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4 **UNITED STATES DISTRICT COURT**
5 **FOR THE EASTERN DISTRICT OF CALIFORNIA**
6

7 SHELLY CONTE, an individual; CINDY
8 REICHMAN, an individual,
9
10 Plaintiffs,
11 v.
12 JAKKS PACIFIC, INC., a Delaware corporation,
13 and DOES 1 TO 25,
14 Defendants.

1:12-CV-00006-LJO-GSA

**ORDER ON MOTIONS FOR
SUMMARY JUDGMENT AND
MOTION FOR LEAVE TO AMEND
THE FIRST AMENDED COMPLAINT**
(Docs. 69, 70, 87)

15
16 **PRELIMINARY STATEMENT TO PARTIES AND COUNSEL**

17 Judges in the Eastern District of California carry the heaviest caseload in the nation, and this
18 Court is unable to devote inordinate time and resources to individual cases and matters. This Court
19 cannot address all arguments, evidence and matters raised by parties and addresses only the arguments,
20 evidence and matters necessary to reach the decision in this order given the shortage of district judges
21 and staff. The parties and counsel are encouraged to contact the offices of United States Senators
22 Feinstein and Boxer to address this Court's inability to accommodate the parties and this action. The
23 parties are required to consider consent to a Magistrate Judge to conduct all further proceedings in that
24 the Magistrate Judges' availability is far more realistic and accommodating to parties than that of U.S.
25 District Judge Lawrence J. O'Neill who must prioritize criminal and older civil cases.

26 **INTRODUCTION**

27 Plaintiffs Shelly Conte and Cindy Reichman (collectively "Plaintiffs") bring this action
28 for patent infringement against Defendant Jakks Pacific, Inc. ("Defendant" or "Jakks"). Jakks filed

1 counterclaims against Plaintiffs for declaratory relief and for common law violations. Plaintiffs and
2 Jakks each have filed a motion for summary adjudication of the infringement claims. Plaintiffs also
3 move this Court for leave to amend Plaintiffs' first amended complaint. Upon careful consideration of
4 the parties' submissions and the entire record in this case, the Court DENIES Plaintiffs' motion for
5 summary adjudication and GRANTS Jakks' motion for summary adjudication. The Court also
6 DENIES WITH PREJUDICE Plaintiffs' motion to amend the operative complaint.

7 **BACKGROUND**

8 **A. Facts**

9 Plaintiffs are the exclusive licensees of all right, title, and interest in United States Patent No.
10 6,494,457 ("457 patent") issued by the United States Patent and Trademark Office on December 17,
11 2002. The '457 patent relates to (1) an object that is capable of being hidden, (2) a transmitter unit
12 associated with the hidden object, and (3) a seeker unit containing a receiver with means for
13 calculating the distance between the seeker unit and the transmitter unit and changes in that distance.
14 The '457 patent contains fifteen claims.

15 Plaintiffs have incorporated the patent into a toy doll that they manufacture, "Hide-N-Seek
16 Hayley," which allows a child to play an interactive game of hide-and-seek by relaying clues to the
17 child based on his or her proximity to the doll.

18 In or around 2005, Jakks began marketing Care Bear dolls under license from the owner of
19 the Care Bears trademark. One of these Care Bear dolls marketed by Jakks is the "Hide 'N Seek Care
20 Bear" doll. Plaintiffs contend that the Hide 'N Seek Care Bear doll infringes Plaintiffs' '457 patent.
21 The Hide 'N Seek Care Bear consisted of: (1) a plush toy doll capable of being hidden; (2) a
22 transmitter device attached to the toy doll; and (3) a seeker unit capable of receiving various clues
23 depending on its proximity to the toy doll. Plaintiffs claim that Defendant's Care Bear doll directly
24 infringes Plaintiffs' '457 patent.

25 **B. Procedural History**

26 Plaintiffs filed their original complaint in this case on January 3, 2012. They filed an
27 amended complaint on April 3, 2012. On June 19, 2012, this Court granted in part and denied in part
28 Defendant's motion to dismiss Plaintiffs' amended complaint. Defendant filed an answer and

1 counterclaims on August 13, 2012. On December 10, 2012, this Court granted in part and denied in
2 part Plaintiffs' motion to dismiss Defendant's counterclaims. Defendant filed amended counterclaims
3 on December 13, 2012, and Plaintiffs filed an answer on January 2, 2013. On August 29, 2013, and
4 August 30, 2013 Plaintiffs and Defendant respectively filed the instant motions for summary
5 adjudication as to the direct infringement claims in Plaintiffs' amended complaint.¹ Plaintiffs and
6 Defendant filed respective oppositions on September 26, 2013 and replies on October 3, 2013. On
7 October 29, 2013, Plaintiffs filed a motion for leave to amend the first amended complaint.

8 DISCUSSION

9 Motion for Summary Judgment

10 A. Legal Standard

11 Fed. R. Civ. P. 56(b) permits a "party against whom relief is sought" to seek "summary
12 judgment on all or part of the claim." "A district court may dispose of a particular claim or defense by
13 summary judgment when one of the parties is entitled to judgment as a matter of law on that claim or
14 defense." *Beal Bank, SSB v. Pittorino*, 177 F.3d 65, 68 (1st Cir. 1999).

15 Summary judgment is appropriate when there exists no genuine issue as to any material fact
16 and the moving party is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(c)(2); *Matsushita*
17 *Elec. Indus. v. Zenith Radio Corp.*, 475 U.S. 574, 587 (1986); *T.W. Elec. Serv., Inc. v. Pacific Elec.*
18 *Contractors Assn.*, 809 F.2d 626, 630 (9th Cir. 1987). The purpose of summary judgment is to "pierce
19 the pleadings and assess the proof in order to see whether there is a genuine need for trial." *Matsushita*
20 *Elec.*, 475 U.S. at 586, n. 11; *International Union of Bricklayers v. Martin Jaska, Inc.*, 752 F.2d 1401,
21 1405 (9th Cir. 1985).

