

**UNITED STATES DISTRICT COURT
DISTRICT OF MAINE**

<i>ERGO LICENSING, LLC,</i>)	
)	
<i>Plaintiff</i>)	
)	
v.)	<i>Civil No. 08-259-P-S</i>
)	
<i>CAREFUSION 303, INC.,</i>)	
)	
<i>Defendant</i>)	

**MEMORANDUM DECISION ON MOTION FOR LEAVE TO AMEND ANSWER AND
COUNTERCLAIM**

The defendant, CareFusion 303, Inc., moves for leave to amend its answer and counterclaim in order to add two affirmative defenses and a third count to its counterclaim. The deadline for seeking leave to amend the pleadings was November 4, 2009.¹ Scheduling Order (Docket No. 75) at 2. This motion was filed on November 23, 2009. Docket No. 96. I deny the motion.

The defendant seeks to add affirmative defenses of inequitable conduct and unclean hands and a third count to its counterclaim seeking a declaration that the patent at issue is unenforceable. [Proposed] First Amended Answer, Affirmative Defenses and Counterclaims (Exh. A to Motion) at 6-9, 11-13. It asserts that it has only “just recently received documents from Ergo that reveal the basis for” the new defenses and counterclaim. Motion at [1]. Specifically, it states that documents it received from the plaintiff on October 28, 2009,

¹ The defendant erroneously refers to this date as “the last day to amend the pleadings in this case without leave of court.” Defendant CareFusion 303, Inc.’s Motion to Amend its Answer and Counterclaims (“Motion”) (Docket No. 96) at 2. The last day to amend pleadings without leave of court is calculated under Fed. R. Civ. P. 15(a). It is well before the deadline for amendment of the pleadings set by the scheduling order.

apparently in a timely response to the defendant's discovery requests and a review by counsel of those documents beginning on November 2, 2009, led to the decision to amend the answer and counterclaim. *Id.* at 2-3. After an unsuccessful request on November 16 and 17, 2009, that the plaintiff consent to this amendment, the defendant filed this motion on November 23, 2009. *Id.* at 3.

When leave to amend a pleading is sought after the scheduling order's deadline for doing so has passed, the party seeking leave must demonstrate either good cause for its failure to do so before the deadline or excusable neglect. Fed. R. Civ. P. 16(b)(4); *O'Connell v. Hyatt Hotels of Puerto Rico*, 357 F.3d 152, 154-55 (1st Cir. 2004). As is the case here, if it does not contend that its delay was due to excusable neglect, the party must show that the deadline could not reasonably be met despite its diligence. *Id.*; *see also Roberge v. Lupo LLC*, 254 F.R.D. 21, 23 (D. Me. 2008). In opposing the motion, the plaintiff contends that the defendant knew of the information underlying the proposed new defenses and claim well before the November 4, 2009, deadline. Plaintiff's Opposition to Defendant's Motion to Amend its Answer and Counterclaims ("Opposition") (Docket No. 99) at 2.

The following new factual allegations are included in the proposed amended answer and counterclaim to support the proposed new affirmative defenses and counterclaim:

- On or about March 8, 1999, the patent at issue was assigned to Uvo Hölscher from Drägerwerk AG.
- Uvo Hölscher became obligated to convey a royalty free license back to Drägerwerk AG when he acquired the patent.
- Drägerwerk AG was a large entity.

