

RUSS, AUGUST & KABAT

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21 UNITED STATES DISTRICT COURT
22 CENTRAL DISTRICT OF CALIFORNIA

23 SPEX TECHNOLOGIES, INC.,
24
25 Plaintiff,
26
27 v.
28 KINGSTON TECHNOLOGY
CORPORATION, KINGSTON
DIGITAL, INC., KINGSON
TECHNOLOGY COMPANY, INC.,
IMATION CORPORATION,
DATA LOCKE INC., DATA
LOCKER INTERNATIONAL, LLC,
Defendants.

Case No. 8:16-CV-01790-JVS-AGR

**PLAINTIFF SPEX TECHNOLOGIES,
INC.'S MEMORANDUM OF POINTS
AND AUTHORITIES IN SUPPORT
OF ITS MOTION FOR SUMMARY
JUDGEMENT**

**[Notice of Motion, Separate Statement,
and Declaration of Paul A. Kroeger
and [Proposed] Order filed
concurrently]**

Hearing:

Date: April 6, 2020
Time: 1:30 p.m.
Courtroom: Santa Ana, 10C
Judge: Hon. James V. Selna

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I. STATEMENT OF THE ISSUES TO BE DECIDED

1. Whether SPEX is entitled to summary judgment on Kingston's Third Counterclaim for Declaratory Judgment of Patent Misuse and its Affirmative Defense of Patent Misuse, but also its Fourth Counterclaim of Violation of § 17200 of the California Business and Professions Code (collectively the "Patent Misuse Claims"), as they are not based on a legally cognizable theory and it has failed to adduce evidence in support of any element thereof.

2. Whether SPEX is entitled to summary judgment on Kingston's Patent Misuse Claims as Kingston is estopped by statute from arguing that the '135 patent is invalid.

II. INTRODUCTION

This issue of Kingston's Patent Misuse Claims¹ has been the subject of both a motion to amend its answer as well as a 12(b)(6) motion brought by SPEX. *See* Dkt. Nos. 177, 195. In spite of being given permission to bring these claims and having discovery reopened solely for the purpose of developing supporting evidence, Kingston failed to obtain the necessary evidence to demonstrate any aspect of its Patent Misuse Claims. SPEX is therefore entitled to summary judgment of no Patent Misuse pursuant to *Celotex Corp. v. Catrett*, 477 U.S. 317, 325 (1986).

The basis of Kingston's Patent Misuse Claims is that SPEX supposedly "knows" that claims 55 and 57 *are* invalid because SPEX should have expected that they *would* have been found invalid in a Western Digital IPR that was not completed and to which Kingston was not a party because it was estopped from challenging the validity of claims 55 and 57 of the '135 Patent. This theory fails for numerous

¹ As used herein, Kingston's "Patent Misuse Claims" refers to not only its Third Counterclaim for Declaratory Judgment of Patent Misuse and its Affirmative Defense of Patent Misuse, but also its Fourth Counterclaim of Violation of § 17200 of the California Business and Professions Code. As this Court recognized the Fourth Counterclaim is supported by the same facts as the Third Counterclaim for Declaratory Judgment of Patent Misuse. Dkt. No. 195.

reasons, including:

- The ‘135 Patent was duly issued by the PTO and is presumed valid. The ‘135 Patent *is* valid unless and until held invalid by a competent body.
- The ‘135 Patent has not been held invalid by any PTAB or district court.
- Claims 55 and 57 were held to be valid in a Final Written Decision in the Kingston IPR—the only IPR regarding the ‘135 Patent to result in a FWD.
- Kingston is estopped from challenging the ‘135 Patent based on the FWD.
- Kingston’s speculation about what “would” have happened in an IPR had it concluded is mere speculation.
- The WD IPR was concluded before the PTAB panel considered the Patent Owner Response or the Expert Declaration of Dr. Jawadi, and no oral hearing was held.
- Any speculation about what the PTAB “would” have done in the ‘135 IPR based on the PTAB’s decision about claims 38 and 39 of the ‘802 is tenuous, because the PTAB panel in the ‘802 IPR did not have the benefit and thus did not consider any Patent Owner Response or expert declaration.

