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

PRESIDIO COMPONENTS, INC.,  
Plaintiff,

vs.

AMERICAN TECHNICAL  
CERAMICS CORP.,  
Defendant.

CASE NO. 14-CV-2061-H (BGS)

**ORDER:**

**(1) GRANTING  
DEFENDANT’S MOTION  
FOR PARTIAL SUMMARY  
JUDGMENT OF ITS  
ABSOLUTE INTERVENING  
RIGHTS DEFENSE; AND**

[Doc. No. 212.]

**(2) GRANTING IN PART AND  
DENYING IN PART  
PLAINTIFF’S MOTION TO  
DISMISS**

[Doc. No. 208.]

On January 12, 2016, Plaintiff Presidio Components, Inc. filed a motion to dismiss Defendant American Technical Ceramics Corp.’s affirmative defense of absolute and equitable intervening rights and ATC’s affirmative defense and counterclaim for inequitable conduct. (Doc. No. 208.) On January 15, 2016, ATC filed a motion for partial summary judgment of its affirmative defense of absolute intervening rights. (Doc. No. 212.) On January 26, 2016, ATC filed an opposition to Presidio’s motion to dismiss. (Doc. No. 221.) On January 29, 2016, Presidio filed an

1 opposition to ATC’s motion for summary judgment. (Doc. No. 222.) On February 2,  
2 2016, Presidio filed a reply in support of its motion to dismiss. (Doc. No. 226.) On  
3 February 4, 2016, ATC filed a reply in support of its motion for summary judgment.  
4 (Doc. No. 227.) The Court held a hearing on the matter on February 9, 2016. Brett A.  
5 Schatz and Gregory F. Ahrens appeared for Presidio. Marvin S. Gittes and Peter F.  
6 Snell appeared for ATC. For the reasons below, the Court grants ATC’s motion for  
7 summary judgment and grants in part and denies in part Presidio’s motion to dismiss.

### 8 **Background**

9 On September 2, 2014, Presidio filed the present action against ATC alleging that  
10 ATC’s 550 line of ceramic capacitors infringes claims 1, 3, 5, 16, 18, and 19 of U.S.  
11 Patent No. 6,816,356. (Doc. No. 1.)

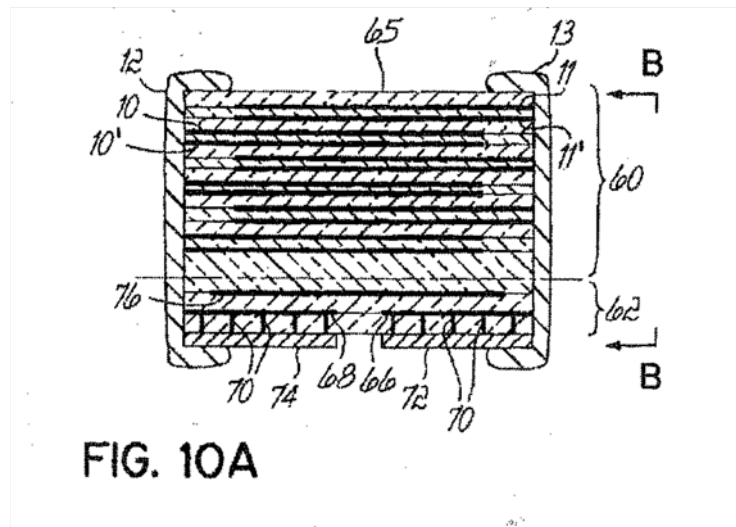
#### 12 **I. The ’356 Patent**

13 The ’356 patent is entitled “Integrated Broadband Ceramic Capacitor Array.”  
14 U.S. Patent No. 6,816,356 B2, at 1:1-2 (filed Apr. 14, 2003). A capacitor is a passive  
15 electrical component that stores and releases energy and is used in a variety of electrical  
16 devices. Presidio Components, Inc. v. American Technical Ceramics Corp., 702 F.3d  
17 1351, 1355 (Fed. Cir. 2012). Generally, a capacitor comprises two parallel metal plates  
18 separated by a non-conductive material such as ceramic or air, known as a dielectric.  
19 Id. When a capacitor is connected to a power source, electricity passes through the  
20 metal plates, but not the dielectric, causing a positive charge to accumulate on one plate  
21 and a negative charge on the other. Id. “The capacitor may release this stored energy  
22 by connecting the two plates through a conductive path that closes the circuit.” Id.  
23 “The amount of energy a capacitor can store is its ‘capacitance.’” Id.

24 Multiple capacitors may be combined to create a “multilayer capacitor.” Id. A  
25 multilayer capacitor is made of several layers of conductive and non-conductive  
26 materials stacked together. Id. Each layer in the multilayer capacitor has its own  
27 electrical properties affecting the overall performance of the capacitor. Id.

28 The ’356 patent claims a multilayer capacitor design and teaches a multilayer

1 integrated network of capacitors electrically connected in series and in parallel. Id.;  
2 Presidio Components, Inc. v. American Technical Ceramics Corp., 723 F. Supp. 2d  
3 1284, 1289 (S.D. Cal. 2010), vacated on other grounds, 702 F.3d 1351 (Fed. Cir. 2012).  
4 This network of capacitors is disposed within a “substantially monolithic dielectric  
5 body,” as shown below in Figure 10A. Presidio, 702 F.3d at 1355. The claimed  
6 multilayer capacitor creates capacitance between the internal parallel plate combinations  
7 10 and 11 while simultaneously creating fringe-effect capacitance between the external  
8 contacts 72 and 74. Id.



18 At the time the complaint was filed in the present action, claim 1 of the '356  
19 patent – the only independent claim asserted by Presidio in this action – provided:

- 20 1. A capacitor comprising:
  - 21 a substantially monolithic dielectric body;
  - 22 a conductive first plate disposed within the dielectric body;
  - 23 a conductive second plate disposed within the dielectric body and forming  
24 a capacitor with the first plate;
  - 25 a conductive first contact disposed externally on the dielectric body and  
26 electrically connected to the first plate; and
  - 27 a conductive second contact disposed externally on the dielectric body and  
28 electrically connected to the second plate, and the second contact being  
located sufficiently close to the first contact to form a first fringe-effect  
capacitance with the first contact.

1 '356 Patent, at 12:58-13:5.<sup>1</sup>

2 **II. The Prior Action**

3 This case is not the first time that Presidio and ATC have litigated the '356  
4 patent. See Presidio Components, Inc. v. American Technical Ceramics Corp., No. 08-  
5 cv-335 (S.D. Cal. filed 2008). On February 21, 2008, Presidio filed a complaint against  
6 ATC asserting that ATC's 545L ceramic capacitor infringed the '356 patent.<sup>2</sup> (Case  
7 No. 08-cv-335, Doc. No. 1.)

8 On July 14, 2008, the district court in the prior action issued a claim construction  
9 order. (Case No. 08-cv-335-Doc. No. 24.) In its claim construction order, the court  
10 construed the claim term "the second contact being located sufficiently close to the first  
11 contact to form a first fringe-effect capacitance with the first contact" found in claim  
12 1 of the '356 patent to mean "an end of the first conductive contact and an end of the  
13 second conductive contact are positioned in an edge-to-edge relationship in such  
14 proximity as to form a determinable capacitance." (Id. at 14.) In so doing, the Court  
15 adopted ATC's proposed construction for this term. (Id. at 13-14.) The Court rejected  
16 Presidio's proposed construction, which required that the fringe-effect capacitance have  
17 an affect on the high frequency performance of the capacitor as a whole. (Id.) On July  
18 30, 2009, the court granted ATC's motion to resolve a dispute over claim scope related  
19 to the meaning of the phrase "determinable capacitance" as used in the court's claim  
20 construction for this term. (Case No. 08-cv-335-Doc. No. 194.) In that order, the court  
21 accepted ATC's proposed construction and held that the term "determinable  
22 capacitance" contained in the court's claim construction means "a capacity that is

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24 <sup>1</sup> On September 13, 2011, the United States Patent and Trademark Office issued a  
25 reexamination certificate for the '356 patent. (Doc. No. 170-1, FAC Ex. 1.) This  
26 reexamination certificate did not alter claim 1 of the '356 patent or any of the other claims at  
27 issue in the present action. (Id.)

28 <sup>2</sup> Presidio previously filed a complaint against ATC alleging infringement of the '356  
patent in Case No. 07-cv-893-IEG (NLS). (Case No. 07-cv-893-Docket No. 1.) That action  
was dismissed for lack of standing pursuant to a joint motion by the parties. (Case No. 07-cv-  
893-Doc. No. 66.)

1 capable of being determined in terms of a standard unit.” (Id. at 5.) The court rejected  
2 Presidio’s proposed construction that “determinable capacitance” means “the  
3 capacitance formed affects the insertion loss or data loss of the network or array of  
4 capacitors.” (Id. at 3-5.) “The Court has already determined that high frequency  
5 performance is not an aspect of claim one; therefore, reading an insertion loss effect  
6 into claim one is equally inappropriate.<sup>3</sup> (Id. at 4.)

