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

MULTIMEDIA PATENT TRUST,
Plaintiff,

vs.

APPLE INC., et al.,
Defendants.

CASE NO. 10-CV-2618-H (KSC)

ORDER:

**(1) GRANTING CANON'S
MOTION FOR SUMMARY
JUDGMENT**

[Doc. Nos. 379, 424]

**(2) GRANTING IN PART AND
DENYING IN PART APPLE
AND LG'S MOTION FOR
PARTIAL SUMMARY
JUDGMENT**

[Doc. Nos. 384, 425]

**(3) GRANTING IN PART AND
DENYING IN PART MPT'S
MOTION FOR PARTIAL
SUMMARY JUDGMENT**

[Doc. No. 387, 426]

On October 9, 2012, the parties filed motions for summary judgment on various issues. (Doc. Nos. 379, 384, 387.) On October 23, 2012, the parties filed their respective opposition briefs. (Doc. Nos. 476, 477, 477-4, 478.) On October 26, 2012, the parties filed their respective replies. (Doc. Nos. 503, 521, 522.) On November 1, 2012, MPT filed a sur-reply

1 to Canon’s motion for summary judgment. (Doc. No. 546.) On November 9, 2012, the Court
2 held a hearing on the matter. Christopher Mathews and Frederick Lorig appeared for MPT.
3 Justin Barnes, Lara Garner, Alex Eaton-Salners, Richard Sterba, and Frank J. Albert appeared
4 for Apple and LG. Kelly Hunsaker and Sarita Venkat appeared for Apple. Richard Martinelli,
5 Joseph Calvaruso, Alyssa Caridis, Mark Wine, and Glen Liu appeared for Canon. For the
6 reasons below, the Court **GRANTS** Canon’s motion for summary judgment, **GRANTS IN**
7 **PART** and **DENIES IN PART** Apple and LG’s motion for partial summary judgment, and
8 **GRANTS IN PART** and **DENIES IN PART** MPT’s motion for partial summary judgment.

9 BACKGROUND

10 On December 20, 2010, Plaintiff Multimedia Patent Trust (“MPT”) filed a complaint
11 for patent infringement against Defendants Apple, Inc. (“Apple”), LG¹, and Canon.² (Doc.
12 No. 1, Compl.) The complaint alleges that Defendants are liable for infringement of one or
13 more of four patents related to video compression technology: U.S. Patent Nos. 4,958,226
14 (“the ’266 Patent”), 5,227,878 (“the ’878 Patent”), 5,500,678 (“the ’678 patent”), and
15 5,136,377 (“the ’377 Patent”) (collectively the “Patents-in-Suit”). (*Id.*) On March 21, 2011,
16 Apple, LG, and Canon filed their answers. (Doc. Nos. 38-39, 41.)

17 DISCUSSION

18 The parties move for summary judgment on several issues. Canon moves for (1)
19 summary judgment of its affirmative defenses of licensing and patent exhaustion; (2) summary
20 judgment of non-infringement of the ’377 Patent; and (3) summary judgment of no
21 infringement by the doctrine of equivalents. (Doc. No. 424-1 at 1-2.) Apple and LG move for
22 (1) summary judgment of no infringement by the doctrine of equivalents; (2) an order
23 estopping MPT from re-raising its infringement contentions against products that were dropped
24 or struck from this action; (3) summary judgment of non-infringement of claim 13 of the ’878

26 ¹ “LG” includes LG Electronics, Inc., LG Electronics U.S.A., Inc., and LG Electronics
27 Mobilecomm U.S.A., Inc.

28 ² “Canon” includes Canon U.S.A., Inc. and Canon, Inc.

1 Patent by LG; (4) summary judgment of invalidity of claims 13 and 31 of the '878 Patent based
2 on lack of written description; (5) summary judgment of non-infringement of Apple's iPod
3 Nano (5th Gen); (6) summary judgment of no willful infringement; and (7) partial joinder in
4 Canon's motion for summary judgment of non-infringement of the '377 Patent. (Doc. No. 425
5 at 1.) MPT moves for partial summary judgment of Defendants' affirmative defenses of: (1)
6 invalidity for indefiniteness, lack of enablement, and failure to comply with the best mode
7 requirement; (2) laches; (3) patent exhaustion, equitable estoppel, licensing, and waiver; (4)
8 violation of a reasonable and non-discriminatory licensing agreement; (5) standards setting
9 organization estoppel/waiver; (6) patent misuse and unclean hands; and (7) standing and non-
10 joinder. (Doc. No. 426 at 1.)

11 **I. Summary Judgment Standard**

12 Summary judgment is appropriate under Rule 56 of the Federal Rules of Civil
13 Procedure if the moving party demonstrates the absence of a genuine issue of material fact and
14 entitlement to judgment as a matter of law. Celotex Corp. v. Catrett, 477 U.S. 317, 322 (1986).
15 A fact is material when, under the governing substantive law, it could affect the outcome of
16 the case. Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 248 (1986); Freeman v. Arpaio, 125
17 F.3d 732, 735 (9th Cir. 1997). A dispute is genuine if a reasonable jury could return a verdict
18 for the nonmoving party. Anderson, 477 U.S. at 248.

19 A party seeking summary judgment always bears the initial burden of establishing the
20 absence of a genuine issue of material fact. Celotex, 477 U.S. at 323. The moving party can
21 satisfy this burden in two ways: (1) by presenting evidence that negates an essential element
22 of the nonmoving party's case; or (2) by demonstrating that the nonmoving party failed to
23 establish an essential element of the nonmoving party's case on which the nonmoving party
24 bears the burden of proving at trial. Id. at 322-23. "Disputes over irrelevant or unnecessary
25 facts will not preclude a grant of summary judgment." T.W. Elec. Serv., Inc. v. Pacific Elec.
26 Contractors Ass'n, 809 F.2d 626, 630 (9th Cir. 1987). Once the moving party establishes the
27 absence of genuine issues of material fact, the burden shifts to the nonmoving party to set forth
28 facts showing that a genuine issue of disputed fact remains. Celotex, 477 U.S. at 322. The

1 nonmoving party cannot oppose a properly supported summary judgment motion by “rest[ing]
2 on mere allegations or denials of his pleadings.” Anderson, 477 U.S. at 256. “The ‘opponent
3 must do more than simply show that there is some metaphysical doubt as to the material fact.’”
4 Kennedy v. Allied Mut. Ins. Co., 952 F.2d 262, 265–66 (9th Cir. 1991) (citing Matsushita
5 Elec. Indus. Co. v. Zenith Radio Corp., 475 U.S. 574, 586 (1986)).

6 When ruling on a summary judgment motion, the court must view all inferences drawn
7 from the underlying facts in the light most favorable to the nonmoving party. Matsushita, 475
8 U.S. at 587. The Court does not make credibility determinations with respect to evidence
9 offered. See T.W. Elec., 809 F.2d at 630-31 (citing Matsushita, 475 U.S. at 587). Summary
10 judgment is therefore not appropriate “where contradictory inferences may reasonably be
11 drawn from undisputed evidentiary facts.” Hollingsworth Solderless Terminal Co. v. Turley,
12 622 F.2d 1324, 1335 (9th Cir. 1980).

13 **I. Canon’s Affirmative Defenses of Licensing and Patent Exhaustion**

14 Both Canon and MPT move for summary judgment of Canon’s affirmative defenses of
15 licensing and patent exhaustion. (Doc. No. 424-1 at 4-10; Doc. No. 426 at 10-12.) MPT
16 accuses Canon’s CAN-1 and CAN-3 groups of accused products of infringing the ’377 Patent
17 based on the encoding and decoding functions of Fujitsu chips³ contained in those products.
18 (Doc. No. 328-1, Declaration of Chris Mathews Ex. 3 at 3-5, 7-9.) Canon contends that the
19 affirmative defense of patent exhaustion applies as a matter of law to these infringement
20 allegations because MPT exhausted its patent rights when Fujitsu sold the accused products
21 to Canon pursuant to an unconditional worldwide license to the ’377 Patent that Fujitsu
22 received from AT&T. (Doc. No. 424-1 at 9-10.)

23 **A. Legal Standards for Patent Exhaustion**

24 Under 35 U.S.C. § 271, a defendant can only be liable for infringement if the allegedly
25 infringing acts are carried out “without authority.” 35 U.S.C. §§ 271(a), (f), (g). “The
26

27 ³ Specifically, MPT identifies the Fujitsu DIGIC 4 chip and the Fujitsu VIC-D chip as
28 the infringing instrumentalities. (Doc. No. 328-1, Declaration of Chris Mathews Ex. 3; see
also Doc. No. 424-1 at 7; Doc. No. 477 at 19-20.)

1 longstanding doctrine of patent exhaustion provides that the initial authorized sale of a
 2 patented item terminates all patent rights to that item.” Quanta Computer, Inc. v. LG Elecs.,
 3 Inc., 553 U.S. 617, 625 (2008). “The exhaustion doctrine prohibits patent holders from selling
 4 a patented article and then ‘invoking patent law to control postsale use of the article.’”
 5 Excelstor Tech., Inc. v. Papst Licensing GmbH & Co. KG, 541 F.3d 1373, 1376 (Fed. Cir.
 6 2008). The rationale underlying the doctrine rests upon the theory that an unconditional sale
 7 of a patented device exhausts the patentee’s right to control the purchaser’s use of that item
 8 thereafter because the patentee has bargained for and received the full value of the goods.
 9 Princo Corp. v. ITC, 616 F.3d 1318, 1328 (Fed. Cir. 2010) (en banc). However, “[e]xhaustion
 10 is triggered only by a sale authorized by the patent holder.” Quanta, 553 U.S. at 636.

11 **B. Analysis**

12 On December 14, 1988, Fujitsu Limited (“Fujitsu Ltd.”) and American Telephone and
 13 Telegraph Company (“AT&T”), a prior owner of the ’377 Patent, entered into a patent
 14 licensing agreement (“the Agreement”), and on January 22, 1996, the parties entered into a
 15 subsequent addendum agreement (“the Addendum”). (Doc. No. 424-3, Declaration of Maki
 16 Ohmizu Exs. B, D.) Section 1.01 of the Agreement provides:

17 (a) AT&T grants to FUJITSU under AT&T’s PATENTS nonexclusive and
 18 nontransferable licenses, and FUJITSU grants to AT&T under FUJITSU’s
 19 PATENTS nonexclusive, nontransferable and royalty-free licenses, for
 20 SEMICONDUCTIVE DEVICES.

21 (b) All licenses granted herein under any patent shall, notwithstanding the
 22 expiration of the LIMITED PERIOD, continue for the entire unexpired term of
 such patent

(c) The licenses granted herein are licenses to (i) make, have made, use, lease,
 sell and import SEMICONDUCTIVE DEVICES

23 (Id. Ex. B § 1.01.) The Agreement defines “AT&T PATENTS” as: “all patents . . . issued at
 24 any time in any or all countries of the world for INVENTIONS (i) which are owned (either
 25 solely or jointly with others) or controlled at any time during the LIMITED PERIOD by
 26 AT&T or any of its RELATED COMPANIES” (Id. (definitions appendix).) “LIMITED
 27 PERIOD” is further defined in the Agreement as “the period commencing on June 1, 1986 and
 28 ending on January 1, 1994.” (Id.) The ’377 Patent was issued on August 4, 1992 to assignee

1 AT&T Bell Laboratories. See U.S. Patent No. 5,136,377. As a result, the Agreement covers
2 the '377 Patent. (Doc. No. 424-1 at 6.; Doc. No. 539 at 2.) Accordingly, under the terms of
3 the Agreement, Fujitsu Ltd. has a license to “make, have made, use, lease, sell and import
4 SEMICONDUCTIVE DEVICES” that practice the '377 Patent. (Doc. No. 424-3, Declaration
5 of Maki Ohmizu Ex. B § 1.01.)

