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IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF ARIZONA

Champion Power Equipment, Inc., Plaintiff/Counterdefendant, v. Firman Power Equipment Inc., Defendant/Counterplaintiff.	No. CV-23-2371-PHX-DWL **CHAMPION POWER EQUIPMENT, INC.'S MOTION FOR LEAVE TO AMEND PATENT INFRINGEMENT CONTENTIONS** **(Oral Argument Requested)**

Champion Power Equipment, Inc. ("Champion") files this Motion for Leave to Amend Patent Infringement Contentions ("Motion") because there is good cause to amend, Defendant Firman Power Equipment, Inc. ("Firman") will not be prejudiced by this amendment, and because the interests of justice strongly favor trying this action on the merits. Champion's proposed amended contentions are attached as Exhibit 1. During the July 15, 2025 hearing, the Court granted full briefing concerning Champion's request for

leave to amend its infringement contentions to add a dual fuel generator disclosed to Cabela's on October 9, 2014 (the "Cabela's generator") as an "embodying product," the *public* disclosure of which, or the fact that it was an embodying product, Champion did not discover until March 2025. The Court specifically asked the parties to explain why possession of September 2014 emails [*see* ECF 194-1 & -2 (together, the "Cabela's Emails") (filed under seal)] in September 2024 would not have put both parties on notice to further investigate the Cabela's meeting and supplement their respective contentions earlier. [*See generally* Exhibit 2 (the July 10, 2025 "Hearing Transcript").]

Until March 2025, Champion understood that Greg Montgomery—Firman's current CEO and a former Champion Vice President of Sales—led a meeting in which the Cabela's generator was discussed under a Non-Disclosure Agreement ("NDA")—i.e., a *non-public* disclosure. Champion believed an NDA was in place because Champion's CEO, Dennis Trine, specifically instructed Montgomery to secure an NDA, and Montgomery was sent an NDA for Cabela's to sign. Champion routinely visits customers and potential customers to discuss ideas for forthcoming products; to ensure its proprietary information is protected, Champion's normal course is to file a patent application beforehand, and in this case, having an NDA in place for such a confidential meeting. The October 2014 Cabela's meeting was no different. Thus, until February 2025, Champion had no reason to know Montgomery failed to secure an NDA from Cabela's and, thus, no reason to investigate whether the believed non-public meeting involved disclosure of anything embodying any Champion patent claims. Immediately upon discovering Montgomery's failure, Champion investigated and confirmed that the Cabela's generator embodied at least some of the Asserted Claims and informed Firman of the *public* disclosure of the Cabela's generator.

After Champion identified the Cabela's Emails, Champion diligently investigated the Cabela's generator, including Montgomery's involvement in the same, to determine whether it had a good faith basis to disclose the generator in its infringement contentions and in response to Firman's discovery requests. Champion initially determined that it did not because, as explained above, it believed the Cabela's meeting was non-public under an

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NDA. This belief changed only after Generac's November 19, 2024 document production and Firman's indication on November 26, 2024 that it intended to amend its contentions based on this production. Because Champion knew that Montgomery worked at Generac in 2015 immediately after leaving Champion, and the Generac documents showed Montgomery's involvement in Generac's dual fuel generator development, Champion promptly sent Generac a subpoena for additional documents on December 5, 2024—a mere 8 days later (that included an intervening holiday). Thus, Champion continued to investigate Montgomery's involvement in development of dual fuel generators just months before and after leaving Champion. In December 2014, Generac finally produced documents revealing Montgomery's leadership of the development of dual fuel generators at Generac just months after leaving Champion. Montgomery's actions would have been in direct violation of his post-employment confidentiality obligations to Champion. These documents caused Champion to reexamine everything Montgomery was involved in during his final months with Champion, including locating and interviewing former Cabela's employees who attended the 2014 meeting.

That investigation uncovered additional and previously unknown information, including that the Cabela's generator was *not* disclosed under an NDA, which in turn led Champion to evaluate whether it was a publicly disclosed embodying product. Thus, despite Champion's earlier and continued diligence, it did not have any reason to believe the Cabela's disclosure was *public* until February/March 2025, at which point Champion immediately disclosed the same to Firman and explained shortly thereafter its intent to amend its infringement contentions. Despite Firman's unfounded objections, there simply will be no prejudice to Firman if the Court allows Champion to add the embodying product it only recognized upon its subsequent investigation after the disclosure of the information from Generac. For these reasons, Champion respectfully requests that the Court find good cause for Champion to amend its contentions and grant this Motion.

