

1 Thomas M. Melsheimer (melsheimer@fr.com) (admitted pro hac vice) (TX # 13922550)
FISH & RICHARDSON P.C.
2 1717 Main Street, Suite 5000
3 Dallas, TX 75201
4 Telephone: (214) 747-5070
Facsimile: (214) 747-2091

5 Craig E. Countryman (countryman@fr.com) (admitted pro hac vice) (CA # 244601)
FISH & RICHARDSON P.C.
6 12390 El Camino Real
7 San Diego, CA 92130
8 Telephone: (858) 678-5070
Facsimile: (858) 678-5099

9 Michael J. Kane (kane@fr.com) (admitted pro hac vice) (MN #247625)
William R. Woodford (woodford@fr.com) (admitted pro hac vice) (MN#322595)
10 FISH & RICHARDSON P.C.
11 3200 Dain Rauscher Plaza
12 60 South Sixth Street
13 Minneapolis, MN 55402
Telephone: (612) 335-5070
Facsimile: (612) 288-9696

14 Attorneys for Plaintiff
15 HALO ELECTRONICS, INC.

16 UNITED STATES DISTRICT COURT
17 DISTRICT OF NEVADA

18 HALO ELECTRONICS, INC.,

19 Plaintiff,

20 v.

21 PULSE ELECTRONICS, INC., and
22 PULSE ELECTRONICS, CORP.,

23 Defendants.
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2:07-cv-00331-PMP (PAL)

**HALO'S MOTION FOR JUDGMENT AS
A MATTER OF LAW UNDER RULE 50(a)
AND RULE 52(c)**

1 **I. INTRODUCTION**

2 Pulse has failed to present legally sufficient evidence to go to the jury on a number of
3 issues. In particular, the Court should grant judgment as a matter of law under Rule 50(a), or, in
4 the case of equitable defenses, under Rule 52(c), on at least the following issues:

- 5 • Pulse’s sales of the accused parts directly infringe many of the asserted claims as a
6 matter of law, as discussed in more detail below;
- 7 • Pulse’s inventorship and inequitable conduct defenses regarding T.K. Luk fail as a
8 matter of law because there is no independent corroboration of Luk’s testimony;
- 9 • Pulse has not presented legally sufficient evidence from which a jury could find
10 obviousness because its expert did not consider the secondary factors of non-
11 obviousness;
- 12 • Pulse failed to present any evidence to support its written description or indefiniteness
13 defenses; and
- 14 • There is no inequitable conduct as a matter of law.

15 The grounds for each aspect of Halo’s motion are discussed in further detail below.

16 **II. LEGAL STANDARDS**

17 JMOL is appropriate where “a reasonable jury would not have a legally sufficient
18 evidentiary basis to find for the party on that issue.” Fed. R. Civ. P. 50(a)(1). “Judgment as a
19 matter of law is appropriate when the evidence presented at trial permits only one reasonable
20 conclusion.” *Edgerly v. City and County of San Francisco*, 599 F.3d 946, 953 (9th Cir. 2010). In
21 reviewing a JMOL motion, the Court must draw all reasonable inferences in favor of the non-
22 movant and determine whether reasonable minds could come to but one conclusion in favor of the
23 moving party. *See E.E.O.C. v. Go Daddy Software, Inc.*, 581 F.3d 951, 961 (9th Cir. 2009).

24 **III. ARGUMENT**

25 **A. Each Pulse Accused Product Infringes Many of the Claims Asserted Against**
26 **that Product as a Matter of Law.**

27 Halo presented undisputed evidence that all of the Pulse accused products infringe a
28 number of claims of the Halo patents. In particular, Dr. Bottoms demonstrated in painstaking

1 detail that the following Pulse representative parts contain each limitation of the asserted claims
2 listed for each product:

