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**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA**

<p>PRESIDIO COMPONENTS, INC.,  Plaintiff,  vs.  AMERICAN TECHNICAL CERAMICS CORP.,  Defendant.</p>	
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CASE NO. 14-CV-2061-H (BGS)  
**ORDER:**  
**(1) DENYING PRESIDIO'S  
MOTIONS FOR SUMMARY  
JUDGMENT; AND**  
**[Doc. Nos. 138, 142, 146, 148.]**  
**(2) DENYING ATC'S MOTION  
FOR SUMMARY JUDGMENT**  
**[Doc. No. 149.]**

On November 30, 2015, Plaintiff Presidio Components, Inc. filed four motions for summary judgment. (Doc. Nos. 138, 142, 146, 148.) On November 30, 2015, Defendant American Technical Ceramics Corp. filed a motion for summary judgment. (Doc. No. 149.) On December 28, 2015, the parties filed their respective oppositions to the motions. (Doc. Nos. 200, 202.) On January 4, 2016, the parties filed their respective replies. (Doc. Nos. 182, 185, 203, 204, 205.) The Court held a hearing on the matter on January 11, 2016. Brett A. Schatz and Gregory F. Ahrens appeared for Presidio. Marvin S. Gittes and Peter F. Snell appeared for ATC. For the reasons below, the Court denies the parties' motions for summary judgment.

1 **Background**

2 On September 2, 2014, Plaintiff Presidio Components, Inc. filed a complaint for  
3 patent infringement against Defendant American Technical Ceramics Corp., alleging  
4 infringement of U.S. Patent No. 6,816,356 (“the ’356 patent”).<sup>1</sup> (Doc. No. 1, Compl.)  
5 The U.S. Patent and Trademark Office issued a reexamination certificate for the ’356  
6 patent on December 8, 2015.<sup>2</sup> (Doc. No. 170-2, FAC Ex. 2.) On December 22, 2015,  
7 Presidio filed a first amended complaint, alleging infringement of the ’356 patent as  
8 amended by the reexamination certificate. (Doc. No. 170, FAC ¶ 53.) Specifically,  
9 Presidio alleges that ATC’s 550 line of capacitors infringes claims 1, 3, 5, 16, 18, and  
10 19 of the ’356 patent. (Id. ¶ 26.) On December 22, 2015, ATC filed a second amended  
11 answer and counterclaims to the first amended complaint. (Doc. No. 171.)

12 Claim 1 of the ’356 patent, the only independent claim asserted by Presidio in  
13 this action, is as follows:

- 14 1. A capacitor comprising:  
15 a substantially monolithic dielectric body;  
16 a conductive first plate disposed within the dielectric body;  
17 a conductive second plate disposed within the dielectric body and forming  
18 a capacitor with the first plate;  
19 a conductive first contact disposed externally on the dielectric body and  
electrically connected to the first plate; and  
20 a conductive second contact disposed externally on the dielectric body and  
21 electrically connected to the second plate, and the second contact being  
22 located sufficiently close to the first contact in an edge to edge relationship  
in such proximity as to form a first fringe-effect capacitance with the first  
23 contact that is capable of being determined by measurement in terms of a  
standard unit.

24 U.S. Patent No. 6,816,356 C2, at 1:23-36 (Reexamination Certificate filed Dec. 8,

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25 <sup>1</sup> The PTO had previously issued a reexamination certificate for the ’356 patent on  
26 September 13, 2011. (Doc. No. 170-1, FAC Ex. 1.)

27 <sup>2</sup> Although this reexamination certificate issued after the parties had already filed their  
28 respective motions for summary judgment, neither party argues that any of the amendments  
contained in the reexamination certificate materially alter any of the issues presented in the  
motions for summary judgment.

1 2015).

2 By the present motions, both parties move for summary judgment on various  
3 issues. Presidio moves for: (1) summary judgment of definiteness, (Doc. No. 148); (2)  
4 summary judgment of infringement, (Doc. No. 160); (3) summary judgment of ATC's  
5 equitable affirmative defenses, (Doc. No. 158); and (4) summary judgment of no  
6 acceptable non-infringing alternatives, (Doc. No. 159). ATC moves for: (1) partial  
7 summary judgment of non-infringement; (2) summary judgment of indefiniteness; and  
8 (3) summary judgment of no willful infringement. (Doc. No. 149-1.)

## 9 **Discussion**

### 10 **I. Legal Standards for Summary Judgment**

11 Summary judgment is appropriate under Rule 56 of the Federal Rules of Civil  
12 Procedure if the moving party demonstrates that there is no genuine issue of material  
13 fact and that it is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(a); Celotex  
14 Corp. v. Catrett, 477 U.S. 317, 322 (1986). A fact is material when, under the  
15 governing substantive law, it could affect the outcome of the case. Anderson v. Liberty  
16 Lobby, Inc., 477 U.S. 242, 248 (1986); Fortune Dynamic, Inc. v. Victoria's Secret  
17 Stores Brand Mgmt., Inc., 618 F.3d 1025, 1031 (9th Cir. 2010). "A genuine issue of  
18 material fact exists when the evidence is such that a reasonable jury could return a  
19 verdict for the nonmoving party." Fortune Dynamic, 618 F.3d at 1031 (internal  
20 quotation marks and citations omitted); accord Anderson, 477 U.S. at 248. "Disputes  
21 over irrelevant or unnecessary facts will not preclude a grant of summary judgment."  
22 T.W. Elec. Serv., Inc. v. Pac. Elec. Contractors Ass'n, 809 F.2d 626, 630 (9th Cir.  
23 1987).

24 A party seeking summary judgment always bears the initial burden of  
25 establishing the absence of a genuine issue of material fact. Celotex, 477 U.S. at 323.  
26 The moving party can satisfy this burden in two ways: (1) by presenting evidence that  
27 negates an essential element of the nonmoving party's case; or (2) by demonstrating  
28 that the nonmoving party failed to establish an essential element of the nonmoving

1 party's case that the nonmoving party bears the burden of proving at trial. Id. at 322-  
2 23; Jones v. Williams, 791 F.3d 1023, 1030 (9th Cir. 2015). Once the moving party  
3 establishes the absence of a genuine issue of material fact, the burden shifts to the  
4 nonmoving party to "set forth, by affidavit or as otherwise provided in Rule 56,  
5 'specific facts showing that there is a genuine issue for trial.'" T.W. Elec. Serv., 809  
6 F.2d at 630 (quoting former Fed. R. Civ. P. 56(e)); accord Horphag Research Ltd. v.  
7 Garcia, 475 F.3d 1029, 1035 (9th Cir. 2007). To carry this burden, the non-moving  
8 party "may not rest upon mere allegation or denials of his pleadings." Anderson, 477  
9 U.S. at 256; see also Behrens v. Pelletier, 516 U.S. 299, 309 (1996) ("On summary  
10 judgment, . . . the plaintiff can no longer rest on the pleadings."). Rather, the non-  
11 moving party "must present affirmative evidence . . . from which a jury might return a  
12 verdict in his favor." Anderson, 477 U.S. at 256

13       When ruling on a summary judgment motion, the court must view the facts and  
14 draw all reasonable inferences in the light most favorable to the non-moving party.  
15 Scott v. Harris, 550 U.S. 372, 378 (2007). The court should not weigh the evidence or  
16 make credibility determinations. See Anderson, 477 U.S. at 255. "The evidence of the  
17 non-movant is to be believed." Id. Further, the Court may consider other materials in  
18 the record not cited to by the parties, but it is not required to do so. See Fed. R. Civ. P.  
19 56(c)(3); Simmons v. Navajo Cnty., 609 F.3d 1011, 1017 (9th Cir. 2010).

## 20 **II. The Parties' Cross-Motions for Summary Judgment on Indefiniteness**

21       The parties have filed cross-motions for summary judgment of the ATC's  
22 affirmative defense that the '356 patent is invalid for indefiniteness. (Doc. No. 148;  
23 Doc. No. 149-1 at 4-22.)

### 24 **A. Legal Standards for Indefiniteness**

25       Section 112 of the Patent Act requires that a patent's specification "conclude with  
26 one or more claims particularly pointing out and distinctly claiming the subject matter  
27 which the applicant regards as [the] invention." 35 U.S.C. § 112, ¶ 2. In Nautilus, Inc.  
28 v. Biosig Instruments, Inc., 134 S. Ct. 2120, 2124 (2014), the Supreme Court "h[e]ld

1 that a patent is invalid for indefiniteness if its claims, read in light of the specification  
2 delineating the patent, and the prosecution history, fail to inform, with reasonable  
3 certainty, those skilled in the art about the scope of the invention.” See also id. at 2129  
4 (“[W]e read § 112, ¶ 2 to require that a patent’s claims, viewed in light of the  
5 specification and prosecution history, inform those skilled in the art about the scope of  
6 the invention with reasonable certainty.”).