6 The Agreement defines “SEMICONDUCTIVE DEVICE” as “a device consisting
7 primarily of a body of a single semiconductive material or a plurality of semiconductive
8 materials and a plurality of electrodes associated therewith” (Doc. No. 424-3, Declaration
9 of Maki Ohmizu Ex. B (definitions appendix).) Canon asserts, and MPT does not dispute, that
10 the Fujitsu DIGIC 4 chips and the Fujitsu VIC-D chips at issue in this case are within the scope
11 of the term “SEMICONDUCTIVE DEVICE” and, therefore, are covered by the Agreement.
12 (Doc. No. 424-1 at 7.) Therefore, these Fujitsu chips were licensed to practice the '377 Patent.

13 In its opposition, MPT argues that there is a dispute of fact as to whether the Fujitsu-
14 AT&T Agreement is still in effect. (Doc. No. 477 at 16-18.) Specifically, MPT argues that
15 Canon failed to provide sufficient evidence showing that Fujitsu had made all the necessary
16 royalty payments it was required to make to AT&T under the Agreement. (Id. at 16.) MPT
17 also argues that Canon failed to provide sufficient evidence showing that the Agreement was
18 never terminated. (Id. at 17-18.) In response to these arguments, Canon has provided the
19 Court with evidence showing that Canon has made all the necessary royalty payments to
20 AT&T. (Doc. No. 521, Declaration of Maki Ohmizu ¶¶ 8-11, Ex. E.) Canon has also provided
21 the Court with a stipulation from Alcatel-Lucent stating that it is not aware of any notices of
22 breach or notices of termination relating to the Fujitsu-AT&T Agreement. (Doc. No. 521,
23 Declaration of Alyssa Caridis Ex. 8.) In its sur-reply, MPT concedes that this evidence is
24 sufficient to establish that the Agreement is still in effect. (Doc. No. 546 at 2.) Accordingly,
25 the Court concludes that there is no genuine dispute of fact as to whether the Fujitsu-AT&T
26 Agreement is still in effect.

27 In its opposition, MPT also argues that there is a dispute of fact as to whether the
28 Fujitsu chips were sold under the Agreement because Canon has presented evidence showing

1 that the chips were sold to Canon by Fujitsu Electronics, Inc. (“Fujitsu Electronics”), not
2 Fujitsu Ltd. (Doc. No. 477 at 19-21.) Fujitsu Ltd. and not Fujitsu Electronics is the party to
3 the AT&T agreement. (Doc. No. 424-3, Declaration of Maki Ohmizu Ex. B.) However,
4 Section 1.01(d) of the Agreement provides: “The grant of each license hereunder includes the
5 right to grant sublicenses within the scope of such license to a party’s RELATED
6 COMPANIES for so long as they remain its RELATED COMPANIES.” (Id. § 1.01(d).)
7 “RELATED COMPANIES” is defined in the Agreement as “SUBSIDIARIES of the company
8” (Id. (definition appendix).) “SUBSIDIARIES” is further defined as “a corporation or
9 other legal entity the majority of whose shares or other securities entitled to vote for election
10 of directors . . . is now or hereafter controlled by such company.” (Id.) Canon has provided
11 the Court with evidence showing that Fujitsu Electronics is a wholly owned subsidiary of
12 Fujitsu Semiconductor Limited (“Fujitsu Semiconductor”), which is a wholly owned
13 subsidiary of Fujitsu Ltd. (Doc. No. 521, Declaration of Maki Ohmizu ¶¶ 12-16, Exs. F-J-1.)⁴
14 Canon also provides evidence showing that the AT&T Agreement was expressly sublicensed
15 from Fujitsu Ltd. to Fujitsu Semiconductor and its subsidiaries. (Id. ¶¶ 17-21 Exs. K-1-N-2.)
16 In its sur-reply, MPT states that it no longer contest that Fujitsu’s subsidiaries are covered
17 under the AT&T licensing agreement. (Doc. No. 546 at 2.) Accordingly, the Court concludes
18 that there is no genuine issue of fact that Fujitsu Electronics, the seller of the chips at issue, had
19 a sublicense to the ’377 Patent through the Fujitsu-AT&T Agreement.

20 Turning to the application of the above facts to Canon’s exhaustion defense, MPT
21 argues that Canon’s exhaustion defense fails as a matter of law because sales occurring outside
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25 ⁴ In its opposition, MPT objected to the statements made in Mr. Ohmizu’s original
26 declaration about Fujitsu Electronics for lack of personal knowledge and on hearsay grounds.
27 (Doc. No. 477 at 20.) In response, Canon provided a more detailed declaration from Mr.
28 Ohmizu along with additional exhibits. (Doc. No. 521, Declaration of Maki Ohmizu.) In its
sur-reply, MPT does not object to the statements made in the second declaration. (Doc. No.
546.)

1 of the United States do not exhaust patent rights, relying on the Jazz Photo line of cases⁵ and
2 Ninestar Tech. Co. v. ITC, 667 F.3d 1373 (Fed. Cir. 2012). (Doc. No. 477 at 21-23.) These
3 cases hold that “United States patent rights are not exhausted by products of foreign
4 provenance. To invoke the protection of the first sale doctrine, the authorized first sale must
5 have occurred under the United States patent.” Jazz Photo, 264 F.3d at 1105. MPT has
6 presented evidence, which Canon does not dispute, showing that the sales at issue between
7 Fujitsu Electronics and Canon occurred in Japan. (Doc. No. 477 at 23; see also Doc. No. 521
8 at 4.) Therefore, the authorized sales relied on by Canon did not occur in the United States.

9 Significantly, the cases relied on by MPT are distinguishable from the present case
10 because those cases only involved foreign sales made directly by the patentee and did not
11 involve sales made pursuant to a unconditional worldwide license. See Jazz Photo, 264 F.3d
12 at 1105; Ninestar Tech., 667 F.3d at 1376-77. In the present case, the sales were made
13 pursuant to a license between Fujitsu and AT&T where AT&T granted Fujitsu and its
14 subsidiaries an unconditional worldwide license to practice the ’377 Patent. (Doc. No. 424-3,
15 Declaration of Maki Ohmizu Ex. B.) Therefore, the present case is governed by the Federal
16 Circuit’s decision in Tessera, Inc. v. ITC, 646 F.3d 1357 (Fed. Cir. 2011). See also Honeywell
17 Inc. v. Victor Co. of Japan, LTD., 298 F.3d 1317, 1328-29 (Fed. Cir. 2002). In Tessera, the
18 Federal Circuit found that the doctrine of patent exhaustion applied where the patentee gave
19 the licensee “an unconditional grant of a license ‘to sell. . . and/or offer for sale’ the accused
20 products” even though the authorized sales were made in a foreign jurisdiction. See id. at
21 1369-70. Here, AT&T gave Fujitsu and its subsidiaries an unconditional grant of license to
22 “make, have made, use, lease, sell and import” the accused chips.⁶ (Doc. No. 424-3,

23
24 ⁵ The Jazz Photo line of cases includes Jazz Photo Corp. v. ITC, 264 F.3d 1094 (Fed.
25 Cir. 2001), Fuji Photo Film Co., Ltd. v. Benun, 463 F.3d 1252 (Fed. Cir. 2006), and Fujifilm
Corp. v. Benun, 605 F.3d 1366 (Fed. Cir. 2010).

26 ⁶ MPT attempts to argue that the scope of the license is limited because sections 1.01(d)
27 and 4.02 of the Agreement limit Fujitsu’s rights to assign the license or grant sublicenses.
28 (Doc. No. 546 at 1-3.) However, this argument only applies to Canon’s affirmative defense
of licensing. The argument does not apply to Canon’s defense of patent exhaustion, which
focuses on the rights possessed by Fujitsu Electronics and whether its sales were authorized

1 Declaration of Maki Ohmizu Ex. B § 1.01(c.) Therefore, Fujitsu Electronics was authorized
2 under the '377 Patent to sell Canon the accused chips, and the doctrine of patent exhaustion
3 applies to these sales.⁷ See Quanta, 553 U.S. at 636-37; Tessera, 646 F.3d at 1369-71;
4 Honeywell, 298 F.3d at 1328-29.

5 C. Conclusion

6 In sum, Canon has established as a matter of law that MPT's patent rights under the
7 '377 Patent are exhausted as to the CAN-1 and CAN-3 groups of accused products.
8 Accordingly, the Court grants Canon's motion for summary judgment and denies MPT's
9 motion for summary judgment on Canon's affirmative defense of patent exhaustion.⁸

10 MPT has represented that the CAN-2 group of accused products have been withdrawn
11 from this lawsuit. (Doc. No. 522 at 4 n.6.) Therefore, the CAN-1 and CAN-3 group of
12

13 by the patentee. See Tessera, 646 F.3d at 1369-70. In determining whether there has been
14 exhaustion, the issue is not whether the licensee can assign its rights under the license or grant
15 a sublicense; the issue whether licensee made an authorized sale. See Quanta, 553 U.S. at 636-
16 38.

17 ⁷ The Court declines to allow a patentee who has granted unconditional worldwide
18 rights in a license and received royalties from that license to sue downstream customers of the
19 licensee simply because the products traveled to another country. To allow an infringement
20 lawsuit to proceed under those circumstances would be contrary to the rationale behind the
21 exhaustion doctrine. Under the exhaustion doctrine, the unconditional sale of a patented
22 device exhausts the patentee's right to control the purchaser's use of that item thereafter
23 because the patentee has bargained for and received the full value of the goods. See Princo,
616 F.3d at 1328. MPT's interpretation of the exhaustion doctrine would also substantially
hinder the rights of the licensee. Under MPT's view of exhaustion, an overseas component
manufacturer like Fujitsu would have to possess a distribution network that would allow it to
import and sell its component parts in each country where its components might eventually be
used and sold by its downstream customers. This would be the only way that the licensee
could ensure that its downstream customers would not be later liable for patent infringement.
This circumstance is contrary to the licensee's possession an unconditional worldwide license
to practice the patent.

24 ⁸ Because the Court grants Canon's motion on the basis of its defense of patent
25 exhaustion, the Court does not address Canon's contention that MPT's infringement
26 allegations are also barred by the affirmative defense of licensing. (See Doc. No. 424-1 at 8-
27 9.) However, the Court notes that the cases relied on by Canon to support its affirmative
28 defense of licensing are cases dealing with the affirmative defense of patent exhaustion rather
than the defense of express licensing. See, e.g., Unidisco, Inc. v. Schattner, 824 F.2d 965, 968
(Fed. Cir. 1987) (analyzing whether there had been an authorized sale of the accused
products); Lisle Corp. v. Edwards, 777 F.2d 693, 695 (Fed. Cir. 1985) (same); see also 5-16
CHISUM, CHISUM ON PATENTS § 16.03[2][a] (Rev. Ed. 1997). Indeed, at the hearing, Canon
conceded that it is not contending that it possesses a sublicense to the '377 Patent.

1 accused products are the only Canon accused products remaining in this action. (See Doc. No.
2 328-1, Declaration of Chris Mathews Ex. 3 (MPT’s final infringement contentions against
3 Canon).) Because the Court concludes that MPT has exhausted its patent rights as to the
4 CAN-1 and CAN-3 groups of accused products, the remainder of MPT’s motion for partial
5 summary judgment of the Defendants’ affirmative defenses is moot with respect to Canon’s
6 other affirmative defenses. The remainder of Canon’s motion for summary judgment is also
7 moot, except for the non-infringement arguments that were joined by Apple and LG. (See
8 Doc. No. 425 at 23-24 (“Apple and LG join Canon’s motion for summary judgment relating
9 to the ’377 Patent’s claimed ‘prediction means’ (all asserted claims), ‘controllable quantizer
10 means’ (claims 1, 2, 4, 8) and ‘coder means’ (claims 26 and 27).”) The Court will separately
11 address these non-infringement arguments to the extent they relate to Defendants Apple and
12 LG.