7 Following an eight-day jury trial, the jury returned a verdict finding that ATC’s  
8 545L capacitor infringed claims 1-5, 16, 18, and 19 of the ’356 patent and that all of  
9 those claims were valid. (Case No. 08-cv-335-Doc. No. 298.) The jury awarded  
10 Presidio \$1,048,677 in lost profits damages. (Id. at 5.)

11 After the trial, ATC filed a motion for a new trial and for judgment as a matter  
12 of law. See Presidio, 723 F. Supp. 2d at 1288. In the motion, ATC argued that the ’356  
13 patent was invalid as a matter of law because, among other reasons, “there is nothing  
14 new about ‘fringe-effect capacitance’ because, according to the laws of physics, it is  
15 always present in multilayer capacitors wherever two conductive contacts are positioned  
16 in an edge-to-edge relationship. Thus, one can always use the universally known  
17 equation of  $C=kA/d$  to measure the capacitance, no matter how small.” Presidio, 723  
18 F. Supp. 2d at 1295. The district court rejected this argument, explaining:

19 [T]here was substantial evidence before the jury to conclude that  
20 “fringe-effect capacitance” is not always present—i.e., that it is not always  
21 determinable or “capable of being determined in terms of a standard unit”  
22 as required by the Court’s claim construction. For example, Dr. Huebner  
23 testified that in order to demonstrate whether this claim limitation is met,  
one could and should analyze the thickness of the external contacts, the  
separation distance, and the dielectric. Likewise, Dr. Ewell testified that  
even if fringe-effect capacitance is always present, such capacitance is not  
always determinable.

24 Id. (citations omitted) (citing Trial Tr. Day 4, at 77:14-85:7, Day 7, at 108:18-109:9).

25 ATC also challenged the jury’s infringement verdict, arguing that there was

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27 <sup>3</sup> The prior court noted that Presidio admitted that “‘insertion loss’ is ‘a property critical  
28 to and very specific to high frequency performance.’” (08-cv-335-Doc. No. 194 at 4.)

1 insufficient evidence to demonstrate that the 545L capacitor had a “fringe-effect  
2 capacitance.” Id. at 1322. The district court rejected this argument and found that the  
3 testimony from Dr. Huebner, Presidio’s infringement expert, provided sufficient  
4 evidence for the jury to determine that this claim limitation had been met. Id. (See also  
5 Case No. 08-cv-335, Doc. No. 320 at 19-23.) The court noted: “Dr. Huebner testified  
6 that he took detailed micrographs of the 545L capacitor, and that he also measured a  
7 determinable fringe-effect capacitance in the 545L capacitor by using the  $C=kA/d$   
8 formula and inputting the actual thickness of the external contact, the actual separation  
9 distance, and a lower and upper boundary for what the dielectric constant might be.”  
10 Presidio, 723 F. Supp. 2d at 1322 (citing Trial Tr. Day 4, at 120:24-121:24).

11 After addressing post-trial motions, on October 26, 2010, the prior court entered  
12 judgment in favor of Presidio and against ATC. (Case No. 08-cv-335, Doc. No. 387.)  
13 On December 19, 2012, the Federal Circuit affirmed the district court’s order denying  
14 ATC’s motion for a new trial and for judgment as a matter of law. See Presidio, 702  
15 F.3d at 1358-62.

### 16 **III. The Present Action and the 2015 Reexamination Proceedings**

17 On September 2, 2014, Presidio filed the present action against ATC. (Doc. No.  
18 1.) On December 30, 2014, ATC filed a request with the PTO for an ex parte  
19 reexamination of claims 1, 3, 5, 16, 18, 19, 35, 37, 39, 50, 52, and 53 of the ’356 patent.  
20 (Doc. No. 212-2, Slonim Decl. Ex. 6.) In the request, ATC argued that these claims are  
21 invalid in light of the prior art reference the AVX MLC Catalog. (Id. at 3, 51-92.)  
22 Specifically, ATC argued that the AVX MLC Catalog reference anticipates all of the  
23 challenged claims, and that the AVX MLC Catalog reference when combined with the  
24 Ceramic Capacitor Technology reference renders the claims obvious. (Id. at 61, 63-64.)  
25 In contending that the AVX MLC Catalog reference discloses a multilayer ceramic  
26 capacitor having a fringe-effect capacitance between the capacitor contacts, ATC  
27 argued that the AVX MLC Catalog discloses detailed capacitor dimensions and  
28

1 dielectric properties that would allow one to determine the fringe-effect capacitance  
2 between the contacts in the MLC using the  $C=kA/d$  formula.<sup>4</sup> (See id. at 25-27, 56-60.)  
3 In making this argument, ATC noted this method of determining fringe-effect  
4 capacitance was the same method used by Presidio’s expert, Dr. Huebner, during the  
5 prior district court litigation. (Id. at 25, 56 (citing to Dr. Hubener’s Trial Testimony on  
6 Day 4 at 120-21).) On February 27, 2015, the PTO determined that ATC’s request  
7 raised a substantial new question of patentability as to the challenged claims, granted  
8 ATC’s request, and instituted Reexamination No. 90/013,421. (Id. Ex. 7.)

9 While the reexamination proceedings were ongoing, on July 22, 2015, the Court  
10 issued a claim construction order. (Doc. No. 103.) In the order, the Court construed  
11 the term “the second contact being located sufficiently close to the first contact to form  
12 a first fringe-effect capacitance with the first contact” consistent with the prior court’s  
13 construction. (Id. at 13.) The Court construed the term to mean “an end of the first  
14 conductive contact and an end of the second conductive contact are positioned in an  
15 edge-to-edge relationship in such proximity as to form a capacitance that is capable of  
16 being determined in terms of a standard unit.” (Id.)

17 On August 27, 2015, the PTO issued a final action in the reexamination  
18 proceedings rejecting the claims at issue as anticipated by the AVX MLC Catalog  
19 reference, and in the alternative, as obvious over the AVX MLC Catalog reference in  
20 view of the Ceramic Capacitor Technology reference. (Id. Ex. 8.) In the final action,  
21 the examiner performed a claim construction under the “broadest reasonable  
22 interpretation” standard and rejected the patentee’s contention that the claim term “the  
23 second contact being located sufficiently close to the first contact to form a first fringe-  
24 effect capacitance with the first contact” requires a determinable fringe-effect  
25 capacitance. (Id. at 5, 11, 15-18.) The examiner concluded that the claim term simply

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27 <sup>4</sup> ATC also argued that the fringe-effect capacitance could be determined using a  
28 different “more detailed equation.” (Doc. No. 212-2, Slonim Decl. Ex. 6 at 56, 59-60.)

1 means that “the contacts are in such proximity that a fringe-effect capacitance,  
2 regardless of magnitude, is generated between the contacts.” (Id. at 18; see also id. at  
3 16 (citing testimony from Presidio’s expert and stating that “there is nothing in the  
4 claim language requiring a specific magnitude of fringe-effect capacitance”); id. (“[T]he  
5 claim language requires only the existence of fringe-effect capacitance between the first  
6 and second contacts.” (underlining removed)).) The examiner then concluded that the  
7 AVX MLC Catalog satisfied this claim term. (Id. at 25-26.) Further, the examiner  
8 noted that even if the claim language required a “determinable” fringe-effect  
9 capacitance as urged by the patentee, the existence of such a fringe-effect capacitance  
10 in the prior art can be derived using the mathematical equations set forth in ATC’s  
11 request, including the  $C=kA/d$  formula. (Id. at 6-11, 18-19 (citing testimony from  
12 Presidio’s expert regarding the  $C=kA/d$  formula); see also id. at 25-26 (citing to the  
13 “detailed discussion of the calculation of actual fringe-effect capacitance between the  
14 disclosed first and second contacts based upon disclosed dimensions of the dielectric  
15 body and contacts, as recited in the Request”).).

16 On September 8, 2015, the patent owner and his counsel met with the examiner  
17 for an interview to discuss claim 1 of the ’356 patent. (Doc. No. 212-2, Slonim Decl.  
18 Ex. 1.) On September 15, 2015, the PTO issued a summary of the interview. (Id.) The  
19 summary stated that the patentee attempted to point out the differences between the  
20 invention and the prior art by specifically focusing on the performance differences  
21 between the two, as illustrated in Figures 21A and 21B of the ’356 patent. (Id.; see also  
22 id. Ex. 2 at 12 (patentee arguing that the “[t]he specification shows that the effects of  
23 a capacitance formed according to the invention can be shown by measurement, such  
24 as is done in the measurements of insertion loss referenced Figs. 21A and 21B”).)

25 The patentee also discussed the examiner’s interpretation of the claim term “the  
26 second contact being located sufficiently close to the first contact to form a first  
27 fringe-effect capacitance with the first contact.” (Doc. No. 212-2, Slonim Decl. Ex. 1.)  
28



1 The patent owner contended that this claim term when read in light of the specification  
2 required more than a fringe-effect capacitance of only a negligible magnitude. (Id.; see  
3 also id. Ex. 2 at 14 (“[T]he claim does not encompass negligible capacitances which are  
4 not measureable such in the manner shown in Figs 21A and 21B, even though such  
5 capacitances may be theoretically always present.”).)