- 3 • **H0022 (Group A)**: claims 6, 8, and 16 of the '985 patent; claim 6 of the '720 patent;
4 and claim 40 of the '785 patent. (*See, e.g.*, B-1; PTX-184; PTX-197; 11/8/12 Trial Tr.
5 at 116-152.)
- 6 • **H1260 (Group B)**: claims 6, 8, and 16 of the '985 patent; claims 1 and 6 of the '720
7 patent; and claim 40 of the '785 patent. (*See, e.g.*, B-2; PTX-178; PTX-183; 11/8/12
8 Trial Tr. at 152-179.)
- 9 • **H1174 (Group C)**: claims 6, 8, and 16 of the '985 patent; claims 1 and 6 of the '720
10 patent; and claim 40 of the '785 patent. (*See, e.g.*, B-3; PTX-168; PTX-177; 11/8/12
11 Trial Tr. at 179-204.)
- 12 • **H1305 (Group D)**: claims 6, 8, and 16 of the '985 patent; claims 1 and 6 of the '720
13 patent; and claim 40 of the '785 patent. (*See, e.g.*, B-4; PTX-167; PTX-179; 11/8/12
14 Trial Tr. at 204-229.)
- 15 • **H0026 (Group E)**: claims 6, 8, and 16 of the '985 patent; claim 6 of the '720 patent;
16 and claim 40 of the '785 patent. (*See, e.g.*, B-5; PTX-169; PTX-176; 11/8/12 Trial Tr.
17 at 229-43.)
- 18 • **H0019 (Group F)**: claim 1 of the '720 patent; and claim 40 of the '785 patent. (*See,*
19 *e.g.*, B-6; PTX-165; PTX-175; 11/8/12 Trial Tr. at 243-259.)
- 20 • **23Z110SMNL (Group G)**: claim 6 of the '720 patent; and claims 8 and 16 of the '985
21 patent. (*See, e.g.*, B-7; PTX-171; PTX-314; 11/8/12 Trial Tr. at 259-266.)
- 22 • **H0009 (Group H)**: claim 1 of the '720 patent; and claim 40 of the '785 patent. (*See,*
23 *e.g.*, B-8; PTX-166; PTX-174; 11/8/12 Trial Tr. at 266-273; 11/9/12 Trial Tr. at 24-25).

24 Pulse has not disputed that these products (and all the other accused products in the groups
25 represented by the accused products) infringe the respective claims identified above. It did not
26 cross-examine Dr. Bottoms on any of this testimony. Pulse's expert, Dr. Larson, admitted that he
27 presented no non-infringement opinion at trial for any these claims:
28

1 Q. So with respect to the claims of the 720 patent, claim six, for all the product groups
 2 except Group F, you haven't presented a non-infringement argument on behalf of
 Pulse, fair?

3 A. You mean all the ones that have a red check mark to them?

4 Q. Yes, sir.

5 A. I haven't presented that this afternoon, that's correct.

6 Q. And same thing with claim six of the 985 patent, right?

7 A. Yeah, that's correct.

8 * * *

9 Q. So on claim 16 of the 985 patent for Group A, B, C, D, E and G, I'm going to leave
 10 these. I'm going to ask you one question at the end. Claim eight of Group A, B, C,
 11 D, E and G; claim six of the 985, Group A, B, C, D and E; claim six of the 720,
 Group A, B, C, D, E and G -- and I think I've already covered claims B -- Group B,
 C, D, F and H of claim one of the 720 patent -- you're not offering here in court any
 12 non-infringement defense as to those claims, fair?

13 A Not this afternoon. That's fair.

14 (11/15/12 Trial Tr. at 203:3-205:11) And Pulse's corporate representative, Carrie Munson,
 15 admitted that Pulse does not dispute that its products infringe the claims identified above, when she
 16 was presented with the demonstrative below. (11/16/12 Trial Tr. at 16:8-12, 15:3-6.)