Even if the Court were inclined to deny the Motion for lack of good cause—Champion has objected to a good-cause requirement since the beginning of this case—the

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interests of justice strongly favor the addition of the Cabela's generator to the litigation, particularly because Firman's current CEO ultimately caused the delay in the product being brought into the litigation. Champion's proposed amendments responding to Firman's *invalidity* defense are unrelated to Firman's *infringement* of the asserted patents. The Court can therefore resolve this dispute by finding Champion does not need to amend its Infringement Contentions to raise a 35 U.S.C. § 102(b) defense to Firman's invalidity counterclaims, both of which will necessarily include the same evidence, and the Court cannot abrogate the statute's effect. Under this approach, Champion's use of the Cabela's generator in the litigation would be analyzed under Fed. R. Civ. P. 26(e), with which there is no reasonable dispute that Champion has complied. Second, if the Court prevents the parties from introducing the Cabela's generator in this case, the outcome would not be based on the merits but a procedural ruling. Further, such an outcome could potentially affect other pending litigation by invalidating Champion's intellectual property rights where other courts find the Cabela's disclosure serves as a § 102(b) exception to alleged prior art within the 1-year grace period. Such inconsistencies—because of a ruling on a procedural motion—would raise much confusion as to the validity and enforceability of the Champion Patents. For these reasons, Champion respectfully requests that the Court grant the Motion.

I. ARGUMENT

A. <u>The Interests of Justice Favor Granting the Motion.</u>

The interests of justice favor granting the Motion. Champion is moving to amend its contentions only out of an abundance of caution because this is not an *infringement* issue at all, and Champion should not need to amend its *infringement* contentions to raise a defense to Firman's invalidity counterclaims. Under the Patent Act, 35 U.S.C. § 282, "[a] patent shall be presumed valid . . . [and the] burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity." In Firman's operative invalidity contentions [ECF 116-1], Firman contends, among other things, that two alleged disclosures serve as 35 U.S.C. § 102(a) prior art to Champion's patents: the RD9000E (purported disclosure date of March 11, 2015) and the Generac generators (purported

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disclosure date of April 7, 2015). In Firman's proposed amended invalidity contentions [ECF 176, Exhibit B at 3–10], Firman contends, among other things, that the Cabela's generator, which was disclosed on October 9, 2014, is prior art under 35 U.S.C. § 102(a) to certain of Champion's patents that have a priority date *more than a year after the Cabela's disclosure*. Firman included this statement because Firman understands that under 35 U.S.C. § 102(b)(1)(A), "[a] disclosure made 1 year or less before the effective filing date of a claimed invention shall not be prior art to the claimed invention under subsection (a)(1) if . . . the disclosure was made by the inventor or joint inventor or by another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor." Thus, the Cabela's generator, which was disclosed on October 9, 2014, cannot serve as prior art to Champion's patents with a priority date on or before October 9, 2015.

But Firman ignores that 35 U.S.C. § 102(b)(1) includes *another* exception that removes disclosures within the 1-year grace period from serving as prior art if "the *subject matter* had, before such disclosure[s], been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or joint inventor." *See* 35 U.S.C. § 102(b)(1)(B) (emphasis added). *Champion* publicly disclosed the Cabela's generator on October 9, 2014. As such, the Cabela's generator is a 35 U.S.C. § 102(b)(1)(B) statutory defense to any prior art dated from October 9, 2014 to October 9, 2015. To raise this statutory defense, Champion need only rely on *the same evidence Firman will introduce* to attempt show the Cabela's generator is § 102(a)(1) prior art (for Champion's claims with priority dates after October 9, 2015). If Firman proves the Cabela's generator is § 102(a)(1) prior art to Champion's claims with priority dates after October 9, 2015, Firman will also necessarily prove that the Cabela's generator is § 102(b)(1)(B) prior art, thus defeating Firman's invalidity counterclaims related to the RD9000E and Generac generators.[1] Whatever the Court's view is on diligence for

[1] Because 35 U.S.C. § 102(b)(1) states the disclosure "shall not be prior art"—*i.e.*, the Court does not have discretion whether to recognize the disclosure as prior art—it would be reversible error to admit Firman's evidence regarding the Cabela's generator as § 102(a)(1) prior art, but ignore § 102(b)(1)'s directive that the same evidence "shall not be prior art."

amending infringement contentions, the Court cannot disregard § 102(b)(1)(B) or prohibit Champion from arguing that statute's effect *based on evidence the jury already will hear*.