6 The examiner reiterated to the patentee that “the claim language fails to require  
7 any specific magnitude of fringe-effect capacitance, and thus requires only that a  
8 fringe-effect capacitance of ‘some’ magnitude is ‘formed’.” (Doc. No. 212-2, Slonim  
9 Decl. Ex. 1.) The examiner then addressed the district court’s claim construction for  
10 this term – requiring that the fringe-effect capacitance be “determinable in terms of a  
11 standard unit.” (Id.) The examiner explained that with respect to the “determinable”  
12 language, “as stated in the last Office action . . . if a parralel-plate [*sic*] capacitance can  
13 be calculated, and it is well known in the art that all parallel plate capacitors have some  
14 fringing fields and thus necessarily have some fringe-effect capacitance present, that  
15 this would constitute a ‘determination’ of fringe-effect capacitance.” (Id.) The  
16 examiner said that there was also a discussion regarding whether “determinable” means  
17 that a change in the high-frequency performance is required, but noted that the issue  
18 was moot because the language was not currently included in the claims. (Id.) Finally,  
19 with respect to the language “in terms of a standard unit,” the examiner explained that  
20 it was unclear at that time why that language was incorporated into the district court’s  
21 claim construction, and how that language helps distinguish the invention from the prior  
22 art. (Id.) At the conclusion of the interview, the patentee expressed an intention to  
23 amend the claims to include language making explicit the interpretation of the claims  
24 that the district court used during the litigation. (Id.)

25 On October 27, 2015, the patentee filed with the PTO an amendment after final  
26 action under 37 C.F.R. § 1.116. (Doc. No. 212-2, Slonim Decl., Ex. 2.) In the filing,  
27 the patent owner proposed amending the last limitation in claim 1 to read: “the second  
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1 contact being located sufficiently close to the first contact in an edge to edge  
2 relationship in such proximity as to form a fringe-effect capacitance with the first  
3 contact that is capable of being determined by measurement in terms of a standard unit.”  
4 (Id. at 2 (underlining in original).) The patentee stated that it was making the  
5 amendments “to incorporate and make explicit the interpretation of the independent  
6 claims that was established in litigation by the Court.” (Id. at 15.) The patentee stated  
7 that by adding language requiring that the fringe-effect capacitance be “capable of being  
8 determined by measurement,” the claim now clarifies that the fringe-effect capacitance  
9 “cannot be negligible or merely theoretically present, i.e., it is not just a capacitance that  
10 is merely ‘derivable’ or ‘calculatable’ which cannot be determined to exist other than  
11 in theory or simulation.” (Id. at 16 (underlining in original); see also id. (“[T]he use of  
12 measurement is shown in Figs. 21A and 21B as the means for determining the existence  
13 of a non-negligible capacitance from the structure of a device.”).) The patentee then  
14 asserted that the Examiner’s rejections should be withdrawn in light of the amendments,  
15 because the rejections based on the prior art “are not supported by any measurement,  
16 and are presented only by way of theoretical computations.” (Id. at 18 (“The  
17 reexamination request submitted by [ATC] relies entirely upon theoretical calculation  
18 of the existence of fringe effect capacitance, and provides no measurements to prove  
19 or demonstrate that capacitance.”).)

20 On November 18, 2015, the PTO issued a Notice of Intent to Issue Ex Parte  
21 Reexamination Certificate. (Doc. No. 212-2, Slonim Decl. Ex. 11.) In the Notice, the  
22 examiner provided the following statement of reasons for patentability as to the  
23 amended claims:

24 Independent claims 1 and 35 are drawn to a capacitor structure  
25 comprising a series of conductive plates disposed within a monolithic  
26 dielectric body and electrically connected to first and second contacts  
27 disposed externally on the dielectric body. The claims have been amended  
28 to require that the first and second contacts are located sufficiently close  
in an edge-to-edge relationship in such proximity to form a fringe-effect  
capacitance that is capable of being determined by measurement in terms

1        of a standard unit, a feature that the prior art of record fails to disclose.

2        (Id. at 4-5 (underlining in original).)

3        On December 8, 2015, the PTO issued a reexamination certificate for the '356  
4 patent containing the amended claims. (Id. Ex. 12.) Claim 1 of the '356 patent was  
5 amended as follows:

6            1. A capacitor comprising:

7            a substantially monolithic dielectric body;

8            a conductive first plate disposed within the dielectric body;

9            a conductive second plate disposed within the dielectric body and forming  
10 a capacitor with the first plate;

11           a conductive first contact disposed externally on the dielectric body and  
electrically connected to the first plate; and

12           a conductive second contact disposed externally on the dielectric body and  
13 electrically connected to the second plate, and the second contact being  
14 located sufficiently close to the first contact *in an edge to edge  
relationship in such proximity* as to form a first fringe-effect capacitance  
15 with the first contact *that is capable of being determined by measurement  
in terms of a standard unit.*

16 U.S. Patent No. 6,816,356 C2, at 1:23-36 (Reexamination Certificate filed Dec. 8, 2015)  
17 (emphasis in original).<sup>5</sup>

18        On December 22, 2015, Presidio filed a first amended complaint, alleging that  
19 ATC's 550 line of capacitors infringes claims 1, 3, 5, 16, 18, and 19 of the '356 patent  
20 as amended by the December 8, 2015 reexamination certificate. (Doc. No. 170, FAC.)

21        On December 22, 2015, ATC filed a second amended answer and counterclaims to the  
22 first amended complaint, adding an affirmative defense for absolute and equitable  
23 intervening rights and an affirmative defense and counterclaim for unenforceability due  
24 to inequitable conduct. (Doc. No. 171.) By the present motion, Presidio moves  
25 pursuant to Federal Rule of Civil Procedure 12(b)(6) to dismiss ATC's intervening

26 \_\_\_\_\_  
27        <sup>5</sup> The reexamination certificate provides: “[M]atter printed in italics indicates additions  
28 made to the patent.” '356 Patent, at 1:9-10 (Reexamination Certificate filed Dec. 8, 2015).

1 rights affirmative defense and ATC’s inequitable conduct affirmative  
2 defense/counterclaim for failure to state a claim.<sup>6</sup> (Doc. No. 208.) In addition, ATC  
3 moves for summary judgment of its affirmative defense of absolute intervening rights.<sup>7</sup>  
4 (Doc. No. 212.)

## 5 Discussion

### 6 **I. Legal Standard for a Rule 12(b)(6) Motion to Dismiss**

7 A motion to dismiss under Federal Rule of Civil Procedure 12(b)(6) tests the  
8 legal sufficiency of the pleadings and allows a court to dismiss a complaint if the  
9 plaintiff has failed to state a claim upon which relief can be granted. See Conservation  
10 Force v. Salazar, 646 F.3d 1240, 1241 (9th Cir. 2011). Federal Rule of Civil Procedure  
11 8(a)(2) requires that a pleading stating a claim for relief contain “a short and plain  
12 statement of the claim showing that the pleader is entitled to relief.” The function of  
13 this pleading requirement is to “give the defendant fair notice of what the . . . claim is  
14 and the grounds upon which it rests.” Bell Atl. Corp. v. Twombly, 550 U.S. 544, 555  
15 (2007).

16 A complaint will survive a motion to dismiss if it contains “enough facts to state

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18 <sup>6</sup> ATC argues that Presidio’s motion to dismiss its inequitable conduct counterclaim is  
19 untimely because it was filed after Presidio filed its answer to the counterclaim. (Doc. No. 221  
20 at 3-4.) In support of this contention, ATC relies on Federal Rule of Civil Procedure 12(b)  
which provides: “A motion asserting any of these defenses [under Rules 12(b)(1)-(7)] must be  
made before pleading if a responsive pleading is allowed.”

21 But, Federal Rule of Civil Procedure 6(b)(1) provides that “[w]hen an act may or must  
22 be done within a specified time, the court may, for good cause, extend the time.” On January  
23 4, 2016, the day before Presidio filed its answer to the counterclaim, Presidio requested that  
the Court’s schedule in this case be modified to allow it to file the present motion to dismiss.  
24 (Doc. No. 196.) Presidio attached the present motion to dismiss to that request. (Doc. No.  
196-1.) On January 11, 2016, the Court issued an amended scheduling order, ordering that  
25 Presidio must file its motion to dismiss by January 12, 2016. (Doc. No. 207 at 2.) On January  
12, 2016, Presidio filed the present motion to dismiss. (Doc. No. 208.) Accordingly, the  
present motion to dismiss is timely.

26 <sup>7</sup> In its motion, ATC clarifies that it is only moving for summary judgment with respect  
27 to its affirmative defense of absolute intervening rights. ATC states that it is not moving for  
summary judgment of its affirmative defense of equitable intervening rights because that  
28 defense involves underlying issues of fact. (Doc. No. 212-1 at 2 n.3.)

