

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
TYLER DIVISION**

**CHRIMAR SYSTEMS, INC., CHRIMAR
HOLDING COMPANY, LLC,**

Plaintiffs,

v.

**ALCATEL-LUCENT ENTERPRISE USA
INC.,**

Defendant.

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CIVIL ACTION NO. 6:15-CV-00163-JDL

MEMORANDUM OPINION AND ORDER

On March 9, 2015, Plaintiffs Chrimar Systems, Inc. d/b/a CMS Technologies and Chrimar Holding Company LLC (“Chrimar”) filed the instant action against Defendant Alcatel-Lucent Enterprises USA, Inc. (“ALE”). (Doc. No. 3.) In this action, Chrimar alleges infringement of U.S. Patent Nos. 8,115,012 (“the ’012 Patent”), 8,902,760 (“the ’760 Patent”), 8,942,107 (“the ’107 Patent”), and 9,019,838 (“the ’838 Patent”) (“patents-in-suit”). This case proceeded through claim construction, dispositive motions and pretrial, and the trial between Chrimar and ALE commenced on October 3, 2016. The following claims, defenses, and counterclaims were presented to the jury: damages, invalidity based on derivation and improper inventorship, fraud, and breach of contract. (Doc. No. 350.) At the close of evidence, the Court provided ALE an opportunity to present additional evidence pertaining to ALE’s equitable defenses.¹ On October 7, 2016 the trial concluded and the jury returned a verdict as follows: (1)

¹ ALE indicated they wanted to call Mr. Crayford—their technical expert—back on the stand to provide testimony on prosecution laches. Tr. at 1209:10–18. Chrimar objected that Mr. Crayford had not opined on prosecution history

Claims 31, 35, 43, and 60 of the '012 Patent were not invalid; Claims 1, 5, 72, and 103 of the '107 Patent were not invalid; Claims 1, 59, 69, 72, and 145 of the '760 Patent were not invalid, and Claims 1, 7, and 26 of the '838 Patent were not invalid; (2) the sum of money that would fairly and reasonably compensate Chrimar for ALE's infringement was \$324,558.34; (3) ALE did not prove by a preponderance of the evidence that Chrimar committed fraud against ALE; and (4) ALE did not prove by a preponderance of the evidence that Chrimar breached a contract with the IEEE. (Doc. No. 349.) After the conclusion of the trial, on November 10, 2016, ALE filed a brief on equitable issues seeking judgment against Chrimar on: (1) equitable estoppel; (2) waiver; (3) prosecution laches; and (4) inequitable conduct. (Doc. No. 377.) Chrimar filed a response (Doc. No. 394), to which ALE filed a reply (Doc. No. 397), and Chrimar filed a sur-reply (Doc. No. 399). The Court rules on these equitable defenses as set forth herein.

A. Equitable Estoppel

To prove equitable estoppel, the accused infringer must prove by a preponderance of the evidence that: (1) “[t]he patentee, through misleading conduct, leads the alleged infringer to reasonably infer that the patentee does not intend to enforce its patent against the alleged infringer...”; (2) “[t]he alleged infringer relies on that conduct”; and (3) “[d]ue to its reliance, the alleged infringer will be materially prejudiced if the patentee is allowed to proceed with its claim.” *A.C. Aukerman Co. v. R.L. Chaides Constr. Co.*, 960 F.2d 1020, 1028 (Fed. Cir. 1992) (en banc).

In arguing Chrimar is estopped from enforcing the patents-in-suit, ALE argues first that Chrimar misled the PoE industry by failing to disclose the patent family to the IEEE. (Doc. No. 377, at 3.) To establish this, ALE argues that Chrimar had a duty to disclose the patents-in-suit to

laches in his expert report. Tr. at 1209:19–1210:10. The Court directed the parties to meet and confer and submit the issue on the papers, which are the papers filed relevant to this Order. Tr. at 1210:16–1213:2.

the IEEE via a letter of assurance. *Id.* at 4. Chrimar contests it owed any such duty to the IEEE. (Doc. No. 394, at 4–6.)

“The existence of a disclosure duty is a legal question with factual underpinnings.” *Qualcomm Inc. v. Broadcom Corp.*, 548 F.3d 1004, 1012 (Fed. Cir. 2008) (citing *Rambus Inc. v. Infineon Techs. AG*, 318 F.3d 1081, 1087 n.3 (Fed. Cir. 2003)). In deciding whether a duty to disclose existed, the Court looks first to (1) whether the written policies impose disclosure obligations; and (2) if it is understood that the policies impose such obligations. *Qualcomm*, 548 F.3d at 1012.