13 **II. The Parties’ Motions for Summary Judgment on Invalidity**

14 **A. Written Description Requirement for Claims 13-15 and 31 of the ’878** 15 **Patent**

16 Apple and LG move for summary judgment of their affirmative defense that claims
17 13-15 and 31 of the ’878 Patent are invalid for failure to meet the written description
18 requirement. (Doc. No. 425 at 6-17.) Apple and LG argue that these claims fail to meet the
19 written description requirement because these claims cover both interlaced and non-interlaced
20 fields, but the ’878 Patent’s written description only discloses interlaced fields. (Id.)

21 The first paragraph of 35 U.S.C. § 112 provides that the “specification shall contain a
22 written description of the invention” To satisfy the written description requirement of §
23 112, “the description must ‘clearly allow persons of ordinary skill in the art to recognize that
24 [the inventor] invented what is claimed.’” Ariad Pharms., Inc. v. Eli Lilly & Co., 598 F.3d
25 1336, 1351 (Fed. Cir. 2010) (en banc). “In other words, the test for sufficiency is whether the
26 disclosure of the application relied upon reasonably conveys to those skilled in the art that the
27 inventor had possession of the claimed subject matter as of the filing date.” Id.

28 “To overcome the presumption of validity of patents, the accused [infringer] must show

1 that the claims lack a written description by clear and convincing evidence.” Hynix
2 Semiconductor, Inc. v. Rambus, Inc., 645 F.3d 1336, 1351 (Fed. Cir. 2011) “Compliance with
3 the written description requirement is a question of fact, but is amenable to summary judgment
4 in cases where no reasonable fact finder could return a verdict for the non-moving party.”
5 PowerOasis, Inc. v. T-Mobile USA, Inc., 522 F.3d 1299, 1307 (Fed. Cir. 2008); see also Ariad
6 Pharms., 598 F.3d at 1351 (“[The written description requirement, “as we have long held, is
7 a question of fact.”).

8 In the Court’s claim construction order, the Court construed the claim term “fields” to
9 include both interlaced and non-interlaced fields. (Doc. No. 258 at 4-5.) Apple and LG argue
10 that under this construction, claims 13-15 and 31 of the ’878 Patent are invalid for failure to
11 meet the written description requirement as a matter of law because the preferred embodiment
12 disclosed in the ’878 Patent only discusses the coding of interlaced fields. (Doc. No. 425 at
13 10-15; Doc. No. 503 at 7 (arguing that “the ’878 Patent must disclose at least one embodiment
14 illustrating non-interlaced fields or non-interlaced field coding”).) However, “[a] claim will
15 not be invalidated on section 112 grounds simply because the embodiments of the specification
16 do not contain examples explicitly covering the full scope of the claim language.” LizardTech,
17 Inc. v. Earth Res. Mapping, Inc., 424 F.3d 1336, 1345 (Fed. Cir. 2004); see also In re Hayes
18 Microcomputer Products, Inc. Patent Lit., 982 F.2d 1527, 1535 (Fed. Cir. 1992) (“While [the
19 inventor] was required to disclose some structure in the specification for all ‘means’ recitations
20 in the claims, he was not required to disclose every means for implementing the stated
21 function.”). “That is because the patent specification is written for a person of skill in the art,
22 and such a person comes to the patent with the knowledge of what has come before.”
23 LizardTech, 424 F.3d at 1345. Therefore, “it is unnecessary to spell out every detail of the
24 invention in the specification; only enough must be included to convince a person of skill in
25 the art that the inventor possessed the invention . . .” Id. The relevant inquiry in determining
26 whether the written description requirement is satisfied is not whether interlaced fields are the
27 only type of “fields” disclosed in the preferred embodiment; the relevant inquiry is whether
28 the disclosures in the ’878 Patent are sufficient to convey to a person of ordinary skill in the

1 art that the inventors possessed an invention claiming both interlaced fields and non-interlaced
2 fields as of the filing date. See id.; Ariad Pharms., 598 F.3d at 1351.

3 MPT has presented evidence in the form of an expert report from its validity expert, Dr.
4 Horne, stating a person of ordinary skill in the art would understand that the '878 Patent
5 discloses non-interlaced fields, for example a submacroblock. (Doc. No. 447-2, Declaration
6 of Christopher Mathews Ex. 2 ¶¶ 710, 712.) Apple and LG have presented evidence in the
7 form of an expert report from their invalidity expert, Dr. Bovik, stating that a person of
8 ordinary skill in the art would not take the position that a "field" is a submacroblock and that
9 the person would understand that the only "fields" disclosed in the '878 Patent are interlaced
10 fields. (Doc. No. 451-2, Declaration of Justin Barnes Ex. B at 52.) As a result, there is a
11 genuine dispute of material fact as to whether claims 13-15 and 31 of the '878 Patent satisfy
12 the written description requirement. Accordingly, the Court denies Apple and LG's motion
13 for summary judgment of their affirmative defense of invalidity based on failure to meet the
14 written description requirement.

15 **B. Enablement Requirement for the Asserted Claims of the '878 Patent**

16 MPT moves for summary judgment of Apple and LG' affirmative defense that the
17 asserted claims of the '878 Patent are invalid for failure to meet the enablement requirement.
18 (Doc. No. 426 at 6-9.) In response, Apple and LG argue that MPT's motion should be denied
19 because they have provided sufficient evidence showing that the '878 Patent is not enabled.
20 (Doc. No. 478 at 4-5.)

21 The first paragraph of 35 U.S.C. § 112 provides that "[t]he specification shall contain
22 a written description of the invention, and the manner and process of making and using it, in
23 such full, clear, concise, and exact terms as to enable any person skilled in the art to which it
24 pertains, or with which it is most nearly connected, to make and use the same." To satisfy the
25 enablement requirement, "the specification of a patent must teach those skilled in the art how
26 to make and use the full scope of the claimed invention without undue experimentation."
27 MagSil Corp. v. Hitachi Global Storage Techs., 687 F.3d 1377, 1380 (Fed. Cir. 2012). In
28 determining whether a disclosure requires undue experimentation, a court may consider the

1 following factors:

2 (1) the quantity of experimentation necessary, (2) the amount of direction or
3 guidance presented, (3) the presence or absence of working examples, (4) the
4 nature of the invention, (5) the state of the prior art, (6) the relative skill of those
in the art, (7) the predictability or unpredictability of the art, and (8) the breadth
of the claims.

5 In re Wands, 858 F.2d 731, 737 (Fed. Cir. 1988).

6 Enablement is a question of law based on underlying factual findings, and is determined
7 as of the patent's effective filing date. MagSil, 687 F.3d at 1380. Lack of enablement must
8 be proven by clear and convincing evidence. Id.

9 Apple and LG argue that the '878 Patent is not enabled because a person of ordinary
10 skill in the art would not be able to practice the invention using non-interlaced field coding and
11 decoding based on the disclosures in the patent. (Doc. No. 478 at 4-5.) See MagSil, 687 F.3d
12 at 1381. ("The specification must contain sufficient disclosure to enable an ordinarily skilled
13 artisan to make and use the entire scope of the claimed invention at the time of filing."). Apple
14 and LG have presented evidence in the form of an expert report from their invalidity expert,
15 Dr. Bovik, stating that the disclosures in the '878 Patent are insufficient to meet the
16 enablement requirement because the disclosures do not teach a person of ordinary skill in the
17 art how to decode a non-interlaced field. (Doc. No. 451-2, Declaration of Justin Barnes Ex.
18 B at 52.) MPT has presented evidence in the form of an expert report from its validity expert,
19 Dr. Horne, stating that the disclosures are sufficient to teach a person of ordinary skill in the
20 art how to decode a non-interlaced field because a person of ordinary skill would recognize
21 that a "submacroblock" is a non-interlaced field. (Doc. No. 447-2, Declaration of Christopher
22 Mathews Ex. 2 ¶¶ 711-13.) Summary judgment on the issue of enablement is inappropriate
23 because there remains a genuine dispute of material fact for the jury as to whether the
24 disclosures of the '878 Patent teach a person of ordinary skill in the art how to decode a
25 non-interlaced field. See Johns Hopkins Univ. v. Cellpro, Inc., 152 F.3d 1342, 1359 (Fed. Cir.
26 1998) (explaining that summary judgment on the issue of enablement is inappropriate when
27 there is "a dispute upon which a reasonable jury could have resolved enablement in [the
28 defendant]'s favor after a review of the entire record"); Mformation Techs., Inc. v. Research

1 in Motion Ltd., 830 F. Supp. 2d 815, 833 (N.D. Cal. 2011) (denying plaintiff’s motion for
2 summary judgment on enablement where there was competing expert testimony about whether
3 one of ordinary skill in the art would understand the phrase “enabling/disabling” and
4 understand how to practice the claimed phrase).

5 MPT also argues that Apple and LG’s enablement defense fails because the Court has
6 already rejected the evidence and arguments they rely on in support of this defense during
7 claim construction. (Doc. No. 522 at 2-3.) MPT fails to recognize that what is the proper
8 construction of a claim and whether that claim as construed is enabled are two separate
9 inquiries. “[T]he Federal Circuit has made clear that, where a plaintiff seeks and obtains a
10 broad construction, the fact finder may later invalidate those claims for failing one or more
11 requirements of § 112, paragraph 1.” Synthes USA, LLC v. Spinal Kinetics, Inc., 2012 U.S.
12 Dist. LEXIS 139571, at *23 (N.D. Cal. Sept. 27, 2012) (citing Ariad Pharms., 598 F.3d at
13 1351). Accordingly, the Court denies MPT’s motion for summary judgment on the Apple and
14 LG’s affirmative defense of invalidity of the ’878 Patent based on lack of enablement.

15 **C. Best Mode Requirement for Claims 2 and 12 of the ’226 Patent**

16 MPT moves for summary judgment of Apple and LG’s affirmative defense that claims
17 2 and 12 of the ’226 Patent are invalid for failure to meet the best mode requirement. (Doc.
18 No. 426 at 5-6.) Apple and LG argue that MPT’s motion should be denied because the ’226
19 Patent violates the best mode requirement. (Doc. No. 478 at 2-3.)

20 The first paragraph of 35 U.S.C. § 112 provides that the specification “shall set forth
21 the best mode contemplated by the inventor of carrying out his invention.” 35 U.S.C. § 112
22 ¶ 1. To prove invalidity for failure to disclose the best mode, a defendant must satisfy a two
23 part test:

24 “First, the factfinder must determine whether, at the time of filing the
25 application, the inventor possessed a best mode for practicing the invention.”
26 The first prong . . . is highly subjective and focuses on the inventor’s state of
27 mind as of the date of filing the application. Second, if the inventor subjectively
28 considered one mode to be preferred over all others, then “the second inquiry is
whether the inventor’s disclosure is adequate to enable one of ordinary skill in
the art to practice the best mode of the invention. This inquiry is objective and
depends upon the scope of the claimed invention and the level of skill in the
relevant art.”

1 Bayer AG v. Schein Pharms., Inc., 301 F.3d 1306, 1320 (Fed. Cir. 2002) (citations omitted).

2 Invalidation for failure to satisfy the best mode requirement must be proven by clear and
3 convincing evidence. AllVoice Computing PLC v. Nuance Commc'ns, Inc., 504 F.3d 1236,
4 1240 (Fed. Cir. 2007). The best mode inquiry is assessed on a claim by claim basis. Pfizer,
5 Inc. v. Teva Pharms. USA, Inc., 518 F.3d 1353, 1365 (Fed. Cir. 2008). "Subject matter outside
6 the scope of the claims also falls outside the scope of the best mode requirement." AllVoice
7 Computing, 504 F.3d at 1246. Compliance with the best mode requirement is a question of
8 fact. Bayer AG v. Schein Pharms., Inc., 301 F.3d 1306, 1312 (Fed. Cir. 2002).