1 a claim to relief that is plausible on its face.” Twombly, 550 U.S. at 570. “A claim has  
2 facial plausibility when the plaintiff pleads factual content that allows the court to draw  
3 the reasonable inference that the defendant is liable for the misconduct alleged.”  
4 Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009). “A pleading that offers ‘labels and  
5 conclusions’ or ‘a formulaic recitation of the elements of a cause of action will not do.’”  
6 Id. (quoting Twombly, 550 U.S. at 555). “Nor does a complaint suffice if it tenders  
7 ‘naked assertion[s]’ devoid of ‘further factual enhancement.’” Id. (quoting Twombly,  
8 550 U.S. at 557). Accordingly, dismissal for failure to state a claim is proper where the  
9 claim “lacks a cognizable legal theory or sufficient facts to support a cognizable legal  
10 theory.” Mendiondo v. Centinela Hosp. Med. Ctr., 521 F.3d 1097, 1104 (9th Cir.  
11 2008).

12 In reviewing a Rule 12(b)(6) motion to dismiss, a district court must accept as  
13 true all facts alleged in the complaint, and draw all reasonable inferences in favor of the  
14 plaintiff. See Retail Prop. Trust v. United Bhd. of Carpenters & Joiners of Am., 768  
15 F.3d 938, 945 (9th Cir. 2014). But, a court need not accept “legal conclusions” as true.  
16 Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009). Further, it is improper for a court to  
17 assume the plaintiff “can prove facts which it has not alleged or that the defendants  
18 have violated the . . . laws in ways that have not been alleged.” Associated Gen.  
19 Contractors of Cal., Inc. v. Cal. State Council of Carpenters, 459 U.S. 519, 526 (1983).  
20 In addition, a court may consider documents incorporated into the complaint by  
21 reference and items that are proper subjects of judicial notice. See Coto Settlement v.  
22 Eisenberg, 593 F.3d 1031, 1038 (9th Cir. 2010)

23 If the court dismisses a complaint for failure to state a claim, it must then  
24 determine whether to grant leave to amend. See Doe v. United States, 58 F.3d 494, 497  
25 (9th Cir. 1995). “‘A district court may deny a plaintiff leave to amend if it determines  
26 that ‘allegation of other facts consistent with the challenged pleading could not possibly  
27 cure the deficiency,’ or if the plaintiff had several opportunities to amend its complaint  
28

1 and repeatedly failed to cure deficiencies.” Telesaurus VPC, LLC v. Power, 623 F.3d  
2 998, 1003 (9th Cir. 2010) (internal quotation marks and citations omitted).

## 3 **II. Legal Standards for Motion for Summary Judgment**

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

17 A party seeking summary judgment always bears the initial burden of  
18 establishing the absence of a genuine issue of material fact. Celotex, 477 U.S. at 323.  
19 The moving party can satisfy this burden in two ways: (1) by presenting evidence that  
20 negates an essential element of the nonmoving party’s case; or (2) by demonstrating  
21 that the nonmoving party failed to establish an essential element of the nonmoving  
22 party’s case that the nonmoving party bears the burden of proving at trial. Id. at 322-  
23 23; Jones v. Williams, 791 F.3d 1023, 1030 (9th Cir. 2015). Once the moving party  
24 establishes the absence of a genuine issue of material fact, the burden shifts to the  
25 nonmoving party to “set forth, by affidavit or as otherwise provided in Rule 56,  
26 ‘specific facts showing that there is a genuine issue for trial.’” T.W. Elec. Serv., 809  
27 F.2d at 630 (quoting former Fed. R. Civ. P. 56(e)); accord Horphag Research Ltd. v.  
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1 Garcia, 475 F.3d 1029, 1035 (9th Cir. 2007). To carry this burden, the non-moving  
2 party “may not rest upon mere allegation or denials of his pleadings.” Anderson, 477  
3 U.S. at 256; see also Behrens v. Pelletier, 516 U.S. 299, 309 (1996) (“On summary  
4 judgment, . . . the plaintiff can no longer rest on the pleadings.”). Rather, the non-  
5 moving party “must present affirmative evidence . . . from which a jury might return a  
6 verdict in his favor.” Anderson, 477 U.S. at 256

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

### 14 **III. Intervening Rights**

#### 15 **A. Legal Standards**

16 The doctrine of intervening rights was developed by courts to remedy the  
17 potential injustice “where a third party, having already begun to make, use, or sell a  
18 given article, finds its previously lawful activities rendered newly infringing under a  
19 modified patent.” Marine Polymer Techs., Inc. v. HemCon, Inc., 672 F.3d 1350, 1361  
20 (Fed. Cir. 2012) (en banc). The Supreme Court determined that in such situations, the  
21 accused infringer should be deemed to have “acquired at least a right to continue to use  
22 the [articles] as if it held a license therefor under the reissued patent.” Id. (quoting  
23 Sontag Chain Stores Co. v. Nat’l Nut Co., 310 U.S. 281, 294-95 (1940)). There are two  
24 types of intervening rights “(1) intervening rights that abrogate liability for infringing  
25 claims added to or modified from the original patent if the accused products were made  
26 or used before the reissue, often referred to as absolute intervening rights; and (2)  
27 intervening rights that apply as a matter of judicial discretion to mitigate liability for  
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1 infringing such claims even as to products made or used after the reissue if the accused  
2 infringer made substantial preparations for the infringing activities prior to reissue,  
3 often referred to as equitable intervening rights.” Marine Polymer, 672 F.3d at 1361-62  
4 (citing 35 U.S.C. § 252). “Intervening rights do not accrue . . . where the accused  
5 product or activity infringes a claim that existed in the original patent and remains  
6 ‘without substantive change’ after reissue.” Id. at 1362.

7       The Federal Circuit has explained that when a patent emerges from reexamination  
8 proceedings, any “amended or new” claims in the reexamined patent are potentially  
9 susceptible to intervening rights. Marine Polymer, 672 F.3d at 1362 (citing 35 U.S.C.  
10 §§ 307(b), 316(b)); see also id. at 1363 (“[O]nly ‘amended or new’ claims incorporated  
11 into a patent during reexamination . . . will be susceptible to intervening rights.”). Thus,  
12 “[a] patentee of a patent that survives reexamination is only entitled to infringement  
13 damages for the time period between the date of issuance of the original claims and the  
14 date of issuance of the reexamined claims if the original and the reexamined claims are  
15 ‘substantially identical.’” R+L Carriers, Inc. v. Qualcomm, Inc., 801 F.3d 1346, 1349  
16 (Fed. Cir. 2015) (quoting 35 U.S.C. § 252). “If, on the other hand, a substantive change  
17 has been made to the original claims during reexamination, the patentee is entitled to  
18 infringement damages only for the time period following issuance of the reexamination  
19 certificate.” Id.

20       The Federal Circuit has explained that “a claim amendment made during  
21 reexamination following a prior art rejection is not *per se* a substantive change.”  
22 Laitram Corp. v. NEC Corp., 163 F.3d 1342, 1347 (Fed. Cir. 1998). But, the Federal  
23 Circuit has also noted that “it is difficult to conceive of many situations in which the  
24 scope of a rejected claim that became allowable when amended is not substantively  
25 changed by the amendment.” Id. at 1348. “To determine whether substantive changes  
26 have been made, [a court] consider[s] ‘whether the *scope* of the claims are identical, not  
27 merely whether different words are used.’” R+L Carriers, 801 F.3d at 1349 (emphasis  
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1 in original) (quoting Laitram, 163 F.3d at 1346); see also Bloom Eng'g Co. v. N. Am.  
2 Mfg. Co., 129 F.3d 1247, 1250 (Fed. Cir. 1997) (“‘Identical’ does not mean  
3 verbatim.”).

4 A court determines the scope of the claims at issue using “a normal claim  
5 construction analysis.” R+L Carriers, 801 F.3d at 1350. Thus, the Court interprets the  
6 claims in light of “‘the prior art, the prosecution history, other claims, and any other  
7 pertinent information.’” Westvaco Corp. v. Int’l Paper Co., 991 F.2d 735, 742 (Fed.  
8 Cir. 1993) (quoting Laitram Corp. v. NEC Corp., 952 F.2d 1357, 1361 (Fed. Cir.  
9 1991)); see also Phillips v. AWH Corp., 415 F.3d 1303, 1314 (Fed. Cir. 2005) (en banc)  
10 (explaining that in construing a claim term a court may consider “‘the words of the  
11 claims themselves, the remainder of the specification, the prosecution history, and  
12 extrinsic evidence’”). Because a district court’s determination as to the scope of the  
13 claims is a matter of claim construction, a district court’s ultimate conclusion regarding  
14 the scope of the claims at issue is a question of law.<sup>8</sup> See R+L Carriers, 801 F.3d at  
15 1350-51; see also Teva Pharm. USA, Inc. v. Sandoz, Inc., 135 S. Ct. 831, 838 (2015)  
16 (“[T]he ultimate issue of the proper construction of a claim should be treated as a  
17 question of law.”).