Champion could not find a single case addressing a patentee's inability to raise a § 102(b) exception in response to an accused infringers invalidity defense because an embodying product was not disclosed at the onset in its infringement contentions. This makes sense at least because the Northern District of California Patent Local Rules, which Firman argued for and the Court adopted (over Champion's objection), in part, for purposes of the patent-specific requirements of this action [ECF 33], show that the disclosure of embodying products in *infringement* contentions corresponds to *damages*,[2] not rebutting an accused infringer's invalidity counterclaim. Thus, even though the CMO requires disclosure of embodying products in infringement contentions for *damages* reasons, that provision should not be used as a basis to prevent Champion from responding to Firman's *invalidity* counterclaims, which Firman alone bears the burden to prove by clear and convincing evidence. The Court should decide that "embodying products" are just that—products and actual devices ("instrumentalities") capable of being marked under 35 U.S.C. § 287 and that are sold for damages purposes. The Cabela's generator itself was never sold as a product, so it could not have been marked under § 287. Thus, it is not an "instrumentality" under the CMO and has no bearing on damages. Further, it is undisputed that all devices derived from the Cabela's generator as "products"—sold and capable of being marked—were timely disclosed. Champion was not hiding the ball—it was Firman's late introduction of the Generac prior art that caused Champion to uncover Montgomery's lapse of acquiring the NDA with Cabela's and raise the availability of a § 102(b) defense.

Firman is also seeking leave to add the Cabela's generator, and Champion should be

[2] N.D. California Patent Local Rules 3-2(i) states that, "[i]f a party identifies *instrumentalities* pursuant to Patent L.R. 3-1(g), [it must produce] documents sufficient to show *marking* of such embodying accused *instrumentalities* and if it wants to preserve the right to recover lost profits based on such products, sales, revenues, costs and profits of such embodying accused instrumentalities" (emphasis added). Thus, "instrumentalities" in Rule 3-1(g) (and the CMO) can only refer to instrumentalities that relate to damages *and are capable of being marked* under 35 U.S.C. § 287, not products that give a patentee a defense to invalidity claims but are not part of the patentee's damages claim.

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able to raise a § 102(b)(1) exception in response to Firman's invalidity counterclaims *without amending its contentions* because the evidence both parties would show is the same. Firman must prove, and its proposed invalidity contentions [ECF 176] argue, that the Cabela's generator is § 102(a) prior art.[3] To prove its invalidity counterclaims, Firman will need to introduce at least the following evidence: (1) Champion's demonstration of the generator to Cabela's in October 2014 without an NDA, including the circumstances of the demonstration (who was involved; where it occurred; why it occurred; how it occurred); (2) the patent claims read on the Cabela's generator; and (3) testimony from current and prior Champion, Firman, and Cabela's employees regarding the foregoing.

The *same* evidence Firman will show to support its counterclaims also proves that the Cabela's generator provides a statutory exception to any intervening disclosures, for example, the Generac and RD9000E generators under 35 U.S.C. § 102(b)(1)(B), as explained above. Firman concedes in its reply in support of its motion to amend that "this is not a motion in limine. As Firman explained at the hearing, granting Firman's motion and denying Champion's motion *will not muzzle Champion about the Cabela's generator* or *prevent Champion from defending itself*." [ECF 192 at 11 (emphasis added).] So, by Firman's own argument, even if Champion did not amend its contentions, Firman and Champion will both necessarily argue the same underlying evidence to the jury, which will require a jury instruction on the § 102(b) exceptions, including as applicable to the Generac and RD9000E generators, because the Court cannot ignore the effect of § 102(b). It would be error otherwise because the jury could potentially reach a legally flawed decision (*e.g.*, the Generac generator is anticipatory prior art) without considering the entire statutory scheme of 35 U.S.C. § 102 and the language that mandates such disclosures "shall not be

[3] Firman explained at the discovery dispute hearing that it intends to use the Cabela's generator only as a prior art "offer for sale" against a subset of Champion's patents. [Hearing Transcript 28:3–10.] Firman said this apparently as a reason why Champion should not be permitted to raise the statutory exception to Firman's other alleged prior art. But Firman's Reply in support of its Motion to Amend does not confirm Firman intends to limit its use of Cabela's in any meaningful way. [*See generally*, ECF 192.] Even if it did, as will be explained, the evidence is the same, so it would remain legally, statutorily, and practically unworkable to prevent Champion from raising the statutory exception based on the same evidence Firman intends to introduce.