Summary judgment is warranted as Kingston’s patent misuse theory is not legally cognizable and it has failed to adduce any evidence in support both elements thereof. First, the law is clear that a patent misuse claim cannot be based solely on a theory that the patent owner supposedly knows the claims are invalid, yet that is the entire basis of Kingston’s claims. Second, even assuming that Kingston’s claims are proper because of its allegations that an “objective litigant” could only believe claims 55 and 57 of the ‘135 Patent “are” invalid because they *would have been found* invalid in a FWD that did not occur, the only evidence Kingston presents in support of this theory is the speculation of its expert. Specifically, he opines that had an IPR other than the one brought by Kingston or the one brought by WD and other defendants which was settled been allowed to proceed to Final Written Decision, the

claims would have been invalidated. Even this expert admits in his report that “[w]e will never know what would have become of the challenged claims of the ’135 patent” because of the settlement. Kroeger Decl. Ex. N at ¶ 70. Accordingly, his opinion that the only possible result of this IPR was invalidation of the subject claims is pure hypothesis, unsupported by evidence, and insufficient to create a genuine issue of fact.

Third, Kingston failed to adduce any evidence of anti-competitive effects on the relevant market as a result of SPEX’s conduct as required for its Patent Misuse Claims. Kingston produced no documents during discovery showing any anti-competitive effect, nor has it elicited any expert testimony supporting this argument. Tellingly, SPEX served a report *negating* Kingston’s allegations of anti-competitive effects, which is unrebutted. Summary judgment pursuant to *Celotex* is therefore appropriate.

Moreover, Kingston is estopped by statute from arguing that the ’135 patent is invalid, and thus cannot present any evidence to support its Patent Misuse Claims. Kingston made the strategic decision to challenge the validity of claims 55 and 57 via IPR proceedings. The consequence of that decision—and Kingston’s failure in its IPR challenges—is that Kingston is now estopped from arguing invalidity based on any prior art that Kingston raised or reasonably could have raised in its IPR petitions, including the Harari and Anderson prior art references. Because Kingston’s patent misuse claim requires Kingston to show that the ’135 patent claims are, in fact, invalid based on Harari and Anderson, and because statutory estoppel absolutely bars Kingston from even arguing this is the case, it is impossible for Kingston to show that SPEX is asserting a known invalid patent and therefore, exceeding the scope of the ’135 patent grant.

III. RELEVANT FACTS

A. Summary Of The IPR Proceedings At Issue

Kingston's Patent Misuse Claims arise out of multiple, different, IPR proceedings brought by Kingston and defendants in related actions. These are summarized below.

1. *Kingston Technology Company, Inc. v. SPEX Technologies, Inc.*, Case IPR2017-01021 (the "Kingston '135 IPR"). On March 14, 2017, Kingston filed an IPR petition challenging several claims of the '135 patent, including asserted claims 55 and 57. Declaration of Paul A. Kroeger ("Kroeger Decl.") Ex. A.² On October 1, 2018, the Patent Trial and Appeal Board (the "Board" or "PTAB") issued a Final Written Decision finding "that claims 55-57 of U.S. Patent No. 6,003,135 have not been shown to be unpatentable" over the cited prior art. Kroeger Decl. Ex. B at 59. On February 21, 2020, the Federal Circuit affirmed the Board's decision as to asserted claim 55 and non-asserted claim 56, but vacated and remanded as to claim 57. *See* Dkt. No. 212.