7 The Supreme Court explained that indefiniteness under section 112 requires a  
8 “‘delicate balance.’” Id. at 2128. “The definiteness standard ‘must allow for a  
9 modicum of uncertainty’ to provide incentives for innovation, but must also require  
10 ‘clear notice of what is claimed, thereby appris[ing] the public of what is still open to  
11 them.’” Interval Licensing LLC v. AOL, Inc., 766 F.3d 1364, 1370 (Fed. Cir. 2014)  
12 (quoting Nautilus, 134 S. Ct. at 2128, 2129). Thus, the definiteness requirement  
13 “mandates clarity, while recognizing that absolute precision is unattainable.” Nautilus,  
14 134 S. Ct. at 2129.

15 Indefiniteness is a question of law involving underlying factual determinations.  
16 Teva Pharm. USA, Inc. v. Sandoz, Inc., 789 F.3d 1335, 1341 (Fed. Cir. 2015); Green  
17 Edge Enters., LLC v. Rubber Mulch Etc., LLC, 620 F.3d 1287, 1299 (Fed. Cir. 2010);  
18 see also Teva Pharm. USA, Inc. v. Sandoz, Inc., 135 S. Ct. 831, 837-38 (2015)  
19 (explaining that sometimes claim construction issues involve underlying factual  
20 disputes). The party challenging the validity of the patent-in-suit bears the burden of  
21 proving indefiniteness by clear and convincing evidence. See Nautilus, 134 S. Ct. at  
22 2130 n.10 (citing Microsoft Corp. v. i4i Ltd. Partnership, 131 S. Ct. 2238, 2242 (2011));  
23 see, e.g., Teva, 789 F.3d at 1345.

#### 24 B. Collateral Estoppel

25 As an initial matter, Presidio argues that its entitled to summary judgment of  
26 ATC’s affirmative defense of indefiniteness because the doctrine of issue preclusion  
27 applies to factual determinations made by the prior court that negates ATC’s  
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1 indefiniteness defense. (Doc. No. 148 at 14-16; Doc. No. 182 at 1-3.) In response,  
2 ATC argues that Presidio’s issue preclusion arguments should be rejected because the  
3 Federal Circuit has recently recognized that the intervening change in law that occurred  
4 as a result of the Supreme Court’s Nautilus decision provides an exception to the  
5 doctrine of issue preclusion. (Doc. No. 202 at 3-13.)

6 The doctrine of issue preclusion, also known as collateral estoppel, provides that  
7 “once a court has decided an issue of fact or law necessary to its judgment, that decision  
8 may preclude relitigation of the issue in a suit on a different cause of action involving  
9 a party to the first case.” Allen v. McCurry, 449 U.S. 90, 94 (1980). Issue preclusion  
10 applies when “(1) the issue necessarily decided at the previous proceeding  
11 is identical to the one which is sought to be relitigated; (2) the first proceeding ended  
12 with a final judgment on the merits; and (3) the party against whom collateral estoppel  
13 is asserted was a party or in privity with a party at the first proceeding.” United States  
14 v. Edwards, 595 F.3d 1004, 1012 (9th Cir. 2010) (quoting Hydranautics v. FilmTec  
15 Corp., 204 F.3d 880, 885 (9th Cir. 2000)); accord Applied Med. Res. Corp. v. U.S.  
16 Surgical Corp., 435 F.3d 1356, 1361 (Fed. Cir. 2006).

17 Issue preclusion is a mixed question of law and fact. Wabakken v. California  
18 Dep’t of Corr. & Rehab., 801 F.3d 1143, 1148 (9th Cir. 2015). “[T]he party asserting  
19 preclusion bears the burden of showing with clarity and certainty what was determined  
20 by the prior judgment.” United States v. Edwards, 595 F.3d 1004, 1012 (9th Cir.  
21 2010).

22 Issue preclusion is a flexible, equitable doctrine that “bend[s] to satisfy its  
23 underlying purpose in light of the nature of the proceedings.” Duvall v. Attorney  
24 General of the United States, 436 F.3d 382, 390 (3d Cir. 2006); see also United States  
25 v. Stauffer Chemical Co., 464 U.S. 165, 176 (1984) (White, J., concurring) (describing  
26 collateral estoppel as a “flexible, judge-made doctrine”). Thus, “relitigation of the issue  
27 in a subsequent action between the parties is generally not precluded where there has  
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1 been an intervening change in the governing law . . . .” Artukovic v. INS, 693 F.2d 894,  
2 898 (9th Cir. 1982) (citing Restatement (Second) of Judgments § 28 (1982)); accord  
3 Dow Chem. Co. v. Nova Chemicals Corp. (Canada), 803 F.3d 620, 628 (Fed. Cir. 2015)  
4 (“[A] court is not bound by a previous decision [under the doctrine of issue preclusion]  
5 where there is a change in the controlling precedent.”).

6 Indeed, in addressing this precise issue, the Federal Circuit has recently held  
7 “that the intervening change in the law of indefiniteness resulting from Nautilus  
8 provides an exception to the doctrine of . . . issue preclusion.” Dow, 803 F.3d at 624.  
9 The Federal Circuit further explained that “[t]hree conditions must be satisfied to  
10 reopen a previous decision under the change of law exception for . . . issue preclusion.  
11 First, the governing law must have been altered.” Id. at 629. “Second, the decision  
12 sought to be reopened must have applied the old law.” Id. “Third, the change in law  
13 must compel a different result under the facts of the particular case.” Id.

14 As to the first condition, the Federal Circuit has held “[t]here can be no serious  
15 question that Nautilus changed the law of indefiniteness. This was indeed the very  
16 purpose of the Nautilus decision.” Dow, 803 F.3d at 630. Therefore, the first condition  
17 is satisfied here.

18 As to the second condition, there is also no question that the prior court applied  
19 pre-Nautilus law in deciding the indefiniteness issue. In the prior case, that court  
20 applied the indefiniteness standard from Exxon Research & Engineering Co. v. United  
21 States, 265 F.3d 1371, 1375 (Fed. Cir. 2001), when examining whether the claim term  
22 at issue was indefinite. See Presidio Components Inc. v. Am. Tech. Ceramics Corp.,  
23 723 F. Supp. 2d 1284, 1307 (S.D. Cal. 2010) (“[A]ll that is required is that the claim be  
24 ‘amenable to construction.’ As the Federal Circuit has reiterated: If a claim is  
25 insolubly ambiguous, and no narrowing construction can properly be adopted, we have  
26 held the claim indefinite.”); Presidio Components, Inc. v. Am. Tech. Ceramics Corp.,  
27 No. CIV 08CV335 IEG (NLS), 2008 WL 3925723, at \*3 (S.D. Cal. Aug. 25, 2008)

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1 (denying summary judgment of indefiniteness and applying the same standard from  
2 Datamize, LLC v. Plumtree Software, Inc., 417 F.3d 1342, 1347 (Fed. Cir. 2005)). In  
3 Nautilus, the Supreme Court “specifically cited” the Federal Circuit’s decision in Exxon  
4 “as exemplary of the rejected Federal Circuit standard.” Dow, 803 F.3d at 631 (citing  
5 Nautilus, 134 S. Ct. at 2130 n.9). Therefore, the second condition is satisfied here.

6 As to the final condition, genuine issues of material fact remain as to whether the  
7 ’356 Patent is invalid due to indefiniteness under the new Nautilus standard. (See Doc.  
8 No. 161-5, Ex. 5; Doc. No. 148-1, Ex. A.) Thus, it remains to be seen whether the  
9 result in this case on indefiniteness will be different from the result in the prior case.  
10 Therefore, summary judgment on this issue is inappropriate at this time.

11 Presidio argues that despite the intervening change in law resulting from the  
12 Nautilus decision, issue preclusion still applies to the prior court’s factual  
13 determinations. (Doc. No. 148 at 14-16; Doc. No. 182 at 1-3.) Specifically, Presidio  
14 argues that issue preclusion applies to the following purported factual determinations  
15 made by the prior court: (1) the ’356 patent provides an objective standard that allows  
16 the public to determine the scope of the claimed invention; (2) the ’356 patent  
17 sufficiently differentiates what is claimed from the prior art; and (3) the ’356 patent  
18 provides sufficient description of the asserted claims. (Id. at 14-15.) The Court  
19 recognizes that the doctrine of issue preclusion applies to factual determinations even  
20 when there has been an intervening change in the law. See Steen v. John Hancock Mut.  
21 Life Ins. Co., 106 F.3d 904, 914 (9th Cir. 1997). But, the determinations identified by  
22 Presidio are legal conclusions, not factual determinations. Therefore, the rule from  
23 Steen is inapplicable. Moreover, even assuming those determinations were factual, they  
24 do not resolve the issue of indefiniteness in the present case. For example, that the prior  
25 court concluded that the ’356 patent provides a sufficient description of the asserted  
26 claims under the old Exxon standard does not necessarily means that the patent also  
27 provides a sufficient description of the claims under the new Nautilus standard. They  
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1 are two different standards.<sup>3</sup> Cf. Dow, 803 F.3d at 630 (“[T]here can be no serious  
2 question that Nautilus changed the law of indefiniteness.”). Accordingly, the Court  
3 denies Presidio’s motion for summary judgment of ATC’s indefiniteness defense to the  
4 extent it is based on the doctrine of issue preclusion.