In ruling on summary judgment, this Court already addressed the issue of whether a duty of disclosure was owed to the IEEE by Chrimar. As to the written policies, the Court reviewed the relevant IEEE written policies as follows:

Turning first to the written policies, Section 6.3 of the IEEE-SA Standards Board Operations Manual provides: “Patent holders shall submit letters of assurance to the IEEE Standards Department (to the attention of the Staff Administrator, Intellectual Property Rights) before the time of IEEE-SA Standards Board review for approval.” (Doc. No. 204-29, at 24.) Section 6.3.2 further provides that “[t]hrough the working group, the Sponsor chair shall request that known patent holders submit a statement either that the patent does not apply to the standard or that licenses will be made available without compensation or under reasonable rates, terms, and conditions.” *Id.* at 25. The operations manual further refers to the “patent policy” as set forth in clause 6 of the IEEE-SA Standards Board Bylaws.

(Doc. No. 255, at 13.)

The Court then turned to Section 6 of the Bylaws, which provides the following patent policy:

IEEE standards may include the known use of patent(s), including patent applications, if there is technical justification in the opinion of the standards-developing committee and provided the IEEE receives assurance from the patent holder that it will license applicants under reasonable terms and conditions for the purpose of implementing the standard. This assurance shall be provided without coercion and prior to approval of the standard (or reaffirmation when a patent becomes known after initial approval of the standard).

Id.

Based on the analysis of these relevant policies, the Court concluded that “[t]hese written policies appear to be directed to how the IEEE Board deals with patents and standard adoption generally” and that it “*is unclear to what extent the written policies place an affirmative duty on patent holders through the black letter of the policy.*” *Id.* at 14 (emphasis added). Therefore, the Court concluded that “further testimony from the parties’ IEEE experts will be necessary for the Court to fully resolve this question.” *Id.* These policies remain the relevant policies with the Bylaws being asserted as the guiding policy.

Having now received the testimony of both side’s IEEE experts, the Court is not convinced that the IEEE policies place any affirmative duties on patent holders. For example, Chrimar’s IEEE expert, Mr. Camp, testified at length that the IEEE has a “request and encourage” policy for submissions by patent holders who may have patents relevant to a standard because the IEEE bylaws provide a “without coercion” policy and the IEEE has no control over patent holders. Trial Transcript “Tr.” at 997:10–998:20; 1028:11–1029:25. Further, Mr. Camp testified that the IEEE bylaws only govern “the board itself, the staff, and any officers of the organization, such as committee chairs”—not patent holders. Tr. at 999:6–8. ALE’s expert Mr. Petrick testified that the bylaws “*allow[]* patent holders to participate and patent holders *may* include the known use of patents and patent applications and they must provide an assurance on that particular application.” Tr. at 741:15–22 (emphasis added). Thus, Mr. Petrick agrees that the relevant IEEE policies permissively allow patent holders to participate—*i.e.* there is no forced participation—and that similarly patent holders *may* include the known use of patent and patent applications. Given the clear language of the IEEE patent policies and the testimony of the experts at trial, the Court concludes that the policies themselves did not impose a duty of disclosure on Chrimar as a patent holder.

Further, there was insufficient evidence presented that the treatment of such policy language by those involved with the IEEE imposed the duty ALE contends Chrimar had. *Rambus*, 318 F.3d at 1098. Here, Mr. Petrick simply provided bare conclusions that Mr. Austermann had a duty of disclosure based on alleged attendance at IEEE meetings in Ottawa and La Jolla. Tr. at 770:10–771:8. The Court cannot find these conclusions credible without any explanation as to how Mr. Austermann’s conduct would have given rise to an affirmative duty to disclose the patents-in-suit where the plain language of the policies do not impose any affirmative duty.

ALE points to the fact that Chrimar had attended a PatCom meeting (the committee responsible for setting patent policies), that Chrimar had discussions with IEEE members, that Chrimar had submitted letters of assurance pursuant to the patent policy, had received the Bylaws via email, and was asked to submit a letter of assurance. (Doc. No. 377, at 4, citing DX-208, DX-209A, DX-210, and DX-211.) But Chrimar’s knowledge of the Bylaws and *voluntary* participation cannot give rise to an additional affirmative disclosure duty where Chrimar’s conduct was consistent with what the Bylaws require. Again, Mr. Camp testified that even when the IEEE sends out a letter requesting disclosure, like the one Chrimar received, it is a “request and encouragement” because the Bylaws themselves state that “assurance shall be provided without coercion.” Tr. at 997:10–998:20; 1028:11–1029:25; DX-247, at § 6. ALE provided no evidence of other IEEE members or participants who complied with the IEEE policies in a manner that is consistent with the duty it claims exists. Indeed, it may also very well be that the jury in considering this exact evidence, similarly found that ALE had not proven by a preponderance of the evidence that Chrimar had breached a contract to the IEEE or committed

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