	'720 Patent		'985 Patent				'785 Patent	
	Claim 1	Claim 6	Claim 6	Claim 7	Claim 8	Claim 16	Claim 40	Claim 48
Group A	✓	✓	✓		✓	✓	✓	
Group B	✓	✓	✓		✓	✓	✓	
Group C	✓	✓	✓		✓	✓	✓	
Group D	✓	✓	✓		✓	✓	✓	
Group E		✓	✓		✓	✓	✓	
Group F	✓						✓	
Group G		✓			✓	✓		
Group H	✓						✓	

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 27 In particular, she admitted that the Pulse products infringe the claims checked in red, and that the
 28 Court has found infringement of the claim checked in green:

1 Q. You know that Dr. Larson testified that he's not offering any sort of
2 noninfringement defense for any of the claims that are checked in red, you heard
him say that, right?

3 A. I believe that's what he said, yes.

4 Q. And, in fact, as to the claim that's checked in green, that's already been decided by
5 the Court, hasn't it, ma'am?

6 A. That's my understanding, yes. * * *

7 Q. If the jury finds the patents are valid, ma'am, are you still confident in your
8 noninfringement position is my question?

9 A. If the patents are found to be valid then we would be infringing on the areas that
they checked.

10 (11/16/12 Trial Tr. at 15:3-16:12.) Pulse's sales information demonstrates that it sold these
11 products in the United States, (PTX-380C), which directly infringes the claims listed above. There
12 is absolutely no evidence from which a reasonable jury could find non-infringement for the
13 products and claims checked in red above. The Court should thus find infringement of those
14 claims by the respective categories of products above as a matter of law.

15 **B. Pulse's Inventorship and Inequitable Conduct Defenses Regarding T.K. Luk**
16 **Fail as a Matter of Law Due to Inadequate Independent Corroboration.**

17 Pulse's inventorship and inequitable conduct defenses regarding T.K. Luk fail as a matter
18 of law because it has not presented any independent evidence to corroborate Mr. Luk's claim of
19 inventorship, as required by well-settled law. Therefore, no reasonable jury could find in Pulse's
20 favor on the T.K. Luk issues, and those defenses should be rejected as a matter of law.

21 Defendants must present clear and convincing evidence to overcome the Halo patents'
22 presumption of validity. *Microsoft Corp. v. i4i Ltd.*, 131 S. Ct. 2238, 2241-53 (2011); 35 U.S.C.
23 § 282. "The law has long looked with disfavor upon invalidating patents on the basis of mere
24 testimonial evidence absent other evidence that corroborates that testimony." *Finnigan Corp. v.*
25 *Int'l Trade Comm'n*, 180 F.3d 1354, 1366 (Fed. Cir. 1999). "The Supreme Court recognized over
26 one hundred years ago that testimony concerning invalidating activities can be 'unsatisfactory' due
27 to 'the forgetfulness of witnesses, their liability to mistakes, their proneness to recollect things as
28 the party calling them would have them recollect them, aside from the temptation to actual
perjury." *Id.* (quoting *The Barbed Wire Patent*, 143 U.S. 275, 284 (1891)). "Accordingly,

1 '[w]itnesses whose memories are prodded by the eagerness of interested parties to elicit testimony
2 favorable to themselves are not usually to be depended upon for accurate information,' and
3 therefore such testimony rarely satisfies the burden upon the interested party, usually the accused
4 infringer, to prove invalidity by clear and convincing evidence." *Id.*

5 The law is therefore clear that "corroboration is required of any witness whose testimony
6 alone is asserted to invalidate a patent, regardless of his or her level of interest." *Finnigan*, 180
7 F.3d at 1369; *PalTalk Holdings, Inc. v. Microsoft Corp.*, 2009 U.S. Dist. LEXIS 131085, at *8
8 (E.D. Tex. Feb. 2, 2009) ("Even if the evidence before the Court was sufficient to prove
9 anticipation, this Court would still deny Microsoft's motion as that evidence is not sufficiently
10 corroborated by reliable documentary or physical evidence.").