5 C. ATC’s Affirmative Defense of Indefiniteness

6 ATC contends that the ’356 patent is invalid due to indefiniteness based on the  
7 last limitation in claim 1 of the patent – the only independent claim asserted by Presidio  
8 in this action. (Doc. No. 149-1 at 5-6.) That claim limitation requires that the  
9 capacitor’s contacts be “sufficiently close . . . as to form a first fringe-effect capacitance  
10 . . . that is capable of being determined by measurement in terms of a standard unit.”  
11 ’356 Patent Dec. 8, 2015 Reexam Certificate at 1:31-35. ATC contends that this  
12 limitation renders the ’356 patent indefinite because a person of ordinary skill in the art  
13 would be unable to determine with reasonable certainty from the intrinsic record when  
14 and under what conditions the “fringe-effect capacitance” recited in that claim  
15 limitation is present or how to test for it. (Doc. No. 149-1 at 6-7.)

16 “[A] patent is invalid for indefiniteness if its claims, read in light of the  
17 specification delineating the patent, and the prosecution history, fail to inform, with  
18 reasonable certainty, those skilled in the art about the scope of the invention.” Nautilus,  
19 134 S. Ct. at 2124.

20 The Court concludes that summary judgment is inappropriate because triable  
21 issues of fact remain as whether the claim limitation at issue satisfies Nautilus’  
22 “reasonable certainty” standard. Although indefiniteness is ultimately a question of  
23 law, it often involves the resolution of underlying factual disputes. See Green Edge,

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25 <sup>3</sup> Similarly, that the prior court concluded the ’356 patent provides an objective standard  
26 for determining the scope of the invention, satisfying the indefiniteness standard set forth in  
27 Datamize, is insufficient by itself to satisfy the new Nautilus standard. See Interval Licensing  
28 LLC v. AOL, Inc., 766 F.3d 1364, 1370-71 (Fed. Cir. 2014) (explaining that after Nautilus,  
“it is not enough, as some of the language in our prior cases may have suggested, to identify  
‘some standard for measuring the scope of the phrase’” (quoting Datamize, 417 F.3d at 1351)).

1 620 F.3d at 1299; Teva, 135 S. Ct. at 837-38. The standard for indefiniteness set forth  
2 in Nautilus is evaluated from the perspective of a person having ordinary skill in the art.  
3 See Nautilus, 134 S. Ct. at 2124, 2128. In Teva Pharm. USA, Inc. v. Sandoz, Inc., the  
4 Supreme Court recently explained that when a district court consults extrinsic evidence,  
5 such as competing expert testimony, in order to determine “the meaning of a term in the  
6 relevant art during the relevant time period,” that court “need[s] to make subsidiary  
7 factual findings about that extrinsic evidence.” 135 S. Ct. at 841. However, a court  
8 cannot make findings of fact in deciding a motion for summary judgment. See Albino  
9 v. Baca, 747 F.3d 1162, 1174 (9th Cir. 2014) (en banc); Rand v. Rowland, 154 F.3d  
10 952, 957 n.4 (9th Cir. 1998). Thus, when resolution of the issue of indefiniteness  
11 involves the consideration of competing extrinsic evidence regarding what was known  
12 to a person of ordinary skill in the art at the time of the invention, summary judgment  
13 is inappropriate.

14 Here, both parties have provided the Court with extrinsic evidence in the form  
15 of expert reports on the issue of indefiniteness specifically addressing what was known  
16 to a person having ordinary skill in the art at the time of the invention. ATC’s expert,  
17 Dr. Schaper, opines that the last limitation of Claim 1 fails to define the scope of the  
18 ’356 patent with reasonable certainty because a PHOSITA would not understand: how  
19 much fringe-effect capacitance is needed; what effect does the fringe-effect capacitance  
20 need to have on the performance of the capacitor; and how to test for the presence of  
21 the fringe-effect capacitance. (Doc. No. 161-5, Ex. 5 ¶¶ 34-37.) Dr. Schaper further  
22 opines that a PHOSITA would not be able to use industry test equipment – such as  
23 capacitance meters, network analyzers, or simulation software – to test for fringe-effect  
24 capacitance between the external layers of a multilayer capacitor. (Id. ¶¶ 51-84.)  
25 Presidio’s expert, Dr. Huebner, states in his expert report that fringe-effect capacitance  
26 is an electrical characteristic that would be well know to a PHOSITA at the time of the  
27 invention. (Doc. No. 148-1, Ex. A ¶ 37.) Dr. Huebner opines that a PHOSITA reading  
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1 the '356 patent would understand that the amount of fringe-effect capacitance needed  
2 is an amount that affects the behavior of the device in a non-negligible way. (Id. ¶ 39.)  
3 Dr. Huebner further opines that a PHOSITA would be aware of test equipment and  
4 simulation software that could be used to determine with a reasonable certainty whether  
5 external contacts are positioned in such proximity to form a fringe-effect capacitance  
6 that is being determined in terms of a standard unit. (Id. ¶¶ 18, 24-25, 38-39, 43-47, 54-  
7 58.) As an example of such a test, Dr. Huebner refers to the testing undertaken and  
8 explained in his infringement expert report. (See id. ¶¶ 24, 54, 64.) Dr. Huebner relies  
9 on these opinions in reaching his conclusion that the last limitation in Claim 1 informs  
10 a PHOSITA, with reasonable certainty, about the scope of the invention.<sup>4</sup> (Id. ¶¶ 16,  
11 39.) In a rebuttal expert report, ATC's expert, Dr. Schaper, opines that Dr. Huebner's  
12 tests were not known to a PHOSITA at the time of the invention.<sup>5</sup> (Doc. No. 149-23,  
13 Ex. 14 ¶ 7; see also Doc. No. 161-5, Ex. 5 ¶ 55; Doc. No. 181-4, Ex. 2 ¶¶ 4-14.)

14 Thus, resolution of the indefiniteness issue in this case requires a determination  
15 of what was known to a person having ordinary skill in the art at the time of the  
16 invention – specifically would a PHOSITA have been able determine with reasonable  
17 certainty from the intrinsic record of the patent when, and under what conditions the  
18 “fringe-effect capacitance” recited in the last limitation of claim 1 is present. The  
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20 <sup>4</sup> In its motion for summary judgment, ATC attacks the validity of the tests and  
21 methodologies used by Dr. Huebner to reach these conclusions. (See Doc. No. 149-1 at 9-22;  
22 Doc. No. 202 at 15-17.) Similarly, Presidio in its motion for summary judgment attacks the  
23 credibility of Dr. Schaper. (See Doc. No. 148 at 19-20.) However, in deciding a motion for  
summary judgment, the court must not weigh the evidence or make credibility determinations.  
See Anderson, 477 U.S. at 255. “The evidence of the non-movant is to be believed.” Id.

24 <sup>5</sup> Presidio argues that ATC's expert, Dr. Schaper, testified that there is an objective test  
25 that may be used to determine whether a particular product falls within the scope of the '356  
26 patent. (Doc. No. 148 at 11-13, 18-19; Doc. No. 200 at 7.) But, this testimony is irrelevant  
27 to the present issue because the testimony identified by Presidio relates to ATC's proposed  
28 claim construction for the last limitation of claim 1. (See Doc. No. 148-2, Ex. B; Doc. No. 93  
at 9-10.) The Court rejected ATC's proposed claim construction and ultimately adopted a  
construction that was different in scope from the one proposed by ATC. (See Doc. No. 103  
at 8-15.)