9 MPT argues that Apple and LG have failed to produce any evidence demonstrating that
10 the inventors of the '226 Patent, at the time of filing their patent application, considered a
11 particular mode of practicing the invention to be superior to all other modes. (Doc. No. 426
12 at 5.) Apple and LG have presented evidence from which a reasonable inference could be
13 drawn that Dr. Puri, one of the inventors of the '226 Patent attended an international video
14 coding workshop three weeks prior to the filing of the '226 Patent where he presented an
15 abstract entitled "Conditional Motion-Compensated Interpolation and Coding." (Doc. No.
16 451-2, Declaration of Justin Barnes Ex. B at 25-26.) Apple and LG have also presented an
17 expert report from their invalidity expert, Dr. Bovik, stating that this abstract asserts that the
18 quantization of interpolation error should be performed more coarsely than the quantization
19 of prediction error, and that this was a better mode of practicing the invention embodied in the
20 '226 Patent because it would result in bandwidth savings. (Id. at 26.) Dr. Bovik's expert
21 report also concludes that the '226 Patent does not disclose the relative coarseness with which
22 a person should quantize the prediction error and the interpolation error and only discloses
23 controlling the coarseness of these two errors based on buffer overflow. (Id. at 25.) See also
24 '226 Patent at 4:22-25, 4:59-62.

25 MPT argues that this evidence is insufficient to establish a best mode violation because
26 quantization falls outside of the scope of the asserted claims. (Doc. No. 522 at 2.)
27 Specifically, MPT argues that quantization does not apply to claim 12, which is for a decoder,
28 and claim 2 does not refer to quantization coarseness or quantization control. (Id.) The best

1 mode inquiry must be assessed on a claim by claim basis. Pfizer, Inc. v. Teva Pharms. USA,
2 Inc., 518 F.3d at 1365. In its claim construction order, the Court held that one of the
3 corresponding structures for encoder claim 2 of the '226 Patent contains a “quantizer 40.”
4 (Doc. No. 258 at 62.) Therefore, Apple and LG’s best mode argument falls within the scope
5 of that asserted claim. However, “quantizer 40” is part of not a corresponding structure for
6 decoder claim 12. (See id. at 67-70.) Therefore, Apple and LG’s best mode argument is
7 outside the scope of claim 12 of the '226 Patent, and Apple and LG’s best mode defense
8 against claim 12 fails as a matter of law. See AllVoice Computing, 504 F.3d at 1246.
9 Accordingly, Apple and LG have only shown that there is a genuine dispute of fact as to
10 whether claim 2 of the '226 Patent fails to satisfy the best mode requirement.

11 MPT also argues that Apple and LG have failed to present any evidence showing that
12 either of the inventors of the '226 Patent intentionally concealed the alleged better mode of
13 their invention, citing Wellman, Inc. v. Eastman Chem. Co., 642 F.3d 1355 (Fed. Cir. 2011).
14 (Doc. No. 426 at 5-6.) In Wellman, the Federal Circuit stated that “[i]nvalidation based on
15 a best mode violation requires that the inventor knew of and intentionally concealed a better
16 mode than was disclosed.” 642 F.3d at 1365. However, in a more recent case, the Federal
17 Circuit stated that there is no requirement of intent to conceal in determining whether the best
18 mode requirement has been met, and “the proper inquiry focuses on the adequacy of the
19 disclosure rather than motivation for any nondisclosure.” In re Cyclobenzaprine
20 Hydrochloride Extended-Release Capsule Patent Lit., 676 F.3d 1063, 1086 (Fed. Cir. 2012).
21 In Cyclobenzaprine Hydrochloride, the Federal Circuit explained that an intent requirement
22 would be inconsistent with the Federal Circuit’s prior instruction that the second prong of the
23 best mode test is an objective inquiry. Id. at 1085. The court also explained that the term
24 “concealment” when used to describe the best mode inquiry is merely “a shorthand way of
25 inquiring about the adequacy of the disclosure.” Id. The Court agrees with the
26 Cyclobenzaprine Hydrochloride opinion. Therefore, Apple and LG do not need to present
27 evidence showing that the inventors intentionally concealed the better mode. See id. at 1085-
28 86.

1 Accordingly, the Court grants in part and denies in part MPT's motion. The Court
2 grants MPT's motion for summary judgment of Apple and LG's affirmative defense of
3 invalidity for failure to meet the best mode requirement with respect to claim 12 of the '226
4 Patent. The Court denies MPT's motion for summary judgment of Apple and LG's affirmative
5 defense of invalidity for failure to meet the best mode requirement with respect to claim 2 of
6 the '226 Patent.

7 **D. Definiteness of the Asserted Claims of the '878 Patent**

8 MPT moves for summary judgment of Apple and LG's affirmative defense that the
9 asserted claims of the '878 Patent are invalid for indefiniteness. (Doc. No. 426 at 6-9.) Apple
10 and LG state that they do not oppose MPT's motion for summary judgment, conceding that
11 the Court has already ruled on this issue in construing the asserted claims of the '878 Patent.
12 (Doc. No. 478 at 3-4.) Accordingly, the Court grants MPT's motion for summary judgment
13 of Apple and LG's affirmative defense of indefiniteness with respect to the asserted claims of
14 the '878 Patent.

15 **III. Defendants' Motions for Summary Judgment of Non-Infringement**

16 Apple and LG move for summary judgment of non-infringement on several issues.
17 (Doc. No. 425 at 6-7, 23-24.) Under 35 U.S.C. § 271(a), "whoever without authority makes,
18 uses, offers to sell, or sells any patented invention, within the United States . . . infringes the
19 patent."

20 A patent infringement analysis proceeds in two steps. Markman v. Westview
21 Instruments, Inc., 52 F.3d 967, 976 (Fed. Cir. 1995), aff'd 517 U.S. 370. In the first step, the
22 court construes the asserted claims as a matter of law. See id. In the second step, the
23 factfinder compares the claimed invention to the accused device. Id.; see also Verizon Servs.
24 Corp. v. Cox Fibernet Va., Inc., 602 F.3d 1325, 1340 (Fed. Cir. 2010) ("A determination of
25 infringement is a question of fact . . ."). "Summary judgment on the issue of infringement
26 is proper when no reasonable jury could find that every limitation in a properly construed
27 claim either is or is not found in the accused device either literally or under the doctrine of
28 equivalents." U.S. Philips Corp. v. Iwasaki Elec. Co. Ltd., 505 F.3d 1371, 1374-75 (Fed. Cir.

1 2007) (quoting PC Connector Solutions LLC v. SmartDisk Corp., 406 F.3d 1359, 1364 (Fed.
2 Cir. 2005)).

3 “To prove literal infringement, the patentee must show that the accused device contains
4 every limitation in the asserted claims. If even one limitation is missing or not met as claimed,
5 there is no literal infringement.” Riles v. Shell Exploration & Prod. Co., 298 F.3d 1302, 1308
6 (Fed. Cir. 2002) (quoting Mas-Hamilton Group v. LaGard, Inc., 156 F.3d 1206, 1211 (Fed. Cir.
7 1998)). Specifically, literal infringement of a means-plus-function claim “requires that the
8 relevant structure in the accused device perform the identical function recited in the claim and
9 be identical or equivalent to the corresponding structure in the specification.” Odetics, Inc. v.
10 Storage Tech. Corp., 185 F.3d 1259, 1267 (Fed. Cir. 1999). An accused structure is equivalent
11 if it “performs the claimed function in substantially the same way to achieve substantially the
12 same result.” Id. at 1267; see also Chiuminatta Concrete Concepts, Inc. v. Cardinal Indus.,
13 Inc., 145 F.3d 1303, 1309 (Fed. Cir. 1998) (“The proper test is whether the differences
14 between the structure in the accused device and any disclosed in the specification are
15 insubstantial.”). “[T]he claim limitation is the overall structure corresponding to the claimed
16 function.” Odetics, 185 F.3d at 1268.

17 **A. Claim 13 of the '878 Patent**

18 LG moves for summary judgment of non-infringement of claim 13 of the '878 Patent.
19 (Doc. No. 425 at 6-7.) LG argues that their accused products do not infringe claim 13 because
20 they cannot decode P-pictures. (Id.)

21 Claim 13 of the '878 Patent contains the means-plus-function limitation of a “means
22 responsive to a motion compensation type signal for selectively and adaptively performing
23 motion compensated decoding of frames of the compressed digital video bit stream and fields
24 of the compressed video bit stream.” '878 Patent at 90:35-39. For this limitation, the Court
25 construed the claimed function as “selectively and adaptively performing motion compensated
26 decoding of frames of the compressed digital video bit stream” and the corresponding structure
27 as “circuit 100 (as shown in Fig. 2 and its internal circuitry as shown in Figs. 3, 4A, and 4B
28 and as described at col. 15 line 22 to col. 18 line 10); circuit 94 (as shown in Fig. 2 and the

1 circuitry within circuit 94 as shown and described in Figs. 15, 16A, and 16B, and the
2 description of circuit 94 and its internal circuitry set forth in col. 15 lines 11-28 and in col. 25
3 line 26 to col. 27 line 34); summing element 92; picture stores 100C and 100A; circuit 54 (as
4 shown in Fig. 2, and as described in Fig. 12 and at col. 14 lines 5-68 and col. 24 lines 47-60);
5 circuit 80 (as shown in Fig. 2 and as described at col. 15 lines 4-10); and including all
6 interconnections of these elements.” (Doc. No. 258 at 12, 17.)

7 In construing this limitation, the Court explained: “The structures in Fig. 2, which
8 include circuit 100, must decode both P-pictures and B-pictures.” (Id. at 14.) LG argues,
9 therefore, that its accused products do not possess this claim limitation because it is undisputed
10 that their products cannot decode P-pictures. (Doc. No. 425 at 6-7.) However, circuit 100 is
11 only one of multiple components to the overall corresponding structure identified by the Court
12 in the claim construction order for this means-plus-function claim limitation. (Doc. No. 258
13 at 17.) The Federal Circuit has explained that the individual components of a structure for a
14 means-plus-function claim “are not claim limitations.” Odetics, 185 F.3d at 1268. “Rather,
15 the claim limitation is the overall structure corresponding to the claimed function. This is why
16 structures with different numbers of parts may still be equivalent under § 112, P 6, thereby
17 meeting the claim limitation.” Id.; accord. Caterpillar Inc. v. Deere & Co., 224 F.3d 1374,
18 1380 (Fed. Cir. 2000). Therefore, it is impermissible for a district court to engage in a
19 “component-by-component analysis to determine [whether a] reasonable jury could find
20 structural equivalence.” Caterpillar, 224 F.3d at 1380. Accordingly, even if MPT’s expert has
21 conceded that LG’s accused products cannot decode P-pictures, LG is not entitled to summary
22 judgment of non-infringement on that basis alone.

23 To be entitled to summary judgment of non-infringement based on this claim limitation,
24 LG must show that there is no dispute of fact that the relevant structures in their accused
25 products do not perform the function of “selectively and adaptively performing motion
26 compensated decoding of frames of the compressed digital video bit stream” in substantially
27 the same way to achieve substantially the same result as the corresponding structure disclosed
28 in the specification. See Odetics, 185 F.3d at 1267. LG has not made such a showing. In

1 response to LG’s motion, MPT submitted evidence in the form of an expert report from their
2 infringement expert, Dr. Richardson, identifying the relevant structure in LG’s accused
3 products and concluding that the relevant structure performs the above function in substantially
4 the same way to achieve substantially the same results as the overall corresponding structure
5 identified by the Court during claim construction.⁹ (Doc. No. 477-15, Declaration of Iain
6 Richardson Ex. B at 414-18, 432-35.) Therefore, there is a triable issue of fact as to whether
7 LG’s accused products contain this particular claim limitation. Accordingly, the Court denies
8 LG’s motion for summary judgment of non-infringement of claim 13 of the ’878 Patent.

