

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

UNIVERSITY OF BRITISH COLUMBIA,

Plaintiff/Counterclaim
Defendant,

v.

CAPTION HEALTH, INC., et al.,

Defendants/Counterclaim
Plaintiffs.

Case No. 5:24-cv-03200-EKL (SVK)

**ORDER GRANTING PLAINTIFF'S
MOTION FOR LEAVE TO AMEND
INFRINGEMENT CONTENTIONS**

Re: Dkt. Nos. 58, 65

Before the Court is Plaintiff/Counterclaim Defendant ("Plaintiff") University of British Columbia's ("UBC") Motion for Leave to Amend Infringement Contentions. UBC seeks to add the Voluson product line to the set of accused products against the Defendants/Counterclaim Plaintiffs ("Defendants") Caption Health, Inc. ("Caption") and GE Healthcare Technologies Inc. ("GE"). Dkt. 65. Having considered the Parties' briefs, the relevant law and the record in this action, the Court **GRANTS** UBC's Motion.

I. BACKGROUND

UBC filed this action on May 28, 2024, alleging Defendants' Venue and Vscan ultrasound systems of infringing U.S. Patent No. 11,129,591 ("the '591 patent") by using Caption's artificial intelligence ("AI") features to optimize the quality of echocardiographic (heart) images. Dkt. 65 at 4-5, 7. *See generally* Dkt. 1. UBC served infringement contentions on October 2024 with claim charts directed to Venue's and Vscan's use of Caption AI. Dkt. 58 at 2-3. On December 20, 2024, UBC amended its complaint to accuse the same products of infringing U.S. Patent No. 10,751,029 ("the '029 patent"), which relates to the '591 patent by applying similar techniques to optimize the quality of ultrasound images not exclusive to echocardiography.

CAPTION HEALTH Ex1038
Caption Health, Inc. v.
University of British Columbia
Trial IPR2025-01066

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5, 7. *See generally* Dkt. 46. On February 7, 2025, UBC served its second supplemental infringement contentions directed to Venue and Vscan for both the '029 patent and the '591 patent. Dkt. 65 at 5; Dkt. 67 at 8.

Within two weeks of serving those contentions, UBC asserts that it learned that GE was selling the Voluson product line (“Voluson”), specifically the Expert, Signature, and SWIFT series which use SonoLyst AI. Dkt. 65 at 7, 8; Dkt. 69 at 7. On February 20, 2025, UBC served discovery requests adding Voluson to its list of “Accused Products” and seeking marketing, financial, and acquisition-related information. Dkt. 65 at 8. Plaintiff and Defendants engaged in mediation on March 13, 2025 where UBC included Voluson in its list of “Accused Products” in its accompanying brief. *Id.* On April 10, 2025, UBC sent Defendants amended infringement contentions that included Voluson. *Id.* Defendants objected to the amendment, prompting UBC to file this Motion. *Id.*

II. LEGAL STANDARD

A party may amend its infringement contentions “only by order of the court upon a timely showing of good cause.” Patent L.R. 3-6. “Courts have allowed amendments when the movant made an honest mistake, the request to amend did not appear to be motivated by gamesmanship, or where there was still ample time left in discovery.” *Apple Inc. v. Samsung Elecs. Co.*, No. CV 12-00630 LHK, 2012 WL 5632618, at *5 (N.D. Cal. Nov. 15, 2012).

“The good cause inquiry is two-fold: (1) whether the moving party was diligent in amending its contentions; and (2) whether the non-moving party would suffer prejudice if the motion to amend were granted.” *Synchronoss Techs., Inc. v. Dropbox Inc.*, No. 4:16-cv-00119-HSG (KAW), 2018 WL 5619743, at *3 (N.D. Cal. Oct. 29, 2018) (citation omitted). “Where the moving party is unable to show diligence, there is ‘no need to consider the question of prejudice,’ although a court in its discretion may elect to do so.” *GoPro, Inc. v. 360Heros, Inc.*, No. 16-cv-01944-SI, 2017 WL 1278756, at *1 (N.D. Cal. Apr. 6, 2017) (quoting *O2 Micro Int’l Ltd. v. Monolithic Power Sys., Inc.*, 467 F.3d 1355, 1368 (Fed. Cir. 2006)); *cf. In re PersonalWeb Techs., LLC Pat. Litig.*, No. 18-md-02834-BLF (SVK), 2019 WL 11201545, at *7 (N.D. Cal. Aug. 7, 2019) (choosing not to consider prejudice after finding no diligence with less than two weeks