1 parties have presented competing expert evidence on this issue regarding what a  
2 PHOSITA would have known. This competing expert testimony creates triable issues  
3 of fact as to ATC’s indefiniteness defense, rendering summary judgment of that defense  
4 inappropriate. See Crown Packaging Tech., Inc. v. Ball Metal Beverage Container  
5 Corp., 635 F.3d 1373, 1384 (Fed. Cir. 2011) (“Where there is a material dispute as to  
6 the credibility and weight that should be afforded to conflicting expert reports, summary  
7 judgment is usually inappropriate.”); Leggett & Platt, Inc. v. Hickory Springs Mfg. Co.,  
8 285 F.3d 1353, 1362 (Fed. Cir. 2002) (finding summary judgment inappropriate  
9 because “the conflicting allegations of the experts here leave unresolved factual  
10 disputes”); see also Teva, 135 S. Ct. at 841 (explaining that what a PHOSITA would  
11 have known is a factual determination). Accordingly, the Court denies the parties’  
12 cross-motions for summary judgment on the issue of indefiniteness.

### 13 **III. The Parties’ Cross-Motions for Summary Judgment on Infringement Issues**

#### 14 **A. Legal Standards Governing Patent Infringement**

15 A patent infringement analysis proceeds in two steps. Markman v. Westview  
16 Instruments, Inc., 52 F.3d 967, 976 (Fed. Cir. 1995). In the first step, the court  
17 construes the asserted claims as a matter of law. See id. In the second step, the  
18 factfinder compares the claimed invention to the accused device. Id. “A determination  
19 of infringement, whether literal or under the doctrine of equivalents, is a question of  
20 fact.” Allergan, Inc. v. Sandoz Inc., 796 F.3d 1293, 1311 (Fed. Cir. 2015).

21 “The patentee bears the burden of proving infringement by a preponderance of  
22 the evidence.” Creative Compounds, LLC v. Starmark Labs., 651 F.3d 1303, 1314  
23 (Fed. Cir. 2011). “To prove literal infringement, the patentee must show that the  
24 accused device contains every limitation in the asserted claims. If even one limitation  
25 is missing or not met as claimed, there is no literal infringement.” Riles v. Shell  
26 Exploration & Prod. Co., 298 F.3d 1302, 1308 (Fed. Cir. 2002). “Accordingly, a court  
27 may determine infringement on summary judgment ‘when no reasonable jury could find  
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1 that every limitation recited in the properly construed claim either is or is not found in  
2 the accused device.” Innovention Toys, LLC v. MGA Entm’t, Inc., 637 F.3d 1314,  
3 1319 (Fed. Cir. 2011).

4 B. Presidio’s Motion for Summary Judgment of Infringement

5 Presidio’s motion for summary judgment of infringement of the ’356 patent relies  
6 on two contentions. First, Presidio asserts that ATC admitted during discovery that  
7 ATC’s 550 capacitor contains every limitation in Claims 1, 3, 5, 16, 18, and 19 of the  
8 ’356 patent, except for the last limitation in claim 1 – the only independent claim  
9 asserted by Presidio. (Doc. No. 160 at 5.) Second, Presidio argues that ATC has failed  
10 to establish a genuine issue of material fact as to the last limitation in Claim 1. (Id. at  
11 6.)

12 Presidio’s assertion that ATC admitted during discovery that certain limitations  
13 are found in the accused products is not supported by the record. In support of its  
14 contention, Presidio relies on ATC’s response to Presidio’s Interrogatory No. 2 and  
15 ATC’s response to Presidio’s Request for Admission No. 20. (Doc. No. 160 at 5.) But,  
16 a review of these responses shows that no such admission was ever made. (Doc. No.  
17 160-4, Ex. B at 4-6; Doc. No. 146-5, Ex. C at 10.) The responses merely state that the  
18 accused products do not infringe the ’356 patent because they “at least” do not contain  
19 the last limitation in Claim 1. (See id.) The responses make no admissions or  
20 representations as to the other claim limitations. (See id.) Presidio faults ATC for  
21 failing to articulate a basis on which the accused products do not infringe these other  
22 limitations, and faults ATC’s expert for failing to provide any non-infringement  
23 opinions as to these limitations. (Doc. No. 160 at 5-6.) But, Presidio, not ATC, bears  
24 the burden of proving that the accused products contain every limitation in the asserted  
25 claims. See Creative Compounds, 651 F.3d at 1314; Riles, 298 F.3d at 1308. Further,  
26 even assuming ATC had admitted that these limitations are found in the accused  
27 products, Presidio is only entitled to summary judgment on the issue of infringement  
28

1 if it can show there is no genuine dispute of fact that “every limitation” recited in the  
2 claims is found in the accused products. See Innovention Toys, 637 F.3d at 1319.

3 Presidio argues that there is no genuine dispute of fact as to whether the last  
4 limitation of Claim 1 is found in the accused products because its infringement expert,  
5 Dr. Huebner, analyzed the 550 capacitor, undertook extensive testing of the capacitor,  
6 and provided an opinion that the last claim limitation of Claim 1 is present in the 550  
7 series of capacitors. (Doc. No. 160 at 6-7 (citing Doc. No. 160-1, Ex. A ¶¶ 30-90).)  
8 Presidio further argues that in response, ATC’s experts have conceded that there is a  
9 fringe-effect capacitance between the external contacts of all of the accused products.  
10 (Doc. No. 160 at 8-9; Doc. No. 205 at 4-5 (citing Doc. No. 146-6, Ex. D ¶ 125; Doc.  
11 No. 160-5, Ex. E ¶ 53; Doc. No. 160-6, Ex. F ¶ 46 (“All multilayer capacitors have  
12 some fringe-effect capacitance between their external contacts . . .”).) But, even  
13 assuming this true, this is insufficient by itself to show that there is no genuine issue of  
14 material fact as to the last limitation in claim 1. The last limitation in claim 1 does not  
15 simply require that there be “some” fringe-effect capacitance between the external  
16 contacts. Rather, it specifically requires that the “fringe-effect capacitance” between  
17 the external contacts be such that it is “capable of being determined by measurement  
18 in terms of a standard unit.” ’356 Patent Dec. 8, 2015 Reexam Certificate at 1:34-35.  
19 (See also Doc. No. 103 at 13 (Claim Construction Order).) Presidio has failed to  
20 identify anywhere in the record where ATC’s experts concede that these additional  
21 requirements of that claim limitation are present in the accused products. To the  
22 contrary, the evidence in the record shows that ATC’s experts dispute whether the  
23 accused products satisfy the last limitation in claim 1.<sup>6</sup> (See Doc. No. 181-18, Ex. 10  
24 ¶ 12.) Therefore, Presidio has failed to show that ATC’s expert conceded that the

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27 <sup>6</sup> Indeed, at the hearing on the parties’ motions for summary judgment, Presidio  
28 conceded that ATC’s experts dispute whether the accused products contain this claim  
limitation.

1 accused products satisfy the last limitation in Claim 1.

2 Presidio also argues that ATC has failed to raise a genuine issue of material fact  
3 as to the last limitation in claim 1 of the patent because ATC's experts failed to  
4 undertake any testing of the 550 series of capacitors. (Doc. No. 160 at 8-9.) But, in  
5 order to raise a genuine issue of material fact as to infringement, ATC's experts need  
6 not have undertaken their own testing of the 550 series capacitor. Cf Exigent Tech.,  
7 442 F.3d at 1307-08 (explaining that a defendant does not need to come forward with  
8 its own affirmative evidence of non-infringement). Rather, it is sufficient for ATC to  
9 present evidence controverting the analysis, opinions, and conclusion of Presidio's  
10 infringement expert, which, indeed, is what ATC has done in the present case.

11 For example, ATC has provided a report from its own expert, Dr. Ulrich, opining  
12 that the analysis and methodologies used by Presidio's expert to support his conclusion  
13 that the accused products satisfy the last limitation in Claim 1 were erroneous and  
14 inappropriate. (Doc. No. 181-18, Ex. 10 ¶¶ 8, 13-24, 59-129.) Moreover, the record  
15 also shows that, contrary to Presidio's assertions, ATC has presented affirmative  
16 evidence of non-infringement as to this claim limitation. ATC's expert, Dr. Ulrich,  
17 affirmatively opines that based on his review of the particular configuration of the  
18 internal electrodes in the accused products, those products do satisfy the last limitation  
19 in Claim 1 of the '356 patent. (Id. ¶¶ 12, 41-58.) This expert evidence is sufficient to  
20 establish a genuine issue of material fact as to whether the accused products infringe the  
21 '356 patent. See Crown Packaging, 635 F.3d at 1384 ("Where there is a material  
22 dispute as to the credibility and weight that should be afforded to conflicting expert  
23 reports, summary judgment is usually inappropriate."); Leggett & Platt, 285 F.3d at  
24 1362 (finding summary judgment inappropriate because "the conflicting allegations of  
25 the experts here leave unresolved factual disputes"). Accordingly, Presidio has failed  
26 to establish that it is entitled to summary judgment of infringement.