11 Pulse has presented no independent corroboration of T.K. Luk's inventorship claim in this
12 case. Instead, Pulse presented hours of deposition testimony from T.K. Luk, in which he testified
13 that he was the "sole" inventor of the Halo Patents. (11/16/12 Trial Tr. at 54-109, 114-148.) No
14 aspect of Luk's testimony regarding inventorship is supported by anything but his own say-so.
15 And a person's own testimony and own documents don't count as independent corroboration. For
16 example, the following elements of Luk's testimony are uncorroborated by evidence, either
17 documentary or testimony, and are, in fact, by all the other record evidence:

- 18 • Peter Lu supposedly worked for PBL (11/16/12 Trial Tr. at 90:2-6, 92:11-17);
19 contradicted by Mr. Lu's own testimony (11/7 Trial Tr. 204:24-20:2);
- 20 • Luk supposedly drew the sketch on a white board in Mr. Dennis Tsang's office
21 (*see, e.g.*, 11/16/12 Trial Tr. at 102:25-103:11, 104:10-13, 105:1-6, 120:21-24,
129:19-23, 131:2-12); contradicted by Mr. Lu's testimony that there was no
whiteboard in Mr. Tsang's office (11/7 Trial Tr. 232:17-233:4);
- 22 • Luk supposedly called Mr. Heaton the next day to describe the invention and Mr.
23 Heaton replied that it was a great idea (11/16/12 Trial Tr. at 105:1-11); contradicted
by Mr. Heaton's testimony (11/7 Trial Tr. 57:1-3);
- 24 • Halo supposedly had no engineers (11/16/12 Trial Tr. at 97:9-11), contradicted by
25 Mr. Lu's testimony that he was an engineer employed by Halo (11/7 Trial Tr.
208:14-18);
- 26 • The taper on the drawing was supposedly developed to prevent flux material to be
27 attached to the pins (11/16/12 Trial Tr. at 134:20-135:4), contradicted by Mr. Lu's
28 testimony that the taper was developed to provide stability to the pins (11/7 Trial Tr.
246:24-248:18);

- Luk testified that he is the sole inventor (11/16/12 Trial Tr. at 141:24-142:4), contradicted by Jeff Heaton, Peter Lu and Jim Heaton in their trial testimony.

The lack of corroboration is fatal to the Luk inventorship defense as a matter of law.

It will be no answer for Pulse to point to any document in evidence as corroboration. The much-discussed fax that was sent many times between Halo and PBL, PTX-123, is not independent corroboration of Luk's story. A document that supposedly belongs to an alleged inventor cannot corroborate that alleged inventor's claim. Likewise, neither Luk's declaration, written years after the fact by his attorneys, (DTX-531), nor an email he allegedly wrote in 1996 to his employer, Tony Imburgia, where he claimed he was the sole inventor of the Halo patents, can corroborate his testimony. (DTX-540.) Again, an alleged inventor's own supposed documents don't count as independent corroboration. The Court should therefore find that Pulse cannot prove its inventorship or inequitable conduct defense regarding T.K. Luk as a matter of law.

C. Pulse's Obviousness Defense Fails as a Matter of Law.

Pulse's obviousness defense fails as a matter of law because its invalidity expert reached his conclusion of obviousness without considering any evidence of secondary considerations, even though Halo has presented a mountain of such evidence. Federal Circuit precedent has repeatedly stated that it is legally impermissible to reach a conclusion of obviousness without considering the secondary considerations, as in the following recent examples:

- "It is jurisprudentially inappropriate to disregard any relevant evidence on any issue in any case, patent cases included. Thus evidence rising out of the so-called 'secondary considerations' must always when present be considered en route to a determination of obviousness." *In re Cyclobenzaprine Hydrochloride Litigation*, 676 F.3d 1063, 1075 (Fed. Cir. 2012).
- "We hold that the district court erred by failing to consider Transocean's objective evidence of nonobviousness. Our case law is clear that this type of evidence 'must be considered in evaluating the obviousness of a claimed invention. . . . To be clear, a district court must always consider any objective evidence of nonobviousness presented in a case.'" *Transocean Offshore Deepwater v. Maersk Contractors USA, Inc.*, 617 F.3d 1296, 1305 (Fed. Cir. 2010).