9 **B. The ’377 Patent**

10 Apple and LG join part of Canon’s motion for summary judgment of non-infringement
11 of the ’377 Patent. (Doc. No. 425 at 23-24.) Specifically, Apple and LG argue that MPT has
12 failed to raise a triable issue of fact as to whether their accused products meet the “prediction
13 means” limitation found in claims 1 and 26, the “controllable quantizer means” limitation
14 found in claim 1, or the “coder means” limitation found in claim 26. (*Id.*)

15 Claims 1 and 26 of the ’377 Patent contain the means-plus-function limitation of a
16 “prediction means.” ’377 Patent at 25:36-37, 27:12. For claim 1, the Court construed the
17 claimed function as “predicting a next frame’s signals” and the corresponding structure as
18 “adders 41 and 54, subtractor 44, multiplier 45, motion compensator 43, inverse quantizer 39
19 and inverse DCT 40.” (Doc. No. 258 at 43-44.) For claim 26, the Court construed the claimed
20 function as “developing frame prediction signals in response to output signals of the encoder”
21 and identified the same corresponding structure as for claim 1. (*Id.* at 56.)

22
23
24 ⁹ In Canon’s motion for summary judgment of non-infringement, which Apple and LG
25 join, Canon argues that the conclusions in Dr. Richardson’s expert report are insufficient to
26 create a genuine dispute of fact, relying on *Intellectual Sci. & Tech., Inc. v. Sony Elecs., Inc.*,
27 589 F.3d 1179 (Fed. Cir. 2009). (Doc. No. 424-1 at 15.) However, the present case is
28 distinguishable from *Intellectual Sci. & Tech.* In *Intellectual Sci. & Tech.*, the Federal Circuit
rejected the expert’s unsupported infringement conclusion where the expert had failed to
pinpoint where the claimed elements could be found in the accused devices. *See* 589 F.3d at
1184. In contrast, here, Dr. Richardson has identified the relevant structures in the accused
products he contends perform the claimed functions with citations to the relevant source code.
(*See, e.g.*, Doc. No. 477-15, Declaration of Iain Richardson Ex. B at 414-18.)

1 Claim 1 of the '377 Patent contains the means-plus-function limitation of a
2 “controllable quantizer means.” '377 Patent at 25:43. For this limitation, the Court construed
3 the claimed function as “quantizing the difference signals mentioned earlier in the claim in
4 accordance with a quantization schema that varies with the dictates of a control signal” and the
5 corresponding structure as “[q]uantizer vector selector 38 [QVS], as shown in Figure 2 and its
6 internal circuitry shown in Figures 9 and 10.” (Doc. No. 258 at 46-47.)

7 Claim 26 of the '377 Patent contains the means-plus-function limitation of a “coder
8 means.” '377 Patent at 27:17. For this limitation, the Court construed the claimed function
9 as “encoding the frame difference signals under direction of the control signal mentioned
10 earlier in the claim” and the corresponding structure as “[q]uantizer vector selector 38” (QVS),
11 which includes the internal circuitry shown in Figures 9 and 10, and “variable length encoders
12 46 and 47.” (Doc. No. 258 at 57-58.)

13 Apple and LG argue that MPT has failed to raise a triable issue of fact with respect to
14 the “prediction means” limitations because MPT’s expert has failed to identify where adder
15 54, subtractor 44, and multiplier 45 are found in the accused products. (Doc. No. 425 at 23;
16 Doc. No. 424-1 at 17-18.) Similarly, Apple and LG argue that MPT has failed to raise a triable
17 issue of fact with respect to the “controllable quantizer means” and “coder means” limitations
18 because MPT’s expert has failed to identify where the internal QVS circuitry can be found in
19 the accused products. (Doc. No. 425 at 24; Doc. No. 424-1 at 14-16.) However, by making
20 these arguments, Apple and LG are again asking this Court to engage in an impermissible
21 component-by-component infringement analysis. Apple and LG are not entitled to summary
22 judgment of non-infringement simply because MPT’s expert has not shown that their products
23 contain all of the identified components of the corresponding structures. See Caterpillar, 224
24 F.3d at 1380 (explaining that it is impermissible for a district court to engage in a
25 “component-by-component analysis to determine [whether a] reasonable jury could find
26 structural equivalence”).

27 To be entitled to summary judgment of non-infringement based on these claim
28 limitations, Apple and LG must show that there is no dispute of fact that the relevant structures

1 in their accused devices do not perform the identified functions in substantially the same way
2 to achieve substantially the same result as the corresponding structures in the specification.
3 See Odetics, 185 F.3d at 1267. MPT has submitted evidence in the form of an expert report
4 from their infringement expert, Dr. Richardson, identifying the relevant structures in Apple and
5 LG's accused products and concluding that the relevant structures perform the identified
6 functions of the above limitations in substantially the same way to achieve substantially the
7 same results as the overall corresponding structures identified by the Court during claim
8 construction. (Doc. No. 477-14, Declaration of Iain Richardson Ex. A at 95-101, 105-08, 120-
9 26, 130-36, 193-97, 199-202, 213-17, 219-23; Doc. No. 477-25, id. Ex. B at 358-61, 363-65,
10 372-75, 377-80, 386-89, 391-93, 400-03, 405-08, 448-51, 453-54, 458-60, 462-64, 467-69,
11 471-73, 476-78, 480-82.) Therefore, there is a triable issue of fact as to whether Apple and
12 LG's accused products contain these claim limitations. Accordingly, the Court denies Apple
13 and LG's motion for summary judgment of non-infringement of the '377 Patent.

14 **C. Apple's iPod Nano (5th Gen)**

15 Apple moves for summary judgment of non-infringement with respect to the iPod Nano
16 (5th Gen) accused product. (Doc. No. 425 at 17-18.) Apple argues that MPT has failed to
17 provide any infringement analysis for this product. (Id.) In response, MPT argues that Dr.
18 Richardson's expert report provides a sufficient analysis because the iPod Nano (5th Gen) uses
19 the same Samsung encoder as Apple's H2/H3 products. (Doc. No. 477-4 at 18-19.)

20 Dr. Richardson's expert report states that he included Apple's iPod Nano (5th Gen)
21 along with Apple's H2/H3 products because "[t]he source code Apple identified as
22 representing the encoder used in the S5L8730 is essentially the same as the source code
23 identified as representing the encoder used in the H2P and H3P chips." (Doc. No. 425,
24 Declaration of Justin Barnes Ex. 3, at 29.) Apple argues that this is insufficient analysis
25 because Dr. Richardson does not identify the source code that is essentially the same. (Doc.
26 No. 425 at 18.) A patentee may prove infringement by having its expert testify in detail about
27 a particular device and then stating the same analysis applies to other allegedly infringing
28 devices that operate similarly, without discussing each type of device in detail. See TiVo, Inc.

1 v. EchoStar Comm's Corp., 516 F.3d 1290, 1308 (Fed. Cir. 2008); Spanion, Inc. v. ITC, 629
2 F.3d 1331, 1350-51 (Fed. Cir. 2011). Apple does not contend that Dr. Richardson's
3 infringement analysis with respect to the H2P and H3P chips is insufficient. Therefore, Dr.
4 Richardson may rely on this analysis as proof that the iPod Nano (5th Gen) infringes as long
5 as the devices operate similarly. See id. MPT has presented evidence from which a reasonable
6 inference could be drawn that the S5L8730 chip uses the same Samsung 720P encoder as the
7 H2P and H3P chips because the chips use the same source code.¹⁰ (Doc. No. 477-2,
8 Declaration of Dr. Iain Richardson ¶¶ 9-11.) Therefore, the statements in Dr. Richardson's
9 expert report are sufficient to create a triable issue of fact as to whether the iPod Nano (5th
10 Gen) infringes MPT's patents.¹¹ Accordingly, the Court denies Apple's motion for summary
11 judgment of non-infringement of Apple's iPod Nano (5th Gen).

12 **D. Doctrine of Equivalents**

13 Apple and LG move for summary judgment of no infringement by the doctrine of
14 equivalents. (Doc. No. 425 at 2-3.) In its oppositions, MPT states that its infringement claims
15 are not based on the doctrine of equivalents, and it does not oppose an in limine ruling
16 excluding it from relying on the doctrine of equivalents during the trial. (Doc. No. 477-4 at
17 1.) Indeed, MPT has filed a non-opposition to Apple and LG's motion in limine to exclude
18 evidence and/or testimony about the doctrine of equivalents. (Doc. No. 600 at 13.)

19
20 ¹⁰ Apple argues that the Court should not consider Dr. Richardson's declaration because
21 it includes opinions and analysis that was not included in his expert report. (Doc. No. 503 at
22 8-9.) However, Apple has failed to show how it is prejudiced by the statements made in the
23 declaration, particularly in light of the fact that these statements were made prior to Dr.
24 Richardson's deposition. Therefore, the Court will consider the declaration. See Dukes v.
Wal-Mart, Inc., 222 F.R.D. 189, 195 (N.D. Cal. 2004) (denying motion to strike expert
testimony for failure to timely disclose the full extent of that testimony where the moving party
failed to establish sufficient prejudice).

25 ¹¹ In support of this motion for summary judgment, Apple attempts to rely on the
26 Court's prior ruling on LG's motion to strike MPT's final infringement contentions. (Doc. No.
27 425 at 18.) That ruling is distinguishable from the present motion because it involved
28 disclosures made in infringement contentions that are subject to Patent Local Rule 3.1 rather
than disclosures made in an expert report that are not subject to that patent local rule. In
addition, in briefing that motion, MPT's expert admitted that there were differences in the
source code found in the different Qualcomm chips (Doc. No. 420 at 6); here, MPT's expert
contends that the source code for the different chips is the same for 50 of the 52 files.

1 Accordingly, Apple and LG's motion for summary judgment of no infringement by the
2 doctrine of equivalents is moot.

3 **IV. Order Estopping MPT From Re-Raising Infringement Contentions Against**
4 **Dropped and Struck Products**

5 Apple and LG move for an order estopping MPT from re-raising its infringement
6 contentions against products that were voluntarily dropped or struck from its final infringement
7 contentions in this litigation and in any future litigation. (Doc. No. 425 at 3-6.) In response,
8 MPT argues that Apple and LG's request is overbroad and unnecessary. (Doc. No. 477-4 at
9 2-3.)

10 When MPT served its final infringement contentions, it narrowed the number of
11 accused products it was accusing of infringement in this action. (Compare Doc. No. 328-1,
12 Declaration of Chris Mathews Exs. 1-2 with id. Exs. 4-5.) In addition, in ruling on the
13 Defendants' motions to strike MPT's final infringement contentions, the Court limited MPT's
14 final infringement contentions to exclude certain accused products. (Doc. No. 357.) A
15 patentee is limited to the infringement theories it sets forth in its infringement contentions.
16 TQP Dev., LLC v. Merrill Lynch & Co., 2012 U.S. Dist. LEXIS 112803, at *10 (E.D. Tex.
17 Aug. 10, 2012) (Bryson, J.). Therefore, MPT may not re-raise its claims of infringement
18 against these products in this litigation.

19 With respect to Apple and LG's request to estop MPT in future litigation, Apple and
20 LG are not entitled to such relief. In support of this request, Apple and LG rely on this Court's
21 prior order in the DirecTV case, but Apple and LG misread the Court's order in that case. In
22 DirecTV, the Court held that MPT was estopped from later re-asserting its infringement
23 contentions from products that were dropped from its final infringement contentions in that
24 action. See Multimedia Patent Trust v. DirecTV, Inc., No. 09-cv-278 (S.D. Cal. Nov. 7, 2011
25 [Doc. No. 621 at 3-4]). The Court's order said nothing about estoppel applying in subsequent
26 litigation. See id. Nor could it, because generally a court may not dictate to other courts the
27 preclusive consequences of its own judgment. See Smith v. Bayer Corp., 131 S. Ct. 2368,
28 2375 (2011). Whatever preclusive effect, if any, this action has on MPT in subsequent

1 litigation, is for the court in that future litigation to decide. See id. Accordingly, the Court
2 grants in part and denies in part Apple and LG's motion. MPT is estopped from re-raising its
3 infringement contentions in this action against products that were voluntarily dropped from its
4 final infringement contentions or products that were struck from its final infringement
5 contentions.¹²¹³

6 **IV. Apple and LG's Motion for Summary Judgment of No Willful Infringement**

7 Apple and LG move for summary judgment of no willful infringement. (Doc. No. 425
8 at 18-23.) Specifically, Apple and LG argue that the defenses they have asserted against
9 MPT's claims of infringement are reasonable as a matter of law. (Id.) In response, MPT
10 argues that Apple and LG's motion should be denied because there are numerous questions of
11 fact that would have to be decided by the jury before the Court should make its determination
12 of whether Apple and LG were objectively reckless.