- One of the attorneys who prosecuted the patent at issue paid the small entity maintenance fee to the United States Patent and Trademark Office on September 24, 1999.
- The Small Entity Statement that Uvo Hölscher signed in order for the attorney to pay the small entity maintenance fee required him to declare that he had not conveyed and was not obligated to convey any rights in the invention to any entity that would not qualify for small entity status.
- By signing the form, Uvo Hölscher falsely indicated that he was not under any obligation to license the patent at issue to any large entity when he was in fact obligated to license it to Drägerwerk. “Uvo Hölscher did so with intent.” Exhibit A to Motion, Sixth Affirmative Defense ¶ 12.
- In February 2003, Uvo Hölscher entered into a license agreement for the patent at issue with Baxter International, a large entity under the patent laws.
- On April 16, 2004, the patent at issue lapsed for failure to pay the 8th year maintenance fee, and, as a consequence, the patent at issue expired.
- On July 26, 2005, the attorney paid the small entity maintenance fee for the patent at issue.
- Uvo Hölscher withheld from the attorney the existence of the license he had granted to Baxter International in order to avoid paying the large entity fee, and thereby intentionally withheld from the U. S. Patent and Trademark Office the existence of that license.
- On July 26, 2005, the attorney petitioned the U. S. Patent and Trademark Office to accept an unintentionally-delayed late maintenance fee payment.

- In October 2005, Uvo Hölscher sent Cardinal Health, Inc.² a letter regarding potential infringement of the patent at issue.
- On or about April 10, 2008, another attorney filed a Notification of Loss of Small Entity Entitlement and a Request for Acceptance of a Fee Deficiency submission.

The plaintiff contends that this information was available to the defendant well before the November 4, 2009 deadline. Opposition at 2. This, it asserts, makes it impossible for the defendant to show good cause for its failure to bring these claims before the scheduling order deadline expired.

The plaintiff asserts that the defendant “obtained the complete file for [the patent at issue] many months before filing its original answer[,]” and that the information in that file included all of the information necessary to the new claims. Opposition at 2. It admits that the Baxter license was not in the Patent Office file, but notes that the Baxter license was granted after the Dräger license, and it is the Dräger license that triggered the obligation to pay large entity fees. *Id.* Finally, it notes that the defendant “admits receiving a copy of the Baxter license on October 28, six days before the deadline to amend the pleadings.” *Id.*

The defendant responds that “the public documents do not show the [facts that underlie the] Inequitable Conduct and Unclean Hands [defenses],” it could not have known of the Baxter license until the plaintiff produced it “fourteen months after filing this lawsuit[,]” that Hölscher testified at his deposition that “there never was a ‘Drager license,’” and that it could not have known that “the Drager license was a fiction” until Hölscher so testified on December 16, 2009,³ a deposition that it sought in September 2009 but which counsel for the plaintiff “unilaterally

² CareFusion 303, Inc. is the current name of the former Cardinal Health 303, Inc., Docket No. 77, a defendant named in the first amended complaint, Docket No. 20, and Cardinal Health, Inc. was the corporate parent of Cardinal Health 303, Inc. Docket No. 34.

³ The motion at issue was filed on November 23, 2009.

canceled.” CareFusion 303, Inc.’s Reply Brief in Support of Motion to Amend Answer and Counterclaims (“Reply”) (Docket No. 101) at 1. It offers no affidavits, no deposition transcript, and nothing of evidentiary quality to support most of these conclusory allegations.

I therefore asked counsel for the plaintiff to file a surreply addressing these claims, raised for the first time in the defendant’s reply brief. Counsel for the plaintiff also provided the full transcript of the Hölscher deposition. Attachments 1 & 2 to Docket No. 105. Upon review of the transcript, it is apparent that Hölscher’s testimony, in a language other than his own native German, cannot reasonably be interpreted to say that “there never was a Dräger license” or that “the Dräger license was a fiction.” *See* [Deposition] Transcript [of Uvo Hölscher] 12/16/2009 (Exh. 1 to Docket No. 105) at 86-87; *see also* Declaration of Dr. Uvo Hölscher (Docket No. 106) ¶¶ 7-17.