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prior art."[4] Thus, the interests of justice are best served if the Court resolves this dispute by finding that Champion does not need to amend its infringement contentions to raise a § 102(b) defense to Firman's invalidity counterclaims.

Moreover, Champion has consistently objected to the onerous N.D. Cal. Local Patent Rules and their good cause requirement to amend their contentions. [*See, e.g.*, ECF 23, 11:4–14 ("Firman has not directed this Court to any case in this District which adopted the N.D. Cal. Rules and, instead, the one case Firman does cite opposes the positions Firman is taking in this case and supports Champion's position. Fed. R. Civ. P. 26 provides the proper guidelines for supplementing discovery; there is no reason to depart from those guidelines with an unfounded prohibition on supplementing contentions.").] And this dispute underscores Champion's objections to the imposition of a good cause requirement. For the foregoing reasons, Champion respectfully requests that the Court analyze Champion's disclosure of the Cabela's generator under Fed. R. Civ. P. 26(e) and allow Champion to fully utilize the generator in response to Firman's invalidity counterclaims.

The Court also suggested during the discovery dispute hearing that it is considering denying both parties' motions. [*See* Hearing Transcript at 43:2–46:9.] If the Court excludes the Cabela's generator from this case, only Champion would suffer because Firman would still argue the Generac and RD9000E generators are invalidating prior art, which is simply false because the Cabela's disclosure predates both. *See* 35 U.S.C. § 102(b)(1)(B). This result would play into Firman's hand by potentially invalidating Champion's intellectual property rights, not based on the merits of the case, but because of a scheduling order; a potential procedural irregularity should not be enough to invalidate a patent duly granted by the USPTO. In addition, excluding the Cabela's generator could result in conflicting decisions in other ongoing actions involving the same Champion patents because of a mere technicality. *See Harbor Freight Tools USA, Inc. v. Champion Power Equipment, Inc.*, Case No. 2:24-cv-08722-SVW-AS (C.D. Cal.); *Champion Power Equipment, Inc. v. Generac*

[4] Firman successfully argued to the Court that it be allowed to offer newly discovered Generac devices as prior art. [ECF 124.] Allowing Champion to counter that very same, late disclosed prior art with Champion's own disclosure is only fair.

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Power Systems Inc., Case No. 24-cv-01281-LA (E.D. Wis.); *Champion Power Equipment, Inc. v. Westinghouse Electric Corp.*, Case No. 25-cv-00239-ART-CLB (D. Nev.). For example, if the Court denies Champion's motion, it may find the Generac and RD9000E generators invalidate certain of Champion's claims without considering the statutory exception. As explained above, for Firman to prove that the Cabela's generator is prior art under 35 U.S.C. § 102, it will *necessarily* argue the exact same evidence Champion contends shows that Cabela's was a public disclosure—establishing Champion's rights to a one-year grace period to exclude any intervening prior art under § 102(b). That is, Firman's proof that the Cabela's generator is invalidating prior art will also necessarily prove that the patents are not invalidated by the Generac and RD9000E generators.

No matter this Court's rulings, Champion will be able to make these arguments in the other pending litigation, and this raises the separate, and more concerning, issue of the status of the patents and inconsistent decisions. If Champion's patents are invalidated by this Court based on the procedural ruling that Champion cannot present the Cabela's generator as a statutory defense under § 102(b), Champion will appeal. And if the other courts find the same evidence shows the Generac generators are not prior art under § 102(b), Firman likely will appeal. Thus, the Federal Circuit would be presented with contradictory appeals that ask it to consider the same evidence and determine whether Firman has proven invalidity by clear and convincing evidence. Any interim decision by this Court that might invalidate Champion's patent rights across the country would need to be resolved on appeal, and Firman cannot explain why the Federal Circuit would hold that a procedural ruling in this first litigation would obviate substantive rulings by other courts throughout the country. Thus, regardless of the good cause standard, the interests of justice strongly weigh in favor of granting the motion or finding that Champion need not amend its infringement contentions to raise evidence to defend against Firman's invalidity counterclaims.

B. <u>Champion Diligently Searched for Embodying Products in Compliance with the CMO.</u>

The Court should also grant Champion's Motion because Champion was diligent.