13 **A. Legal Standards for Willful Infringement**

14 To establish willful infringement, a patentee must make a "showing of objective
15 recklessness." In re Seagate Technology, LLC, 497 F.3d 1360, 1371 (Fed. Cir. 2007) (en
16 banc).

17 Accordingly, to establish willful infringement, a patentee must show by clear
18 and convincing evidence that the infringer acted despite an objectively high
19 likelihood that its actions constituted infringement of a valid patent. The state
20 of mind of the accused infringer is not relevant to this objective inquiry. If this
21 threshold objective standard is satisfied, the patentee must also demonstrate that
22 this objectively-defined risk (determined by the record developed in the
23 infringement proceeding) was either known or so obvious that it should have
24 been known to the accused infringer.

23 ¹² In their reply, Apple and LG argue that if the Court does not estop MPT from
24 asserting its claims related to the dropped or struck products in subsequent litigation, then it
25 should dismiss these claims with prejudice pursuant to Federal Rule of Civil Procedure 41(b)
26 for failure to prosecute. However, because this argument was raised for the first time in a reply
27 brief, the Court does not consider it. See United States v. 191.07 Acres of Land, 482 F.3d
28 1132, 1137 n.2 (9th Cir. 2007).

¹³ This Order does not preclude the parties from agreeing to treat the verdict on the one
Qualcomm chip as representative of the other Qualcomm chips or preclude the Court from
severing the infringement and declaratory relief claims for the struck "representative"
Qualcomm chips from this suit and placing them into the recently filed suit.

1 Id. (citations omitted). The two-prong objective/subjective test must be determined on a claim
2 by claim basis.¹⁴ Highmark, Inc. v. Allcare Health Mgmt. Sys., 687 F.3d 1300, 1311 (Fed. Cir.
3 2012).

4 An accused infringer is generally not objectively reckless where it “relies on a
5 reasonable defense to a charge of infringement.” Spine Solutions, Inc. v. Medtronic Sofamor
6 Danek USA, Inc., 620 F.3d 1305, 1319 (Fed. Cir. 2010); accord. Bard Peripheral Vascular,
7 Inc. v. W.L. Gore & Assocs., 682 F.3d 1003, 1005-06 (Fed. Cir. 2012) (“[T]he question . . .
8 often posed is whether a defense or noninfringement theory was ‘reasonable.’”). Therefore,
9 legitimate defenses to infringement and credible invalidity arguments can demonstrate that the
10 accused infringer was not objectively reckless. See Black & Decker, Inc. v. Robert Bosch
11 Tool Corp., 260 Fed. App’x 284, 291 (Fed. Cir. 2008) (“[B]oth legitimate defenses to
12 infringement claims and credible invalidity arguments demonstrate the lack of an objectively
13 high likelihood that a party took actions constituting infringement of a valid patent.”); see, e.g.,
14 Advanced Fiber Techs. Trust v. J & L Fiber Servs., 674 F.3d 1365, 1377-78 (Fed. Cir. 2012)
15 (affirming district court’s summary judgment of no willfulness where the “facts show[ed] that
16 [the defendant’s] assertions of invalidity and noninfringement were, at minimum, objectively
17 reasonable defenses to [the plaintiff’s] charge of infringement”).

18 The Federal Circuit has recently held that “the objective determination of recklessness,
19 even though predicated on underlying mixed questions of law and fact, is best decided by the
20 judge as a question of law.” Bard, 682 F.3d 1007. However, in considering the objective
21 prong of the Seagate test, when the defendant relies on the reasonableness of his defenses to
22 infringement, the judge may “allow the jury to determine the underlying facts relevant to the
23 defense in the first instance, for example, the questions of anticipation or obviousness.” Id.
24 at 1008.

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27 ¹⁴ Highmark is a case interpreting the standard for determining whether a claim is
28 objective baseless under 35 U.S.C. § 285. See 687 F.3d at 1308. In iLor, LLC v. Google, Inc.,
the Federal Circuit explained that this standard is identical to the standard for determining
willful infringement under Seagate. See 631 F.3d 1372, 1377 (Fed. Cir. 2011).

1 **B. Analysis**

2 As an initial matter, MPT argues that under Bard, whenever there are any disputed
3 factual issues related to the willfulness determination, the factual issues must be decided first
4 by the jury. (Doc. No. 477-4 at 19-20.) MPT is incorrect. In Bard, the Federal Circuit stated
5 that in determining whether a defendant's defense to infringement is objectively reasonable,
6 a judge "may" allow the jury to decide the underlying factual issues. See 682 F.3d 1007. The
7 Federal Circuit did not hold that a judge was required to do so. See id. Indeed, the Federal
8 Circuit has affirmed the granting of summary judgment of no willfulness upon a finding that
9 the defendant's defenses to infringement were objectively reasonable. See Advanced Fiber
10 Techs., 674 F.3d at 1377-78.

11 MPT accuses Apple of infringing claims 2, 4, and 12 of the '226 Patent, claims 13, 14,
12 15, 31 and 32 of the '878 Patent, and claims 1, 2, 4, 8, 26, and 27 of the '377 Patent, and MPT
13 accuses LG of infringing claims 13, 31, and 32 of the '878 Patent and claims 1, 2, 8, 26 and
14 27 of the '377 Patent. (Doc. No. 328-1, Declaration of Chris Mathews Exs. 1-2.) To support
15 its claim of willfulness, MPT relies on the following pre-litigation evidence.¹⁵ On March 15,
16 2007, MPT sent Apple a demand letter, accusing Apple of infringing the '226 Patent, the '878
17 Patent, and the '377 Patent. (Doc. No. 477-6, Declaration of Chris Mathews Ex. 7.) On
18 August 13, 2008, MPT sent LG a similar demand letter. (Id. Ex. 8.) In May 2009, MPT
19 provided Apple with detailed claim charts of its infringement contentions, including claim
20 charts for claims 1 and 12 of the '226 Patent, claims 13, 32, and 33 of the '878 Patent, and
21 claim 26 of the '377 Patent.¹⁶ (Id. Ex. 11.) Therefore, although MPT had made Apple and LG

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23 ¹⁵ In Seagate, the Federal Circuit explained that a claim of willful infringement "must
24 find its basis in prelitigation conduct" rather than postlitigation conduct. 497 F.3d at 1374.

25 ¹⁶ LG asserts that MPT never provided it with detailed claim charts prior to the
26 commencement of this lawsuit. (Doc. No. 425 at 20.) MPT does not dispute this contention
27 in its opposition. (See generally Doc. No. 477-4.) An exhibit attached to MPT's opposition
28 states that LG was provided with claim charts prior to the commencement of this lawsuit.
(Doc. No. 477-6, Declaration of Chris Mathews Exs. 10) However, because the Court was not
provided with the attachments to these emails, the Court cannot evaluate the detail of these
claim charts or if they even are related to the claims that are currently being asserted against
LG in this lawsuit.

1 aware of its assertion that they were infringing the Patents-In-Suit prior to the commencement
2 of this action, out of the claims asserted in this action MPT only provided Apple with detailed
3 infringement allegations for claim 12 of the '226 Patent, claims 13 and 32 of the '878 Patent,
4 and claim 26 of the '377 Patent and failed to provide LG with detailed allegations for any of
5 the claims of the Patents-In-Suit. MPT's failure to provide evidence showing that LG was ever
6 provided with claim charts for the claims at issue in this litigation is by itself sufficient for the
7 Court to conclude that LG was not acting objectively reckless. Cf. Highmark, 687 F.3d at
8 1311 (Fed. Cir. 2012) (explaining that willfulness is determined on a claim by claim basis).
9 Similarly, MPT's failure to provide evidence showing that Apple was ever provided with
10 detailed claim charts for claim 2 of the '226 Patent or claim 1 of the '377 Patent is by itself
11 sufficient for the Court to conclude that Apple was not acting objectively reckless with respect
12 to these two claims and their dependent claims. See id.

13 In support of their motion for summary judgment of no willfulness, Apple and LG
14 primarily rely on the two jury verdicts that were reached in prior lawsuits between Microsoft
15 and MPT involving the '226 Patent and the '878 Patent. In 2008, in Lucent v. Gateway, No.
16 07-cv-2000, a jury rendered a verdict of non-infringement in favor of Microsoft and against
17 MPT on claim 12 of the '226 Patent, and in Lucent v. Microsoft, No. 06-cv-684, a jury
18 rendered a verdict of non-infringement in favor of Microsoft and against MPT on claims 13
19 and 15 of the '878 Patent.¹⁷ Lucent v. Gateway, No. 07-cv-2000 (S.D. Cal. Apr. 4, 2008 [Doc.
20 No. 735]); Lucent v. Microsoft, No. 06-cv-684 (S.D. Cal. Jun. 4, 2008 [Doc. No. 851]). In

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23 ¹⁷ In its opposition, MPT argues that both of these jury verdicts were based on flawed
24 reasoning. (Doc. No. 477-4 at 23.) MPT first states that the jury in Lucent v. Gateway
25 erroneously determined that claim 12 of the '226 patent was invalid. (Id.) However, MPT
26 fails to explain how the jury's determination of invalidity is relevant to its infringement
27 determination, which was upheld by this Court. MPT also asserts that the verdict in Lucent
28 v. Microsoft was tainted by jury misconduct. (Id.) However, the only evidence that MPT
relies on is an unsworn letter from a juror, alleging that some misconduct might have occurred,
but also stating that any possible misconduct did not affect the jury's determination of
Microsoft's liability with respect to the '878 Patent. See Lucent v. Microsoft, No. 06-cv-684
(S.D. Cal. Oct. 29, 2008 [Doc. No. 942]). The Federal Circuit did not reverse the jury verdict
or the Court's judgment. Instead, the Federal Circuit dismissed the appeal on motion of the
parties. See id. (S.D. Cal. Jan. 8, 2009 Doc. No. 950)].

1 Lucent v. Gateway, this Court upheld the jury's verdict and denied MPT's motions for
2 judgment as a matter of law because, among other reasons, Microsoft introduced substantial
3 evidence for the jury to conclude that Microsoft's product did not use a discrete cosine
4 transform ("DCT") and that "replacing the DCT with VC-1 integer transforms would result in
5 structures that, as a whole, were not equivalent to those in the claim elements." Lucent Techs.,
6 Inc. v. Gateway, Inc., 580 F. Supp. 2d 1016, 1050 (S.D. Cal. 2008) ("[T]he jury could
7 reasonably conclude that this substitution rendered the overall structure of the VC-1 decoders
8 substantially different from those in the claim elements."). Similarly, in Lucent v. Microsoft,
9 one of the arguments Microsoft made to the jury with respect to claim 15 of the '878 Patent
10 was that the structure of the accused products' decoders was "substantially different because
11 they use a set of 16-bit integer transforms rather than an inverse discrete cosine transform."
12 Lucent v. Microsoft, No. 06-cv-684 (S.D. Cal. Jul. 23, 2008 [Doc. No. 918 at 13]). The Court
13 subsequently entered judgment in favor of Microsoft and against MPT in the two cases.
14 Lucent v. Gateway, No. 07-cv-2000 (S.D. Cal. Jun. 19, 2008 [Doc. No. 853]); Lucent v.
15 Microsoft, No. 06-cv-684 (S.D. Cal. Jul. 23, 2008 [Doc. No. 919]).