22 The evidence of the party opposing summary judgment is to be believed and all reasonable
23 inferences that may be drawn from the facts before the court must be drawn in favor of the opposing
24 party. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 255 (1986); *Matsushita*, 475 U.S. at 587. The
25 inquiry is "whether the evidence presents a sufficient disagreement to require submission to a jury or
26 whether it is so one-sided that one party must prevail as a matter of law." *Anderson*, 477 U.S. at 251–

27
28 ¹ This Court previously granted Defendant's motion to dismiss Plaintiffs' indirect infringement claim. Defendant's counterclaims are not a part of this summary judgment proceeding.

1 252.

2 To carry its burden of production on summary judgment, a moving party “must either
3 produce evidence negating an essential element of the nonmoving party's claim or defense or show that
4 the nonmoving party does not have enough evidence of an essential element to carry its ultimate
5 burden of persuasion at trial.” *Nissan Fire & Marine Ins. Co. v. Fritz Companies, Inc.*, 210 F.3d 1099,
6 1102 (9th Cir. 2000); *see, High Tech Gays v. Defense Indus. Sec. Clearance Office*, 895 F.2d 563, 574
7 (9th Cir. 1990). “[T]o carry its ultimate burden of persuasion on the motion, the moving party must
8 persuade the court that there is no genuine issue of material fact.” *Nissan Fire*, 210 F.3d at 1102; *see*
9 *High Tech Gays*, 895 F.2d at 574. “As to materiality, the substantive law will identify which facts are
10 material. Only disputes over facts that might affect the outcome of the suit under the governing law
11 will properly preclude the entry of summary judgment.” *Anderson*, 477 U.S. at 248.

12 “If a moving party fails to carry its initial burden of production, the nonmoving party has no
13 obligation to produce anything, even if the nonmoving party would have the ultimate burden of
14 persuasion at trial.” *Nissan Fire*, 210 F.3d at 1102–1103; *see, Adickes v. S. H. Kress & Co.*, 398 U.S.
15 144, 160 (1970). “If, however, a moving party carries its burden of production, the nonmoving party
16 must produce evidence to support its claim or defense.” *Nissan Fire*, 210 F.3d at 1103; *see, High Tech*
17 *Gays*, 895 F.2d at 574. “If the nonmoving party fails to produce enough evidence to create a genuine
18 issue of material fact, the moving party wins the motion for summary judgment.” *Nissan Fire*, 210
19 F.3d at 1103; *see Celotex Corp. v. Catrett*, 477 U.S. 317, 322 (1986) (“Rule 56(c) mandates the entry
20 of summary judgment, after adequate time for discovery and upon motion, against a party who fails to
21 make the showing sufficient to establish the existence of an element essential to that party's case, and
22 on which that party will bear the burden of proof at trial.”)

23 “But if the nonmoving party produces enough evidence to create a genuine issue of material
24 fact, the nonmoving party defeats the motion.” *Nissan Fire*, 210 F.3d at 1103; *see, Celotex*, 477 U.S.
25 at 322. “The amount of evidence necessary to raise a genuine issue of material fact is enough ‘to
26 require a jury or judge to resolve the parties' differing versions of the truth at trial.’” *Aydin Corp. v.*
27 *Loral Corp.*, 718 F.2d 897, 902 (9th Cir. 1983) (quoting *First Nat'l Bank v. Cities Service Co.*, 391
28 U.S. 253, 288–289, 88 S.Ct. 1575, 1592, 20 L.Ed.2d 569 (1968)). “The mere existence of a scintilla of

1 evidence in support of the plaintiff's position will be insufficient." *Anderson*, 477 U.S. at 252.

2 "In cases that involve ... multiple causes of action, summary judgment may be proper as to
3 some causes of action but not as to others, or as to some issues but not as to others, or as to some
4 parties, but not as to others." *Barker v. Norman*, 651 F.2d 1107, 1123 (5th Cir. 1981); *see also, Robi v.*
5 *Five Platters, Inc.*, 918 F.2d 1439 (9th Cir. 1990); *Cheng v. Commissioner Internal Revenue Service*,
6 878 F.2d 306, 309 (9th Cir. 1989). A court "may grant summary adjudication as to specific issues if it
7 will narrow the issues for trial." *First Nat'l Ins. Co. v. F.D.I.C.*, 977 F.Supp. 1051, 1055 (S.D. Cal.
8 1977).

9 **B. Analysis**

10 Each party moves this Court to grant summary adjudication in its favor as to Plaintiffs' direct
11 infringement claims. Plaintiffs argue that Defendant's Care Bear doll directly infringes on Claim 9 of
12 Plaintiffs' '457 patent. Specifically, Plaintiffs allege that the Care Bear doll infringes the "calculating
13 means" element of Claim 9. Defendant asserts that said element of Claim 9 of Plaintiffs' '457 patent is
14 invalid as obvious. Defendant further argues that Defendant's Care Bear doll does not directly infringe
15 on Claim 9.

16 **1. Obviousness**

17 The Patent Act makes clear that "[a] patent shall be presumed valid" and that "[t]he burden
18 of establishing in-validity of a patent or any claim thereof shall rest on the party asserting such
19 invalidity." 35 U.S.C. § 282. "[A]n invalidity defense [must] be proved by clear and convincing
20 evidence." *Microsoft Corp. v. i4i Ltd. P'ship*, 131 S. Ct. 2238, 2242 (2011).