18 B. ATC’s Motion for Summary Judgment of Absolute Intervening Rights

19 ATC argues that it is entitled to summary judgment of its affirmative defense of  
20 absolute intervening rights because the amendments to claim 1 of the ’356 patent  
21 contained in the December 8, 2015 reexamination certificate narrowed the scope of the  
22 asserted claims to overcome a final rejection based on prior art. (Doc. No. 212-1 at 1.)  
23 Specifically, ATC argues that prior to the amendments, under the district court’s claim  
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25 <sup>8</sup> At the hearing, both parties agreed that Court’s evaluation of the scope of the claims  
26 at issue in this case is a purely legal determination; the Court is not required to engage in any  
27 underlying fact finding. Cf. CardSoft, (assignment for the Benefit of Creditors), LLC v.  
28 VeriFone, Inc., 807 F.3d 1346, 1349 (Fed. Cir. 2015) (explaining that a district court’s  
interpretation of patent claims does not always involve resolving factual disputes over evidence  
extrinsic to the patent).

1 construction, fringe-effect capacitance could be proven by, among other methods,  
2 observation and theoretical calculation – for example, the method that was used by  
3 Presidio to prove infringement in Case No. 08-cv-335. (Id. at 5-6, 12, 21-22.) By  
4 adding the phrase “by measurement” to claim 1, ATC asserts that the scope of claim 1  
5 was narrowed to now only claim a fringe-effect capacitance that can be measured by  
6 instruments, excluding capacitances that are determinable merely through observation  
7 and theoretical calculation. (Id. at 10, 12-13, 19-20.)

8 In response, Presidio argues that ATC’s motion should be denied because the  
9 scope of the asserted claims never changed during the reexamination proceedings that  
10 resulted in the December 8, 2015 reexamination certificate. (Doc. No. 222 at 18-19.)  
11 Presidio argues that determining the fringe-effect capacitance by observation and  
12 theoretical calculation was never within the scope of the original claims. (Id. at 2.)  
13 Presidio further argues that the amendments to the asserted claims merely added  
14 additional language to make the scope of the claims in the reexamination proceedings  
15 the same as the scope of the claims under this Court’s and the prior district court’s claim  
16 constructions, which was necessary for Presidio to do because the PTO uses a different  
17 claim construction standard. (Id. at 10-16, 19-20.)

18 After reviewing the ’356 patent, the reexamination certificates, and the record in  
19 the present action, the 08-cv-335 action, and the reexamination proceedings, the Court  
20 concludes that Presidio’s amendments to claim 1 of the ’356 patent narrowed the scope  
21 of that claim and its dependent claims. In reaching this conclusion, the Court begins  
22 by evaluating the scope of claim 1 as amended in the December 8, 2015 reexamination  
23 certificate.

24 Prior to the patentee submitting the amendments at issue, the PTO issued a final  
25 rejection finding the asserted claims of the ’356 patent anticipated by the AVX MLC  
26 Catalog prior art reference. (Doc. No. 212-2, Slonim Decl. Ex. 8 at 20.) In finding that  
27 the prior art reference satisfied the limitations in the asserted claims, the examiner noted  
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1 that the “the claim language requires only the existence of fringe-effect capacitance  
2 between the first and second contacts.” (Id. at 16; accord id. at 11.) The examiner  
3 further noted that even if the claim language required a “determinable” fringe-effect  
4 capacitance as urged by the patentee, the existence of such a fringe-effect capacitance  
5 could be derived from the capacitor disclosed in the prior art reference using the  
6 mathematical equations set forth in ATC’s request, including the  $C=kA/d$  formula. (Id.  
7 at 6-11, 18-19, 25-26 (citing testimony from Presidio’s expert regarding the  $C=kA/d$   
8 formula).)

9 In amending claim 1 of the ’356 patent, the patentee added language requiring  
10 that the fringe-effect capacitance be “capable of being determined by measurement.”  
11 ’356 Patent, at 1:35-36 (Reexam Certificate filed Dec. 8, 2015). In its filing with the  
12 PTO, the patentee stated unequivocally that by adding the “by measurement” language,  
13 it was clarifying that “the [claimed] fringe effect capacitance cannot be negligible or  
14 merely theoretically present, i.e., it is not just a capacitance that is merely ‘derivable’  
15 or ‘calculatable’ which cannot be determined to exist other than in theory or  
16 simulation.” (Doc. No. 212-2, Slonim Decl. Ex. 2 at 16.) The patentee further stated  
17 that the amended claim language excludes determinations of fringe-effect capacitance  
18 that “rel[y] entirely upon theoretical calculation,” (id. at 18); and it excludes “negligible  
19 capacitances which are not measurable such as in the manner shown in Figs. 21A and  
20 21B,” (id. at 14). The patentee then argued that the examiner’s rejections should be  
21 withdrawn in light of the amendments because the rejections “are not supported by any  
22 measurement, and are presented only by way of theoretical computations.” (Id. at 18  
23 (“The reexamination request submitted by [ATC] relies entirely upon theoretical  
24 calculation of the existence of fringe effect capacitance, and provides no measurements  
25 to prove or demonstrate that capacitance.”).) In making these statements, the patentee  
26 was clearly characterizing the amended claims in a way to try and overcome the  
27 examiner’s rejection based on the AVX MLC Catalog prior art reference. Therefore,  
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1 these statements made by the patentee to the PTO constitute a clear and unmistakable  
2 disavowal of claim scope. See Computer Docking Station Corp. v. Dell, Inc., 519 F.3d  
3 1366, 1374 (Fed. Cir. 2008) (“‘[A] patentee may limit the meaning of a claim term by  
4 making a clear and unmistakable disavowal of scope during prosecution.’ A patentee  
5 could do so, for example, by clearly characterizing the invention in a way to try to  
6 overcome rejections based on prior art.”); accord Cordis Corp. v. Medtronic Ave, Inc.,  
7 511 F.3d 1157, 1177 (Fed. Cir. 2008); see also Grober v. Mako Products, Inc., 686 F.3d  
8 1335, 1341 (Fed. Cir. 2012) (explaining that the doctrine of prosecution disclaimer  
9 applies to statements made during reexamination proceedings). Thus, in light of the  
10 patentee’s disclaimer, it is clear that the scope of the asserted claims as amended by the  
11 December 8, 2015 reexamination certificate requires a fringe-effect capacitance that is  
12 actually measurable such as in the manner shown in Figs. 21A and 21B of the ’356  
13 patent. A fringe-effect capacitance that is negligible or merely theoretically present,  
14 i.e., a capacitance that is merely “derivable” or “calculatable” by using theoretical  
15 calculations or simulations, is outside the scope of the amended claims.

16 Turning to the scope of the original claims, the claim language and specification  
17 of the ’356 patent and the record in the prior proceedings shows that a fringe-effect  
18 capacitance that is “derivable” or “calculatable” by using theoretical calculations is in  
19 at least some circumstances within the scope of the original claims. The Court begins  
20 by reviewing the prior district court’s claim construction for the original claims. Cf.  
21 Thermalloy, Inc. v. Aavid Eng’g, Inc., 121 F.3d 691, 692 (Fed. Cir. 1997) (“[T]his court  
22 reviews the district court’s construction of both the original and reexamined claims to  
23 discern any change in claim scope.”). In its original claim construction order, the prior  
24 court construed the claim term “the second contact being located sufficiently close to  
25 the first contact to form a first fringe-effect capacitance with the first contact” to mean  
26 “an end of the first conductive contact and an end of the second conductive contact are  
27 positioned in an edge-to-edge relationship in such proximity as to form a determinable  
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1 capacitance.” (Case No. 08-cv-335, Doc. No. 24 at 14.) After a dispute arose between  
2 the parties over the scope of the phrase “determinable capacitance,” the prior court  
3 issued an order holding that the term “determinable capacitance” contained in its claim  
4 construction means “a capacity that is capable of being determined in terms of a  
5 standard unit.” (Case No. 08-cv-335, Doc. No. 194 at 5.) This Court then adopted a  
6 construction for this claim term that was consistent with the prior court’s construction.  
7 (Doc. No. 103 at 13.)

8 The Court first notes that under the claim construction rulings, not just any  
9 fringe-effect capacitance will satisfy this limitation. Rather, to satisfy the limitation, the  
10 fringe-effect capacitance between the external contact must be such that it is “capable  
11 of being determined in terms of a standard unit.” (Case No. 08-cv-335-Doc. No. 194  
12 at 5.) But, the claim construction rulings do not preclude the possibility that this  
13 limitation could be satisfied through the use of theoretical calculations. Under the plain  
14 language of this Court’s and the prior court’s claim constructions, if the fringe-effect  
15 capacitance at issue is such that it is capable of being determined in terms of a standard  
16 unit through theoretical calculations, then it satisfies this limitation.<sup>9</sup>

17 Further, a review of the prior litigation shows that this was consistent with both  
18 what the prior court and Presidio understood the scope of that limitation to be under the  
19 prior court’s claim constructions. At trial, Presidio’s infringement expert Dr. Huebner  
20 testified that he was able to determine the fringe-effect capacitance in the accused  
21 product by observing micrographs of the 545L capacitor to determine is relevant  
22 dimensions, such as its separation distance and the thickness of the external contacts,  
23 and then using the formula  $C=kA/d$  to determine the capacitance. (Doc. No. 212-2,  
24 Slonim Decl. Ex. 4 at 120-21.) In its post-trial motion, ATC challenged the jury’s

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26 <sup>9</sup> Indeed, the PTO came to a similar conclusion when it noted that even if it adopted a  
27 claim construction that required that the fringe-effect capacitance be “determinable,” the  
28 capacitance in the prior art reference could be calculated, i.e. determined, using the methods  
of calculation set forth in ATC’s request. (Doc. No 212-2, Slonim Decl. Ex. 8 at 6-11, 18-19.)