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Courts evaluate whether the moving party was diligent in: (1) discovering the basis for the amendment; and (2) seeking amendment once the basis has been discovered. *Wisk Aero LLC v. Archer Aviation Inc.*, No. 3:21-CV-02450-WHO, 2022 WL 5007912, at *2 (N.D. Cal. Oct. 4, 2022). There is no reasonable dispute Champion was diligent when it immediately supplemented its disclosures under Rule 26 and, after confirming the Cabela's generator is an embodying product that was publicly disclosed, promptly notified Firman of its intent to amend its infringement contentions to identify the Cabela's generator. *See id*. at *4 ("The two-month delay between discovering the basis and filing this motion was reasonable[.]"). And, for the reasons explained below, Champion was also diligent in discovering the basis for the amendment. This factor favors granting the Motion.

On June 12, 2024, Champion objected to Firman's overbroad discovery requests regarding all dual fuel engines or generators, including that "the prior sale, offer for sale, use, demonstration, or disclosure of every Dual Fuel Engine or Dual Fuel Generator is not relevant to any parties' claims or defenses unless the Dual Fuel Engine or Dual Fuel Generator practices the inventions claimed in one or more of the asserted claims of the Patents-in-Suit, thus making it an Embodying Product.[5] Any information surrounding a Dual Fuel Engine or Dual Fuel Generator that is not an Embodying Product is not relevant, unless it relates to an invalidity contention that Firman has not yet served." [Exhibit 3 at 13.] In its response, Champion explained that at the time it had not "identified any information indicating that there was any disclosure, sale, or offer for sale of any Embodying Products before the priority dates of the Asserted Patents applicable to the Embodying Products." [*Id*. at 14.] Champion also responded to a separate interrogatory that same day disclosing in Exhibit A to the responses nearly 100 products it understood at the time embodied claims of the asserted patents. [*Id*. at 12, Exhibit A.]

To prepare Exhibit A (also disclosed with Champion's infringement contentions), Champion spent hours thoroughly searching for and identifying what it could confirm in

[5] Champion defined "Embodying Product" as "any Product made, used, offered for sale, or sold by Champion that embodies, incorporates, uses, or practices any claimed invention of any asserted claim of the Patents-in-Suit." [*See* Exhibit 3.]

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good faith was an embodying product. [Exhibit 4 (Declaration of Greg Pauken) ("Pauken Decl.") ¶ 2–5).] Despite Champion's robust search and disclosure, it did not identify the Cabela's generator. [*Id.* ¶ 6.]

In July 2024, the parties conferred about Firman's discovery requests and Champion's objections. To avoid a dispute, Champion agreed to supplement its response to Firman's interrogatories and performed another reasonable investigation for information responsive to Firman's discovery requests. [Exhibit 5 (Declaration of James J. Dehn) ("Dehn Decl.") ¶ 3.] During this search between July and August 2024, Champion identified the Cabela's Emails, which show that Firman's current CEO, Montgomery, spearheaded the planned meeting. [*Id.* ¶¶ 3–5; Exhibit 6 (Declaration of Tim Ziolkowski) ("Ziolkowski Decl.") ¶ 3.] No current Champion employee attended the Cabela's meeting, so Champion had no access to first-hand knowledge of the event. [Exhibit 7 (Declaration of Mark Sarder) ("Sarder Decl.") ¶ 5.] And although Champion amended its disclosure statement in March 2025 to identify Mr. Mark Sarder as a witness with knowledge of the Cabela's generator, Champion did not have contact with Sarder regarding the Cabela's generator until February 2025 when Champion first disclosed Sarder in its supplemental disclosure statement. [Ziolkowski Decl. ¶ 4.] In any event, as explained below, Champion had no reason to believe prior to this time that the Cabela's generator had been disclosed publicly, so there would have been no reason to contact Sarder. [*Id.* ¶ 3; Sarder Decl. ¶¶ 2–4, 8.]