21 Under 35 U.S.C. § 103, a patent is invalid as obvious "if the differences between the claimed
22 invention and the prior art are such that the claimed invention as a whole would have been obvious
23 before the effective filing date of the claimed invention to a person having ordinary skill in the art to
24 which the claimed invention pertains." A determination of "obviousness" rests upon the following
25 factual findings: (1) the scope and content of the prior art; (2) the differences between the claimed
26 invention and the prior art; (3) the level of ordinary skill in the art; and (4) any relevant secondary
27 considerations, including commercial success, long felt but unsolved needs, and failure of others
28 (collectively, the "Graham factors"). *Graham v. John Deere Co.*, 383 U.S. 1, 17 (1966).

1 Though a court must base its obviousness determination on these factual findings, the
2 question of whether a patent is obvious is ultimately a question of law. *KSR Int'l v. Teleflex Inc.*, 550
3 U.S. 398, 427 (2007); *Graham*, 383 U.S. at 17.

4 “The claims of a patent must ‘particularly (point) out and distinctly (claim) the subject matter
5 which the applicant regards as his invention.’” *Palmer v. Orthokinetics, Inc.*, 611 F.2d 316, 322 (9th
6 Cir. 1980) (quoting 35 U.S.C. § 112). “‘Courts can neither broaden nor narrow the claims to give the
7 patentee something different from what he has set forth.’” *Id.* (quoting *Autogiro Co. v. United States*,
8 384 F.2d 391, 396 (1967)).

9 **i. “Calculating means” element**

10 As discussed above, the ‘457 patent relates to (1) an object that is capable of being hidden,
11 (2) a transmitter unit associated with the hidden object, and (3) a seeker unit containing a receiver and
12 a means for calculating the distance between the seeker unit and the transmitter unit and differences in
13 that distance. Specifically, Claim 9 of the ‘457 patent discloses, in relevant part, “said seeker unit
14 comprising a calculating means for determining a first distance between the seeker unit and said object,
15 a second distance between said seeker unit and said object, and a relative change in distance[.]” (Doc.
16 15, Exh. 1, p. 10).

17 Defendants interpret the “calculating means” element as a means-plus-function limitation.
18 Plaintiffs assert that Claim 9 “is not concerned with the how or the means of calculating a distance[.]”
19 (Doc. 69, p. 10). Rather, “the claimed invention simply requires that the game determine at least a first
20 and a second distance and determine a relative change in distance.” *Id.*

21 “[T]he words of a claim ‘are generally given their ordinary and customary meaning.’”
22 *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312 (Fed. Cir. 2005) (citing *Vitronics Corp. v. Conception*,
23 *Inc.*, 90 F.3d 1576, 1582 (Fed. Cir. 1996)). “[T]he ordinary and customary meaning of a claim term is
24 the meaning that the term would have to a person of ordinary skill in the art in question at the time of
25 the invention[.]” *Id.* “In some cases, the ordinary meaning of claim language as understood by a
26 person of skill in the art may be readily apparent even to lay judges, and claim construction in such
27 cases involves little more than the application of the widely accepted meaning of commonly
28 understood words.” *Id.* at 1314 (citing *Brown v. 3M*, 265 F.3d 1349, 1352 (Fed. Cir. 2001) for the

1 holding that the claims did “not require elaborate interpretation”).

2 The language of Claim 9 does not involve terms of art and lends itself to ready interpretation
3 by lay judges. As discussed above, the Claim 9 element at issue requires that there be a means for
4 “determining a first distance between the seeker unit and said object, a second distance between said
5 seeker unit and said object, and a relative change in distance.” (Doc. 15, Exh. 1, p. 10). Claim 9
6 contains no language as to how the distances are determined or compared or what specific transmitter-
7 receiver technology is used to make those calculations. Rather, the ordinary meaning of Claim 9’s
8 plain language describes a function of a device that determines a first distance between a receiver and a
9 transmitter, a subsequent distance between the receiver and a transmitter, and whether that distance has
10 increased or decreased. Claims 1 and 7 of the ‘457 patent also support this interpretation of Claim 9 in
11 discussing the determination of a first distance, a second distance, and “comparing said first distance to
12 said second distance to determine a change in distance, and whether said second distance is greater or
13 less than said first distance.” *Id.* Neither party submits evidence that contradicts this interpretation.
14 Therefore, this Court construes the portion of Claim 9 at issue here as a function limitation whereby a
15 device determines a first distance between a receiver and a transmitter, a subsequent distance between
16 the receiver and a transmitter, and whether the second distance is greater or less than said first distance.

17 **a. Prior Art**

18 Plaintiffs state in their ‘457 patent that “[a] number of modern variations of the game of hide
19 and seek have been developed and/or patented to incorporate modern electronic technology into
20 devices to be used to play the game.” (Doc. 15, Exh. 1, p. 5). However, Plaintiffs only referenced two
21 prior art patents in their application for the ‘457 patent. Defendant submitted a number of patents that
22 relate to Plaintiffs’ ‘457 patent and allegedly render Claim 9’s “calculating means” element invalid as
23 obvious.

