IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
TEXARKANA DIVISION

MAXELL LTD., Plaintiff, v. APPLE INC, Defendant.	§ § § § § § § § § §	CIVIL ACTION NO. 5:19-CV-00036-RWS

ORDER

Before the Court is Apple's Motion for Partial Dismissal for Failure to State a Claim (Docket No. 27). Briefing in this matter has concluded, and the Court heard this motion on August 28, 2019. Docket No. 67. For the reasons stated below, Defendant's motion is **GRANTED-IN-PART** and **DENIED-IN-PART**.

I. Background

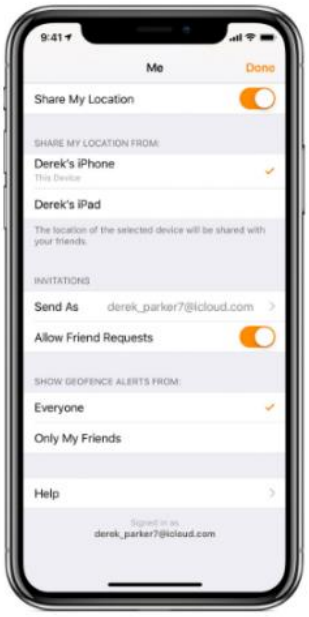
Plaintiff Maxell, Ltd. filed its complaint for patent infringement against Apple on March 15, 2019. Docket No. 1. The complaint alleges that Apple infringes 10 patents related to mobile device technology under theories of direct infringement, induced infringement, willful infringement and contributory infringement. *Id.*

The complaint alleges that from June 2013 to "late 2018," Maxell and Apple had "numerous meetings and interactions" in furtherance of a "potential business transaction" related to the patented technology. *Id.* ¶ 5. According to the complaint, these meetings and interactions involved discussions of the patents and Apple's ongoing use of the patented technology. *Id.* The complaint provides a specific date during this period on which Maxell asserts Apple was placed

on notice of each of the asserted patents. For each patent, the complaint further states "Apple will thus have known and intended (since receiving such notice) that its continued actions would actively induce and contribute to actual infringement" of the patent. *See, e.g., id.* ¶ 30.

Maxell's infringement allegations for each patent are similar. Portions of the complaint regarding the '317 Patent, entitled "*portable terminal with the function of navigation*," are representative of the dispute:

> 23. Apple has directly infringed one or more claims of the '317 Patent . . . by or through making, using, importing, offering for sale and/or selling its telecommunications technology, including by way of example a product known as the iPhone XS
>
> 24. The iPhone XS includes a screen for displaying information, at least a GPS chipset/cellular chipset/Wi-Fi chipset/iBeacon/compass/gyroscope for providing location and/or orientation information, "Maps" and "Find My Friends" software that allows users to access location information including the present location of the device and orientation of the device and use such information to provide walking navigation information and/or share location. The iPhone XS further uses location servers to provide walking navigation information, route information, and/or to provide its position to additional devices in order to allow users to walk to a particular shared location. For example, the following excerpts from Apple's websites provide non-limiting examples of the iPhone XS at least claims 1-3, 5-7, and 10-11 of the '317 Patent:



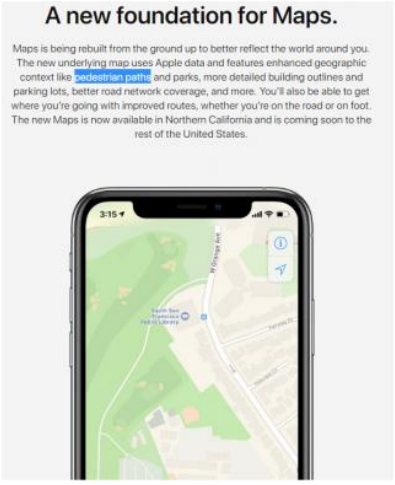
Use Find My Friends on multiple devices

You can use Find My Friends on any iPhone, iPad, iPod touch, or Apple Watch that you own. However, only one iOS device can send your location to your followers. You can choose which one to use in Find My Friends:

- On your iPhone or iPod touch, tap Me, then tap a device under Share My Location From.
- On your iPad, tap List > Me > Info, then tap a device under Share My Location From.

