

KERANOS, LLC. v. SILICON STORAGE TECHNOLOGY, INC., Appeal Nos. 2014-1360 and 2014-1500 (Fed. Cir. August 13, 2015). Before Chen, Bryson and Hughes. Appealed from E.D. Tex. (Judge Schneider).

Background:

Keranos sued forty-nine parties for infringing claims of its patents directed to flash memory. After discovery, Keranos moved for leave to amend its infringement contentions to include additional products not identified in Keranos's original infringement contentions. The district court denied Keranos's motion because local patent rules required Keranos to identify infringing products by specific product model number or name, rather than by product families, and Keranos failed to comply with these rules. Further, the district court found that Keranos did not demonstrate diligence in searching and identifying infringing products to the extent possible based on publicly available information. Keranos appealed.

Issue/Holding:

Did the district court err by denying Keranos's motion to amend its infringement contentions? Yes, vacated and remanded.

Discussion:

In the Eastern District of Texas, local Patent Rule 3-1 requires identification of each accused product by name or model number, if publicly known, in infringement contentions. With one exception not at issue here, the local rules only allow a patent owner to amend its infringement contentions by order of the court upon a showing of good cause, which requires diligence in discovering the additional products and in seeking to amend. Here, the Federal Circuit held that the district court was well within its discretion to refuse a patent owner's request to amend infringement contentions if the patent owner does not show that it acted diligently in its identification of accused products.

The Federal Circuit found that the record indicated that publicly available information might not have been available for the products of some appellees, and thus Keranos could not have been more diligent with respect to these appellees. The Federal Circuit therefore vacated the district court's denial of Keranos's motion to amend its infringement contentions and further remanded for the district court to consider, on at least a party-by-party basis, whether Keranos has shown good cause to amend its infringement contentions.

The Federal Circuit, however, cautioned that this holding did not mean that the district court must determine whether Keranos has shown cause to amend its infringement contentions on a product-by-product basis, although the district court may deem it necessary to do so. With respect to this case, the Federal Circuit held that the district court may be well within its discretion to refuse to allow Keranos to amend its infringement contentions to include a handful of products when publicly available information on these products, being identified by name and/or model number, would have allowed Keranos to determine whether these products included the patented technology.