16 Apple and LG have presented evidence stating that each of their accused products
17 includes an integer transform and not a DCT. (Doc. No. 520, Declaration of Justin Barnes Ex.
18 3; see also Doc. No. 384-13, Declaration of Justin Barnes Ex. 24.) In its opposition, MPT does
19 not dispute that the Apple and LG products include an integer transform rather than a DCT.
20 MPT merely argues that the prior verdicts involved a different defendant with different
21 products. (Doc. No. 477-4 at 23.) Although the Microsoft cases involved different products,
22 Apple and LG have provided a factual link showing why it is reasonable for them to rely on
23 the Microsoft verdicts—that their products also use an integer transform rather than a DCT.
24 MPT has failed to present any evidence rebutting that factual assertion. Accordingly, even
25 looking at the above evidence in the light most favorable to MPT, the two jury verdicts in the
26 Microsoft cases alone are sufficient to show that Apple and LG have an objectively reasonable
27 non-infringement defense to claim 12 of the '226 Patent and claim 15 of the '878 Patent.

28 In addition, the Court concludes that Apple and LG have presented objectively

1 reasonable non-infringement arguments in their expert report from Dr. Bovik. (See Doc. No.
2 520, Declaration of Justin Barnes Ex. 3.) This case involves complex technology with highly
3 disputed issues of infringement. Much of the infringement analysis deals with means-plus-
4 function claim terms, and Apple and LG's expert has detailed many ways in which their
5 accused products allegedly contain structures that are substantially different from the structures
6 disclosed in the Patents-in-Suit. (Id.) In particular, the Court notes the reasonableness of those
7 opinions as they relate to claims 2 and 4 of the '226 Patent, claim 31 of the '878 Patent, and
8 claims 1, 2, 4, 8, 26, and 27 of the '377 Patent, which the Court has also interpreted to include
9 a DCT as part of their corresponding structures. (Doc. No. 258 at 21, 39, 44, 46, 56, 62, 65,
10 68-69.) Moreover, although the Court has denied Apple and LG's motion for summary
11 judgment on invalidity, their invalidity argument based on written description and enablement
12 with respect to claims 13 and 31 of the '878 Patent were objectively reasonable. While it is
13 true that many genuine issues of fact remain, and it is possible that the jury may reject Apple
14 and LG's non-infringement and invalidity arguments, the Court cannot conclude that Apple
15 and LG arguments were objectively unreasonable by clear and convincing evidence.

16 In light of the above, even viewing the evidence in the light most favorable to MPT, the
17 Court concludes as matter of law that MPT cannot show by clear and convincing evidence that
18 Apple and LG acted despite an objectively high likelihood that its actions constituted
19 infringement of a valid patent. See Advanced Fiber Techs., 674 F.3d at 1377-78. Accordingly,
20 the Court grants Apple and LG's motion for summary judgment of no willful infringement.

21 **V. MPT's Motions for Summary Judgment of Apple and LG's Other Affirmative**
22 **Defenses**

23 **A. Licensing and Exhaustion**

24 MPT moves for summary judgment of Apple and LG's affirmative defenses of licensing
25 and patent exhaustion. (Doc. No. 426 at 10-12.) The Court has already issued an order ruling
26 on MPT and Apple's cross motions for summary judgment of Apple's affirmative defense of
27 licensing through MPEG LA. (Doc. No. 479.) The Court granted Apple's motion for
28 summary judgment and denied MPT's motion for summary judgment. (Id.) Apple does not

1 oppose MPT's motion for summary judgment of Apple's affirmative defense of patent
2 exhaustion. (Doc. No. 478 at 8.) Accordingly, the Court grants MPT's motion for summary
3 judgment of Apple's affirmative defense of patent exhaustion.

4 LG does not oppose MPT's motion for summary judgment on LG's affirmative defenses
5 of licensing and patent exhaustion. (Doc. No. 478 at 16.) Accordingly, the Court grants
6 MPT's motion for summary judgment on LG's affirmative defenses of licensing and patent
7 exhaustion.

8 **B. Laches**

9 MPT moves for summary judgment of Apple and LG's affirmative defense of laches.
10 (Doc. No. 426 at 9-10.) In response, Apple argues that MPT's motion should be denied
11 because MPT has unreasonably delayed filing this suit against Apple for over 10 years. (Doc.
12 No. 478 at 5-7.)

13 To prevail on a defense of laches in a patent case, a defendant must prove: (1) that the
14 patentee delayed filing suit for an unreasonable and inexcusable length of time from the time
15 it knew or reasonably should have known of its claim against the defendant, and (2) the delay
16 operated to the prejudice or injury of the defendant. A. C. Aukerman Co. v. R. L. Chaides
17 Constr. Co., 960 F.2d 1020, 1032 (Fed. Cir. 1992) (en banc). "The length of time which may
18 be deemed unreasonable has no fixed boundaries but rather depends on the circumstances. The
19 period of delay is measured from the time the plaintiff knew or reasonably should have known
20 of the defendant's alleged infringing activities to the date of suit." Id. "A presumption of
21 laches arises where a patentee delays bringing suit for more than six years after the date the
22 patentee knew or should have known of the alleged infringer's activity." Id. at 1028.

23 "Material prejudice to adverse parties resulting from the plaintiff's delay is essential to
24 the laches defense. Such prejudice may be either economic or evidentiary." A. C. Aukerman,
25 960 F.2d at 1033. "Evidentiary, or 'defense' prejudice, may arise by reason of a defendant's
26 inability to present a full and fair defense on the merits due to the loss of records, the death of
27 a witness, or the unreliability of memories of long past events, thereby undermining the court's
28 ability to judge the facts." Id. "Economic prejudice may arise where a defendant and possibly

1 others will suffer the loss of monetary investments or incur damages which likely would have
2 been prevented by earlier suit.” Id.

3 A defendant must satisfy the two-prong laches defense by a preponderance of the
4 evidence. A. C. Aukerman, 960 F.2d at 1045. However, the ultimate application of the
5 defense of laches is committed to the sound discretion of the district court.” Id. at 1032. The
6 court may decline to apply the laches defense, even where the defendant establishes the laches
7 factors by proof or presumption. Id.

8 With respect to Apple’s laches defense, the only evidence that Apple relies on to
9 support its assertion of unreasonable delay is an April 14, 2000 letter from Lucent to Apple,
10 requesting that Apple take a license to several patents, including the ’226 Patent and the ’878
11 Patent, for Apple’s iMac and iBook. (Doc. No. 478, Declaration of Justin Barnes Ex. C.) In
12 this case, MPT accuses Apple of infringing the ’226 Patent and the ’878 Patent based on its
13 products’ alleged use of H.264 technology.¹⁸ (See Doc. No. 328-1, Declaration of Chris
14 Mathews Ex. 1 (MPT’s final infringement contentions against Apple).) MPT has shown, and
15 Apple does not contest, that the H.264 standard did not even exist at the time of the letter.
16 Moreover, MPT alleges that the infringement at issue in this case first began in 2005 when
17 Apple launched QuickTime 7. (Doc. No. 495-1, Declaration of Justin Barnes Ex. C at 45.)
18 Therefore, even looking at the April 14, 2000 letter in the light most favorable to Apple, it is
19 not relevant to the allegations of infringement in this action and is not evidence MPT
20 unreasonably delayed filing the present lawsuit.

21 However, the fact that MPT alleges that the infringing conduct began in 2005 but did
22 not file the present action against Apple until December 20, 2010 shows that MPT potentially
23 delayed bringing this action for over five years. (Doc. No. 1.) See Wanlass v. General Electric
24 Co., 148 F.3d 1334, 1337 (Fed. Cir. 1998) (“The period of delay begins at the time the patentee

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26 ¹⁸ At the hearing, Apple argued that Apple’s use of the MPEG-2 standard is in this case
27 because it was mentioned in MPT’s complaint. Although the complaint may have contained
28 allegations related to the MPEG-2 standard, MPT’s current infringement contentions are based
on the H.264 standard. (See Doc. No. 328-1, Declaration of Chris Mathews Ex. 1.) Therefore,
Apple’s laches defense must relate to those current infringement contentions.

1 has actual or constructive knowledge of the defendant's potentially infringing activities.”).
2 But, Apple has failed to show evidentiary prejudice that was caused by the delay other than
3 speculative assertions. See Odetics, Inc. v. Storage Tech. Corp., 919 F. Supp. 911, 919 (E.D.
4 Va. 1996) (explaining that to prevail on a laches defense, the defendant must show that the
5 evidence “has become unavailable as a result of the delay”). Apple has also failed to present
6 any evidence showing that it has suffered any economic prejudice as a result of the delay. In
7 addition, the Court rejects Apple's contention that it was prejudiced by the delay because
8 during this period, Lucent transferred the Patents-in-Suit to MPT to insulate itself from
9 potential counterclaims. Apple has failed to explain to the Court why it cannot pursue these
10 potential claims against Lucent. Accordingly, the Court grants MPT's motion for summary
11 judgment of Apple's affirmative defense of laches.

12 LG does not oppose MPT's motion for summary judgment on this issue. (Doc. Nos.
13 451-3, 478 at 8.) Accordingly, the Court grants MPT's motion for summary judgment of LG's
14 affirmative defense of laches.

15 C. Equitable Estoppel

16 MPT moves for summary judgment of the Apple and LG's affirmative defense of
17 equitable estoppel. (Doc. No 426 at 10-12.) In response, Apple argues that MPT's motion
18 should be denied based on the prior conduct of Lucent and MPT. (Doc. No. 478 at 8-9.)

19 To prove the affirmative defense of equitable estoppel, a defendant must show: “(1) the
20 patentee, through misleading conduct, led the alleged infringer to reasonably believe that the
21 patentee did not intend to enforce its patent against the infringer; (2) the alleged infringer relied
22 on that conduct; and (3) due to its reliance, the alleged infringer would be materially prejudiced
23 if the patentee were permitted to proceed with its charge of infringement.” Aspex Eyewear,
24 Inc. v. Clariti Eyewear, Inc., 605 F.3d 1305, 1310 (Fed. Cir. 2010); accord. A.C. Aukerman
25 Co. v. R.L. Chaides Constr. Co., 960 F.2d 1020, 1028 (Fed. Cir. 1992) (en banc). “Misleading
26 ‘conduct’ may include specific statements, action, inaction, or silence when there was an
27 obligation to speak.” Aspex Eyewear, 605 F.3d at 1310.

28 The decision of whether to bar a claim of patent infringement under equitable estoppel

1 is committed to the sound discretion of the trial court. A.C. Aukerman, 960 F.2d at 1041. “In
2 deciding whether to bar the suit on estoppel grounds, the court must consider all evidence
3 relevant to the equities.” Aspex Eyewear, 605 F.3d at 1310. Equitable estoppel must be
4 proven by a preponderance of the evidence. A.C. Aukerman, 960 F.2d at 1046.

5 The only evidence Apple presents of allegedly misleading conduct in support of its
6 equitable estoppel defense is the same April 14, 2000 letter from Lucent to Apple that Apple
7 also relies on to support its laches defense. (Doc. No. 478, Declaration of Justin Barnes Ex.
8 C.) In this case, MPT accuses Apple of infringing the ’226 Patent and the ’878 Patent based
9 on its products’ alleged use of H.264 technology. (See Doc. No. 328-1, Declaration of Chris
10 Mathews Ex. 1 (MPT’s final infringement contentions against Apple).) However, the H.264
11 standard did not even exist at the time of the letter. Therefore, even looking at the April 14,
12 2000 letter in the light most favorable to Apple, no reasonable inference could be drawn that
13 Apple reasonably believed that MPT/Lucent did not intend to enforce its patent rights against
14 Apple for its alleged use of H.264 technology. Accordingly, the Court grants MPT’s motion
15 for summary judgment of Apple’s affirmative defense of equitable estoppel.

16 LG does not oppose MPT’s motion for summary judgment on this issue. (Doc. No. 478
17 at 9.) Accordingly, the Court grants MPT’s motion for summary judgment of LG’s affirmative
18 defenses of equitable estoppel.