remaining in fact discovery). Thus, “[a] court retains discretion to grant leave to amend in the absence of diligence if there is no undue prejudice to the opposing party.” *Facebook, Inc. v. BlackBerry Ltd.*, No. 18-cv-05434-JSW (JSC), 2020 WL 864934, at *3 (N.D. Cal. Feb. 13, 2020) (granting leave to amend for lack of undue prejudice despite diligence being a “close” call); see also, e.g., *Karl Storz Endoscopy-Am., Inc. v. Stryker Corp.*, No. 14-cv-00876-RS (JSC), 2016 WL 2855260, at *3 (N.D. Cal. May 13, 2016) (same for a lack of diligence) (collecting cases).

III. Discussion

A. UBC Was Not Diligent in Seeking Leave to Amend

UBC, as the moving party, bears the burden of demonstrating diligence. *O2 Micro*, 467 F.3d at 1366. “Diligence is a fact intensive inquiry, and courts do not apply a mechanical rule in assessing a party’s diligence but instead consider the factual circumstances in total.” *Word to Info Inc. v. Facebook Inc.*, No. 15-cv-03485-WHO, 2016 WL 6276956, at *6 (N.D. Cal. Oct. 27, 2016), *aff’d*, 700 F. App’x 1007 (Fed. Cir. 2017) (Fed. Cir. R. 36). The inquiry requires two steps: “(1) diligence in discovering the basis for amendment; and (2) diligence in seeking amendment once the basis for 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).

The parties do not dispute the second step: whether UBC was diligent in moving to amend its contentions. UBC discovered the basis for amending its infringement contentions in February 2025. Dkt. 69 at 7. UBC informed Defendants within two weeks and provided amended infringement contentions seven weeks later, following an unsuccessful mediation. *Id.*; Dkt. 65 at 7-9. Based on these facts, the Court agrees that UBC was diligent during this approximately two-month period. See *Nuance Commc’ns, Inc. v. ABBYY Software House*, No. C 08-02912 JSW (MEJ), 2012 WL 2427160, at *2 (N.D. Cal. June 26, 2012) (finding a “few months” to amend its contentions was diligent); *Radware Ltd. v. F5 Networks, Inc.*, No. C-13-2024 RMW, 2014 WL 3728482, at *2 (N.D. Cal. July 28, 2014) (same for three months).

The Parties’ focus their arguments on the first step—whether Plaintiff was diligent in discovering Voluson as a potentially infringing product. Defendants argue that many public documents could have informed Plaintiff much earlier than February 2025: (1) September 2020

1 when the CEO of Intelligent Ultrasound Limited (“IUL”) stated that it was working with GE to
 2 bring GE’s Voluson with IUL’s SonoLyst, an AI-enabled software, as a new technology to the
 3 market (Dkt. 67 at 5); (2) October 2020 when the Food and Drug Administration issued clearance
 4 for Voluson SWIFT with SonoLyst to be sold in the United States (*id.*); (3) July 2022 when GE
 5 issued a press release announcing that it was selling the Voluson Expert 22 that used SonoLyst in
 6 the United States (*id.* at 6); and (4) April 2024 when GE issued a press release announcing the
 7 launch of Voluson Signature 20 and 18 with SonoLyst in the United States (*id.*).