24 U.S. Patent 4,935,907 to Mark B. Friedman (“Friedman patent”) was filed in 1988 and
25 describes an electronic homing system. The Friedman patent describes its invention as “[a] homing
26 system for directing the user (human or mobile robot) to one of a plurality of objects and/or
27 locations[.]” (Doc. 72, Exh. 9, p. 5). “The remote modules are placed with objects or at locations to
28 which the system user may desire to be led.” *Id.* “Typically, the mobile unit is designed to be hand

1 held and has a handle.” *Id.* “A programmed digital microchip computer generates an internal
2 representation of the distance between the receiving transducer and the selected remote module[.]” *Id.*
3 “The computer compares subsequent representations of the distances to determine if the mobile
4 module is moving closer or farther away from the selected remote module.” *Id.* “The mobile module
5 includes an indicator for indicating to the user whether the distance to the selected remote module is
6 increasing or decreasing as the mobile module is moved.” *Id.*

7 Specifically, independent Claim 1 of the Friedman patent discloses “[a] homing system for
8 directing the user to one of a plurality of locations comprising ... a mobile module comprising ...
9 means for generating an internal representation of the distance between the receiving means and the
10 selected module[,] ... means for comparing subsequent representations of the distances, [and] output
11 means indicating to the user whether the distance is increasing or decreasing continuously as the
12 mobile module is moved[.]” *Id.* at p. 10.

13 U.S. Patent 6,344,797 to Hosny (“Hosny patent”) was issued in 1999 and relates to a digital
14 electronic locator. Claims 1, 3, 4, 14, 16, and 17 of the Hosny patent disclose “[a]n apparatus for
15 locating an object/animal/person within a vast area, comprising a portable transmitter unit carried by
16 the searcher or locator and an object/animal mounted or person carried receiver unit ... wherein said
17 receiver unit audio and visual alerting means intensity increases as the searcher comes closer to an
18 object/animal/person ... being located.” (Doc. 72, Exh. 6, pp. 13-14).

19 Plaintiffs name U.S. Patent 6,311,982 to Lebensfeld (“Lebensfeld patent”) as a cited
20 reference in their ‘457 patent. U.S. Patent No. 6,311,982 (filed Feb. 7, 2000). The Lebensfeld patent
21 relates to a “hide and find toy game” using wireless transmitter and receiver technology. *Id.* Claim 1
22 of the Lebensfeld patent discloses “a first game element to be hidden in a play area” and “a second,
23 portable game element to be carried by a player,” where one game element incorporates a wireless
24 transmitter and one game element incorporates a wireless receiver. *Id.* Claim 2 of the Lebensfeld
25 patent discloses “the second portable game element including a wireless receiver having an actuatable
26 sound generator to generate a sound informing the player that said second portable game element has
27 been brought closer than a predetermined distance from said first hidden game element[.]” *Id.* Claim
28 3 of the Lebensfeld patent refers to Claim 2 and discloses that “the wireless receiver receives and

1 compares the transmitted signal with a threshold level to determine whether or not the second portable
2 game element has been brought closer than the predetermined distance from said first hidden game
3 element.” *Id.*

4 **b. Differences Between Claimed Invention and Prior Art**

5 On its face, the technology claimed in the 1988 Friedman patent appears to cover the
6 invention claimed in the “calculating means” element of Plaintiffs’ Claim 9.

7 The “calculating means” element of Claim 9 describes the function of a game device that
8 calculates “a first distance between the seeker unit and said [hidden] object, a second distance between
9 said seeker unit and said object, and a relative change in distance[.]” (Doc. 15, Exh. 1, p. 10). The
10 prior art in Claim 1 of the Friedman patent, in relevant part, describes the function of a device that
11 “generat[es] an internal representation of the distance between the receiving means and the selected
12 module[,] ... compar[es] subsequent representations of the distances, [and] indicat[es] to the user
13 whether the distance is increasing or decreasing continuously as the mobile module is moved[.]” (Doc.
14 72, Exh. 9, p. 10). Claim 1 of the Friedman patent therefore discloses a calculating means through
15 which a mobile receiver device determines an initial distance between the receiver unit and the
16 transmitter unit, one or more subsequent distances between the receiver unit and the transmitter unit,
17 and a relative change in that distance. Moreover, Plaintiffs assert and Claim 9’s plain language shows
18 that it “is not concerned with the how or the means of calculating a distance[.]” (Doc. 69, p. 10).
19 Therefore, even if the technology used in the Friedman patent differs from that in the ‘457 patent, the
20 ‘457 patent’s “calculating means” element is still invalid as obvious because it “simply requires that
21 the [invention] determine at least a first and a second distance and determine a relative chance in
22 distance.” *Id.* Further, like the ‘457 patent, the Friedman patent’s mobile receiver unit indicates to the
23 user whether the distance between the receiver unit and the transmitter unit is increasing or decreasing
24 as user moves the mobile receiver unit.

25 Plaintiffs’ only argument in opposition to this is an attempt to distinguish the Friedman
26 patent by arguing that, unlike the Friedman patent, Plaintiffs’ ‘457 patent “discloses how to use known
27 methods of determining distances using a transmitter, a receiver, and a computing device in order to
28 make an enhanced Hide ‘N Seek game.” (Doc. 81, p. 22). However, Plaintiffs’ claim in this action is

1 that Defendant's Care Bear doll infringes on the "calculating means" element of Claim 9.² In fact,
2 Plaintiffs' arguments and evidence in its summary adjudication filings focus on the technical
3 functionality of Defendant's product to show that the mobile receiver unit incorporated in the Care
4 Bear doll determines a first, a second distance, and a relative change in distance, and therefore
5 infringes the "calculating means" element of Claim 9 of the '457 patent. As discussed above, the
6 Friedman patent renders the "calculating means" element obvious if not duplicative.

7 Plaintiffs at no point claim that Defendant infringes Plaintiffs' application of known
8 transmitter-receiver technology to make an enhanced hide-and-seek game. As Plaintiffs themselves
9 acknowledge in their '457 patent, "[a] number of modern variations of the game of hide and seek have
10 been developed and/or patented to incorporate modern electronic technology into devices to be used to
11 play the game." (Doc. 15, Exh. 1, p. 5). Further, Plaintiffs gain no ground by pointing out that their
12 patent pertains to a hide-and-seek game while the Friedman patent does not. As the Federal Circuit has
13 made clear, "[t]he scope of what is taught by a prior art apparatus extends not only to the apparatus
14 itself, but also to the obvious methods of use suggested by the structure of that apparatus." *Dow Chem.*
15 *Co. v. Mee Indus., Inc.*, 341 F.3d 1370, 1375 (Fed. Cir. 2003) (citing *In re Lonardo*, 119 F.3d 960, 968
16 (Fed. Cir. 1997)).