When Champion evaluated the Cabela's Emails in August 2024, based on Champion's investigation to that point and information then in its possession, Champion did not know whether the meeting actually occurred, or, even if it did, Champion believed the meeting was covered by an NDA because Trine instructed Montgomery to obtain a signed NDA, and Champion presumed Montgomery complied with this request. [Exhibit 8 (Declaration of Dennis Trine) ("Trine Decl.") ¶¶ 3–11; Sarder Decl. ¶¶ 2–4, 8; Ziolkowski Decl. ¶ 3.] Indeed, on October 6, 2014, Trine directed a "unilateral nondisclosure agreement (00456352)" to be sent to Montgomery, which was sent to him that same day. [Trine Decl. ¶¶ 8–9; *see also* Exhibit 9 (CPN023069–074).] Although Champion did not find an

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executed copy of the NDA, Trine nonetheless expected Montgomery to have followed through on that request. [Trine Decl. ¶¶ 10–11.] Under 35 U.S.C. § 102(b)(1)(B), "a disclosure made 1 year or less before the effective filing date of a claimed invention shall not be prior art to the claimed invention under subsection (a)(1) if . . . the subject matter disclosed had, before such disclosure, been *publicly disclosed* by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor." (*Emphasis added*.) Thus, for the Cabela's generator to serve as an exception to any prior art, it needed to be a *public* disclosure. Based on Champion's investigation up to August 2024, including its understanding that the Cabela's meeting, which it could not confirm at that time even happened, would have been under an NDA, Champion did not have any reason to believe at that time that it could use the Cabela's generator "for any purpose," as required under Section 5(A)(7) of the CMO. [Trine Decl. ¶¶ 3–11; Sarder Decl. ¶¶ 2–4, 8; Ziolkowski Decl. ¶ 3.] Thus, it was reasonable for Champion not to amend its contentions at the time.

In addition, the Cabela's Emails confirm that even if there was a disclosure, it was reasonable for Champion to conclude in August 2024 that the disclosure was not an embodying product and, therefore, it did not need to amend its infringement contentions. [*See* Cabela's Emails.] First, Firman confirmed that it had the Cabela's Emails in September 2024 but still did not have "sufficient technical information to determine the effect of the Cabela's generator on its invalidity and unenforceability positions in the case." [ECF 176 at 5:18–20.] If Firman could not conclude that the Cabela's generator practiced the claims of the asserted patents in September 2024—especially when Montgomery was the one with the most knowledge of the presentation—it would be unreasonable to demand that Champion do so in August 2024 with only the Cabela's Emails and no current employee who attended the presentation. The emails also do not provide sufficient technical details to confirm that the Cabela's generator was an embodying product. [Dehn Decl. ¶¶ 2–5.] And besides the minimal technical information included in the Cabela's Emails, the emails explain that the disclosure to Cabela's would be a "concept not a product" and that the

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meeting with Cabela's was simply to "show that [Champion] was working on ideas." [*Id.*] Thus, on August 12, 2024, Champion supplemented its response to Firman's interrogatories to confirm, based on information available at the time and its reasonable investigation to date, that "it did not sell, offer to sell, use, demonstrate, or disclose any dual fuel engines or dual fuel generators which are not disclosed in Exhibit A before January 1, 2017." [Exhibit 10 at 15.] On August 30, 2024, Firman served its invalidity contentions and disclosed the RD9000E, which falls within the one-year statutory exception of 35 U.S.C. § 102; Firman did not disclose the Cabela's generator as alleged invalidating prior art, even though that disclosure was headed up and conducted by Montgomery.

On November 19, 2024, Generac produced documents in response to Firman's subpoenas. [Ziolkowski Decl. ¶ 5.] Shortly thereafter, Firman provided notice to Champion that it intended to amend its invalidity contentions to add Generac products, which again fall within the one-year statutory exception of 35 U.S.C. § 102. [ECF 116 ¶ 10.] Firman again did not move to add the Cabela's generator to its invalidity contentions. [*Id.*; ECF 116-1; ECF 113; ECF 115.] Although Generac hired Montgomery in January 2015, the Generac production did not reveal the full extent of Montgomery's involvement in Generac's development of dual fuel generators. [Ziolkowski Decl. ¶ 7.] Montgomery owed Champion a duty of confidentiality as a high-level executive of the company. If Montgomery shared any confidential information with Generac, he would have violated his confidentiality obligations owed to Champion. Champion therefore served Generac its own subpoena on December 4, 2025, and Generac agreed to accept service if it could respond by December 27, 2024. [*Id.* ¶ 8.] On December 27, 2024, Generac refused to produce any documents and merely served objections to the document subpoena. [*Id.* ¶ 9.]