8 In contrast, Plaintiff argues that its earliest opportunity did not arise until October 1, 2024
 9 when GE acquired IUL’s clinical software business. Dkt. 65 at 7, 9. But in reply, Plaintiff
 10 abandons this date¹ and introduces for the first time an earlier date: a September 5, 2024 video
 11 tutorial that GE released on YouTube detailing features of the Voluson system and its use of
 12 SonoLyst. Dkt. 69 at 6-7. Although Plaintiff effectively explains that the YouTube video is an
 13 adequate basis for amending its contentions, Plaintiff does not satisfy its burden of showing that
 14 the video was the earliest basis for doing, particularly in light of the fact that GE was selling
 15 Voluson with SonoLyst in the United States for more than two years before GE released the video.
 16 *Cf. Wisk Aero LLC v. Archer Aviation Inc.*, No. 3:21-cv-02450-WHO, 2022 WL 5007912, at *4
 17 (N.D. Cal. Oct. 4, 2022) (finding amendment diligent on the basis of information available only
 18 through nonpublic discovery rather than an earlier document that even the defendant’s expert
 19 conceded was “too vague and preliminary”). Whether Plaintiff is relying upon September 5 or
 20 October 1, 2024, it does not explain why it discovered Voluson as a potentially infringing product
 21 only in February 2025 (Dkt. 69 at 7), and not “[a]s soon as” the information became publicly
 22 available (*Nuance*, 2012 WL 2427160, at *2). UBC had “ample time before serving its initial [or

23
 24 ¹ The Court agrees with Defendants that a date of acquisition is not dispositive as to when a
 25 plaintiff should begin acting diligently to learn about a product that the defendant was already
 26 selling. Dkt. 67 at 12. *Cf. Nuance Commc’ns, Inc. v. ABBYY Software House*, No. C 08-02912
 27 JSW (MEJ), 2012 WL 2427160, at *2 (N.D. Cal. June 26, 2012) (finding acquisition date as a
 28 basis to begin assessing the plaintiff’s diligence for a product because the defendant had not
 previously sold it). Plaintiff’s use of *Nuance* to justify focusing on the date of acquisition was
 misplaced. Dkt. 65 at 8-9. Unlike the defendant in *Nuance*, GE did not acquire Voluson solely to
 “avoid infringement claims . . . during the pendency of the suit” so it could “migrat[e] [its]
 offerings toward [Voluson] and away from the accused products[.]” *Nuance*, 2012 WL 2427160,
 at *2; Dkt. 67 at 5-7.

supplemental February 20, 2025] contentions to purchase [a Voluson product with SonoLyst AI], investigate it, and draft appropriate contentions.” *GoPro*, 2017 WL 1278756, at *2 (finding lack of diligence for not doing so for five months).

As a result of Plaintiff’s unjustified delay, Defendants appropriately question Plaintiff’s diligence. Dkt. 67 at 12; *see Radware*, 2014 WL 3728482, at *1 (“In considering the party’s diligence, the critical question is whether the party could have discovered the new information earlier had it acted with the requisite diligence.”). Nowhere does Plaintiff document either its approach to uncover any potentially infringing product or how it learned about Voluson. Without documenting “what efforts (if any) Plaintiff made to search for new products” among “readily discoverable” public information, Plaintiff cannot satisfy its burden of showing diligence for the first step. *Cellspin Soft, Inc. v. Nike, Inc.*, No. 17-cv-05931-YGR (KAW), 2021 WL 12171866, at *2 (N.D. Cal. Aug. 3, 2021); *cf. Karl Storz*, 2016 WL 2855260, at *4 (“There are no details about how many attorneys were engaged in the prior art search [to discover the basis for amending invalidity contentions], how many hours the attorneys or search firm staff spent searching, or where they searched, which leaves the Court with little foundation on which to base a finding of diligence.”).

Weighing the two steps of diligence, the Court finds that UBC fails to satisfy its burden. The good cause inquiry can end here. *See, e.g., In re PersonalWeb*, 2019 WL 11201545, at *7. However, with ample time remaining in discovery and UBC’s apparent lack of gamesmanship, the Court exercises its discretion to evaluate prejudice. *See Apple*, 2012 WL 5632618, at *5.

B. Defendants Would Not Suffer Undue Prejudice

“Generally, the issue . . . [with undue prejudice] is what incremental prejudice results from the *delay* in asserting those claims,” such as an inability “to complete discovery because of [an] approaching trial date.” *Trans Video Elecs., Ltd. v. Sony Elecs., Inc.*, 278 F.R.D. 505, 510 n.2 (N.D. Cal. 2011), *aff’d*, 475 F. App’x 334 (Fed. Cir. 2012) (Fed. Cir. R. 36) (emphasis in original). Upcoming deadlines thus “loom large” if granting an amendment will cause “disruptions to the case schedule or other court orders” or when “the movant seeks to amend late in a case’s pre-trial schedule” relative to the close of fact discovery, the close of expert discovery, or a pending trial

1 date. *R.N. Nehushtan Tr. Ltd. v. Apple Inc.*, No. 22-cv-01832-WHO, 2023 WL 5663155, at *1
 2 (N.D. Cal. Aug. 30, 2023); *Applied Materials, Inc. v. Demaray LLC*, No. 20-cv-09341-EJD (NC),
 3 2023 WL 12088683, at *4 (N.D. Cal. July 3, 2023) (citation omitted); *Karl Storz*, 2016 WL
 4 2855260, at *7-*8.