19 **D. Waiver**

20 MPT moves for summary judgment of Apple and LG’s affirmative defense of waiver.
21 (Doc. No. 426 at 10-12.) Apple and LG do not oppose MPT’s motion for summary judgment.
22 (Doc. No. 476 at 1; Doc. No. 478 at 9.) Accordingly, the Court grants MPT’s motion for
23 summary judgment of Apple and LG’s affirmative defenses of waiver.

24 **E. Violation of Reasonable and Non-Discriminatory Licensing Agreement**

25 MPT moves for summary judgment of Apple and LG’s affirmative defense of violation
26 of a reasonable and non-discriminatory licensing (“RAND”) agreement. (Doc. No. 426 at 12.)
27 MPT argues that an alleged RAND agreement violation is not a defense to patent infringement,
28 and Apple and LG have failed to present any evidence showing that the Patents-in-Suit were

1 subject to a RAND obligation. (Doc. Nos. 426, 512.) In response, Apple and LG argue that
2 violation of a RAND commitment is an affirmative defense to patent infringement, and they
3 have presented evidence showing that MPT is subject to RAND obligations. (Doc. No. 478
4 at 9-12.)

5 Apple and LG have failed to cite to any authority holding that a patentee's violation of
6 its RAND obligations represents an independent affirmative defense to claims of patent
7 infringement. The only case that Apple and LG cite to in support of their contention that it is
8 an affirmative defense is UTStarcom, Inc. v. Starent Networks, Corp., 2008 U.S. Dist. LEXIS
9 98498 (N.D. Ill. Dec. 5, 2008). In UTStarcom, the Court found that the defendant had properly
10 pleaded a counterclaim for patent misuse based on allegations that the patentee had failed to
11 offer the defendant a license to the patents on reasonable, nondiscriminatory terms before filing
12 the action. See id. at *6. This case, at most, stands for the proposition that evidence that the
13 patentee violated its RAND obligations can be used to support a counterclaim or affirmative
14 defense of patent misuse. It does not stand for the proposition that a patentee's violation of its
15 RAND obligations is an independent affirmative defense to patent infringement. See also
16 Barnes & Noble, Inc. v. LSI Corp., 849 F. Supp. 2d 925, 933-40 (N.D. Cal. 2012) (finding
17 defendant had properly pleaded an affirmative defense of unenforceability due to fraud based
18 on the patentee's alleged violation of its RAND obligations); Apple, Inc. v. Motorola Mobility,
19 Inc., 2011 U.S. Dist. LEXIS 72745, at *22-42 (W.D. Wis. Jun. 7, 2011) (finding accused
20 infringer plaintiff had properly pleaded claims for breach of contract, antitrust, estoppel, and
21 patent misuse based on the patentee's alleged violation of its RAND obligations). Moreover,
22 both Apple and LG allege patent misuse as a separate affirmative defense and rely on MPT's
23 alleged violation of its RAND obligations to support that defense. (Doc. No. 39 ¶ 192-97;
24 Doc. No. 41 ¶¶ 156-61.) Therefore, this affirmative defense is redundant of Apple and LG's
25 patent misuse defense. Accordingly, the Court grants MPT's motion for summary judgment
26 of Apple and LG's affirmative defense of violation of a RAND agreement. See M.M. v.
27 Lafayette Sch. Dist., 681 F.3d 1082, 1091 (9th Cir. 2012) ("[A] district court has broad
28 discretion to control its own docket, and that includes the power to dismiss duplicative

1 claims.”).

2 **F. Standards Settings Organizations Estoppel**

3 MPT moves for summary judgment of Apple and LG’s affirmative defense of standards
4 settings organizations estoppel. (Doc. No. 426 at 13.) Specifically, MPT argues that Apple
5 and LG have failed to present evidence showing which entity or entities owed an alleged duty
6 of disclosure to a standard setting organization. (Doc. No. 426 at 13.) In response, Apple and
7 LG argue that they have presented evidence showing that MPT’s predecessors-in-interest were
8 members of standards setting bodies relating to the MPEG-2 standard and the H.264 standards.
9 (Doc. No. 478 at 12-14.)

10 “A member of an open standard setting organization may be equitably estopped or may
11 have impliedly waived its right to assert infringement claims against standard-compliant
12 products.” Hynix Semiconductor Inc. v. Rambus Inc., 645 F.3d 1336, 1347-48 (Fed. Cir.
13 2011). To establish an affirmative defense of waiver or estoppel in the standard setting
14 organization context, a defendant must satisfy two elements: “(1) the patentee had a duty of
15 disclosure to the standard setting organization, and (2) the patentee breached that duty.” Id.
16 at 1348.

17 In response to MPT’s motion, Apple and LG have presented evidence from which a
18 reasonable inference could be drawn that MPT’s predecessors-in-interest were members of the
19 standards setting bodies for the MPEG-2 and H.264 standards and participated in standards
20 setting activity for those two standards. (Doc. No. 478, Declaration of Justin Barnes Exs. H-I.)
21 Apple and LG also have also presented evidence from which a reasonable inference could be
22 drawn that those two standard setting bodies required their members to disclose patents that
23 might reasonably be necessary to practice those standards. (Id.) Therefore, Apple and LG
24 have presented sufficient evidence to allow their defense of standards setting organization
25 estoppel to survive summary judgment.

26 In its reply, MPT argues that, as Apple and LG’s damages expert admits, there is no
27 duty to disclose unless a participant in a standards setting organization declines to make a
28 RAND commitment. (Doc. No. 522 at 7.) MPT argues, therefore, that Apple and LG’s

1 position is contradicted by their other affirmative defense of patent misuse which alleges that
2 MPT's predecessors had indeed made a RAND commitment. (Id.) However, it is well
3 established that a defendant may rely on inconsistent defenses in federal court. See Fed. R.
4 Civ. P. 8(d)(3); Molsbergen v. United States, 757 F.2d 1016, 1018 (9th Cir. 1985) (“[T]he
5 Federal Rules of Civil Procedure . . . explicitly authorize litigants to present alternative and
6 inconsistent pleadings.”) Accordingly, the Court denies MPT's motion for summary judgment
7 of Apple and LG's affirmative defense of standards setting organization estoppel. As an
8 equitable defense, this issue will be tried to the Court.

9 **G. Patent Misuse and Unclean Hands**

10 MPT moves for summary judgment of the Defendants' affirmative defenses of patent
11 misuse and unclean hands. (Doc. No. 426 at 13-14.) The doctrine of unclean hands is based
12 on the maxim that “[o]ne who comes into equity must come with clean hands and keep those
13 hands clean throughout the pendency of the litigation even to the time of ultimate disposition
14 by an appellate court.” Honeywell Int'l, Inc. v. Universal Avionics Sys. Corp., 398 F. Supp.
15 2d 305, 310 (D. Del. 2004). To prove the defense of unclean hands, a defendant must show
16 that the patentee conducted itself as to shock the moral sensibilities of the judge, or stated
17 otherwise, that the patentee's conduct was offensive to the dictates of natural justice. Id.
18 (citing Aptix Corp. v. Quickturn Design Sys., Inc., 269 F.3d 1369, 1375 (Fed. Cir. 2001);
19 Gaudiosi v. Mellon, 269 F.2d 873, 882 (3d Cir. 1959)). “The clean hands maxim gives broad
20 discretion to the court's equity power in refusing to aid an unclean hands litigant.” Id.

21 “[T]he patent misuse doctrine is an extension of the equitable doctrine of unclean hands,
22 whereby a court of equity will not lend its support to enforcement of a patent that has been
23 misused.” B. Braun Med., Inc. v. Abbott Labs., 124 F.3d 1419, 1427 (Fed. Cir. 1997). To
24 establish the affirmative defense of patent misuse, a defendant must prove that the patentee
25 impermissibly broadened the physical or temporal scope of the patent grant and has done so
26 in a manner that has anticompetitive effects. Princo, 616 F.3d at 1328. “In the licensing
27 context, the doctrine limits a patentee's right to impose conditions on a licensee that exceed
28 the scope of the patent right.” Id. at 1321. The doctrine of patent misuse is grounded in the

1 policy-based desire to prevent a patentee from using the patent to obtain market benefit beyond
2 that which inheres in the statutory patent right. Id. at 1328.

3 MPT argues that Apple and LG's patent misuse defense should be dismissed because
4 their claims that MPT violated its RAND obligations are insufficient to support this defense.
5 However, several courts have held that a patentee's violation of its RAND obligations may in
6 certain circumstances constitute patent misuse. See, e.g., Apple, 2011 U.S. Dist. LEXIS
7 72745, at *40-42; UTStarcom, 2008 U.S. Dist. LEXIS 98498, at *6. In response to MPT's
8 motion, Apple and LG have presented evidence from which a reasonable inference could be
9 drawn that MPT's predecessors-in-interest were members of the standards setting bodies for
10 the MPEG-2 and H.264 standards and participated in standards setting activity for those two
11 standards. (Doc. No. 478, Declaration of Justin Barnes Exs. H-I.) Apple and LG have also
12 presented evidence from which a reasonable inference could be drawn that MPT's
13 predecessors-in-interest promised these standards bodies that they would license the patents-in-
14 suit on RAND terms, and that MPT's damages request might violate its RAND obligations.
15 (Id. Exs. H-J) In its reply, MPT argues that Apple and LG have failed to provide any evidence
16 showing that the patents-in-suit are essential patents to the H.264 standard and, therefore, are
17 subject to any potential RAND obligations related to that standard. (Doc. No. 522 at 6-7.)
18 However, a reasonable inference could be drawn that the patents-in-suit are essential to the
19 H.264 standard based on MPT's assertion that the Defendants infringe the patents-in-suit by
20 practicing that standard. (Doc. No. 328-1, Declaration of Chris Mathews Exs. 1-2 (MPT's
21 final infringement contentions against Apple and LG).) Cf. Barnes & Noble, 849 F. Supp. at
22 938 (explaining that the accused infringer was not required to plead that the patents-in-suit
23 were essential to the standard where the patentee based its infringement claims on the fact that
24 the accused products practiced the standard). In addition, Apple and LG have presented the
25 Court with testimony from one of MPT's experts, Mr. Teece, stating that the '226 Patent and
26 the '878 Patent are by some criteria essential to the H.264 standard. (See also Doc. No. 477-
27 14, Declaration of Iain Richardson Ex. A-B.) Accordingly, the Court denies MPT's motion
28 for summary judgment of Apple and LG's affirmative defenses of patent misuse and unclean

1 hands. As equitable defenses, these issues will be tried to the Court.

2 **H. Standing and Non-Joinder**

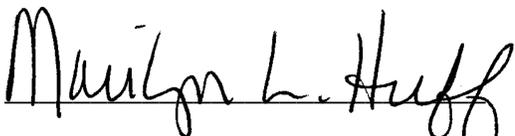
3 MPT moves for summary judgment of the Defendants' affirmative defenses of standing
4 and non-joinder. (Doc. No. 426 at 15.) Apple and LG do not oppose MPT's motion for
5 summary judgment. (Doc. No. 476 at 1; Doc. No. 478 at 16.) Accordingly, the Court grants
6 MPT's motion for summary judgment of Apple and LG's affirmative defense of standing and
7 non-joinder.

8 **Conclusion**

9 For the reasons above, the Court **GRANTS** Canon's motion for summary judgment,
10 **GRANTS IN PART** and **DENIES IN PART** Apple and LG's motion for partial summary
11 judgment, and **GRANTS IN PART** and **DENIES IN PART** MPT's motion for partial
12 summary judgment. Because the Court grants Canon's motion for summary judgment, the
13 Court **VACATES** all pending dates related to Canon, including the trial between MPT and
14 Canon that was set to tentatively begin on Thursday, December 13, 2012 at 9:00 a.m.

15 **IT IS SO ORDERED.**

16 Dated: November 9, 2012

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18 MARILYN L. HUFF, District Judge
19 UNITED STATES DISTRICT COURT
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