27 In its motion, Presidio also argues that ATC admitted during discovery that its  
28

1 550 series of capacitors, which includes the 550L, 550S, 550U, and 550Z capacitors,  
2 all infringe the '356 patent for the same reasons. (Doc. No. 160 at 9-11.) In support of  
3 this argument, Presidio relies on ATC's responses to Presidio's Interrogatory No. 7.  
4 (Doc. No. 160-10, Ex I at 11-14.) But, these responses merely state that at that time,  
5 ATC was not relying on any differences among the accused products to establish  
6 non-infringement.<sup>7</sup> (See *id.* at 13-14; see also Doc. No. 160-11, Ex. J at 89-90.) ATC  
7 subsequently supplemented its response to incorporate the non-infringement positions  
8 advanced by its expert, Dr. Ulrich, whose report opines that there are material  
9 differences between the 550L, 550S, 550U, and 550Z capacitors. (Doc. No. 202-3 Ex.  
10 13 at 15-16; see Doc. No. 181-18, Ex. 10 ¶¶ 8-10, 13-14.) Accordingly, Presidio has  
11 failed to show that such an admission was ever made, and Presidio is not entitled to  
12 summary judgment on this issue.<sup>8</sup> In sum, the Court denies Presidio's motion for  
13 summary judgment of infringement.

14 C. ATC's Motion for Partial Summary Judgment of No Infringement

15 ATC moves for partial summary judgment of no infringement as to its 550Z,  
16 550U, and 550L capacitors. (Doc. No. 149-1 at 1-3.) ATC argues that it entitled to  
17 summary judgment of no infringement as to these specific accused products because  
18 Presidio's expert never tested these capacitors; he only specifically tested the 550S  
19 capacitor. (*Id.*) In response, Presidio argues that Dr. Huebner's infringement analysis  
20 properly applies to all four models of the 550 series of capacitors based on his  
21 evaluation of the behavior of the entire 550 family of devices. (Doc. No. 200 at 6.)

22 Use of a representative product can, "in appropriate cases and given appropriate

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24 <sup>7</sup> The Court notes that Presidio never moved to compel a further response to this  
interrogatory.

25 <sup>8</sup> Although the Court concludes that Presidio has failed to show that such an admission  
26 was ever made, the Court concludes that in light of ATC's prior responses to Presidio's  
27 Interrogatory No. 7 and the assertions made in Dr. Ulrich's rebuttal expert report, it is  
appropriate grant Presidio's request for a limited reopening of expert discovery to allow  
28 Presidio's expert to test the 550Z, 550U, and 550L capacitors. (Doc. No. 207.)



1 support”, be used to prove infringement. Bluestone Innovations LLC v. Nichia Corp.,  
2 No. C 12-00059 SI, 2013 WL 8540910, at \*1 (N.D. Cal. Sept. 25, 2013); see also  
3 Vigilos LLC v. Sling Media Inc., No. C-11-04117 SBA (EDL), 2012 WL 9973147, at  
4 \*4 (N.D. Cal. July 12, 2012) (“Representative examples may be a useful tool for  
5 proving an infringement case at trial.”). Presidio, as the patentee, bears the burden of  
6 proving infringement, and, thus, bears the burden of proving that the 550S capacitor is  
7 representative of all the accused products for infringement purposes. See Bluestone,  
8 2013 WL 8540910, at \*1 (holding that the patentee bears the burden of explaining why  
9 its infringement contentions are representative of all accused products). In an effort to  
10 meet this burden, Presidio again argues that ATC admitted during discovery that all the  
11 different versions of 550 capacitors, which includes the 550L, 550S, 550U, and 550Z  
12 capacitors, all infringe the ’356 patent for the same reasons. (Doc. No. 200 at 3-4.)  
13 But, the Court rejects Presidio’s contention that such a definitive admission was ever  
14 made.

15         Instead, the Court concludes that there is a genuine issue of material fact as to  
16 whether the 550S capacitor is representative of the other accused products for  
17 infringement purposes. In his expert report, Dr. Huebner opines that the 550S capacitor  
18 is representative of the behavior of the 550 family of capacitors for the purposes of  
19 determining infringement of the ’356 patent. (See Doc. No. 160-1, Ex. A ¶¶ 20, 45-46,  
20 55, 64, 67, 74-77.) ATC and its experts may dispute this fact, (see Doc. No. 149-1 at  
21 2; Doc. No. 181-18, Ex. 10 ¶¶ 8-10, 13-14), but Presidio’s evidence is sufficient to  
22 create a triable issue of fact as to the issue of whether the 550S capacitor is  
23 representative for infringement purposes. See Crown Packaging, 635 F.3d at 1384;  
24 Leggett & Platt, 285 F.3d at 1362. Accordingly, the Court denies ATC’s motion for  
25 partial summary judgment of no infringement by 550Z, 550U, and 550L capacitors.

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1           D.     ATC’s Motion for Partial Summary Judgment of No Infringement Under  
2 the Doctrine of Equivalents

3           ATC moves for partial summary judgment of no infringement under the doctrine  
4 of equivalents, arguing that Presidio has failed to present any evidence of infringement  
5 under that doctrine. (Doc. No. 149-1 at 3.) In the FAC, Presidio does not allege  
6 infringement under the doctrine of equivalents. (See Doc. No. 170-2, FAC.) Further,  
7 in its opposition, Presidio clarifies that it is not asserting infringement under the  
8 doctrine of equivalents. (Doc. No. 200 at 5 n.1.) Accordingly, the Court denies as moot  
9 ATC’s motion for partial summary judgment of no infringement under the doctrine of  
10 equivalents.

11           E.     ATC’s Motion for Partial Summary Judgment of No Indirect Infringement

12           ATC moves for partial summary judgment of no indirect infringement, arguing  
13 that Presidio has failed to present any evidence showing that ATC has contributed to  
14 or induced the infringement of the ’356 patent. (Doc. No. 149-1 at 4.)

15           With respect to contributory infringement, Presidio does not allege that ATC is  
16 liable for contributory infringement. (See Doc. No. 170-2, FAC.) Further, in its  
17 opposition, Presidio clarifies that it not asserting that ATC is liable for contributory  
18 infringement. (Doc. No 200 at 5 n.1.) Accordingly, the Court denies as moot ATC’s  
19 motion for partial summary judgment of no contributory infringement.

20           With respect to induced infringement, Presidio argues that there are triable issues  
21 of fact as to its claim of induced infringement in light of the fact that ATC has admitted  
22 that its sells the accused products to customers and purposefully provides information  
23 related to the accused products, including data sheets and product descriptions, to its  
24 customers. (Doc. No. 200 at 5 (citing Doc. No. 80 ¶¶ 33-34.); see also Doc. No. 171  
25 ¶¶ 33-34.) The Court concludes that this evidence in addition to evidence showing  
26 ATC’s knowledge of the ’356 patent and of Presidio’s infringement allegations is  
27 sufficient to create genuine issues of material fact as to induced infringement. See i4i  
28

1 Ltd. P’ ship v. Microsoft Corp., 598 F.3d 831, 851-52 (Fed. Cir. 2010) (finding specific  
2 intent to induce infringement established by product instructions that teach users to  
3 practice the accused product in a manner the defendant knows is infringing); MEMC  
4 Elec. Materials, Inc. v. Mitsubishi Materials Silicon Corp., 420 F.3d 1369, 1379-80  
5 (Fed. Cir. 2005) (finding genuine issues of material fact as to induced infringement  
6 where there was evidence of defendant’s knowledge of the patent and of its customers  
7 potentially infringing activities and evidence that the defendant instructed its customers  
8 on how to use the product in an allegedly infringing manner). Accordingly, the Court  
9 denies ATC’s motion for partial summary judgment of no induced infringement.

#### 10 **IV. ATC’s Motion for Summary Judgment of No Willful Infringement**

11 ATC moves for summary judgment of no willful infringement. (Doc. No. 149-1  
12 at 23-25.) 35 U.S.C. § 284 allows a court to enhance a prevailing plaintiff’s damage  
13 award “up to three times the amount found or assessed.” 35 U.S.C. § 284. The Federal  
14 Circuit has held “that an award of enhanced damages [under this provision] requires a  
15 showing of willful infringement.” In re Seagate Tech., LLC, 497 F.3d 1360, 1368 (Fed.  
16 Cir. 2007) (en banc).<sup>9</sup>

17 To establish willful infringement, the patentee has the burden of showing  
18 “by clear and convincing evidence that the infringer acted despite an  
19 objectively high likelihood that its actions constituted infringement of a  
20 valid patent.” “The state of mind of the accused infringer is not relevant  
21 to this objective inquiry.” Only if the patentee establishes this “threshold  
22 objective standard” does the inquiry then move on to whether “this  
23 objectively-defined risk (determined by the record developed in the  
24 infringement proceeding) was either known or so obvious that it should  
25 have been known to the accused infringer.”