5 Here, the amendments would not cause any prejudicial disruption to discovery because the
 6 action is in the early stages of litigation. No depositions have been taken, and there has been no
 7 claim construction. Dkt. 69 at 7; see *Karl Storz*, 2016 WL 2855260, at *8 (finding no prejudice
 8 when claim construction discovery was complete and opening briefs were submitted). The District
 9 Court has also not set a date for the close of fact discovery or expert discovery. See *Verinata*
 10 *Health, Inc. v. Ariosa Diagnostics, Inc.*, No. C 12-05501 SI, 2014 WL 1648175, at *3 (N.D. Cal.
 11 Apr. 23, 2014) (finding no prejudice where the deadline for fact discovery was four months away);
 12 *Golden Hour Data Sys., Inc. v. Health Srvs. Integration, Inc.*, No. C 06-7477 SI, 2008 WL
 13 2622794, at *4 (N.D. Cal. July 1, 2008) (same for three months); *Applied Materials*, 2023 WL
 14 12088683, at *4 (same for two months); cf. *Unicorn Energy AG v. Tesla Inc.*, No. 21-cv-07476-
 15 BLF, 2023 WL 9181575, at *3 (N.D. Cal. Dec. 20, 2023) (finding no clear error in Judge van
 16 Keulen’s finding that defendant would be prejudiced for amending contentions on the last day of
 17 fact discovery with expert reports already exchanged). “Courts have found no [undue] prejudice
 18 where, as here, the proposed amendment[] d[oes] not pose a risk to discovery and motion
 19 deadlines or the trial schedule.” *Karl Storz*, 2016 WL 2855260, at *7.

20 Defendants argue that they would be prejudiced by the additional amount of work they
 21 would need to do. True, they may need to (1) supplement their initial disclosures to identify
 22 witnesses, documents, and insurance particular to Voluson and SonoLyst, (2) amend their
 23 invalidity contentions, (3) produce source code and documents required by Patent Local Rule 3-4
 24 for SonoLyst and Voluson, (4) seek additional time to respond to damages contentions, and (5)
 25 amend and supplement their written responses and produce responsive documents to UBC’s
 26 February 2025 discovery requests for Voluson and SonoLyst. Dkt. 67 at 13-14. But having to
 27 “perform more work than it would have to perform otherwise[,]” including the “mere prospect of
 28 additional discovery” when no deadline for fact discovery has been set is not undue prejudice.

1 *Karl Storz*, 2016 WL 2855260, at *9 (internal quotation marks and citation omitted); *see also R.N*
 2 *Nehushtan Trust Ltd. v. Apple Inc.*, No. 22-cv-10832-WHO, 2023 WL 5663155, at *3 (N.D. Cal.
 3 Aug. 30, 2023) (finding no undue prejudice due to additional discovery because the defendant
 4 “already has an internal understanding of the processes at issues, which [the plaintiff] does not” so
 5 the plaintiff would also take on additional work).

6 Prejudice also considers whether the amendment would cause a plaintiff to “change[] its
 7 infringement theories” or a defendant “to prepare additional defenses.” *R.N. Nehushtan Tr. Ltd. v.*
 8 *Apple Inc.*, No. 22-cv-01832-WHO, 2023 WL 5663155, at *1 (N.D. Cal. Aug. 30, 2023).
 9 Defendants argue that this may occur because (1) Voluson uses a different AI from Venue and
 10 Vscan and (2) Voluson is intended for fetal imaging whereas Venue and Vscan are intended for
 11 imaging adult hearts. Dkt. 67 at 10, 15. As indicative of these differences, they highlight that
 12 Voluson “ha[s] a different revenue stream” from Venue and Vscan. Dkt. 67 at 13 (quoting *Oyster*
 13 *Optics, LLC v. Ciena Corp.*, No. 20-cv-02354-JSW (LB), 2022 WL 561931, at *4 (N.D. Cal. Feb.
 14 24, 2022)).