2. *Western Digital Corporation v. SPEX Technologies, Inc.*, Case IPR2018-00086 (the "WD '135 IPR"). On October 16, 2017, Western Digital Corporation ("WD") (Kingston's co-defendant at the time) submitted an IPR petition against the '135 patent based upon prior art, including U.S. Patent No. 5,887,145 ("Harari") and Don Anderson, *PCMCIA System Architecture: 16-Bit PC Cards* (MindShare, Inc., 2nd ed. 1995) ("Anderson"). Kroeger Decl. Ex. C. After the WD '135 IPR was instituted, Kingston filed a petition asserting the same grounds in the WD petition and seeking to join the WD '135 IPR. Kroeger Decl. Ex. D at 1-2. Kingston's follow-on petition was dismissed because Kingston was estopped under Section 315 from asserting invalidity based upon references that included Harari and Anderson. *Id.* at 9-10. Specifically, the Board explained:

Regardless of the reasons Kingston chose not to file a petition asserting grounds based on Harari, Anderson, and Dumas at the time of filing its petition in IPR2017-01021, we cannot ignore the plain meaning of 35

² Kingston previously filed another IPR petition challenging the '135 patent prior to this one. That first petition was denied institution and is not relevant here.

U.S.C. § 315(e)(1). *Thus, we determine Petitioner is estopped from requesting or maintaining this Petition based on Harari, Anderson, and Dumas—references that reasonably could have been raised in its earlier petition in Case IPR2017-01021 or contemporaneously in a sibling petition.*

Id. at 8-9 (emphasis added).

As SPEX was preparing for trial (before the case was stayed pending the various instituted IPRs), SPEX made the litigation strategy decision to no longer assert the '135 patent against the WD, Toshiba and Apricorn defendants. Kroeger Decl. at ¶ 6. SPEX informed all of the parties, including Kingston, of its decision after the WD '135 IPR was filed. *See, e.g.*, Case 8:16-CV-01799, Dkt. No. 87, at 1 (“SPEX is willing to withdraw its claims against Western Digital on the Method Claims and the '135 Claims and proceed to trial against Western Digital only on the '802 Device Claims.”). To simplify matters and save resources, SPEX entered into a settlement agreement dismissing the claims as to the '135 patent from the related litigations, and also dismissing the pending IPR proceeding as to the '135 patent. Kroeger Decl. at ¶ 7.

Prior to the dismissal of the WD '135 IPR, SPEX filed a Patent Owner Response containing its arguments as to why claims 55 and 57 were not unpatentable. Kroeger Decl. Ex. E. These arguments were supported by the expert testimony of Dr. Zaydoon Jaywadi. Kroeger Decl. Ex. F. As a result of the dismissal of the WD '135 IPR, these arguments and evidence were not considered and no Final Written Decision was issued by the PTAB. Kroeger Decl. at ¶ 10.

3. *Western Digital Corporation v. SPEX Technologies, Inc.*, Case IPR2018-0082 (the “WD '802 IPR”). Also on October 16, 2017, WD filed an IPR petition challenging several claims of U.S. Patent No. 6,088,802 (the “'802 patent”), including those asserted here. Kroeger Decl. Ex. G at 2. WD (and later Kingston and others³) raised four alleged grounds of invalidity, including grounds based on Harari

³ On May 2, 2018, Kingston filed an IPR petition challenging the same claims of the '802 patent on the same alleged grounds of invalidity as WD, along with a motion to join WD's IPR proceeding. Kroeger Decl. Ex. H at 1 (“The new Petition includes

1 and Anderson. Kroeger Decl. Ex. F. In its institution decision, the Board found that
2 WD had only shown a reasonable likelihood of success on claims 38 and 39 and
3 found no likelihood of success on any of the other asserted claims. Kroeger Decl.
4 Ex. J. As part of its litigation strategy, SPEX chose not to respond to the institution
5 decision. Kroeger Decl. at ¶ 15. On April 18, 2019, the Board issued a Final Written
6 Decision finding claims 38 and 39 unpatentable over Harari and Anderson (using
7 the preponderance of the evidence standard), but otherwise affirmed the validity of
8 the other claims under review. Kroeger Decl. Ex. K.