22 Bard Peripheral Vascular, Inc. v. W.L. Gore & Associates, Inc., 776 F.3d 837, 844 (Fed.  
23 Cir. 2015) (quoting Seagate, 497 F.3d at 1371).

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25 <sup>9</sup> The Court notes that the standard for establishing enhanced damages under 35 U.S.C.  
26 § 284 is an issue that is currently pending before the Supreme Court. See Halo Electronics,  
27 Inc. v. Pulse Electronics, Inc., 769 F.3d 1371 (Fed. Cir. 2014), cert. granted, 136 S. Ct. 356  
28 (2015); Stryker Corp. v. Zimmer, Inc., 782 F.3d 649 (Fed. Cir. 2015), cert. granted, 136 S. Ct.  
356 (2015).

1           “Objective recklessness will not be found where the accused infringer has raised  
2 a ‘substantial question’ as to the validity or noninfringement of the patent.” Bard  
3 Peripheral Vascular, Inc. v. W.L. Gore & Associates, Inc., 776 F.3d 837, 844 (Fed. Cir.  
4 2015); see also Uniloc USA, Inc. v. Microsoft Corp., 632 F.3d 1292, 1310 (Fed. Cir.  
5 2011) (explaining that objective recklessness will not be found “[i]f the accused  
6 infringer’s position is susceptible to a reasonable conclusion of no infringement”). The  
7 Federal Circuit has held that “the objective determination of recklessness, even though  
8 predicated on underlying mixed questions of law and fact, is best decided by the judge  
9 as a question of law.” Bard, 682 F.3d 1007. However, the Federal Circuit has also  
10 explained that in considering the objective prong of the test for willful infringement,  
11 “the judge may when the defense is a question of fact or a mixed question of law and  
12 fact allow the jury to determine the underlying facts relevant to the defense in the first  
13 instance, for example, the questions of anticipation or obviousness.” Id. at 1008.

14           ATC argues that it is entitled to summary judgment of no willful infringement  
15 because it has presented an objectively reasonable defense that the ’356 patent is invalid  
16 due to indefiniteness. (Doc. No. 149-1 at 24.) ATC also argues that it has presented  
17 substantial and reasonable non-infringement positions. (Id. at 24-25.) To decide the  
18 objective prong of the willfulness test, the Court must evaluate ATC’s defense to  
19 Presidio’s claim of infringement, a question of fact. See Allergan, 796 F.3d at 1311.  
20 The Court must also evaluate ATC’s affirmative defense of indefiniteness, which  
21 although a question of law will turn on underlying factual determinations that the Court  
22 cannot make at the summary judgment stage. See Teva, 135 S. Ct. at 841; Albino, 747  
23 F.3d at 1174.

24           In light of this, the Court concludes that it is appropriate to decline to resolve the  
25 objective prong of the willfulness determination at the summary judgment stage, and,  
26 instead, the Court will defer its determination until on a complete record after the facts  
27 are presented at trial. See, e.g., Cascades Computer Innovation, LLC v. Samsung Elecs.  
28

1 Co., 77 F. Supp. 3d 756, 770 (N.D. Ill. 2015) (denying motion for summary judgment  
2 of no willfulness and deferring resolution of the objective prong “until after the facts  
3 are presented at trial” where “factual determinations will inform the Court’s objective  
4 reasonableness analysis in this case”); Grant St. Grp., Inc. v. Realauction.com, LLC,  
5 No. 2:09-CV-01407, 2013 WL 2404074, at \*5 (W.D. Pa. May 31, 2013) (same); see  
6 also Dynetix Design Sols., Inc. v. Synopsys, Inc., No. C 11-5973 PSG, 2013 WL  
7 4537838, at \*2 (N.D. Cal. Aug. 22, 2013) (“[A]lthough the ultimate question of  
8 objective willfulness should be made by the judge, it is not error to allow the jury to  
9 determine the underlying facts to inform the court’s objective willfulness finding.”).  
10 Accordingly, the Court denies ATC’s motion for summary judgment of no willful  
11 infringement.<sup>10</sup>

## 12 **V. Presidio’s Motion for Summary Judgment of ATC’s Equitable Defenses**

### 13 **A. Laches**

14 Presidio moves for summary judgment of ATC’s affirmative defense of laches.  
15 (Doc. No. 158 at 3-8.) The equitable defense of laches, if proven, bars the recovery of  
16 damages accrued prior to the filing of suit. See A.C. Aukerman Co. v. R.L. Chaides  
17 Constr. Co., 960 F.2d 1020, 1041 (Fed. Cir. 1992) (en banc). To prevail on a defense  
18 of laches in a patent case, a defendant must prove: (1) that the patentee delayed filing  
19 suit for an unreasonable and inexcusable length of time from the time it knew or  
20 reasonably should have known of its claim against the defendant, and (2) the delay

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22 <sup>10</sup> In a footnote, ATC also argues that it is entitled to summary judgment because  
23 Presidio has failed to provide any evidence to satisfy the subjective prong of the willfulness  
24 test. The Court disagrees. The subjective prong of the willful infringement test is an issue of  
25 fact. Bard, 776 F.3d at 844. Presidio has presented sufficient evidence, when viewed in the  
26 light most favorable to Presidio, from which a reasonable jury could conclude that ATC either  
27 knew of should have known about the “objectively-defined risk” – assuming there is such a  
28 risk. This evidence includes evidence of ATC’s knowledge of the ’356 patent, Presidio’s  
infringement allegations, and the results of the prior litigation. See CSB-Sys. Int’l Inc. v. SAP  
Am., Inc., No. CIV.A. 10-2156, 2012 WL 1439059, at \*11 (E.D. Pa. Apr. 25, 2012) (finding  
that evidence showing that the defendant knew of the patent-in-suit and the patentee’s  
accusations of infringement, yet continued to market the accused products was sufficient for  
“the subjective prong to survive summary judgment review”).

1 operated to the prejudice or injury of the defendant.<sup>11</sup> Id. at 1032. “The length of time  
2 which may be deemed unreasonable has no fixed boundaries but rather depends on the  
3 circumstances. The period of delay is measured from the time the plaintiff knew or  
4 reasonably should have known of the defendant’s alleged infringing activities to the  
5 date of suit.” Id. “A presumption of laches arises where a patentee delays bringing suit  
6 for more than six years after the date the patentee knew or should have known of the  
7 alleged infringer’s activity.” Id. at 1028.

8 “Material prejudice to adverse parties resulting from the plaintiff’s delay is  
9 essential to the laches defense. Such prejudice may be either economic or evidentiary.”  
10 A.C. Aukerman, 960 F.2d at 1033. “Evidentiary, or ‘defense’ prejudice, may arise by  
11 reason of a defendant’s inability to present a full and fair defense on the merits due to  
12 the loss of records, the death of a witness, or the unreliability of memories of long past  
13 events, thereby undermining the court’s ability to judge the facts.” Id. “Economic  
14 prejudice may arise where a defendant and possibly others will suffer the loss of  
15 monetary investments or incur damages which likely would have been prevented by  
16 earlier suit.” Id.

17 A defendant must satisfy the two-prong laches defense by a preponderance of the  
18 evidence. A.C. Aukerman, 960 F.2d at 1045. Whether the defendant has established  
19 the required elements of its laches defense is a question of fact. See SCA Hygiene  
20 Products Aktiebolag v. First Quality Baby Products, LLC, 767 F.3d 1339, 1344 (Fed.  
21 Cir. 2014), opinion vacated by 2014 WL 7460970 (Fed. Cir. 2014), opinion reinstated  
22 by 807 F.3d 1311, 1333 (Fed. Cir. 2015); see also Hemstreet v. Computer Entry Sys.  
23 Corp., 972 F.2d 1290, 1292 (Fed. Cir. 1992) (explaining that the defense of laches  
24 “ultimately turn[s] on underlying factual determinations”). However, the ultimate

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26 <sup>11</sup> The Court notes that Federal Circuit sitting en banc has recently held that: “[L]aches  
27 remains a defense to legal relief in a patent infringement suit after [Petrella v.  
28 Metro-Goldwyn-Mayer, Inc., 134 S. Ct. 1962 (2014)].” SCA Hygiene Products Aktiebolag  
v. First Quality Baby Products, LLC, 807 F.3d 1311 (Fed. Cir. 2015) (en banc).

1 application of the defense of laches is committed to the sound discretion of the district  
2 court.” Id. at 1032. The court may decline to apply the laches defense, even where the  
3 defendant establishes the laches factors by proof or presumption. Id.