17 c. Other *Graham* Factors

18 The determination of obviousness also involves findings as to the level of ordinary skill in
19 the art and any relevant secondary considerations, including commercial success, long felt but
20 unsolved needs, and failure of others. *Graham*, 383 U.S. at 17.

21 "To determine the level of ordinary skill in the art, courts must consider the educational level
22 of the inventor, the educational level of those who work in the relevant industry, and the sophistication
23 of the technology involved." *Tokyo Keiso Co., Ltd. v. SMC Corp.*, 533 F. Supp. 2d 1047, 1059 (C.D.
24 Cal. 2007) *aff'd*, 307 F. App'x 446 (Fed. Cir. 2009) (citing *Ryko Mfg. Co. v. Nu-Star, Inc.*, 950 F.2d
25 714, 719 (Fed. Cir. 1991)). The parties make no arguments and submit no evidence as to the
26 educational level either of the inventors or of those who work in the relevant industry. Defendant

27 ² It appears that Plaintiffs attempt to claim Defendant's product infringed on a functionality element of Plaintiffs' patent
28 while admitting that said function is a "known method" of determining distances using a transmitter-receiver technology.
(Doc. 81, p. 22).

1 submitted patents that allegedly relate to the technology involved in Claim 9 of Plaintiffs' '457 patent.
2 A review of those patents show the technology involved in Claim 9 to be relatively rudimentary. Most
3 if not all of the related patents describe technology that is more sophisticated than the technology
4 involved in Claim 9. For example, the digital electronic locator described in the Hosny patent uses
5 transmitter-receiver technology not only to alert the searcher as he or she gets closer to the object being
6 located, but also to "provide information to the searcher regarding the direction of an
7 object/animal/person" being located as well as to "provide information to the person being searched
8 regarding the direction of the searcher" where the object being located is a person. (Doc. 72, Exh. 6, p.
9 10). Further, Plaintiffs themselves acknowledge that the '457 patent involves only "known methods of
10 determining distances using a transmitter, a receiver, and a computing device[.]" (Doc. 81, p. 22).
11 Therefore, this factor weighs in favor of obviousness.

12 The parties make no arguments and submit no evidence about the commercial success of
13 Plaintiffs' invention or the failure of others. Plaintiffs attempt to argue that their invention solves a
14 problem of adults having to play hide-and-seek with children by enabling the game to be played by one
15 player once the toy is hidden. (Doc. 15, Exh. 1, p. 6). However, the application of the technology
16 described in many of the related patents to a hide-and-seek game also would enable a single player to
17 seek the hidden object or objects once they are hidden. In fact, the Friedman patent's invention not
18 only would allow the game to be played by just a seeker once the object is hidden, but also would
19 allow the game to be played by just a "mobile robot." (Doc. 72, Exh. 9, p. 5). Therefore, this factor is
20 insignificant to the obviousness analysis here. To the extent it holds any weight, it weighs in favor of a
21 finding of obviousness.

22 Because an analysis of the *Graham* factors shows by clear and convincing evidence that the
23 Plaintiffs' patent as to Claim 9's "calculating means" element is obvious, the '457 patent as to that
24 element is invalid. In light of the patent's invalidity, the parties' arguments and evidence show no
25 genuine issue of material fact as to Plaintiffs' infringement claims that necessitates a trial. Therefore,
26 Plaintiffs' motion for summary adjudication is DENIED and Defendant's motion for summary
27 adjudication is GRANTED.

28 2. Direct Infringement

1 Defendant as a matter of law does not infringe on Plaintiffs’ patent as to the “calculating
2 means” element of Claim 9 because Plaintiffs’ patent as to that element is invalid. However, even if
3 Plaintiffs’ patent as to the “calculating means” element is valid, Plaintiffs nonetheless fail to show that
4 Defendant’s product infringes upon it.

5 “[L]iteral infringement requires a showing that every limitation of at least one claim ‘reads
6 on’ or covers the accused device[.]” *Veritas Operating Corp. v. Microsoft Corp.*, 562 F. Supp. 2d
7 1141, 1154-55 (W.D. Wash. 2008) (citing *SmithKline Diagnostics, Inc. v. Helena Labs. Corp.*, 859
8 F.2d 878, 889 (Fed. Cir. 1988)). “To establish literal infringement, every limitation set forth in a claim
9 must be found in an accused product, exactly.” *Southwall Techs., Inc. v. Cardinal IG Co.*, 54 F.3d
10 1570, 1575 (Fed. Cir. 1995); *see also, Lantech, Inc. v. Keip Mach. Co.*, 32 F.3d 542, 547 (Fed. Cir.
11 1994) (“For literal infringement, each limitation of the claim must be met by the accused device
12 exactly, any deviation from the claim precluding a finding of infringement.”). “Accordingly, a claim
13 cannot be literally infringed if any claim element or limitation is missing entirely from the accused
14 product.” *Veritas*, 562 F. Supp. 2d at 1155 (citing *London v. Carson Pirie Scott & Co.*, 946 F.2d 1534,
15 1539 (Fed. Cir. 1991).