With this clarification, the timing of the defendant’s awareness of the Baxter license becomes irrelevant, because it was the earlier Dräger license that triggered the requirement to pay the large entity fee.⁴ The defendant has not shown that any of the bases that it argues prevented it from becoming aware in a timely fashion of its proposed new affirmative defenses and substantive claim were not available to it by at least a week before the deadline for filing amended pleadings. Nor has it shown that the time from November 4, 2009, the amendment deadline, to November 16 or 17, 2009, when it asked the plaintiff to consent to its motion for leave to amend, or indeed the time from that date until it finally filed its motion, on November 23, 2009, were necessary for a diligent review of the information produced no later than October

⁴ Even if the Baxter license were relevant, the fact that it was produced to the defendant on October 28, seven days before the November 4 deadline for amending the pleadings means that there was sufficient time for the defendant to move for leave to extend the deadline for amending the pleadings, if it could not have prepared the necessary motion in that timeframe. *See generally Fairchild Semiconductor Corp. v. Third Dimension Semiconductor, Inc.*, Civil No. 08-158-P-H, 2009 WL 1210638 (D. Me. Apr. 30, 2009), at *18 (party seeking leave to amend pleadings after scheduling order deadline may not rely on discovery disputes which it did not bring to court’s attention in timely fashion). The defendant chose not to do so.

28, 2009, in order to uncover the newly-asserted claims. *See generally Steir v. Girl Scouts of the USA*, 383 F.3d 7, 12 (1st Cir. 2004) (“good cause” standard focuses on diligence, or lack thereof, of moving party rather than any prejudice to opposing party); *see also Trans-Spec Truck Serv., Inc. v. Caterpillar Inc.*, 524 F.3d 315, 327 (1st Cir. 2008) (untimely motion to amend denied when proposed new allegations were based on information moving party had or should have had before deadline).

On the showing made, the defendant’s motion for leave to amend is **DENIED**.

Dated this 2nd day of February, 2010.

/s/ John H. Rich III
John H. Rich III
United States Magistrate Judge

Plaintiff

ERGO LICENSING LLC

represented by **JAMES G. GOGGIN**
VERRILL DANA LLP
ONE PORTLAND SQUARE
P.O. BOX 586
PORTLAND, ME 04112
(207) 253-4602
Email: jgoggin@verrilldana.com

ELIZABETH M. FRANKEL
VERRILL DANA LLP
ONE PORTLAND SQUARE
P.O. BOX 586
PORTLAND, ME 04112
(207) 253-4522
Email: efrankel@verrilldana.com

SETH W. BREWSTER
VERRILL DANA LLP
ONE PORTLAND SQUARE
P.O. BOX 586
PORTLAND, ME 04112

(207) 774-4000
Email: sbrewster@verrilldana.com

Defendant

CAREFUSION 303 INC

represented by **ERICA PASCAL**
DLA PIPER LLP (US)
401 B STREET
SUITE 1700
SAN DIEGO, CA 92101
(619) 699-2760
Email: erica.pascal@dlapiper.com

KATHRYN RILEY
DLA PIPER LLP (US)
401 B STREET
SUITE 1700
SAN DIEGO, CA 92101
(619) 699-2842
Email: kathryn.riley@dlapiper.com

MARC BELLOLI
DLA PIPER LLP
2000 UNIVERSITY AVENUE
EAST PALO ALTO, CA 94303-2215
(650) 833-2254
Email: marc.belloli@dlapiper.com

RANDALL KAY
JONES DAY
12265 EL CAMINO REAL
SUITE 200
SAN DIEGO, CA 92130
858-314-1139
Email: rekay@jonesday.com

WILLIAM GOLDMAN
DLA PIPER LLP
2000 UNIVERSITY AVENUE
EAST PALO ALTO, CA 94303-2215
(650) 833-2000

Email: bill.goldman@dlapiper.com

WILLIAM D. HAGEDORN

PRETI, FLAHERTY LLP

ONE CITY CENTER

PORTLAND, ME 04112

(207) 791-3000

Email: whagedorn@preti.com

GREGORY PAUL HANSEL

PRETI, FLAHERTY, BELIVEAU, PACHIOS & HALEY,
LLP

PO BOX 9546

PORTLAND, ME 04112-9546

791-3000

Fax: 791-3111

Email: ghansel@preti.com