1 infringement verdict, arguing that there was insufficient evidence to demonstrate that  
2 the 545L capacitor had a “fringe-effect capacitance.” Presidio, 723 F. Supp. 2d at 1322.  
3 In opposing ATC’s post-trial motion, Presidio argued that there was sufficient evidence  
4 for the jury to find that this limitation had been met, specifically citing to the testimony  
5 from Dr. Huebner regarding his analysis of the micrographs of the 545L capacitor and  
6 his use of the  $C=kA/d$  formula. (Case No. 08-cv-335-Doc. No. 320 at 20-22.) In its  
7 order denying ATC’s motions, the prior court agreed with Presidio that Dr. Huebner’s  
8 testimony provided sufficient evidence for the jury to determine that the “fringe-effect  
9 capacitance” claim limitation had been met by the accused products. Presidio, 723 F.  
10 Supp. 2d at 1322. The prior court noted: “Dr. Huebner testified that he took detailed  
11 micrographs of the 545L capacitor, and that he also measured a determinable  
12 fringe-effect capacitance in the 545L capacitor by using the  $C=kA/d$  formula and  
13 inputting the actual thickness of the external contact, the actual separation distance, and  
14 a lower and upper boundary for what the dielectric constant might be.” Id. (citing Trial  
15 Tr. Day 4, at 120:24-121:24).

16 This method used by Dr. Huebner for calculating fringe-effect capacitance was  
17 the same method that was used by ATC in its request for ex parte reexamination in  
18 arguing that the AVX MLC Catalog prior art reference satisfied the “fringe-effect  
19 capacitance” claim limitation. (Slonim Decl. 212-2, Ex. 6 at 25-27, 56-60.) It was also  
20 the same method used by the PTO examiner in concluding that the AVX MLC Catalog  
21 anticipated the original claims. (Id., Ex. 8 at 6-10.) Indeed, the PTO examiner  
22 specifically cited to Dr. Huebner’s testimony from the prior trial regarding the  $C=kA/d$   
23 formula in reaching that conclusion. (Id. at 9.) And, it was the very same method that  
24 Presidio disclaimed from the scope of the amended claims. (Id. Ex. 2 at 16 (“[I]t is not  
25 just a capacitance that is merely ‘derivable’ or ‘calculatable’ which cannot be  
26 determined to exists other than in theory or simulation.”); id. at 18 (“The reexamination  
27 request submitted by [ATC] relies entirely upon theoretical calculation of the existence  
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1 of fringe effect capacitance . . . .”); id. (“[T]he Examiner’s asserted rejections should  
2 be withdrawn, since they . . . are presented only by way of theoretical computations.”).  
3 Accordingly, a review of the ’356 patent and the record in this case, the prior case, and  
4 the reexamination proceedings shows that the amendments contained in the December  
5 8, 2015 reexamination certificate narrowed the scope of the claims. Under the scope  
6 of the original claims, determining the fringe-effect capacitance through observation  
7 and theoretical calculation, such as Dr. Huebner’s method in the prior case, could  
8 satisfy the “fringe-effect capacitance” claim limitation. Under the scope of the amended  
9 claims, theoretical calculations are insufficient to satisfy that limitation. Thus, there  
10 was a substantive change in claim scope.<sup>10</sup>

11 Presidio argues that determining fringe-effect capacitance through the use of  
12 observation and theoretical calculations was never within the scope of the original  
13 claims. (Doc. No. 222 at 2.) In support of its contention, Presidio notes that in  
14 upholding the jury’s verdict as to the validity of the ’356 patent, the prior court rejected  
15 ATC’s argument that “there is nothing new about ‘fringe-effect capacitance’ because,

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16  
17 <sup>10</sup> Indeed, that there was a substantive change in claim scope is consistent with the fact  
18 that the examiner determined that the AVX MLC Catalog anticipated the original claims, but  
19 did not anticipate the amended claims. The Federal Circuit has explained, “in determining  
20 whether an amended claim is narrower, we determine whether there is any product or process  
21 that would infringe the original claim, but not infringe the amended claim.” R+L Carriers, 801  
22 F.3d at 1350. In other words, if there is a piece of prior art that anticipates the original claim,  
23 but does not anticipate the amended claims, then the amended claims are narrower than the  
24 original claims. See also Laitram, 163 F.3d at 1348 (“[I]t is difficult to conceive of many  
25 situations in which the scope of a rejected claim that became allowable when amended is not  
26 substantively changed by the amendment.”).

27 The Court notes that the PTO uses a different standard for claim construction than this  
28 Court does. See In re Morris, 127 F.3d 1048, 1053-54 (Fed. Cir. 1997) (explaining that the  
PTO is not required to interpret claims in the course of prosecution in same manner as courts  
are required to during infringement proceedings; the PTO can give claimed language its  
broadest reasonable interpretation). But, here the difference in claim construction standards  
makes no material difference. The PTO stated multiple times that even if its claim  
construction required that the fringe-effect capacitance be “determinable;” it could be  
determined through theoretical calculations. As explained above, determining the fringe-effect  
capacitance through observation and theoretical calculation, such as in the method used by Dr.  
Huebner in the prior case, was sufficient to satisfy the “determinable” requirement contained  
in this Court’s claim construction.

1 according to the laws of physics, it is always present in multilayer capacitors wherever  
2 two conductive contacts are positioned in an edge-to-edge relationship.” Presidio, 723  
3 F. Supp. 2d at 1295. (Doc. No. 222 at 4-9.) The prior court explained that there was  
4 ample evidence at trial for the jury to conclude that “fringe-effect capacitance” is not  
5 always “capable of being determined in terms of a standard unit” as required by the  
6 court’s claim construction. Presidio, 723 F. Supp. 2d at 1295. “For example, Dr.  
7 Huebner testified that in order to demonstrate whether this claim limitation is met, one  
8 could and should analyze the thickness of the external contacts, the separation distance,  
9 and the dielectric.” Id. (citing Trial Tr. Day 4, at 77:14-85:7).

10 This Court’s conclusion that the amended claims contained in the reexamination  
11 certificate are narrower in scope than the original claims is consistent with the prior  
12 court’s holding that there was sufficient evidence to support the jury’s verdict as to  
13 validity. In finding the evidence sufficient, the prior court held that the “fringe-effect  
14 capacitance” limitation could not be satisfied simply by the fact that under the law of  
15 physics, there is always some fringe-effect capacitance in multilayer capacitors  
16 whenever two conductive contacts are position in an edge-to-edge relationship. Rather,  
17 more was needed to satisfy this limitation, i.e., a showing that the fringe-effect  
18 capacitance was determinable in terms of a standard unit. Then, as example of evidence  
19 that would be sufficient to satisfy this limitation, the prior court referred to the method  
20 used by Dr. Huebner, which required an analysis of the thickness of the external  
21 contacts, the separation distance, and the dielectric. Presidio, 723 F. Supp. 2d at 1295.  
22 This is the same method that was used by Dr. Huebner in the prior litigation to support  
23 his conclusion that the 545L capacitor satisfied the “fringe-effect capacitance”  
24 limitation; the same method that was used by the prior court to uphold the jury’s  
25 infringement verdict; the same method that was used by ATC in its request for  
26 reexamination in arguing that the original claims were anticipated by the AVX MLC  
27 Catalog; the same method that was used by the PTO in rejecting the original claims as  
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1 anticipated by the AVX MLC Catalog; and the same method that was disclaimed by the  
2 patentee when the claims were amended during the reexamination.

3 Presidio further argues that the scope of the original claims under the prior  
4 court's claim construction "requires a showing of fringe-effect capacitance through a  
5 net result on performance on the actual part." (Doc. No. 222 at 9.) This contention is  
6 not supported by the record. Presidio is unable to cite to anywhere in the record where  
7 the prior court held that its claim construction required a showing of fringe-effect  
8 capacitance through a net result on performance. To the contrary, in its original claim  
9 construction order, the prior court rejected Presidio's argument that the claim term "the  
10 second contact being located sufficiently close to the first contact to form a first  
11 fringe-effect capacitance with the first contact" requires that the fringe-effect  
12 capacitance "affect[] the high frequency performance of the capacitor as a whole."  
13 (Case No. 08-cv-335-Doc. No. 24 at 13-14.) The prior court also later rejected  
14 Presidio's argument that the claim term requires a fringe-effect capacitance that affects  
15 the insertion loss of the capacitor as a whole.<sup>11</sup> (Case No. 08-cv-335, Doc. No. 194 at  
16 4-5.)