16 Infringement under the doctrine of equivalents requires “that the fact finder determine
17 whether differences between particular elements of the accused device and the asserted claims are
18 insubstantial.” *Cybor Corp. v. FAS Technologies, Inc.*, 138 F.3d 1448, 1467 (Fed. Cir. 1998) (citing
19 *Warner–Jenkinson Co. v. Hilton Davis Chem. Co.*, 117 S.Ct. 1040, 1054, (1997)); *see also, Alpex*
20 *Computer Corp. v. Nintendo Co. Ltd.*, 102 F.3d 1214, 1222 (Fed. Cir. 1996) (“Under § 112, the
21 concern is whether the accused device, which performs the claimed function, has the same or an
22 equivalent structure as the structure described in the specification corresponding to the claim's means.
23 Under the doctrine of equivalents, on the other hand, the question is whether the accused device is only
24 insubstantially different than the claimed device.”) (internal citations omitted). “What constitutes
25 equivalency must be determined against the context of the patent, the prior art, and the particular
26 circumstances of the case.” *Graver Tank & Mfg. Co. v. Linde Air Products Co.*, 339 U.S. 605, 609
27 (1950).

28 As discussed above, the element of Claim 9 at issue here is a function limitation whereby a

1 device determines a first distance between a receiver and a transmitter, a subsequent distance between
2 the receiver and a transmitter, and whether the second distance is greater or less than said first distance.
3 Defendant's Care Bear Doll, however, uses transmitter-receiver technology to determine whether the
4 receiver is within a predetermined distance of the transmitter. (Doc. 80, Exh. A, p. 9). Unlike the
5 function described in Claim 9, Defendant's toy cannot and does not determine whether a subsequent
6 distance between the transmitter and the receiver is greater or less than an initial distance between the
7 transmitter and the receiver unless the receiver moves across one of two boundaries of the
8 predetermined distances. (Doc. 80, Exh. A, pp. 15-16) ("The voice messages do not appear to have
9 any correlation to the distance the Finder is from the Secret Bear as long as the Finder is greater than
10 20 feet from the Secret Bear [...] The voice messages and the light blink rate do not appear to have any
11 correlation to the distance the Finder is from the Secret Bear as long as the Finder is within the 3 to 20
12 feet range from the Secret Bear."). In fact, this function of Defendant's toy seems similar, if not
13 identical, to the function described in Claims 1, 2, and 3 of the Lebensfeld patent, which Plaintiffs
14 name as a cited reference in their '457 patent. As discussed above, the Lebensfeld patent also relates
15 to a hide-and-seek game using wireless transmitter-receiver technology where "the wireless receiver
16 receives and compares the transmitted signal with a threshold level to determine whether or not the
17 second portable game element has been brought closer than the predetermined distance from said first
18 hidden game element." By contrast, Claim 9 of the '457 patent makes no use of and has nothing to do
19 with predetermined distances. Whereas Defendant's toy and the Lebensfeld patent allow the user to
20 locate the hidden object by alerting the user when the user crosses a boundary of predetermined
21 distance from the object, Plaintiffs' patent allows the user to locate the hidden object by informing the
22 user whether the user has moved closer to or farther away from the hidden object whenever the user
23 moves.

24 Therefore, Defendant's Care Bear toy does not literally infringe on and has substantial
25 differences in function from Claim 9 of Plaintiffs' patent even if Plaintiffs held a valid patent to Claim
26 9.

27 **3. Motion to Amend**

28 Plaintiffs also seek leave from the Court to amend the operative complaint. However,

1 Plaintiffs fail to show that their proposed amendment meets the federal standard for obtaining
2 discretionary leave to amend.

3 “It is settled that the grant of leave to amend the pleadings pursuant to Rule 15(a) is within
4 the discretion of the trial court.” *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 401 U.S. 321, 330
5 (1971) (citing *Foman v. Davis*, 371 U.S. 178, 182 (1962)). Federal procedure states that leave to
6 amend shall be freely given “when justice so requires.” Fed. R. Civ. P. 15(a). “In the absence of any
7 apparent or declared reason—such as undue delay, bad faith or dilatory motive on the part of the
8 movant, repeated failure to cure deficiencies by amendments previously allowed, undue prejudice to
9 the opposing party by virtue of allowance of the amendment, futility of amendment, etc.—the leave
10 sought should, as the rules require, be ‘freely given.’” *Foman*, 371 U.S. at 182. District courts may
11 not “outright refus[e] to grant the leave without any justifying reason appearing for the denial.” *Id.*

12 As discussed above, the operative complaint does not allege that Defendants directly
13 infringed Claim 1 of Plaintiffs’ ‘457 patent, but Plaintiffs move for summary judgment as to direct
14 infringement of Claims 1 and 9. In their motion to amend the complaint, Plaintiffs state that they seek
15 leave to file a second amended complaint “primarily to clarify the Court’s confusion as to why Claim
16 No. 1 was included in Plaintiff’s Motion for Summary Judgment.” (Doc. 87, p. 2).

17 Counsel misrepresents the nature, extent, and purpose of the proposed amendment to the
18 Court. The Proposed Second Amended Complaint shows that counsel seeks to add not only direct
19 infringement claims as to Claim 1 but also direct infringement claims as to each of the fifteen Claims
20 contained in the ‘457 patent as well as a cause of action for inducement of infringement as to each of
21 the fifteen Claims contained in the ‘457 patent under 35 U.S.C. § 271(b) and a cause of action for
22 contributory infringement under 35 U.S.C. § 271(c). (Doc. 87, Exh. A, pp. 9-13).

