

Exhibit A

2019 WL 5212802

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United States District Court, E.D. New York.

AMERICAN TECHNICAL CERAMICS
CORP. and AVX Corporation, Plaintiffs,

v.

PRESIDIO COMPONENTS, INC., Defendant.

14-CV-6544(KAM)(GRB)

|
Signed 10/16/2019

Attorneys and Law Firms

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Brett Schatz, Charles H. Brown, Gregory Ahrens, Wood, Herron & Evans, L.L.P., Cincinnati, OH, Jeremy D. Richardson, Michelman & Robinson LLP, New York, NY, for Defendant.

MEMORANDUM & ORDER

MATSUMOTO, United States District Judge:

*1 Plaintiffs American Technical Ceramics Corporation (“ATC”) and AVX Corporation (collectively, “plaintiffs”) commenced this action on November 6, 2014, against defendant Presidio Components, Inc. (“Presidio” or “defendant”), alleging infringement by Presidio of the following ATC patents: United States Patent No. 6,144,547 (“the ‘547 Patent”), United States Patent No. 6,337,791 (“the ‘791 Patent,” and together with the ‘547 Patent, the “patents-in-suit”), and United States Patent No. 6,992,879 (“the ‘879 Patent”). (ECF No. 1, Compl.) Plaintiffs seek a determination that Presidio willfully infringed the patents-in-suit, and injunctive relief prohibiting Presidio from engaging in further infringement.¹ Plaintiffs also seek damages from the alleged infringement, including attorneys’ fees and costs.

After *inter partes* review (“IPR”), two claim construction hearings pursuant to *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996), and cross-motions for summary

judgment, the parties proceeded to trial. The court held a two-week trial in which plaintiffs tried to a jury their allegations that defendant infringed the patents-in-suit, and that it infringed the ‘791 Patent willfully. (See Minute Entries dated 6/10/2019 to 6/21/2019.) At trial, defendant presented evidence related to two defenses it now asserts for decision by the court: (1) that the ‘547 Patent was invalid because the claim term “negligibly over a top surface” was indefinite; and (2) that plaintiff had waived its right to sue for infringement of the ‘791 Patent. (See ECF No. 157, Prop. Jt. Pretrial Order 4.) Presently before the court is the parties’ post-trial briefing on defendant’s asserted invalidity defense and equitable defense of waiver. (See ECF No. 206-1, Def. Mem.; ECF No. 207, Pls.’ Opp. (“Opp.”); ECF No. 208, Def. Reply (“Reply”).)

For the reasons discussed below, the court finds that defendant has failed to prove by clear and convincing evidence that the claim term “negligibly over a top surface” rendered the ‘547 Patent invalid for indefiniteness, or that plaintiff ATC had waived its right to sue under the ‘791 Patent.

BACKGROUND

The court assumes familiarity with the procedural and factual history of this case, as set forth most recently in the court’s pre-trial Memorandum and Order deciding the parties’ respective expert evidentiary issues pursuant to *Daubert v. Merrell Dow Pharm., Inc.*, 509 U.S. 579 (1993), (ECF No. 179, Mem. & Order on *Daubert* Mots. (“*Daubert Order*”)), and the court’s Memorandum and Order deciding the parties’ respective motions *in limine*, (ECF No. 181, MIL Order).

After a two-week trial, the jury found that Presidio had not established by clear and convincing evidence that the ‘791 Patent was invalid as anticipated, as obvious, or as indefinite. (See ECF No. 201, Jury Verdict 6.) The jury also found that Presidio had not established by clear and convincing evidence that the ‘547 Patent was invalid as anticipated or obvious, or that the claim term “substantially L-shaped terminations” was indefinite. (*Id.* at 7-8.) The jury, however, found by clear and convincing evidence that the claim term “negligibly over a top surface of said device body” is indefinite. (*Id.* at 8.) The parties dispute whether this finding by the jury is a general verdict and what weight the court should give the verdict. (See DM 2; Opp. 4; Reply 2.) Presidio characterizes the verdict as a “general verdict” without explaining the effect, while plaintiffs argue the verdict is merely advisory and should be afforded no weight.

*2 The jury also returned a verdict for plaintiffs as to infringement, finding all the accused products infringed either the '547 Patent or the '791 Patent. (Jury Verdict 3-4.) The jury found, however, that Presidio did not willfully infringe the '791 Patent. (*Id.* at 5.) Finally, in determining damages for Presidio's infringement of the patents-in-suit, the jury found plaintiffs were not entitled to an award of lost profits as to either of the patents-in-suit, but that plaintiffs were entitled to a reasonable royalty as to both patents, awarding \$58,334.75 as to the '547 Patent, and \$680,647.00 as to the '791 Patent. (*Id.* at 9.)