9 **B. Summary of Kingston’s Patent Misuse Claims**

10 On September 25, 2019, Kingston filed its Amended Answer, Affirmative
11 Defenses, and Counterclaims, which included a new affirmative defense (Eleventh
12 Affirmative Defense) and a counterclaim (Counts 3 and 4) alleging patent misuse by
13 SPEX. Dkt. No. 178 at 17:19-25 and 34:13-35:4. Kingston’s argument is predicated
14 on SPEX’s continued assertion of claims 55 and 57 of the ’135 patent, which SPEX
15 allegedly knows to be invalid. *Id.* at ¶ 49. Kingston offered SPEX’s settlement
16 agreement with other defendants disposing of an IPR proceeding as partial proof of
17 SPEX’s alleged knowledge that the claims 55 and 57 of the ’135 patent are invalid,
18 finding it to be “[t]he only reasonable inference from the settlement...” *Id.* at ¶ 30.
19 Kingston asserted potential, hypothetical market consequences resulting from
20 SPEX’s alleged conduct. *Id.* at ¶¶ 18, 40.

21 Kingston’s allegations of patent misuse are based on a combination of events
22 occurring in the WD ’802 IPR and the WD ’135 IPR. First, Kingston relies on the
23 WD ’802 IPR for the invalidation of claims 38 and 39 of the ’802 patent in light of
24 the Harari and Anderson references. *Id.* at 25, ¶ 21. Kingston then alleges that the
25 invalidation of claims 38 and 39 of the ’802 patent supposedly made SPEX aware

26
27 only the grounds instituted in IPR2018-00082 and is substantively identical on those
28 grounds.”). On October 9, 2018, the Board granted the motion and joined Kingston
to WD’s IPR proceeding. Kroeger Decl. Ex. I at 7.

1 of the invalidity of claims 55 and 57 of the '135 patent because the '135 and '802
2 claims “are substantively very similar” *Id.* at ¶ 22. The only difference, according
3 to Kingston, is that claims 55 and 57 of the '135 patent have an additional limitation,
4 not found in the claims of the '802 patent, that requires “operably connecting the
5 security module and/or the target module to the host computing device in response
6 to [an/the] instruction from the host computing device.” *Id.* at ¶¶ 23-25.

7 Kingston then alleges that the Board found that the missing “operably
8 connecting” limitation was disclosed by Harari and Anderson in the Western Digital
9 '135 IPR. *Id.* at ¶ 25. Specifically, Kingston relies on the **institution decision** (*i.e.*,
10 an interim order addressing only whether the petition made a *prima facie* showing
11 under a lower standard of proof) in the WD '135 IPR, where the Board held that
12 “Harari and Anderson[] teach the operably connecting limitation.” *Id.* at ¶ 25.
13 According to Kingston, “SPEX has engaged in patent misuses by, inter alia,
14 maintaining its allegations of infringement of claims 55 and 57 of the '135 patent,
15 knowing these claims to be invalid.” *Id.* at ¶ 49.

16 **C. Summary of the Evidence Concerning Patent Misuse**

17 During the reopened discovery period, SPEX served requests for production
18 and interrogatories on Kingston requesting documents and information regarding,
19 among other things, any evidence of anti-competitive effects stemming from
20 SPEX’s alleged misconduct. Kroeger Decl. Exs. L and M. In response, Kingston
21 made a single production of documents, none of which evidence anti-competitive
22 effects of SPEX’s alleged conduct. Kroeger Decl. at ¶¶ 17-18. Likewise, in response
23 to SPEX’s interrogatory regarding injury to the relevant market, Kingston listed a
24 number of potential, hypothetical consequences to Kingston and the market
25 generally without any evidentiary support whatsoever. Kroeger Decl. Ex. M at
26 11:12-28. In response to SPEX’s interrogatory regarding Kingston’s factual and
27 legal basis for asserting, among other things, patent misuse, Kingston reiterated
28 some of the same potential, hypothetical consequences or referenced pleadings and

1 motions doing the same, again without evidentiary support for its allegations. *Id.* at
2 13:13-21, 16:9-17, and 17:11-18; *See also* Dkt. No. 172, at, *e.g.*, 12:17-23, Dkt. No.
3 175 at, *e.g.*, 17:12-26, and Dkt. No. 188 at, *e.g.*, 6:2-5.