23 **i. Prejudice to Opposing Party**

24 “‘Undue prejudice’ means substantial prejudice or substantial negative effect[.]” *SAES*
25 *Getters S.p.A. v. Aeronex, Inc.*, 219 F. Supp. 2d 1081, 1086 (S.D. Cal. 2002). “[T]he Ninth Circuit has
26 found such substantial prejudice where the claims sought to be added ‘would have greatly altered the
27 nature of the litigation and would have required defendants to have undertaken, at a late hour, an
28 entirely new course of defense.’” *Id.* (quoting *Morongo Band of Mission Indians v. Rose*, 893 F.2d

1 1074, 1079 (9th Cir. 1990). “[T]he resulting prejudice to the opposing party is by far the most
2 important and most common reason for upholding a district court’s decision to deny leave to amend.”
3 *In re Circuit Breaker Litig.*, 175 F.R.D. 547, 551 (C.D. Cal. 1997) (citing *Missouri Hous. Dev.*
4 *Comm'n v. Brice*, 919 F.2d 1306, 1316 (8th Cir. 1990); *Jackson v. Bank of Hawaii*, 902 F.2d 1385,
5 1387 (9th Cir. 1990); *Howey v. United States*, 481 F.2d 1187, 1190 (9th Cir. 1973)).

6 Plaintiffs argue that Defendant would not be prejudiced by the amendment. According to
7 Plaintiffs, the amendment would not result in prejudice to Defendant because “[s]ince the outset of this
8 case, Plaintiffs have pled that there are issues relating to Jakks having directly infringed, either literally
9 or under the doctrine of equivalents, and continuing to directly infringe on Patent No. ‘457.’” (Doc. 87,
10 p. 7). However, as discussed above, the Proposed Second Amended Complaint adds two entirely new
11 causes of action that are not direct infringement and require substantively different analyses.

12 Plaintiffs further argue that “it is patently evident that Jakks will not suffer undue prejudice
13 from the filing of Plaintiffs’ Second Amended Complaint because ... the specific elements of each
14 claim are listed in the First Amended Complaint, Proposed Second Amended Complaint AND
15 specifically laid out in Plaintiffs’ Motion for Summary Judgment[.]” Counsel again misstates the facts
16 before the Court. The first amended complaint and Plaintiffs’ summary judgment filings only discuss
17 direct infringement as to no more than two of the Claims in the ‘457 patent. Nowhere in the operative
18 complaint or in the summary judgment filings does either party mention or analyze inducement of
19 infringement, contributory infringement, or direct infringement as to the remaining thirteen Claims in
20 the ‘457 patent. Plaintiffs’ arguments as to a complaint that was never filed are meritless. Further,
21 “[t]he prejudice to the opposing party is greater where the tardy amendment will require a reopening of
22 discovery.” *C.F. v. Capistrano Unified Sch. Dist.*, 656 F. Supp. 2d 1190, 1199 (C.D. Cal. 2009) *aff’d*
23 *sub nom.*, *C.F. ex rel. Farnan v. Capistrano Unified Sch. Dist.*, 654 F.3d 975 (9th Cir. 2011).

24 Because this amendment would result in “substantial negative effect” to Defendant by
25 substantially expanding the issues in this litigation and requiring Defendant to undertake a new course
26 to defense to address thirteen additional Claims and two entirely new causes of action at this late hour,
27 granting Plaintiffs’ motion to amend would unduly prejudice Defendant. *SAES*, 219 F. Supp. 2d at
28 1086. This factor weighs heavily against granting Plaintiffs’ motion. *In re Circuit Breaker Litig.*, 175

1 F.R.D. at 551.

2 **ii. Futility**

3 Even if Plaintiffs actually seek to amend the operative complaint only to include a direct
4 infringement claim as to Claim 1 of the ‘457 patent as Plaintiffs’ motion suggests, the amendment
5 would be futile.

6 “A motion for leave to amend may be denied if it appears to be futile or legally insufficient.”
7 *Miller v. Rykoff-Sexton, Inc.*, 845 F.2d 209, 214 (9th Cir. 1988) (citing *Gabrielson v. Montgomery*
8 *Ward & Co.*, 785 F.2d 762, 766 (9th Cir. 1986)). “[A] proposed amendment is futile only if no set of
9 facts can be proved under the amendment to the pleadings that would constitute a valid and sufficient
10 claim or defense.” *Id.* (citing *Baker v. Pacific Far East Lines, Inc.*, 451 F.Supp. 84, 89 (N.D. Cal.
11 1978); *see generally*, 3 J. Moore, *Moore's Federal Practice* ¶ 15.08[4] (2d ed. 1974) (stating that the
12 proper test to be applied when determining the legal sufficiency of a proposed amendment is identical
13 to the one used when considering the sufficiency of a pleading challenged under Rule 12(b)(6)).

14 Amending the operative complaint to include direct infringement allegations as to Claim 1 of
15 the ‘457 patent is futile because Plaintiffs cannot overcome the obviousness of Claim 1 or Defendant’s
16 non-infringement of Claim 1.

17 Claim 1, like Claim 9, lends itself to ready interpretation by lay judges. *Phillips*, 415 F.3d at
18 1314. Claim 1 discloses, in substantial part, “[a] method for playing an enhanced hide and seek game
19 ... comprising the steps of ... determining a first distance between said seeker unit and said transmitter
20 unit; determining a second distance between said seeker unit and said transmitter unit; comparing said
21 second distance to said first distance to determine a change in distance and whether said second
22 distance is great or less than said first distance; [and] communicating a game message from said seeker
23 unit to the game participant regarding said change in distance[.]” (Doc. 15, Exh. 1, p. 10).