LEGAL STANDARD

In this patent case the court applies the law of the Federal Circuit to patent issues, and the law of its regional circuit, the Second Circuit, to non-patent issues. *In re Cambridge Biotech Corp.*, 186 F.3d 1356, 1368 (Fed. Cir. 1999); *see also Coconut Grove Pads, Inc. v. Mich & Mich TGR, Inc.*, 222 F. Supp. 3d 222, 250 n.6 (E.D.N.Y. 2016). Thus, questions regarding indefiniteness and waiver, for example, are governed by Federal Circuit law. The court applies the foregoing analysis to the parties' pending motions and objections.

DISCUSSION

Defendant requests the court adopt the jury's verdict that the '547 Patent's claim term "negligibly over a top surface of said device body" is indefinite. (DM 1.) Defendant also requests the court find that plaintiffs waived their rights to sue for infringement under the '791 Patent because they had actual knowledge of Presidio's alleged infringement for more than a decade. (*Id.*) Plaintiffs oppose, arguing that the jury's indefiniteness verdict was merely advisory, (Opp. 1-2), that the claim term is nevertheless definite, and that plaintiffs did not possess actual knowledge of infringement of the '791 Patent as defendant argues, (*id.* at 21-28).

I. Invalidity

Defendant argues that the '547 Patent's claim term "negligibly over the top surface" is indefinite as evidenced by the testimony of both parties' experts and confirmed by the jury's verdict. (DM 1.) Defendant also argues at length that the jury's invalidity verdict represents a "general verdict" as "the jury was instructed to apply the law as provided by the Court"

to the facts of the case. (*Id.* at 3 (citing *Anderson Grp. LLC v. City of Saratoga Springs*, 805 F.3d 34, 33 n.7 (2d Cir. 2015)).) The jury found, defendant argues, that no reasonably certain standard existed for determining what constituted a "negligible" amount of termination material. (DM 5.) According to defendant, the trial evidence demonstrated by clear and convincing evidence that nothing in the '547 Patent informs a person of skill in the art ("POSITA") regarding the limit or scope of the claim term. (*Id.*)

Plaintiffs respond that the claim term's scope is defined with reasonable certainty by the '547 Patent's intrinsic record. (Opp. 1.) That is, the claim language "substantially L-shaped," the distinguished prior art and example embodiments, and the patent's prosecution history, support a finding of definiteness in light of Federal Circuit authority. Plaintiffs further argue that the jury's verdict was advisory and that Presidio's trial conduct violated the court's *in limine* orders and thus compromised the jury's verdict.

Whether or not the verdict is characterized as general because the jury applied the law of invalidity to the facts of the case, the court must adopt the verdict in order for it to become binding. Indeed, there can be no confusion over how the parties intended to try defendant's indefiniteness defense, and plaintiffs cite to a number of examples of representations by defendant. Most notable is defense counsel's statements at the court's Final Pretrial Conference, characterizing the jury's verdict as to indefiniteness as advisory and indicating the court's decision "would only come after the advisory verdict." (ECF No. 207-2, Pls.' Ex. 3, Pretrial Conf. Tr. 27.²) Moreover, the parties' Joint Proposed Pretrial Order indicated Presidio's defense of indefiniteness may need to be resolved by the court. (Jt. Prop. Pretrial Order 4.) Though the jury was instructed on the law of indefiniteness, and the court affords its verdict some weight, the court must nevertheless determine for itself whether defendant met its burden by clear and convincing evidence that the claim term "negligibly over a top surface" is indefinite.

A. Legal Standard

*3 "[A] patent is invalid for indefiniteness if its claims, read in light of the specification delineating the patent, and the prosecution history, fail to inform, with reasonable certainty, those skilled in the art about the scope of the invention." *Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S. Ct. 2120, 2124 (2014). Further, patents enjoy a "presumption of validity, a presumption not to be overthrown except by

clear and cogent evidence.” *Microsoft Corp. v. I4I Ltd. P’ship*, 564 U.S. 91, 101 (2011) (quoting *Radio Corp. of Am. v. Radio Eng’g Labs.*, 293 U.S. 1, 2 (1934)); see also 35 U.S.C. § 282(a) (providing that a patent and each of its claims “shall be presumed valid,” and “[t]he burden of establishing the invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity”). Thus, invalidity, including by reason of indefiniteness, must be proven by clear and convincing evidence. *Microsoft*, 564 U.S. at 95.