Although Champion continued to confer with Generac about its improper objections, and in view of the improper 2014 activity by Montgomery and Generac's delay tactics, beginning in early January 2025, Champion had a third-party IT firm, Consilien, LLC, perform document searches on Champion's computer systems concerning Montgomery's involvement in dual fuel development in 2014 and what information he may have taken

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from Champion. [*Id*. ¶¶ 10, 12; Trine Decl. at ¶¶ 16–17.; Exhibit 11 (Declaration of Eric Kong) ("Kong Decl.") ¶¶ 2–4.] But the initial results of Consilien's searches were sparse and did not appear to identify any documents from Montgomery's custodial email. [Kong Decl. ¶ 5; Ziolkowski Decl. ¶¶ 13–14; Trine Decl. ¶ 18.] The searches did find, however, emails reflecting that Montgomery advocated for and spearheaded the Cabela's meeting in 2014. [Ziolkowski Decl. ¶ 14.] As part of that investigation in January 2025, Champion asked whether Consilien could perform any other less-routine searches to uncover hidden documents and requested Consilien perform yet another search for Montgomery's custodial email account. [Kong Decl. ¶¶ 4–11; Ziolkowski Decl. ¶ 14; Trine Decl. ¶ 18.]

While Consilien was performing its searches, Champion continued to diligently investigate Montgomery's departure and his efforts to disclose a generator to Cabela's in 2014 before joining Generac. [Dehn Decl. ¶¶ 6–7; Ziolkowski Decl. ¶¶ 15–17.] On February 5, 2025, Consilien found Montgomery's custodial email account. [Kong Decl. ¶ 11.] Consilien explained that the normal search did not show Montgomery's email box, and it needed to pull an archived .pst file, which was irregular, as the majority of Champion's email boxes are Microsoft 365 online accounts. [*Id*. ¶¶ 4–10.] On February 6, 2025, Champion evaluated the new results from Montgomery's custodial email account showing that Montgomery created files related to the inverter samples sent to Cabela's on October 1, 2014. [Dehn Decl. ¶¶ 6–7; Ziolkowski ¶¶ 16–17.] Champion also found a file named "RFW-72-03 3100 W DFR Dual Fuel Ready Inverter Cabela's sales visit," which disclosed detailed information about the Cabela's generator. [Dehn ¶ 6–7.] Then, in February 2025, Generac finally produced documents in response to Champion's subpoena, which detailed Mr. Montgomery's involvement in Generac's dual fuel development, including instructions to copy Champion's generator designs. [*See generally* ECF 121.] These materials showed similarities between the Cabela's generator and the newly-revealed Generac generators disclosed in Generac's November 19, 2024 document production. [Ziolkowski Decl. ¶ 17.] Champion then compared the Cabela's generator to the two Generac prototypes. [*Id*. ¶ 18.]

Throughout February and into March 2025, Champion conducted an exhaustive

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search, including of its physical files, for a signed NDA covering the Cabela's October 2014 meeting. [Ziolkowski Decl. ¶ 19; Trine Decl. ¶ 13.] None was found. [*Id.*; Trine Decl. ¶ 14.] In March 2025, Champion also identified and interviewed several former Cabela's employees, and a third-party representative named Jim Rowe, all of whom attended the Cabela's meeting on October 9, 2014, and each of whom confirmed that that there was no NDA signed prior to the meeting, at the meeting, or after the meeting, and that the Cabela's generator was indeed publicly disclosed outdoors in October 2014 without any restrictions. [Ziolkowski Decl. at ¶ 20; Trine Decl. ¶ 13.] Champion also interviewed a former Champion employee, Mark Sarder, who confirmed his attendance at the Cabela's meeting and Montgomery's role in leading the Cabela's meeting. [*Id.*; Sarder Decl. ¶¶ 5–6.] Sarder believed at the time that Montgomery obtained the NDA prior to the meeting and was surprised to learn that the Cabela's employees stated none was actually signed. [Sarder Decl. ¶¶ 5, 7.] Throughout this process, Champion continued to search for technical documents and information related to Cabela's generator. [Dehn Decl. ¶¶ 6–10.]

On March 18, 2025, after Champion confirmed in good faith that the Cabela's meeting occurred, was public (not under an NDA), and the Cabela's generator embodied certain claims of the Champion Patents, Champion served its Second Supplemental Disclosure Statement identifying the Cabela's generator.[6] [Ziolkowski Decl. ¶ 21.]

Based on the foregoing, Champion diligently searched for information related to the Cabela's generator and immediately disclosed the same as soon as it had a good faith basis to confirm it was an embodying product that was publicly disclosed. This supports a finding of good cause for the Court to grant Champion leave to amend its contentions.