4 On January 20, 2020, Kingston served a report prepared by Dr. John
5 Villasenor opining on, among other things, “technical opinions relating to patent
6 misuse.” Kroeger Decl. Ex. N. This was the only report served by Kingston during
7 the reopened discovery period. Kroeger Decl. at ¶ 20. In the report, Dr. Villasenor
8 opines that “a reasonable litigant would have expected the PTAB to issue a decision
9 finding claims 55 and 57 unpatentable had SPEX not prevented the Board from
10 doing so by entering a settlement agreement.” Kroeger Decl. Ex. N at ¶ 89. Dr.
11 Villasenor makes this opinion while at the same time recognizing “[w]e will never
12 know what would have become of the challenged claims of the ‘135 patent, though,
13 because the PTAB never issued a Final Written Decision.” *Id.* at ¶ 70.

14 Dr. Villasenor’s report contains no opinions on the anti-competitive effect of
15 SPEX’s purported actions. *Id.* at ¶ 89. Indeed, Dr. Villasenor confirmed at deposition
16 that he is not “offering any opinion” “on whether SPEX has committed patent
17 misuse.” Kroeger Decl. Ex. P at 144:25-145:7. Furthermore, he testified, as
18 Kingston’s 30(b)(6) designee, that the only harm to Kingston he was aware of was
19 its “litigation costs.” *Id.* at 143:13-22.

20 In contrast, SPEX served an expert report prepared by Cleve B. Tyler, Ph.D.
21 demonstrating the lack of anti-competitive conduct from Kingston’s allegations of
22 patent misuse. Kroeger Decl. Ex. O. For example, Dr. Tyler opines that in order for
23 SPEX’s alleged conduct to have impacts on competition, Kingston would have to
24 (1) win on liability with regarding to infringement of the ’802 patent, (2) lose on
25 liability with regarding to the ’135 patent, (3) be subject to a large enough damages
26 award for past infringement (since the patent is expired) or litigation costs with
27 regard to this issue to potentially impact Kingston’s pricing decisions or
28 participation in the market, and (4) change its current and/or future prices or

1 withdraw from the market based upon the damages award and/or litigation costs. *Id.*
2 at ¶¶ 11-12. Dr. Tyler’s report explains in detail why this speculative chain of events
3 is unlikely and contrary to basic economic principles, especially given circumstances
4 in the relevant market. *See Id.* Dr. Tyler’s expert opinions are unrebutted. Kroeger
5 Decl. at ¶ 24.

6 **IV. LEGAL STANDARD**

7 **A. Summary Judgment Standard**

8 “The court shall grant summary judgment if the movant shows that there is no
9 genuine dispute as to any material fact and the movant is entitled to judgment as a
10 matter of law.” Fed. R. Civ. P. 56(a). “A fact is material if its resolution will affect
11 the outcome of the case.” *Vita-Mix Corp. v. Basic Holding, Inc.*, 581 F.3d 1317,
12 1323 (Fed. Cir. 2009) (citing *Anderson v. Liberty Lobby*, 477 U.S. 242, 248 (1986)).
13 To give rise to a genuine issue of material fact, the evidence must be such that a
14 reasonable jury could return a verdict for the non-movant as to a fact that might
15 affect the outcome of the particular claim or defense at issue under the governing
16 law. *Anderson*, 477 U.S. at 247-48.

17 If the non-moving party has the burden of proof at trial, the moving party does
18 not have the burden to produce evidence showing the absence of a genuine issue of
19 material fact. *Celotex Corp. v. Catrett*, 477 U.S. 317, 325 (1986). Rather, the burden
20 on the moving party may be discharged by pointing out to the court “*that there is*
21 *an absence of evidence to support the non-moving party’s case.*” *Id.* (emphasis
22 added). To avoid summary judgment, the non-moving party must set forth *specific*
23 *facts* that present a genuine issue worth of trial, rather than general assertions set
24 forth in the pleadings. *Id.* at 324; *SanDisk Corporation v. STMicroelectronics, Inc.*,
25 *et al.*, No. C 04-4379 JF (RS), 2008 WL 4615605, *4 (N.D. Cal. Oct. 17, 2008).