The standard for definiteness affords some leeway for the “inherent limitations of language.” *Teva Pharms. USA, Inc. v. Sandoz, Inc.*, 789 F.3d 1335, 1340–41 (Fed. Cir. 2015). “Some modicum of uncertainty is the ‘price of ensuring the appropriate incentives for innovation.’ ” *Nautilus*, 134 S. Ct. at 2128 (quoting *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 732 (2002)). On the other hand, “a patent must be precise enough to afford clear notice of what is claimed, ‘thereby apprising the public of what is still open to them.’ ” *Id.* at 2129 (alteration omitted) (quoting *Markman*, 517 U.S. at 373) (internal quotation marks omitted).

Whether a claim term is indefinite is a question of law. *Teva Pharms.*, 789 F.3d at 1341 (quoting *Wellman, Inc. v. Eastman Chem. Co.*, 642 F.3d 1355, 1365-66 (Fed. Cir. 2011)). A particular term’s significance or meaning in the industry, to one of skill in the art, is a factual issue, however. *Id.* at 1342 (“Understandings that lie outside the patent documents about the meaning of terms to one of skill in the art or the science or state of the knowledge of one of skill in the art are factual issues.”).

The Federal Circuit has found a claim term indefinite where the patent’s intrinsic record did not disclose, with reasonable certainty, the particular method to be used for determining whether the term was satisfied. See *Dow Chem. Co. v. NOVA Chem. Corp.*, 803 F.3d 620, 633 (Fed. Cir. 2015). For example, in *Teva Pharms.*, 789 F.3d 1335, 1340–41 (Fed. Cir. 2015) the Federal Circuit found the relevant patents indefinite, as the patents did not specify *how* to calculate a measurement when there were admittedly multiple ways to do so that yielded different results. *Teva Pharms.*, 789 F.3d at 1344-45. Thus, claim terms must “ ‘provide objective boundaries for those of skill in the art’ when read in light of the specification and the prosecution history.” *Liberty Ammunition v. United States*, 835 F.3d 1388, 1395 (Fed. Cir. 2016); *Interval Licensing LLC v. AOL, Inc.*, 766 F.3d 1364, 1370 (Fed. Cir. 2014). “Claim language employing terms of degree has long been found definite where it provided enough

certainty to one of skill in the art when read in the context of the invention.” *Nautilus*, 783 F.3d at 1378.

B. Findings of Fact

Generally, the court is required to make findings of fact on an action tried without a jury or with an advisory jury pursuant to [Federal Rule of Civil Procedure 52](#). As discussed above, however, the question of indefiniteness is a question of law that requires the court consider the intrinsic record of a patent. *Teva Pharms.*, 789 F.3d at 1342 (“A party cannot transform into a factual matter the internal coherence and context assessment of the patent simply by having an expert offer an opinion on it.”). While “[e]xperts may explain terms of art and the state of the art at any given time, ... they cannot be used to prove the legal construction of a writing.” *Id.* at 1339.

*4 The parties offered testimony at trial from their respective experts, each a purported POSITA, concerning whether a POSITA could determine the scope of the claim term “negligibly over a top surface.” While the experts’ opinions were properly admitted under [Federal Rule of Evidence 702](#), the question of indefiniteness is one of law left for the court to decide. The parties agree that answering the legal question of indefiniteness requires the court to look to the intrinsic record, and apparently do not dispute what comprises the intrinsic record. The factual testimony the parties offered concerned only the meaning, if any, a POSITA would assign to the terms “negligible” or “small,” and it is undisputed that neither phrase is a term of art. (Tr. 1817:1-9 (Randall Testimony); Tr. 2255:22-25 (Shanfield Testimony).) Moreover, the parties’ respective experts offered various opinions of whether the claim term “negligibly over a top surface” informed a POSITA as to the scope of the claimed invention. The court need not repeat or make factual findings regarding these offered opinions. The only factual finding the court must make regarding indefiniteness, as supported by trial testimony, is that the terms “negligibly” and “small” “ha[ve] no default meaning to one of skill in the art.” *Teva Pharms.*, 789 F.3d at 1341.

C. Application

1. Indefiniteness

The parties generally do not dispute the law governing indefiniteness, only its application to the facts adduced at trial. Indeed, both plaintiffs and defendant appear to agree

that courts look to the patents' intrinsic record, which includes the patent's claims, specifications, and prosecution history, in determining whether the claim term informs a POSITA of the claim term's scope with reasonable certainty. (*See, e.g.*, DM 4; Opp. 3.) The parties dispute amounts to whether defendant can point to clear and convincing evidence in the record that the claim term "negligibly over a top surface" is indefinite. The court finds that it has not.