This choice only appears when you're currently signed in to Find My Friends on multiple devices.

See https://support.apple.com/en-us/HT201493



See https://www.apple.com/ios/maps/

> 25. The foregoing features and capabilities of the iPhone XS, and Apple's description and/or demonstration thereof, including in user manuals and advertising, reflect Apple's direct infringement by satisfying every element of at least claims 1-3, 5-7, and 10-11 of the '317 Patent, under 35 U.S.C. § 271(a).

Id. at ¶ 23–25. The complaint then lists numerous additional devices, termed the " '317 Accused Products," which it alleges "also include a 'Maps' application, a 'Find My Friends' application, and/or 'Location' services as advertised on Apple's website." *Id.* ¶ 26. The complaint continues:

> 27. Apple has indirectly infringed at least claims 1-3, 5-7, and 10-11 of the '317 Patent . . . by, among other things, actively inducing the use, offering for sale, selling, or importation of at least the '317 Accused Products. Apple's customers who purchase devices and components thereof and operate such devices and components in accordance with Apple's instructions directly infringe one or more claims of the '317 Patent in violation of 35 U.S.C. § 271. Apple instructs its customers through at least user guides or websites, such as those located at: https//support.apple.com/en_US/manuals or https://www.apple.com/ios/maps/. Apple is thereby liable for infringement of the '317 Patent pursuant to 25 U.S.C. § 271(b).

Id. ¶ 27. The complaint then sets out the allegations for contributory and willful infringement. *Id.* ¶ 28–31.

II. Applicable Law

When considering a motion to dismiss under Federal Rule of Procedure 12(b)(6), a court must assume that all well-pled facts are true and view those facts in the light most favorable to the plaintiff. *Bowlby v. City of Aberdeen*, 681 F.3d 215, 219 (5th Cir. 2012). The Court may consider "the complaint, any documents attached to the complaint, and any documents attached to the motion to dismiss that are central to the claim and referenced by the complaint." *Lone Star Fund V (U.S.) L.P. v. Barclays Bank PLC*, 594 F.3d 383, 387 (5th Cir. 2010). The Court must then decide whether those facts state a claim that is plausible on its face. *Bowlby*, 681 F.3d at 219. The

complaint need not contain detailed factual allegations, but a plaintiff must plead sufficient factual allegations to show that he is plausibly entitled to relief. *See Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555–56, 570 (2007) ("[W]e do not require heightened fact pleading of specifics, but only enough facts to state a claim to relief that is plausible on its face."); *see also Ashcroft v. Iqbal*, 556 U.S. 662, 677–79, 684 (2009) (discussing *Twombly* and applying *Twombly* generally to civil actions pleaded under Rule 8). "A claim has facial plausibility when the pleaded factual content allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged." *Id.* at 678 (quoting *Twombly*, 550 U.S. at 556).

Induced infringement under 35 U.S.C. § 271(b) requires (1) an act of direct infringement by another, and (2) that the defendant knowingly induced the infringement with the specific intent to encourage the other's infringement. *MEMC Elec. Materials, Inc. v. Mitsubishi Materials Silicon Corp.*, 420 F.3d 1369, 1378 (Fed. Cir. 2005). Thus, the complaint must (1) adequately plead direct infringement by the defendant's customers, (2) contain facts plausibly showing that the defendant specifically intended for its customers to infringe and (3) contain facts plausibly showing that defendant knew the customer's acts constituted infringement. *See In re Bill of Lading Transmission & Processing Sys. Patent Lit.*, 681 F.3d 1323, 1339 (Fed. Cir. 2012).

A plaintiff claiming contributory patent infringement under 35 U.S.C. § 271(c) must allege (1) an act of direct infringement, (2) that the defendant "knew that the combination for which its components were especially made was both patented and infringing" and (3) that the components have "no substantial non-infringing uses." *Cross Med. Prods., Inc. v. Medtronic Sofamor Danek, Inc.*, 424 F.3d 1293, 1312 (Fed. Cir. 2005) (internal quotations omitted).

Willful infringement requires a showing that (1) "the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent" and (2) the risk of

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