15 But UBC’s infringement theory is not specific to the AI or target organ but instead each
 16 technology’s functionality. Dkt. 67 at 15; Dkt. 69 at 10. Plaintiff’s theory is based on the
 17 technology’s neural networks, quality indicator, and color scale in the output that enables the user
 18 to assess the quality of the image—this can apply to Voluson, just as it does to Venue and Vscan.
 19 Dkt. 69 at 9-10; *cf. Cellspin*, 2021 WL 12171866, at *2 (finding prejudice to add shoes to
 20 infringement contentions, which “operate[] differently” than the accused wearable fitness tracking
 21 devices and where claim construction was complete). Assessing the revenue stream can be helpful
 22 when a charted product is new to the market and representative of uncharted products that are not
 23 new—but this is not the relationship among Voluson, Venue, and Vscan. *Cf. Oyster Optics*, 2022
 24 WL 561931, at *4. Even if the revenue stream had broader applicability, GE reports Venue,
 25 Vscan, and Voluson in the same financial disclosures as part of its “Specialized Ultrasound”
 26 product group within the Advanced Visualization Systems because of the functional similarities
 27 among the three. Dkt. 69 at 8-9.

28 Additionally, Defendants argue, without the benefit of binding authority or citing to the

Complaint, that UBC must amend its complaint to expand the scope of the litigation to include a new product. Dkt. 67 at 10. Under the circumstances of this case, the Court disagrees. *See Bot M8 LLC v. Sony Corp. of Am.*, 4 F.4th 1342, 1352 (Fed. Cir. 2021) (“[I]t is enough that a complaint place the alleged infringer on notice of what activity . . . is being accused of infringement” (internal quotation marks and citations omitted)); *In re Bill of Lading Transmission & Processing Sys. Patent Litig.*, 681 F.3d 1323, 1334-35 (Fed. Cir. 2012) (requiring only “a statement that defendant has been infringing the patent by making, selling, and using the device embodying the patent” (internal citation and quotation marks omitted)); *see also Bot M8*, 4 F.4th at 1346 n.1 (affirming *Bill of Lading* despite Fed. R. Civ. P. 84 and Form 18 being eliminated from the Federal Rules); *Cellspin*, 2021 WL 12171866, at *2 (considering whether to “expand the scope of case” by granting amendment to infringement contentions based on diligence and prejudice to discovery timeline, not to amend complaint). Instead, the Patent Local Rules serve as a de facto substitute for heightened pleading during discovery for parties “to crystallize their theories of the case early in litigation” but after the pleading phase. *O2 Micro*, 467 F.3d at 1365.

UBC’s proposed amendment does not conflict with the Patent Local Rules’ concern with “parties sandbagging opponents late in the discovery period.” *Fujifilm Corp. v. Motorola Mobility LLC*, No. 12-cv-03587-WHO, 2014 WL 491745, at *6 (N.D. Cal. Feb. 5, 2014) (citation omitted). Rather, it fosters the Rules’ goal of “balanc[ing] the right to develop new information in discovery with the need for certainty as to the legal theories.” *O2 Micro*, 467 F.3d, at 1365-66. The amendment also fosters judicial economy to prevent UBC from needing to raise its same claims for Voluson in separate litigation with a new judge. *See Bd. of Trs. of Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc.*, No. C 05-04158 MHP, 2008 WL 624771, at *4 (N.D. Cal. Mar. 4, 2008). Accordingly, Defendants have not shown that they will be prejudiced by Plaintiff’s amendments while UBC has justified why it has good cause to amend.

Because the Court has found that Defendants will not be prejudiced by Plaintiff’s amendments, the Court GRANTS UBC’s motion for leave to amend. UBC shall serve its amended infringement contentions no later than **July 9, 2025**.

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SO ORDERED.

Dated: July 2, 2025

A handwritten signature in black ink, reading "Susan Van Keulen". The signature is fluid and cursive, with the first name "Susan" and last name "Van Keulen" clearly distinguishable.

SUSAN VAN KEULEN
United States Magistrate Judge

United States District Court
Northern District of California