In deciding the parties' cross-motions for summary judgment, the court denied defendant's motion as to the invalidity of the '547 Patent, finding that a genuine dispute of material fact existed. At summary judgment, defendant argued, as it does here, that the claim term "negligibly over a top surface" was indefinite and that no reasonable jury could find otherwise. (SJ Order 41-42.) The court, however, found that plaintiffs proffered sufficient evidence in the form of Dr. Shanfield's expert report that the claim terms were not indefinite. (*Id.* at 42-43.) The court also noted that both the PTAB and the court necessarily construed the term "negligibly over a top surface" in construing the '547 Patent's claims and in conducting *inter partes* review. (*Id.* at 43.)

The court construed "negligibly over a top surface" to mean "a small amount of termination material is formed on a top surface of the device body." (Cl. Constr. Order 22.) Defendant argues that claim terms such as "small" and "large" are routinely found indefinite, citing to several district court cases from other circuits. (DM 5.) Plaintiffs point out, however, that claims using terms of degree are definite when the patent's context informs a POSITA of the scope of the claims with reasonable certainty, citing to *Nautilus*, 783 F.3d at 1378. (Opp. 3.) As the parties agree, the court must look to the patent's intrinsic record to determine definiteness, aided by the evidence presented at trial. Defendant's citations to district court cases cannot establish a rule that terms of degree, like "small," are generally found indefinite. Without citation to or an explanation of the intrinsic records of the patents at issue in those cases, defendant's proposition of law is hollow and offers no analogous support. Analyzing claim terms alone, without the aid of the intrinsic record, is not helpful in determining whether the claim term at issue in this case is indefinite.

In supporting its case for indefiniteness, defendant relies almost exclusively on trial or deposition testimony and on expert reports by the parties' respective experts and purported POSITAs. As the court noted in deciding the parties' summary judgment motions, there is at least a dispute

as to whether the claim term is indefinite as the parties have both offered experts at trial on this issue, unsurprisingly offering competing conclusions. Defendant argues that there is no limit specified in the patent's intrinsic record, as evidenced by testimony of the parties' respective experts at trial. Defendant points to the testimony of defendant's expert, Dr. Randall; of plaintiffs' validity expert, Dr. Shanfield; and of plaintiffs' Rule 30(b)(6) corporate designee, Mr. Ritter. (DM 6.) Defendant cites this testimony to argue that skilled artisans, purported POSITAs, could not identify the scope of the terms "negligibly" or "small," and that the patent itself offers no limitation for the terms.

*5 The parties' experts, as noted above, at least agreed the terms "negligible" and "small" were not industry terms of art. (Tr. 1817:1-9; 2255:22-25.) Dr. Randall, defendant's expert, testified that a POSITA would not know the scope of the terms "small" or "negligible." (Tr. 1817:10-15.) He also testified that the '547 Patent contained no "numerical limitation of negligibly or small," (Tr. 1817:21-24), though the court had already concluded that a numerical limitation is not required to construe this claim term.

Defendant next points to Dr. Shanfield's deposition testimony concerning the variability of solder creep, as contemplated in the '547 Patent. (ECF No. 206-2, Def.'s Ex. 5, Shanfield Dep. 26.) Dr. Shanfield acknowledged there was nothing in the patent that specified the extent to which the top termination material of the claimed capacitor would vary as a result of solder creep. (*Id.*) Defendant argues that this potential variability, and Dr. Shanfield's inability to define its range, are evidence that the top termination has "no defined dimension." (DM 7 (citing Randall Rept. ¶ 594).)

Defendant also cites to plaintiffs' expert Dr. Hillman's testimony. At trial, Dr. Hillman declined to comment on what amount of termination material would be "significant" and what amount would be "small." (Tr. 934-46.) Even if Dr. Hillman could not "offer an explanation of the difference between" a " 'small' amount of termination from a 'significant' amount of termination" material, as defendant argues, the court is not bound by his inability. (DM 8 (citing Tr. 934-936).) Notably, Dr. Hillman framed his understanding of the term negligibly using the *relative* amounts of termination material, comparing the top termination to the bottom termination, to determine if the '547 Patent claims were met in evaluating the accused products. (*See, e.g.*, Tr. 940: 7-12.) Though he did not articulate as much at trial, this method is similar to the relational comparison required

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