4 Presidio argues that it is entitled to summary judgment of this defense because  
5 the maximum possible length of delay between the running of the laches clock and the  
6 filing of the present lawsuit is a little over four and a half years, meaning that ATC is  
7 not entitled to a presumption of laches and, therefore, must establish material prejudice.  
8 (Doc. No. 158 at 3-5.) Presidio further argues that ATC had failed to present any  
9 evidence showing that it suffered material prejudice as a result of Presidio’s delay in  
10 filing suit. (Id. at 5-8.)

11 The Court concludes that triable issues of fact remain as to ATC’s laches defense.  
12 Although ATC might not be entitled to a presumption of laches, Presidio concedes in  
13 its motion that the relevant period of delay in the present case is potentially over four  
14 and a half years. (Doc. No. 158 at 4-5.) This is sufficient to create a genuine dispute  
15 of fact as to the first element of ATC’s laches defense: whether Presidio delayed filing  
16 suit for an unreasonable and inexcusable length of time.<sup>12</sup> See, e.g., Halo Elecs., Inc.  
17 v. Pulse Eng’g, Inc., 810 F. Supp. 2d 1173, 1204 (D. Nev. 2011) (denying summary  
18 judgment of laches defense where “the delay was approximately four years”); see also  
19 A.C. Aukerman, 960 F.2d at 1032 (“The length of time which may be deemed  
20 unreasonable has no fixed boundaries but rather depends on the circumstances.”). As

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23 <sup>12</sup> Presidio argues that because the delay in this case was at most only four and a half  
24 years, ATC must show that the delay was “accompanied by extraneous improper tactics or  
25 misleading conduct by the plaintiff” in order for the delay to be deemed unreasonable. (Doc.  
26 No. 203 at 5.) In support of this contention, Presidio relies on Mformation Techs., Inc. v.  
27 Research in Motion Ltd., 830 F. Supp. 2d 815, 824 (N.D. Cal. 2011), which noted that “[a]  
28 delay of three or four years has been deemed ‘unreasonable only when that delay was  
accompanied by extraneous improper tactics or misleading conduct by the plaintiff.’” Id. at  
824 (quoting IXYS Corp. v. Advanced Power Tech., Inc., 321 F.Supp.2d 1156, 1163 (N.D.  
Cal. 2004)). But, Presidio concedes that the relevant period of delay in the present case is  
potentially over four and a half years. (Doc. No. 158 at 4-5.) Therefore, Mformation is  
inapplicable because the delay at issue in this case is potentially longer than four years.

1 for the second element of ATC’s laches defense, material prejudice, ATC has presented  
2 sufficient evidence to create a genuine issue of material fact as to whether it  
3 experienced economic prejudice due to Presidio’s delay. In particular, there is evidence  
4 in the record when viewed in the light most favorable to ATC from which a reasonable  
5 trier of fact could conclude that ATC could have avoided incurring some of the  
6 damages at issue in this action by developing and releasing its 560L capacitor at an  
7 earlier time had Presidio not delayed in filing the present action. (See Doc. No. 202-4,  
8 Ex. 15 at 22.) See A.C. Aukerman, 960 F.2d at 1033 (A patentee may not “intentionally  
9 lie silently in wait watching damages escalate, particularly where an infringer, if he had  
10 had notice, could have switched to a noninfringing product.”); see, e.g., Chiron Corp.  
11 v. Genentech, Inc., 268 F. Supp. 2d 1139, 1147 (E.D. Cal. 2002) (denying summary  
12 judgment of laches defense where a reasonable inference could be made that the  
13 defendant “would have developed a different product entirely”). Further, ATC has  
14 presented evidence from which a reasonable trier of fact could find that based on its  
15 belief that the 550 capacitors were not infringing products, ATC increased its 550  
16 product line during the period of delay. (See Doc. No. 202-6, Ex. 20 at 46-47; Doc. No.  
17 202-4, Ex. 15 at 12.) See Aspex Eyewear, Inc. v. Clariti Eyewear, Inc., 605 F.3d 1305,  
18 1312-13 (Fed. Cir. 2010) (finding economic prejudice where the defendant expanded  
19 its product line during the period of silence based on defendant’s belief that the relevant  
20 patent would not be enforced).

21 Finally, the Court notes that laches is an equitable doctrine. The Court must  
22 consider all of the circumstances to determine if barring recovery is just, see Aukerman,  
23 960 F.2d at 1028, and can do so based on a complete record. Accordingly, the Court  
24 denies Presidio’s motion for summary judgment of ATC’s defense of laches.

25 **B. Equitable Estoppel**

26 Presidio moves for summary judgment of ATC’s affirmative defense of equitable  
27 estoppel. (Doc. No. 158 at 9-14.) To prove the affirmative defense of equitable  
28



1 estoppel, a defendant must show: “(1) the patentee, through misleading conduct, led the  
2 alleged infringer to reasonably believe that the patentee did not intend to enforce its  
3 patent against the infringer; (2) the alleged infringer relied on that conduct; and (3) due  
4 to its reliance, the alleged infringer would be materially prejudiced if the patentee were  
5 permitted to proceed with its charge of infringement.” Aspex Eyewear, 605 F.3d at  
6 1310; accord A.C. Aukerman, 960 F.2d at 1028. “Misleading ‘conduct’ may include  
7 specific statements, action, inaction, or silence when there was an obligation to speak.”  
8 Aspex Eyewear, 605 F.3d at 1310.

9 Equitable estoppel must be proven by a preponderance of the evidence. A.C.  
10 Aukerman, 960 F.2d at 1046. Whether the defendant has established the required  
11 elements of its equitable estoppel defense is a question of fact. See SCA Hygiene  
12 Products, 767 F.3d at 1344; see also Hemstreet, 972 F.2d at 1292 (explaining that the  
13 defense of equitable estoppel “ultimately turn[s] on underlying factual determinations”).  
14 However, the ultimate decision of whether to bar a claim of patent infringement under  
15 equitable estoppel is committed to the sound discretion of the trial court. A.C.  
16 Aukerman, 960 F.2d at 1041.

17 Triable issues of fact remain as to ATC’s equitable estoppel defense. ATC has  
18 presented evidence from which a reasonable trier of fact could find that in November  
19 2010, Presidio requested an accounting of the 550L capacitors; shortly thereafter, ATC  
20 rejected Presidio’s accounting request; and Presidio then waited until September 2014  
21 to file the present action. (Doc. No. 181-30, Ex. 24; Doc. No. 181-31, Ex. 25; see also  
22 Doc. No. 158 at 10.) This evidence when viewed in the light most favorable to ATC  
23 is sufficient to create a genuine issue of fact as to whether Presidio through misleading  
24 conduct, led ATC to reasonably believe that the patentee did not intend to enforce its  
25 patent against the 550 series of capacitors. See Aspex Eyewear, 605 F.3d at 1310  
26 (affirming a district court’s finding that the patentee engaged in misleading conduct  
27 where the patentee threatened an infringement suit, the defendant responded that its  
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1 products did not infringe, and the response was followed by three years of silence  
2 before the patentee filed suit); see also A.C. Aukerman, 960 F.2d at 1042 (“In the most  
3 common [equitable estoppel] situation, the patentee specifically objects to the activities  
4 currently asserted as infringement in the suit and then does not follow up for years.”).  
5 Further, ATC has presented sufficient evidence to create a triable issue of fact as to  
6 reliance and prejudice. ATC has presented evidence from which a reasonable trier of  
7 fact could find that based on its belief that the 550 capacitors were not infringing  
8 products, ATC increased its 550 product line from 2010 through 2014. (See Doc. No.  
9 202-6, Ex. 20 at 46-47; Doc. No. 202-4, Ex. 15 at 12.) See Aspex Eyewear, 605 F.3d  
10 at 1311-13 (finding the elements of reliance and prejudice satisfied where the defendant  
11 expanded its product line during the patentee’s period of silence based on the  
12 defendant’s belief that the relevant patent would not be enforced). Accordingly, the  
13 Court denies Presidio’s motion for summary judgment of ATC’s defense of equitable  
14 estoppel.

15 C. Waiver

16 In its motion for summary judgment, Presidio states that it is also moving for  
17 summary judgment of ATC’s affirmative defense of waiver. (Doc. No. 158 at 1, 9;  
18 Doc. No. 203 at 10.) But, Presidio fails to analyze this affirmative defense or explain  
19 why it is entitled to summary judgment of this defense. (See generally Doc. Nos. 158,  
20 203.) Rather, Presidio’s briefing only focuses on the affirmative defenses of laches and  
21 equitable estoppel. (See id.) Accordingly, the Court denies Presidio’s motion for  
22 summary judgment of ATC’s defense of waiver. See Celotex, 477 U.S. at 325  
23 (explaining that party moving for summary judgment bears the initial burden of  
24 “‘showing’—that is, pointing out to the district court—that there is an absence of  
25 evidence to support the nonmoving party’s case”).