17 Presidio also argues that its proof of infringement in the prior litigation was  
18 consistent with its current argument that the determination of the fringe-effect  
19 capacitance must be shown through a net result on performance, rather than through  
20 observation and theoretical calculation. (Doc. No. 222 at 9.) Presidio states that during  
21 the prior litigation, Dr. Huebner testified that the accused product had a structure that  
22 affects insertion loss performance. (*Id.*) This argument is also not supported by the

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23  
24 <sup>11</sup> The Court notes that it agrees with the prior court's decisions to reject Presidio's  
25 proposed constructions. The plain language of claim 1 does not require that the fringe-effect  
26 capacitance affect the high frequency performance of the capacitor as a whole or the insertion  
27 loss of the capacitor as a whole. Further, the specification uses permissive rather than  
28 mandatory language in stating that the fringe capacitance "may well affect the very high  
frequency performance of the device." '356 Patent at 7:55-56. "Although the claims must be  
read in light of the specification, it is important that we 'avoid importing limitations from the  
specification into the claims.'" *Ericsson, Inc. v. D-Link Sys., Inc.*, 773 F.3d 1201, 1218 (Fed.  
Cir. 2014) (quoting *Phillips*, 415 F.3d at 1323).

1 record. In the cited testimony, Dr. Huebner simply states that the 545L capacitor has  
2 “a very good insertion loss at high frequencies.” (Doc. No. 222-3, Ex. C at 41.)  
3 Nowhere does Dr. Huebner state that this fact formed the basis for his opinion that the  
4 545L capacitor satisfied the requirement that the product has a determinable  
5 fringe-effect capacitance. (See generally Case No. 08-cv-335-Doc. No. 300 at 35-141.)  
6 To the contrary, a review of his testimony shows that he concluded that this particular  
7 limitation was met based his observations of micrographs of the 545L capacitor and his  
8 use of the  $C=kA/d$  formula. (Id. at 120-21.) Further, notably, Presidio never cited to  
9 Dr. Hueber’s testimony regarding insertion loss in its opposition to ATC’s post-trial  
10 motion when arguing that there was sufficient evidence showing that the 545L capacitor  
11 incorporates a fringe-effect capacitance as defined by the court to support the jury’s  
12 noninfringement verdict. (See Case No. 08-cv-335-Doc. No. 320 at 19-23.)

13 Finally, the Court addresses Presidio’s argument that the prosecution disclaimer  
14 it made during the reexamination was limited to giving the claims in the reexamination  
15 proceedings the same scope as the original claims under this Court’s and the prior  
16 court’s claim constructions. (Doc. No. 222 at 10-16.) The Court notes that in  
17 presenting the amendments to the PTO, the patentee stated that its intention was “to  
18 incorporate and make explicit the interpretation of the independent claims that was  
19 established in the litigation by the Court.” (Doc. No. 212-2, Slonim Decl. Ex. 2 at 15;  
20 see also id. at 14 (“Patentee then stated the patentee’s intention to present an  
21 amendment to incorporate language of the Court’s claim construction order into the  
22 claim so as to accomplish an interpretation of the claims that would be the same as the  
23 interpretation in the Court.”).) But, the Federal Circuit has explained that “the motives  
24 or the correctness of the motives” of the patentee are irrelevant in determining whether  
25 a substantive change in claim scope has occurred. Slimfold Mfg. Co. v. Kinkead Indus.,  
26 Inc., 810 F.2d 1113, 1116 (Fed. Cir. 1987); see also R+L Carriers, 801 F.3d at 1350  
27 (“Under the statute and our prior case law, it is irrelevant why an amended claim is  
28

1 narrowed during reexamination, or even whether the patentee intended to narrow the  
2 claim in a particular way.”). Therefore, it is irrelevant that the patentee intended for the  
3 scope of the amended claims to be the same as the scope of the original claims under  
4 the Court’s claim construction. Instead, what is relevant is whether the scope of the  
5 amended claims was actually identical to the scope of the original claims based on the  
6 language that was added to the claims and the specific disclaimers made by the patentee  
7 during the reexamination proceedings. Here, the scope of the amended claims was not  
8 identical to the scope of the original claims.

9       Further, the Court notes that even if it was the patentee’s intention to make the  
10 scope of the amended claims to be the same as the scope of the claims under the Court’s  
11 claim construction, the patentee did not merely add the Court’s claim construction to  
12 the language of the claims. Rather, the patentee added the additional words “by  
13 measurement,” which were not contained in this Court’s claim construction or in the  
14 prior court’s claim construction. (See Doc. No. 103; Case No. 08-cv-335, Doc. Nos.  
15 24, 194.) A review of the reexamination proceedings reveals that the inclusion of this  
16 additional language was significant. In presenting the amendments to the PTO, the  
17 patentee specifically focused on the additional words “by measurement” and argued that  
18 this language clarified that fringe-effect capacitance “cannot be negligible or merely  
19 theoretically present, i.e., it is not just a capacitance that is merely ‘derivable’ or  
20 ‘calculatable’ which cannot be determined to exist other than in theory or simulation.”  
21 (Doc. No. 212-2, Slonim Decl. Ex. 2 at 16.) The patentee then argued that the  
22 examiner’s rejections should be withdrawn in light of this clarification because the  
23 rejections “are presented only by way of theoretical computations.” (Id. at 18 (“The  
24 reexamination request submitted by [ATC] relies entirely upon theoretical calculation  
25 of the existence of fringe effect capacitance . . . .”). Accordingly, the Court rejects  
26 Presidio’s contention that its prosecution disclaimer merely made the scope of the  
27 amended claims identical to the scope of the original claims under the Court’s claim  
28

1 construction.

2 In sum, the Court concludes that the amendments contained in the December 8,  
3 2015 reexamination certificate narrowed the scope of the asserted claims. Therefore,  
4 a substantive change was made to the original claims during the reexamination  
5 proceedings, and, under the doctrine of absolute intervening rights, Presidio is “entitled  
6 to infringement damages only for the time period following issuance of the  
7 reexamination certificate.” R+L Carriers, 801 F.3d at 1349. Accordingly, the Court  
8 grants ATC’s motion for partial summary judgment of its affirmative defense of  
9 absolute intervening rights.

10 B. Presidio’s Motion to Dismiss<sup>12</sup>

11 Presidio moves to dismiss ATC’s affirmative defense of absolute and equitable  
12 intervening rights for failure to state a claim. (Doc. No. 208-1 at 10-11.) ATC’s second  
13 amended answer contains detailed allegations explaining how the scope of the asserted  
14 claims changed during the reexamination proceedings. (Doc. No. 171, Second  
15 Amended Answer ¶¶ 15-30.) In addition, ATC further alleges that it has made  
16 substantial preparations with respect to the 550 series of capacitors over the years. (Id.  
17 ¶ 33.) These allegations are sufficient to state a defense for absolute and equitable  
18 intervening rights. See 35 U.S.C. § 252; BIC Leisure Products, Inc. v. Windsurfing  
19 Int’l, Inc., 1 F.3d 1214, 1220-21 (Fed. Cir. 1993) (listing the requirements for proving  
20 absolute and equitable intervening rights); Marine Polymer, 672 F.3d at 1361-62  
21 (same).

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23 <sup>12</sup> In deciding Presidio’s motion to dismiss, the Court notes that it may consider  
24 documents from the prior district court litigation and from the reexamination proceedings  
25 because the documents are matters of public record and, thus, are subject to judicial notice.  
26 See Lee v. City of Los Angeles, 250 F.3d 668, 689 (9th Cir. 2001) (“A court may take judicial  
27 notice of ‘matters of public record’ without converting a motion to dismiss into a motion for  
28 summary judgment.”); see, e.g., Biomedical Patent Mgmt. Corp. v. California, Dep’t of Health  
Servs., 505 F.3d 1328, 1331 (Fed. Cir. 2007) (taking judicial notice of court filings from a  
prior litigation between the parties); Old Reliable Wholesale, Inc. v. Cornell Corp., 635 F.3d  
539, 549 (Fed. Cir. 2011) (taking judicial notice of documents from reexamination  
proceedings).

1           Moreover, Presidio’s motion to dismiss the intervening rights affirmative defense  
2 is based entirely on its contention that the scope of the asserted claims did not change  
3 during the reexamination proceedings. (Doc. No. 208-1 at 10-11.) The Court has  
4 rejected this argument. A review of the ‘356 patent and the record in this case, the prior  
5 case, and the reexamination proceedings shows that the amendments contained in the  
6 December 8, 2015 reexamination certificate narrowed the scope of the asserted claims,  
7 resulting in a substantive change to the claims. Accordingly, the Court declines to  
8 dismiss ATC’s affirmative defense of absolute and equitable intervening rights for  
9 failure to state a claim.

#### 10 **IV. Inequitable Conduct**

##### 11 A. Legal Standards for Pleading Inequitable Conduct

12           “Inequitable conduct is an equitable defense to patent infringement that, if  
13 proved, bars enforcement of a patent.” Therasense, Inc. v. Becton, Dickinson & Co.,  
14 649 F.3d 1276, 1285 (Fed. Cir. 2011) (en banc). A finding of inequitable conduct as  
15 to “any single claim renders the entire patent unenforceable.” Id. at 1288.

