IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WISCONSIN

OXBO INTERNATIONAL CORPORATION,

Plaintiff,

v.

H&S MANUFACTURING COMPANY, INC.,

Defendant.

OPINION & ORDER

15-cv-292-jdp

Plaintiff Oxbo International Corporation owns four patents on windrow mergers, and it accuses its competitor, defendant H&S Manufacturing Company, Inc., of infringing them with its Tri-Flex merger. H&S denies infringement and asserts that some of the asserted claims are invalid. H&S also raises equitable defenses, based primarily on alleged assurances from Oxbo that it would not sue H&S for infringement without warning.

Both sides have moved for summary judgment on infringement and on H&S's equitable defenses. Each side also seeks summary judgment on some more limited validity issues. The parties also present several motions to strike parts of the other side's evidence or to supplement its own. The details of the court's rulings are in the body of the opinion. But, at a high level of summary, the rulings are largely favorable to Oxbo. The court concludes that the undisputed facts show that the Tri-Flex merger infringes all but two of the asserted claims; that the patents-in-suit are not invalid on any ground asserted by H&S; and that H&S's equitable defenses fail. There is a genuine dispute of material fact about whether the Tri-Flex merger infringes claims 28 and 32 of the '929 patent.

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BACKGROUND

A windrow merger is an agricultural implement that gathers mown hay into windrows, or merges existing windrows into larger ones, so that the hay can be chopped or baled. Unlike a hay rake, which drags hay into windrows, a windrow merger uses rotating tines to lift the hay onto a conveyor that moves the hay to the windrow. This minimizes damage to the crop and reduces contamination with dirt, rocks, or other debris.

Oxbo's patents-in-suit describe improvements to windrow mergers that purport to make them faster, more flexible, and more effective. Three of the patents-in-suit disclose and claim a windrow merger with three pickup assemblies: U.S. Patent Nos. 7,310,929, 8,166,739, and 8,863,488, all for "Windrow Merging Apparatus" to Paul W. Dow, et al. These patents share a common specification, and the court will refer to them together as the "triple head patents." The other patent-in-suit discloses and claims a windrow merger with a trough configuration and a "rub rail" to facilitate the even flow of hay on the conveyor, which helps create uniform windrows: U.S. Patent No. 8,511,052 for "Windrow Merger" to Steven S. Dow, et al. We will refer to this patent as the "trough patent."

Oxbo and H&S are competitors in the agricultural equipment market, and they both make and sell windrow mergers, including triple head mergers. Oxbo alleges that H&S's triple head merger, the Tri-Flex, infringes the four patents-in-suit. Early in the case, H&S asserted tort counterclaims against Oxbo and another party, but those matters have been resolved. At this point, all that remains are Oxbo's patent infringement claims and H&S's counterclaims and defenses.

One other notable procedural detail: during this litigation, H&S petitioned the Patent Trial and Appeal Board for inter partes review of the validity of the '929 patent and,

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separately, the '052 patent. PTAB declined to institute review. Dkt. 199-16 and Dkt. 235-1. Because PTAB did not institute review on any ground for either patent, H&S is not estopped under 35 U.S.C. § 315(e) from asserting any invalidity ground, and the IPR petitions have no direct effect on this case. But the parties may be bound by the positions taken in the PTAB, and the PTAB reasoning may be persuasive on issues now before the court.

The court has subject matter jurisdiction over this case pursuant to 28 U.S.C. § 1338(a) because it arises under United States patent law.

ANALYSIS

A. Motions to strike and to supplement the record

The court begins with the parties' evidentiary motions, which affect the scope of the evidence that the court will consider at summary judgment.

1. H&S's motion to strike Chaplin supplemental report and Langer declaration; Oxbo's motion to supplement the Chaplin report

H&S moves to strike Jonathan Chaplin's August 15, 2016 supplemental report, Dkt. 113, and Jake Langer's related declaration, Dkt. 137. Dkt. 148. Chaplin is an Oxbo expert. H&S contends that Chaplin's August report offers new infringement opinions—based on a new Tri-Flex inspection—disclosed months after the expert disclosure deadline and mere weeks before the dispositive motion deadline. According to H&S, Oxbo could have—and should have—disclosed the opinions in Chaplin's initial report (April 2016), and the late disclosure is not a proper supplementation, is not substantially justified, and is not harmless. Langer's declaration supports Chaplin's report, and the court should strike it for the same reasons.

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In response, Oxbo says that H&S did not disclose relevant non-infringement positions until after Oxbo disclosed Chaplin's initial report. Chaplin had every right to reply to the previously undisclosed non-infringement theories. Regardless, Oxbo contends, Chaplin's August report "merely clarifies previous statements and fills minor gaps in his opinion." Dkt. 194, at 7. Oxbo requests, as an alternative to denying H&S's motion to strike, that it be allowed to supplement the Chaplin report. Dkt. 197.

This court allows two rounds of expert reports: proponent reports, where the plaintiff should disclose its infringement opinions; and respondent reports, where the defendant may defend against those opinions and offer its non-infringement opinions. Oxbo is not entitled to a rebuttal report to reply to H&S's non-infringement opinions. Yet that is precisely what Chaplin's August report does. Chaplin went back and inspected the Tri-Flex again to test "the veracity" of H&S's expert's opinions. Dkt. 113, at 2. Such a supplementation would be allowed only with the consent of the other side, or with leave of court.

Oxbo contends that the August supplementation was justified because H&S changed its non-infringement theories after Chaplin disclosed his initial report. The court agrees in part.

Oxbo does not explain why Chaplin could not have offered some of his August opinions earlier. Chaplin knew that H&S had denied that the Tri-Flex provides a continuous line of material pickup when he authored his initial report. And he knew that H&S had proposed to construe the term "continuous line of material pickup" to mean "a pickup face uninterrupted by gaps." Although the only gaps that H&S had expressly cited by the time Chaplin disclosed his initial report were *between* the merger heads, nothing prevented Chaplin

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from addressing the five-inch mid-head gaps as well. H&S was not perfectly forthcoming, but Chaplin should have anticipated the mid-head gap issue.

But the "all material" issue was not timely disclosed by H&S. H&S contends that "as long as Oxbo has asserted these claims, H&S has denied infringing them." Dkt. 221, at 8. But H&S cites nothing to show that it had disclosed to Oxbo its contention that the Tri-Flex does not transport "all material" because of incidental crop loss at any time before it disclosed its report. That is a new non-infringement position that Oxbo should be allowed to address with expert evidence.

Oxbo was also justified in supplementing Chaplin's opinion regarding whether the Tri-Flex can merge with only its center assembly with both outer assemblies retracted. (The court will discuss this issue in greater detail later in this opinion.) The court will not strike Chaplin's August opinion regarding center assembly merging because H&S has continued to update the record with new information on that issue. Late-in-the-case developments have caused difficulties for both the parties and the court, because the court cannot decide the issue at summary judgment. *See infra* Section D.3.a.

So H&S's motion to strike, Dkt. 148, is denied with respect to Chaplin's supplementation on center assembly merging and the "all material" non-infringement argument. Chaplin's August opinions regarding the Tri-Flex "gaps" are untimely.

Oxbo's contingent motion to supplement, Dkt. 197, is moot as to the portions of Chaplin's August report that the court has allowed. And Oxbo's contingent motion is denied in all remaining respects, for two reasons. First, as explained, Oxbo has not demonstrated that it should be allowed to supplement Chaplin's "gap" opinions. Second, the court will not strike H&S's expert's "gap" opinions. Although H&S did not explicitly disclose its position

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