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1 **VI. Presidio’s Motion for Summary Judgment of No Acceptable Non-Infringing**  
2 **Alternatives**

3 Presidio moves for summary judgment of no acceptable non-infringing  
4 alternatives. (Doc. No. 159.) “[A] patentee may seek lost profit damages for  
5 infringement.” Crystal Semiconductor Corp. v. TriTech Microelectronics Int’l, Inc.,  
6 246 F.3d 1336, 1353 (Fed. Cir. 2001). ““To recover lost profits, the patent owner must  
7 show causation in fact, establishing that but for the infringement, he would have made  
8 additional profits.”” Siemens Med. Sols. USA, Inc. v. Saint-Gobain Ceramics &  
9 Plastics, Inc., 637 F.3d 1269, 1287 (Fed. Cir. 2011). One method of proving  
10 entitlement to lost profit damages is for the patentee to satisfy the four-part Panduit  
11 test,<sup>13</sup> which requires the patentee to show: “(1) demand for the patented product; (2)  
12 absence of acceptable noninfringing substitutes; (3) manufacturing and marketing  
13 capability to exploit the demand; and (4) the amount of profit that would have been  
14 made.” Presidio Components, Inc. v. Am. Tech. Ceramics Corp., 702 F.3d 1351,  
15 1359-60 (Fed. Cir. 2012); accord Rite-Hite Corp. v. Kelley Co., 56 F.3d 1538, 1545  
16 (Fed. Cir. 1995) (en banc). “A showing under Panduit permits a court to reasonably  
17 infer that the lost profits claimed were in fact caused by the infringing sales, thus  
18 establishing a patentee’s prima facie case with respect to ‘but for’ causation.”  
19 Rite-Hite, 56 F.3d at 1545.

20 Presidio argues that the doctrine of issue preclusion prevents ATC from asserting  
21 that certain products constitute acceptable non-infringing alternatives because those  
22 products were found not to be acceptable non-infringing alternatives in the prior  
23 lawsuit.<sup>14</sup> (Doc. No. 159 at 7-8.) In response, ATC argues that issue preclusion does

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25 <sup>13</sup> Panduit Corp. v. Stahl Bros. Fibre Works, Inc., 575 F.2d 1152 (6th Cir. 1978).

26 <sup>14</sup> Specifically, Presidio argues that the doctrine of issue preclusion prevents ATC from  
27 asserting that the following products constitute non-infringing alternatives: “540L, 530L,  
28 520L, 500S, 200A, DLI’s Opticap, and available capacitors from Murata, Kemet, Vishay,  
Metallics, M/A Com, and Taiyo Yuden.” (Doc. No. 159 at 7.)

1 not apply because the jury’s determination as to acceptable non-infringing alternatives  
2 made in the prior case is not identical to the issue to be decided in the present case since  
3 the determination made in the prior case involved a different market in existence at a  
4 different time. (Doc. No. 202 at 67-69.) The Court agrees.

5 “Issue preclusion bars relitigation of issues adjudicated in an earlier proceeding”  
6 only if “the issue necessarily decided at the previous proceeding is identical to the one  
7 which is sought to be relitigated.” Reyn’s Pasta Bella, LLC v. Visa USA, Inc., 442  
8 F.3d 741, 746 (9th Cir. 2006); accord Applied Med. Res. Corp. v. U.S. Surgical Corp.,  
9 435 F.3d 1356, 1361 (Fed. Cir. 2006) (“Collateral estoppel is appropriate only if: (1)  
10 the issue to be decided is identical to one decided in the first action . . .”). In the prior  
11 litigation, the jury awarded Presidio lost profit damages. See Presidio Components, Inc.  
12 v. Am. Tech. Ceramics Corp., 08-cv-335-IEG (NLS), Docket No. 298 (S.D. Cal. Dec.  
13 16, 2008). Subsequently, both the district court and the Federal Circuit affirmed the  
14 jury’s lost profits award, including specifically the jury’s finding that there was an  
15 absence of acceptable non-infringing alternatives. See Presidio Components Inc. v.  
16 Am. Tech. Ceramics Corp., 723 F. Supp. 2d 1284, 1327-28 (S.D. Cal. 2010); Presidio,  
17 702 F.3d at 1360-61. But, the determination of whether there were acceptable  
18 non-infringing alternatives in the prior litigation involved a different time period than  
19 is at issue in the present case.

20 Whether a product is an acceptable non-infringing alternative involves  
21 consideration of “the market at the time of infringement.” Grain Processing Corp. v.  
22 Am. Maize-Products Co., 185 F.3d 1341, 1349 (Fed. Cir. 1999). In the prior litigation,  
23 the relevant time of infringement was from 2006 – when ATC’s 545L capacitors were  
24 introduced to the market, see Presidio, 702 F.3d at 1361 – to December 16, 2009 – the  
25 date of the jury’s verdict. In contrast, in the present case, the relevant time of  
26 infringement is from early 2010 – when the 550 line of capacitors was first introduced,  
27 (Doc. No. 202-4, Ex. 15 at 37; see also Doc. No. 158 at 4 (Presidio stating that “there  
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1 is no factual dispute that the first date of alleged infringement occurred in January 2010,  
2 at the earliest.”) – to the present. Because the relevant period of infringement in this  
3 case is different from the relevant period of infringement in the prior litigation, the  
4 cases involve different markets, and the doctrine of issue preclusion does not apply.<sup>15</sup>  
5 See Applied Med. Res. Corp. v. U.S. Surgical Corp., 435 F.3d 1356, 1361 (Fed. Cir.  
6 2006) (holding that issue preclusion did not apply to a damages issue because “the  
7 infringements requiring compensation began at separate and distinct times”).

8 Presidio also argues that ATC should be precluded from relying on the 560  
9 samples as acceptable non-infringing alternatives because ATC allegedly did not  
10 identify the 560 samples as alternatives during discovery. (Doc. No. 159 at 8-10.) In  
11 support of this contention, Presidio points to two interrogatories it served on ATC  
12 during discovery – Interrogatories Nos. 6 and 14. (Id. at 8.) Presidio argues that ATC  
13 improperly failed to identify the 560 samples as an acceptable non-infringing alternative  
14 in response to these interrogatories. (Id.) But neither interrogatory specifically  
15 requested that ATC identify what products it contends constitute acceptable  
16 non-infringing alternatives. (See Doc. No. 159-2, Ex. E at 10; Doc. No. 159-3, Ex. F  
17 at 3-4.) Rather, both interrogatories inquire about market conditions and competitive  
18 products in the market. (See id.) But, a product does not necessarily have to be on the  
19 market during the relevant period for the product to constitute a non-infringement  
20 alternative; instead, it need simply have been available during the relevant time period.  
21 See Grain Processing, 185 F.3d at 1349 (explaining that Federal Circuit law “permits  
22 available alternatives – including but not limited to products on the market – to preclude  
23 lost profits damages”). Indeed, a review of ATC’s opposition shows that its contention  
24 is simply that the 560 samples could have been made and sold in 2009. (See Doc. No.

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26 <sup>15</sup> In its opposition, ATC also argues that the doctrine of issue preclusion does not apply  
27 because Presidio allegedly withheld evidence of non-infringing alternatives from ATC in the  
28 prior case. (Doc No. 202 at 72-78.) Because the Court denies Presidio’s motion for the  
reasons stated above, the Court declines to address this alternative argument.

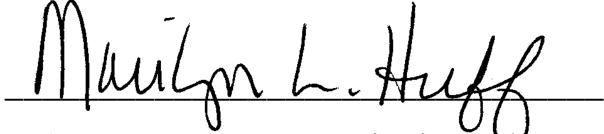
1 202 at 79-80.) Accordingly, the Court rejects Presidio's contention that ATC's  
2 responses to its interrogatories were improper and that ATC should be precluded from  
3 relying on the 560 samples as an acceptable non-infringing alternative.<sup>16</sup> In sum, the  
4 Court denies Presidio's motion for summary judgment of no acceptable non-infringing  
5 alternatives.

6 **Conclusion**

7 For the reasons above, the Court denies the parties' motions for summary  
8 judgment.

9 **IT IS SO ORDERED.**

10 DATED: January 12, 2016

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13 MARILYN L. HUFF, District Judge  
14 UNITED STATES DISTRICT COURT  
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24 \_\_\_\_\_  
25 <sup>16</sup> Presidio also contends that ATC allegedly refused to allow Presidio to take any  
26 discovery regarding the 560 samples. (Doc No. 159 at 9-10.) However, in Presidio's own  
27 motion, it concedes that ATC did indeed produce samples and a product specification related  
28 to the 560 capacitor. (See *id.* at 4.) Moreover, even assuming ATC failed to produce certain  
discovery related to the 560 samples, Presidio never moved to compel discovery regarding the  
560 samples.