24 Prior art patents currently before the Court render Claim 1 obvious if not duplicative. The
25 Friedman patent discloses locating an object through a homing system where a device “generat[es] an
26 internal representation of the distance between the receiving means and the selected module[,] ...
27 compar[es] subsequent representations of the distances, [and] indicat[es] to the user whether the
28 distance is increasing or decreasing continuously as the mobile module is moved[.]” (Doc. 72, Exh. 9,

1 p. 5). The Hosny patent discloses “[a]n apparatus for locating an object/animal/person within a vast
2 area, comprising a portable transmitter unit carried by the searcher or locator and an object/animal
3 mounted or person carried receiver unit ... wherein said receiver unit audio and visual alerting means
4 intensity increases as the searcher comes closer to an object/animal/person ... being located.” (Doc.
5 72, Exh. 6, pp. 13-14). These patents on their face cover the invention described in Claim 1. Further,
6 as discussed above, related prior art patents describe technology that is generally more sophisticated
7 than, but at least as sophisticated as, the technology involved in Claim 1 of the ‘457 patent. No set of
8 facts that would render Claim 1 of Plaintiffs’ patent non-obvious. In fact, the submission of additional
9 related prior art patents only would render Claim 1 more, not less, obvious.

10 Like Claim 9, Claim 1 also is not subject to direct infringement by Defendant’s Care Bear
11 doll through either literal infringement or the doctrine of equivalents. The above analysis of Claim 9’s
12 non-infringement applies to Claim 1 as well. Unlike the invention described in Claim 1, Defendant’s
13 toy cannot and does not determine whether a subsequent distance between the transmitter and the
14 receiver is greater or less than an initial distance between the transmitter and the receiver unless the
15 receiver moves across one of two boundaries of the predetermined distances. (Doc. 80, Exh. A, pp.
16 15-16). By contrast, Claim 1 of the ‘457 patent makes no use of and has nothing to do with
17 predetermined distances. Whereas Defendant’s toy and the Lebensfeld patent allow the user to locate
18 the hidden object by alerting the user when the user crosses a boundary of predetermined distance from
19 the object, Claim 9 and Claim 1 of Plaintiffs’ patent allow the user to locate the hidden object by
20 informing the user whether the user has moved closer to or farther away from the hidden object
21 whenever the user moves. Therefore, no set of facts could be proved to constitute a valid and
22 sufficient claim that Defendant’s Care Bear toy literally or by doctrine of equivalents infringes on
23 Claim 1 of Plaintiffs’ patent even if Plaintiffs held a valid patent to Claim 1.

24 **iii. Other Factors**

25 Under *Forman*, districts courts also may consider undue delay and dilatory motive by the
26 moving party in assessing motions to amend. *Foman*, 371 U.S. at 182. Here, Plaintiffs seek to file a
27 nearly completely new operative complaint some two years after filing their original complaint, after
28 the parties engaged in discovery and fully briefed the summary judgment proceeding from both sides,

1 and after this Court was well into adjudication of the summary judgment proceedings. “[T]he delay of
2 nearly two years [after filing the original complaint], while not alone enough to support denial, is
3 nevertheless relevant.” *Morongo*, 893 F.2d at 1079 (citing *Loehr v. Ventura County Community*
4 *College Dist.*, 743 F.2d 1310, 1319–20 (9th Cir. 1984)).

5 In addition to the *Forman* factors stated above, “it is appropriate for the court to consider
6 judicial economy and the most expeditious way to dispose of the merits of the litigation.” *Dussouy v.*
7 *Gulf Coast Inv. Corp.*, 660 F.2d 594, 598 (5th Cir. 1981) (citing *Zenith Radio v. Hazeltine Research*,
8 401 U.S. 321, 329 (1971)). This concern is especially pertinent here, as this Court routinely advises
9 counsel and parties that “[j]udges in the Eastern District of California carry the heaviest caseload in the
10 nation, and this Court is unable to devote inordinate time and resources to individual cases and
11 matters.” Preliminary Statement to Parties and Counsel, *supra*.

12 Moreover, while Plaintiffs do not exhibit a dilatory motive in seeking to amend their
13 complaint, they also offer no explanation, other than counsel’s admitted negligence, for their delay in
14 filing their motion to amend.

15 Because allowing Plaintiffs to submit their Proposed Second Amended Complaint would
16 result in undue prejudice to Defendant, cause undue delay, and is contrary to judicial economy, and
17 because allowing Plaintiffs to amend their complaint to include direct infringement allegations as to
18 Claim 1 would be futile, Plaintiffs’ motion for leave to amend the operative complaint is DENIED
19 WITH PREJUDICE.

20 CONCLUSION AND ORDER

21 For the reasons discussed above, this Court:

- 22 1. DENIES Plaintiffs Conte and Reichman’s motion for summary judgment as to the causes of
23 action in the first amended complaint;
- 24 2. GRANTS Defendant Jakks’ motion for summary judgment as to the causes of action in the
25 first amended complaint;
- 26 3. DENIES WITH PREJUDICE Plaintiffs Conte and Reichman’s motion for leave to amend
27 the first amended complaint;
- 28 4. ORDERS the Clerk of Court to enter judgment pursuant to Fed. R. Civ. P. 54(b) in favor of

1 Defendant Jakks and against Plaintiffs Conte and Reichman as to each cause of action in
2 Plaintiffs' first amended complaint as the Court determines that there is no just reason for
3 delay; and

- 4 5. ORDERS Counsel for Jakks by 5:00 PM on November 6, 2013 to file a status statement
5 concerning its intent regarding the common law counterclaims. If the intent is to proceed to
6 trial, serious consideration should be given by all parties to consent to Magistrate Judge
7 adjudication and jurisdiction. This case is the fourth of five trials set for trial on December
8 10, 2013. This, and all other trials set before the District Judge will **trail** until the Court
9 becomes available and will not be continued. Magistrate Judge consent cures the counsel
10 calendar concern.

11
12 IT IS SO ORDERED.

13 Dated: November 5, 2013

/s/ Lawrence J. O'Neill
14 UNITED STATES DISTRICT JUDGE