at *3. For example, "detailed initial invalidity contentions are evidence that [a Party] conducted a reasonably diligent search for prior art." *Id.* (citing *Stryker*, 2016 WL 2855260, at *4).

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[1] The patents and patent applications each identify their filing date, and the emails Generac produced include the dates of the sales/offers for sale of the two prior art systems. Byer Decl. Ex. 1 at 35 (identifying produced versions of Holzapfel and Miyashita), 48 (identifying alleged date of prior art product's sale or offer for sale), 50 (identifying documents evidencing the prior art product's sale or offer for sale and functionality), 367 (same); *see also* Byer Decl. ¶ 9.

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In other words, there is no litmus test for what constitutes a prior diligent search as diligence will depend on the facts of the case.

Firman's diligent prior art search is evidenced in three separate ways. ***First***, the volume and detail of Firman's initial infringement contentions themselves—which identified over 100 prior art references and included over 5,000 pages of detailed claim charts covering thirty-nine of them—demonstrate diligence. *Illumina*, 2021 WL 1022865, at *3 ("detailed initial invalidity contentions are evidence that [Defendant] conducted a reasonably diligent search for prior art"). As one court explained, "[i]t strains credulity to imagine that [defendant] was not diligent in uncovering and evaluating this many references." *Stryker*, 2016 WL 2855260, at *4-5 (finding prior diligent search where defendant charted thirty-one references).

Second, Firman's pre-contention search efforts also show Firman's diligence because they included: (1) retaining an industry expert, who conducted eight weeks of independent searching; (2) hiring a mechanical engineering professor, who conducted an additional four weeks of independent searching; (3) engaging a prior art search firm to conduct two separate prior art searches; (4) tasking two patent attorneys with conducting their own searches over several months; and (5) subpoenaing five nonparties seeking documents and testimony related to prior art. Byer Decl. ¶¶ 4-4(f); *see also Fortinet*, 2013 WL 1949051, at *2 (finding diligence when defendant allegedly "scoured the earth for prior art and when that failed, [it] began again") (cleaned up).

Third, courts often find diligence when, as here, a plaintiff's infringement contentions create "a bone-crushing burden of conducting a prior art search for more than fifty patent claims" from a single patent. *Fortinet, Inc.*, 2013 WL 1949051, at *2. But at 130 patent claims and thirteen patents, Firman's prior art search burden was more than double that found to be "bone-crushing." *Id.* Additionally, in *Stryker*, the Court held the defendant's prior search was diligent—even though the new art was publicly available and cited on the face of a reference previously charted by the defendant—because "given the scope of the prior art search that [the plaintiff's] infringement contentions required, [the

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defendant] cannot reasonably have been expected to pick up every last crumb dropped by the … references it cited." 2016 WL 2855260, at *4-5. The *Stryker* plaintiff was asserting "93 claims over the five patents-in-suit," which is still a fraction of the 130 claims and thirteen patents Champion is asserting here. *Id.* at *1.

D. Champion Will Not Suffer Any Undue Prejudice.

Because Firman's motion concerns an amendment necessitated solely due to the "recent discovery of material, prior art despite earlier diligent search," absent undue prejudice to Champion, this motion presents the quintessential basis for amendment the Case Management Order identifies. *See* Doc. 33 ¶ 5(C). The existence of undue prejudice is determined in light of when a party was put on notice of the prior art references or new invalidity theories. *Illumina*, 2021 WL 1022865, at *4-5 (holding no prejudice in amendments posed after claim construction was complete because the party was on notice of the reference at least three months earlier)[2]; *see also Stryker*, 2016 WL 2855260, at *8. Undue prejudice is found where, considering when a party received notice of the art or invalidity theories, "amending contentions [would] stand to disrupt the case schedule or other court orders." *Stryker*, 2016 WL 2855260, at *3. But the disruption must be real and impactful to bar amendment. For example, even when amended contentions present a concrete claim construction issue that comes after the parties have exchanged claim construction briefs, that is "not … prejudice worthy of barring the amendments." *Id.* at *8.

Champion will not suffer any undue prejudice because Firman provided Champion complete proposed amendments more than a week before any deadline following Firman's original invalidity contentions. *Compare* Doc. 80 (Notice of Service of Invalidity Contentions on Aug. 30, 2024) and Doc. 105 (exchange of proposed terms for construction due on Dec. 18, 2024), *with* Byer Decl. ¶ 11 (Amended invalidity contentions provided

[2] Firman cites to the Northen District of California because the Court modeled the docket management order in this case after the that district's local patent rules. Doc. 47 at 10-11 ("So on the amendment issue, … the approach that I'm proposing here, it seems to me, is the same thing that the Northern District of California does.… I read their Local Rule 3.6, as I'm proposing here[.]"); *see also* N.D. Cal. Patent L.R. 3-6; Doc. 33 ¶ 5(C).

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Dec. 6, 2024). In other words, Champion had the complete proposed amendments before *any* deadline, claim construction or otherwise. Champion will therefore not suffer any undue prejudice, let alone undue prejudice sufficient to bar amendment.

IV. CONCLUSION

For the reasons stated above, Firman therefore respectfully requests the Court grant it leave to amend its invalidity contentions.

DATED this 4th day of February, 2025.

DAVIS WRIGHT TREMAINE LLP

By: *s/ Benjamin J. Byer*
Benjamin J. Byer (*pro hac vice*)
Xiang Li (*pro hac vice*)
Jennifer K. Chung (*pro hac vice*)
Samantha Hunt (*pro hac vice*)
920 Fifth Avenue, Suite 3300
Seattle, Washington 98104

Eric M. Fraser
Phillip W. Londen
OSBORN MALEDON, P.A.
2929 North Central Avenue, Suite 2000
Phoenix, Arizona 85012

Attorneys for Defendant Firman Power Equipment, Inc.

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