Yet Dr. Larson admitted that he did not use the secondary factors at all in analyzing whether the asserted claims are obvious:

- Q. Well, you didn't use any of the secondary considerations of non-obviousness in your analysis; isn't that right, sir?

1 A. Yes, that's correct.

* * *

2 Q. But, of course, there's a whole bunch of secondary considerations of non-
3 obviousness, right?

4 A. True.

5 Q. And you just didn't -- whether there's five or ten of them, you just didn't consider
6 those -- I'm not fussing at you but --

7 A. Yeah.

8 Q. -- you did not consider those in presenting your testimony to the jury today. Fair?

9 A. That's fair

10 (11/15/12 Trial Tr. at 221:12-22, 225:6-15.) Indeed, when he was asked specifically about
11 individual secondary considerations—like commercial success, licensing, and skepticism—Dr.
12 Larson acknowledged that he did not look at them. (*Id.* at 221:12-225:15.) Given that Dr. Larson
13 applied the wrong legal standard in assessing obviousness, his testimony cannot be substantial
14 evidence that would support a jury finding of obviousness. *See, e.g., PowerOasis, Inc. v. T-Mobile*
15 *USA, Inc.*, 522 F.3d 1299, 1310 (Fed. Cir. 2008) (holding that an expert declaration applying the
16 wrong standard for written description could not create a genuine issue of fact to survive summary
17 judgment); *Lockwood v. American Airlines, Inc.*, 107 F.3d 1565, 1572 (Fed. Cir. 1997) (same).

18 That aside, Pulse has failed to establish obviousness as a matter of law in any event because
19 the evidence of teaching away, commercial success, licensing, long-felt need, skepticism of others,
20 and the like outweighs any of Pulse's hindsight combinations of the prior art, especially given
21 Pulse's own failure to piece together prior art from its own company in 1994-95 to arrive at the
22 claimed invention, despite its awareness of the problem in the art at the time and other
23 unsuccessful attempts to solve it.

24 **D. Pulse Has Presented No Evidence to Support its § 112 Defenses As a Matter of
25 Law.**

26 Before trial, Pulse alleged that some claims of the Halo patents were invalid for inadequate
27 written description and indefiniteness. Pulse has not presented any evidence supporting an
28 inadequate written description defense, and, in fact, submitted a revised verdict form and set of
proposed jury instructions that delete any mention of written description. (Doc. No. 454-1 at 23;
Doc. No. 454-2 at 26.) Moreover, Pulse has made no mention at trial of an indefiniteness defense,

1 even though it sought to present indefiniteness to the jury in its motion *in limine* filings. (Doc. No.
2 360 at 6-7.) As with any invalidity defense, Pulse bears the burden of proof on these issues. *See*
3 35 U.S.C. § 282. Because Pulse has failed to present any evidence on these evidence, the Court
4 should reject Pulse’s written description and indefiniteness defenses as a matter of law.

5 **E. Pulse Has Not Presented Substantial Evidence of Inequitable Conduct.**

6 Pulse has failed to present evidence that would establish that any of the Halo inventors or
7 their patent lawyers committed inequitable conduct through their dealings with the Patent Office
8 regarding the Halo patents.

9 The Federal Circuit has taken steps in recent years to discourage the types of unfounded
10 inequitable conduct charges that Pulse had made against Halo in this case. That Court has long
11 recognized that frivolous charges of inequitable conduct are an “absolute plague” that are all too
12 common because the allegations are only meritorious “in but a small percentage of cases” yet
13 destroy the integrity of inventors and patent lawyers who are wrongly accused, making
14 unsubstantiated allegations “a negative contribution to the rightful administration of justice.”
15 *Burlington Indus., Inc. v. Dayco Corp.*, 849 F.2d 1418, 1422 (Fed. Cir. 1988).

16 To establish inequitable conduct, Pulse must demonstrate that “a *specific individual* (1)
17 knew of the withheld material information or of the falsity of the material misrepresentation, *and*
18 (2) withheld or misrepresented this information with a specific intent to deceive the PTO.”
19 *Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312, 1328-29 (Fed. Cir. 2009).