26 **V. ARGUMENT**

27 **A. Kingston Cannot Demonstrate A Genuine Issue Of Fact** 28 **Precluding Summary Judgment On Patent Misuse**

1 SPEX is entitled to summary judgment on Kingston's counterclaims and
2 affirmative defense of patent misuse as: (1) Kingston's assertions of patent misuse
3 are not based on a legally cognizable theory; (2) Kingston cannot show even of
4 genuine issue of fact that an objective litigant would only believe claims 55 and 57
5 were invalid; and (3) Kingston has failed to adduce any evidence of any
6 anticompetitive effect as required for a showing of patent misuse.

7 **1. Kingston's Claims For Patent Misuse Are Improper As A**
8 **Matter of Law**

9 As a matter of law a patent misuse claim may not be predicated solely on the
10 assertion of a patent that is purportedly known to be invalid. *C.R. Bard, Inc. v. M3*
11 *Systems, Inc.*, 157 F.3d 1340, 1373 (Fed. Cir. 1998). In *C.R. Bard*, the Federal Circuit
12 reversed a jury verdict of patent misuse, finding that the jury received the following
13 improper instruction: "[t]he patent is also unenforceable for misuse when a patent
14 owner attempts to use the patent to exclude competitors from their marketplace
15 knowing that the patent was invalid or unenforceable." *Id.* The Federal Circuit found
16 the instruction erroneous, because "[t]he conduct to which the jury instruction on
17 misuse generally refers, that is 'wrongful' enforcement of patents, is activity
18 protected under *Noerr* and *California Motor*, and is not subject to collateral attack
19 as a new ground of 'misuse.'" *Id.* The Federal Circuit held that "M3 Systems
20 adduced no evidence of patent misuse other than what was presented for its antitrust
21 claims. ***It is not patent misuse to bring suit to enforce patent rights not fraudulently***
22 ***obtained***, nor is otherwise legal competition such behavior as to warrant creation of
23 a new class of prohibited commercial conduct when patents are involved." *Id.*
24 (emphasis added). *See also Orthokinetics, Inc. v. Safety Travel Chairs, Inc.*, 806 F.2d
25 1565, 1580 (Fed. Cir. 1986) (affirming denial of accused infringer's motion for
26 JMOL on patent misuse based on alleged bad faith enforcement, where patentee
27 prevailed, and stating "[b]ecause no prior art anticipated the claims of the '586
28

1 patent, Safety’s assertion that Orthokinetics is guilty of patent misuse for asserting
2 a patent, the ’586 patent, that it knew was invalid under § 102(b), is without merit.”).

3 Following *C.R. Bard*, district courts routinely dismiss claims of patent misuse
4 predicated solely on an assertion that the patent owner purportedly knows its asserted
5 patent is invalid. *Advanced Magnetic Closures, Inc. v. Romag Fastener, Inc.*, Case
6 No. 98 Civ. 7766 (PAC), 2006 WL 3342655, at *3 (S.D.N.Y. Jun. 6, 2016) (“Romag
7 argues, in essence, that AMC’s enforcement of the patent constitutes misuse because
8 AMC is aware . . . that the ’773 patent is invalid This argument clearly mistakes
9 the purpose of the patent misuse defense. . . . Romag’s affirmative defense and
10 counterclaim based on patent misuse must be dismissed.”); *Junker v. Medical*
11 *Components, Inc.*, Civil Action No. 13-4606, 2019 WL 109385, at *15 (E.D. Penn.
12 Jan. 4, 2019) (patent misuse claims cannot be based on allegations that “patent holder
13 has brought an action for patent infringement that he knows to be meritless”).

14 Kingston’s Affirmative Defense and Counterclaim of Patent Misuse are
15 premised on no other purported patent misuse than SPEX continuing to prosecute
16 this action after allegedly knowing that the ’135 patent is invalid:

17 Plaintiff is barred from asserting claims 55 and 57 of the ’135 patent
18 against Kingston because, as more fully set forth below in Kingston’s
19 counterclaims, ***Plaintiff has maintained its allegations of patent***
20 ***infringement of these claims where Plaintiff knows that these claims***
21 ***are invalid.*** Kingston incorporates [sic] the facts and assertions in its
counterclaims below as at least partially the basis for this defense.