16           The elements of a claim for “inequitable conduct are: (1) an individual associated  
17 with the filing and prosecution of a patent application made an affirmative  
18 misrepresentation of a material fact, failed to disclose material information, or  
19 submitted false material information; and (2) the individual did so with a specific intent  
20 to deceive the PTO.” Exergen Corp. v. Wal-Mart Stores, Inc., 575 F.3d 1312, 1327  
21 (Fed. Cir. 2009). The Federal Circuit has explained that a claim for inequitable conduct  
22 requires a finding of both materiality and intent to deceive. Therasense, 649 F.3d at  
23 1287. They are separate requirements, and a “a district court may not infer intent solely  
24 from materiality.” Id. at 1290. To establish intent to deceive, “the specific intent to  
25 deceive must be ‘the single most reasonable inference able to be drawn from the  
26 evidence.’” Id. In addition, to establish materiality, the misrepresentation or omission  
27 must be “but-for material.” Id. at 1291. A misrepresentation or omission is but-for  
28

1 material “[i]f the PTO would not have allowed a claim had it been aware” of the  
2 undisclosed information or the falsity of the representation. Id.

3 An inequitable conduct counterclaim must be pled with “particularity” under  
4 Federal Rule of Civil Procedure 9(b). Exergen, 575 F.3d at 1326. Rule 9(b) provides:  
5 “In alleging fraud or mistake, a party must state with particularity the circumstances  
6 constituting fraud or mistake.” Therefore, a claim of inequitable conduct must be pled  
7 with particularity, i.e., it must be pled in detail. Exergen, 575 F.3d at 1327.  
8 Specifically, the counterclaim “must identify the specific who, what, when, where, and  
9 how of the material misrepresentation or omission committed before the PTO.” Id. at  
10 1328.

11 Moreover, although “knowledge” and “intent” may be averred generally,  
12 a pleading of inequitable conduct under Rule 9(b) must include sufficient  
13 allegations of underlying facts from which a court may reasonably infer  
14 that a specific individual (1) knew of the withheld material information or  
15 of the falsity of the material misrepresentation, and (2) withheld or  
16 misrepresented this information with a specific intent to deceive the PTO.

17 Id. at 1328-29. “A reasonable inference is one that is plausible and that flows logically  
18 from the facts alleged, including any objective indications of candor and good faith.”

19 Id. at 1329 n.5.

### 20 **III. Analysis**

21 Presidio argues that ATC’s affirmative defense and counterclaim of inequitable  
22 conduct should be dismissed because ATC failed to adequately plead, among other  
23 things, the required element of but-for materiality. (Doc. No. 208-1 at 14-16.)  
24 Specifically, Presidio argues that even assuming it made the alleged misrepresentations  
25 to the PTO, the PTO rejected Presidio’s arguments and required Presidio to amend its  
26 claims to overcome the prior art. (Id. at 14.) Therefore, the alleged misrepresentations  
27 and omission had no effect on the results of the reexamination proceedings. (Id.) The  
28 Court agrees.

In order to satisfy Rule 9(b)’s “why” and “how” requirements, a party pleading  
inequitable conduct must set forth “‘why’ the withheld information is material and not

1 cumulative, and ‘how’ an examiner would have used this information in assessing the  
2 patentability of the claims.” Exergen, 575 F.3d at 1329-30. In attempting to plead  
3 but-for materiality, ATC alleges: “But for [Presidio’s alleged] misrepresentations and  
4 omissions during the Reexamination, the amended Reexamination Claims would not  
5 have issued from the PTO. They led to the PTO’s acceptance of the amendment and  
6 withdrawal of its final rejection of the claims by giving the PTO the false impression  
7 that the exclusive ‘by measurement’ requirement spared the patent’s invalidity in the  
8 335 Case.” (Doc. No. 171, Second Amended Counterclaim ¶ 37.) But, a review of the  
9 judicially noticeable documents from the PTO proceedings reveals that this allegation  
10 of but-for materiality is not plausible. See Twombly, 550 U.S. at 557 (explaining that  
11 the allegations must plausibly show entitlement to relief).

12 All of the alleged misrepresentations and omissions contained in ATC’s  
13 inequitable conduct counterclaim relate to ATC’s contention that during the  
14 reexamination proceedings the patentee misrepresented to the PTO what the scope of  
15 the original claims were under this Court’s and the prior district court’s claim  
16 construction rulings. (See Doc. No. 171, Second Amended Counterclaim ¶¶ 20-35.)  
17 But, the specific language that was added to the claims identified in ATC’s materiality  
18 allegations – the phrase “by measurement” – was not included in either this Court’s or  
19 the prior court’s claim construction rulings. (See Doc. No. 103; Case No. 08-cv-335,  
20 Doc. Nos. 24, 194.)

21 Moreover, the fact that this language was not included in the Court’s claim  
22 construction was made apparent to the PTO because the patent owner in the relevant  
23 filing quoted the Court’s claim construction and then admitted that the phrase “by  
24 measurement” added “additional words.” (Doc. No. 212-2, Slonim Decl. Ex. 2 at 16  
25 (quoting Doc. No. 103).) Thus, there is a mismatch between what ATC alleges was  
26 misrepresented to the PTO and what ATC alleges was material to the PTO’s decision  
27 to issue the amended claims. ATC alleges that the patentee made misrepresentations  
28

1 regarding the scope of the claims under the Court’s claim construction, but ATC alleges  
2 that the “by measurement” language is what spared the amended claims’ validity during  
3 the reexamination proceeding – language that was not contained in this Court’s or the  
4 prior court’s claim construction. Because ATC alleges that the decision to issue the  
5 amended claims rested on the additional “by measurement” language, the alleged  
6 misrepresentations regarding the scope of the original claims under the Court’s claim  
7 construction could not have been but-for material to the PTO’s decision to issue the  
8 amended claims.

9 In addition, ATC has failed to adequately allege but-for materiality because ATC  
10 acknowledges in its allegations that Presidio provided the PTO with the relevant  
11 documents from the prior litigation that ATC alleges Presidio was misconstruing, such  
12 as the prior court’s claim construction orders. (Doc. No. 171, Second Amended  
13 Counterclaim ¶ 30; see also Doc. No. 208-5, Exs. D, E, G.) Thus, even assuming  
14 Presidio made misrepresentations to the PTO regarding the content of these documents,  
15 the PTO had the content of the material documents in its possession.<sup>13</sup> As a result, ATC  
16 has failed to adequately plead but-for materiality, and, therefore, the Court dismisses  
17 ATC’s affirmative defense and counterclaim for inequitable conduct. Further, because  
18 the Court concludes that the deficiencies in ATC’s allegations cannot be cured by  
19 amendment, the Court dismisses the inequitable conduct defense/counterclaim with  
20 prejudice.<sup>14</sup> See Telesaurus, 623 F.3d at 1003 (“A district court may deny a plaintiff  
21 leave to amend if it determines that ‘allegation of other facts consistent with the

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23 <sup>13</sup> The Court notes that because ATC acknowledges that Presidio gave the relevant  
24 documents to the PTO, ATC has also failed to adequately plead the required element of intent  
to deceive the PTO.

25 <sup>14</sup> On January 4, 2016, ATC requested that the Court’s scheduling order be amended to  
26 allow for certain discovery related to its inequitable conduct defense/counterclaim. (Doc. No.  
27 189.) On January 11, 2016, the Court deferred resolution of ATC’s request pending the  
28 resolution of Presidio’s motion to dismiss. (Doc. No. 207 at 2.) Because the Court dismisses  
with prejudice ATC’s inequitable conduct defense/counterclaim, the Court denies as moot  
ATC’s request to the amend the scheduling order to allow for discovery related to the  
inequitable conduct defense/counterclaim.



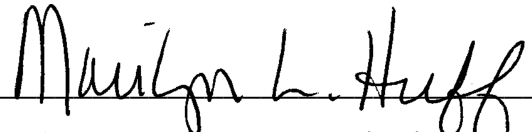
1 challenged pleading could not possibly cure the deficiency.”).

2 **Conclusion**

3 For the reasons above, the Court grants ATC’s motion for partial summary  
4 judgment of its affirmative defense of absolute intervening rights. In addition, the  
5 Court grants in part and denies in part Presidio’s motion to dismiss. Specifically, the  
6 Court dismisses with prejudice ATC’s affirmative defense and counterclaim of  
7 inequitable conduct, and the Court declines to dismiss ATC’s affirmative defense of  
8 absolute and equitable intervening rights.<sup>15</sup>

9 **IT IS SO ORDERED.**

10 DATED: February 9, 2016

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12 MARILYN L. HUFF, District Judge  
13 UNITED STATES DISTRICT COURT  
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26 <sup>15</sup> Because the Court dismisses ATC’s inequitable conduct defense/counterclaim  
27 without leave to amend, and Presidio has already filed an answer to ATC’s remaining  
28 counterclaims, the action will proceed on the parties’ amended pleadings, (Doc. Nos. 170, 171,  
199), in accordance with the Court’s January 11, 2016 Amended Scheduling Order.