20 With respect to materiality, Pulse must demonstrate that the information in question is “but
21 for” material—*i.e.*, would have caused the patent examiner to reject one or more of the proposed
22 patent claims as unpatentable:

23 This court holds that, as a general matter, the materiality required to establish inequitable
24 conduct is but-for materiality. When an applicant fails to disclose prior art to the PTO, that
25 prior art is but-for material if the PTO would not have allowed a claim had it been aware of
26 the undisclosed prior art.

26 *Therasense, Inc. v. Becton, Dickinson, and Co.*, 649 F.3d 1276, 1291 (Fed. Cir. 2011) (*en banc*).

27 The Court recognized a limited exception to the “but for” standard for “affirmative acts of
28 egregious misconduct, such as the filing of an unmistakably false affidavit,” but quickly added that

1 “neither mere nondisclosure of prior art references to the PTO nor failure to mention prior art
2 references in an affidavit constitutes affirmative egregious misconduct.” *Id.* at 1292-93.

3 With respect to intent to deceive, *Therasense* reaffirmed that “the accused infringer must
4 prove that the patentee acted with the specific intent to deceive the PTO.” 649 F.3d at 1290.
5 Where the accusation involves information withheld from the Patent Office, “the accused infringer
6 must prove by clear and convincing evidence that the applicant knew of the reference, knew that it
7 was material, and made a deliberate decision to withhold it.” *Id.* The Court stressed that “[i]ntent
8 and materiality are separate requirements,” and “a court must weigh the evidence of intent to
9 deceive independent of its analysis of materiality.” *Id.* Moreover, the intent to deceive must be
10 “the single most reasonable inference able to be drawn from the evidence,” so “when there are
11 multiple reasonable inferences that may be drawn, intent to deceive cannot be found.” *Id.* at 1290-
12 91 (internal quotes and cites omitted).

13 Pulse has not identified any allegation of inequitable conduct that would meet these
14 exacting standards. As discussed above, there is no corroboration of Luk’s inventorship claim, so
15 it was not material. Moreover, there is no evidence that anyone omitted Luk as an inventor with
16 an intent to deceive the Patent Office. In addition, Pulse has not established that the statements to
17 the Patent Office regarding whether Jeff Heaton was a “lead inventor” were material, and, indeed,
18 Mr. Godici testified without contradiction that they would have made no difference whatsoever to
19 the Patent Office. There is also no showing of intent to deceive with respect to that issue. Pulse
20 represented to the Court today that it no longer intends to pursue inequitable conduct based on the
21 2003 XFMRS lawsuit. It has not identified any other theory that it is still pursuing. Nor has Pulse
22 identified a specific individual that it accuses of inequitable conduct with respect to any allegation.
23 The Court should therefore find no inequitable conduct as a matter of law.

24 **IV. CONCLUSION**

25 For the reasons just explained, Halo respectfully requests that the Court grant judgment as a
26 matter of law on the issues identified above.

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1 Dated: November 20, 2012

FISH & RICHARDSON P.C.

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4 By: /s/ Craig E. Countryman

Craig E. Countryman
(countryman@fr.com) (CA #244601)
FISH & RICHARDSON P.C.
12390 El Camino Real
San Diego, CA 92130
Telephone: (858) 678-5070
Facsimile: (858) 678-5099

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9 Attorneys for Plaintiff
HALO ELECTRONICS, INC.

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the above and foregoing document has been served on November 20, 2012 to all counsel of record who are deemed to have consented to electronic service via the Court's CM/ECF system per Civil Local Rule 5005 (b)(2).

David E. Sipiora
Email: dsipiora@kilpatricktownsend.com
Kristopher L. Reed
Email: kreed@kilpatricktownsend.com
Kilpatrick Townsend & Stockton LLP
1400 Wewatta Street
Suite 600
Denver, CO 80202
Email: 07CV00331@kilpatricktownsend.com

/s/ Craig E. Countryman
Craig E. Countryman
countryman@fr.com

Attorneys for Plaintiff
HALO ELECTRONICS, INC.

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