22 Dkt. No. 178 at 17 (emphasis added); *See also id.* 34-35 ¶ 49 (“SPEX has engaged
23 in patent misuses [sic] by, inter alia, ***maintaining its allegations of infringement of***
24 ***claims 55 and 57 of the ’135 patent, knowing these claims to be invalid***”).

25 Because Kingston’s allegations are based solely SPEX’s purported
26 knowledge of invalidity these allegations are insufficient as a matter of law to state
27 a claim for patent misuse. *Orthokinetics*, 806 F.2d at 1580 (“Safety’s assertion that
28 Orthokinetics is guilty of patent misuse for asserting a patent, the ’586 patent, that it

1 knew was invalid under § 102(b), is without merit.”); *Advanced Magnetic Closures,*
2 *Inc.*, 2006 WL 3342655, at *3 (“Romag argues, in essence, that AMC’s enforcement
3 of the patent constitutes misuse because AMC is aware . . . that the ’773 patent is
4 invalid This argument clearly mistakes the purpose of the patent misuse
5 defense.”).

6 In opposing SPEX’s motion to dismiss its patent misuse claims, Kingston
7 contended that its claims were based on “far more than a bare allegation that SPEX
8 has asserted a claim that it subjectively knows is invalid” but also a “laundry-list of
9 bad acts undertaken by SPEX in order to continue to assert claims SPEX knows are
10 invalid against Kingston.” Dkt. No. 188 at 21-22. To the extent any such “bad acts”
11 can make an otherwise legally unrecognized patent misuse claim proper, Kingston
12 has adduced no such facts during discovery. Indeed, the only additional purported
13 “bad act” identified by Kingston is the “entering into a settlement agreement,” which
14 is a common occurrence that is without a doubt reasonably within the patent grant.

15 Furthermore, Kingston failed to obtain evidence that any such “bad acts” meet
16 the “improper purpose” showing for patent misuse. This requires a demonstration
17 that the “goal is not to win a favorable judgment, but to harass a competitor and deter
18 others from competition, by engaging the litigation process itself, regardless of the
19 outcome.” *Glaverbel Societe Anonyme v. Northlake Mktg. & Supply, Inc.*, 45 F.3d
20 1550, 1558 (Fed. Cir. 1995). An example of such an improper purpose is where a
21 patentee with a ninety percent market share engages in litigation and threatening
22 customer letters to drive a harass a competitor and its customers. *Nalco Co. v. Turner*
23 *Designs, Inc.*, No. 13-CV-02727 NC, 2014 WL 645365, at *12 (N.D. Cal. Feb. 19,
24 2014). Kingston has obtained no evidence to make such a showing. At best SPEX’s
25 purported “bad acts” are dependent on winning a favorable judgment (Kingston
26 being “forced to pay a royalty to SPEX”), not the litigation process itself as required
27 by *Glaverbel*. E.g., Dkt. No. 178 at 24 ¶18.

28 For these reasons, Kingston’s patent misuse counterclaim and affirmative

defense fail as a matter of law and SPEX is entitled to summary judgment.

2. Kingston’s “Evidence” Concerning The Beliefs Of An Objective Litigant Regarding The Invalidity Of Claims 55 And 57 Is Nothing More Than Speculation, Insufficient To Create A Genuine Issue Of Fact

Kingston additionally tries to escape the black letter law that knowing assertion of a purportedly invalid patent is not patent misuse by contending that an objective litigant could only reasonably believe that claims 55 and 57 were invalid. Specifically, Kingston’s contention that an objective litigant could only believe claims 55 and 57 were invalid over the Harari and Anderson prior art references in spite of the fact that:

- The ’135 Patent was validly issued by the U.S. PTO;
- Claims 55 and 57 of the ’135 Patent have never been adjudicated invalid by any Court of the PTAB; and
- Kingston, the lone entity against whom the ’135 Patent is presently asserted, is estopped from asserting that Harari and Anderson render the claims invalid.