C. <u>There Would be No Prejudice to Firman if the Court Grants the Motion.</u>

A party may amend its contentions "absent undue prejudice to the non-moving party." [*See* ECF 33 at § 5(C).] There would be no prejudice to Firman if the Court grants the motion to add a disclosure which Firman is similarly trying to add to the case. Yet,

[6] Along with preparing claim charts for the RD9000E, Champion also prepared the formal claim charts to identify each claim of the asserted patents embodied by the Cabela's generator, which it timely served together on May 21, 2025. [*See* ECF 167.]

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Firman argues there is prejudice because its primary prior art references, the RD9000E and the Generac generators, would be nullified if the motion is granted. This argument is disingenuous and without merit. During the July 10 hearing, Firman's counsel concluded that it would be prejudiced because "for the last year, [it has] invested in things like the Generac prior art, the RD9000, all that Champion is trying to moot at this very, very late stage. And that is the definition of undue prejudice." [Hearing Transcript at 27:1–4; *see also id*. at 25:20–24, 26:17–25.] Firman argued that it "spent time and time again investing in art that falls in this window. We would not have been doing that. We would not have been structuring our entire defense around this window had we known that Champion was going to take this very different position." [*Id*. 27:23–28:2.]

It must also be noted that Firman moved to add the Generac generators as new alleged prior art at a similar "late stage" in this litigation—one month before the Cabela's generator was disclosed. Firman is no more prejudiced than was Champion. The real rub is that the Cabela's generator predates the Generac generators, both predate the RD9000E, and Firman's CEO, Montgomery, is the one person who knew about all of them.

Additionally, all patent counsel know about the 35 U.S.C. § 102(b) one-year grace period. Firman's counsel cannot in good faith say that they undertook their prior art search without taking this one-year grace period into account; such conduct would fall below the standard of care. Second, even if Firman did not take into account the one-year grace period (which it must have taken into account: it disclosed approximately 86 pieces of prior art predating the Cabela's generator and submitted 5,081 pages of claim charts), Firman has failed to point to one thing it would have done differently had Champion disclosed the Cabela's generator any earlier. Champion raised the issue in the discovery dispute and oral arguments, yet Firman remained silent on what specifically it would have done differently. Firman's initial invalidity search could not have taken into account or been effected by the Generac generators because it allegedly discovered the Generac generators *after* it served its invalidity contentions. [*Compare* ECF 33 at ¶ 5(B) (directing invalidity contentions be served on August 30, 2024) *with* ECF 115 at 4 (Firman admitting it received Generac's

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document production in November 2024).] But even if Firman had taken into account, say, the RD9000E generator, in its invalidity search, did Firman ever ask its CEO, Montgomery, what he did while he was at Generac or Champion? Even if he did not specifically recall the Cabela's meeting, and he forgot he failed to procure an NDA, he cannot possibly say he forgot his role at Generac was to lead a program specifically to develop dual fuel generators—the very models that Firman moved to amend its contentions in February 2025.

Further, Firman claims it intends to use the RD9000E and Generac products as 35 U.S.C. § 102(a) invalidating prior art to Champion's second family of patents (with priority dates of June 2015 and later). However, as explained above, under 35 U.S.C. § 102(b)(1)(B), the Cabela's generator would create an exception to the RD9000E and Generac alleged prior art *only if* it practices the patents and was publicly disclosed. If Firman intends to challenge *either of these two elements*, Firman would not have foregone any discovery into the Generac and RD9000E generators; if Champion cannot make the necessary showing (which it can), then the Generac and RD9000E generators remain relevant to Firman's case. Thus, Firman's claim about foregoing discovery is false.

Notably, Firman has refused to stipulate that the Cabela's generator practices the patents and was publicly disclosed, which dispels any alleged prejudice. Further, there is ample time left in discovery for Firman to investigate Champion's claims of a public disclosure and that the Cabela's generator practices the patents, so no prejudice exists there either. Despite Firman's transparent and flawed attempt to appear conciliatory, it confirmed it does not intend to use the Cabela's generator as invalidating art to the Champion patents with a priority date of June 2015 and only as a private offer for sale to invalidate the October 2015 or 2016 patents, which are unaffected by the statutory exception. Even if Firman knew about the Cabela's generator earlier, it *still* would have focused on the Generac and RD9000E generators as prior art because it never believed (and still refuses to agree) that the Cabela's generator practices the patents and was publicly disclosed. There is simply no prejudice to Firman, which further supports granting the Motion.

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