Moreover, Kingston’s “evidence” that claims 55 and 57 are objectively invalid is based on nothing more than speculation insufficient to create a genuine issue of fact. *Stephens v. Union P. R.R. Co.*, 935 F.3d 852, 856 (2019) (“A party’s own speculation is insufficient to create a triable issue of fact.”); *Paraphuie, Inc. v. Mills*, No. CV1102548MMMSSX, 2012 WL 12887556, at *5 (C.D. Cal. Apr. 30, 2012) (“Conclusory, speculative testimony in affidavits and moving papers is insufficient to raise genuine issues of fact and defeat summary judgment.”). Specifically, the basis for Kingston’s objective invalidity claim is that “a reasonable litigant would have expected the PTAB to issue a decision finding claims 55 and 57 unpatentable had SPEX not prevented the Board from doing so by entering a settlement agreement.” Kroeger Decl. Ex. N at ¶ 89. However, Kingston has no evidence to prove this would have been the result of the ’135 IPR other than pure

1 supposition.

2 Kingston has no evidence to support its claim that any Final Written Decision
3 would have necessarily reached the same result as the Institution Decision with
4 respect to claims 55 and 57. As an initial matter, even Kingston's own expert admits
5 that "[w]e will never know what would have become of the challenged claims of the
6 '135 patent, though, because the PTAB never issued a Final Written Decision."
7 Kroeger Decl. Ex. N at ¶ 70,. Indeed, counsel for Kingston admitted during the
8 deposition of SPEX's expert, that the PTAB reaches a different conclusion in Final
9 Written Decisions than in its Institution Decisions at least "25 percent of the time."
10 Kroeger Decl. Ex. Q, Rhyne Depo. Tr. at 131:9-19.

11 Furthermore, Kingston's argument overlooks: (1) that the Institution Decision
12 was decided under a lower standard of proof (*see* 35 U.S.C. § 314(a) (reasonable
13 likelihood of success)) than a final written decision (*see* 35 U.S.C. § 316(e)
14 (preponderance of the evidence)); (2) that SPEX submitted both a Patent Owner
15 Response (Kroeger Decl. Ex. E) and the expert testimony of Dr. Zaydoon Jawadi
16 (Kroeger Decl. Ex. F) explaining why the references at issue did not invalidate
17 claims 55 and 57, including why they did not teach the "operatively connecting"
18 limitation; and (3) before any Final Written Decision SPEX would have had the
19 opportunity to engage in oral argument with the Board. With respect to Dr. Jawadi's
20 testimony, Kingston's expert admitted at deposition that he could not opine that Dr.
21 Jawadi's opinions were "objectively baseless." Kroeger Decl. Ex. P at 92:6-11. In
22 light of all of these facts, Kingston cannot demonstrate a genuine issue of fact to
23 support its claim that an objective litigant could only conclude that the '135 patent
24 would have been invalidated by the PTAB.

25 Recognizing the deficiencies in its evidence, Kingston attempts to bootstrap
26 the PTAB's finding that claims 38 and 39 of the '802 patent were unpatentable, and
27 that because of the similarities between these claims and claims 55 and 57, asserts
28 the PTAB would have necessarily found all elements other than the "operatively

connecting limitation” present in claims 55 and 57 invalid. *See* Kroeger Decl. Ex. N at ¶¶ 83-89. Here too, this is nothing but speculation. It ignores that because SPEX elected not to file a Patent Owner Response in the WD ’802 IPR, the Board’s decision in that case was made without the benefit of evidence such as the expert testimony of Dr. Jawadi. Dr. Villasenor admitted at deposition that “it’s certainly possible” “that the PTAB would have reached a different conclusion with respect to the validity of Claims 38 and 39 . . . had it considered additional information such as a POR or an expert declaration . . . such as Jawadi.” Kroeger Decl. Ex. P at 88:17-89:8.

In sum, Kingston has no evidence other than speculation of its own expert as to what would have happened if the ’135 IPR had proceeded to a Final Written Decision. This is insufficient to create a genuine issue of fact as to whether or not an objective litigant could only have believed that claims 55 and 57 are invalid. Accordingly, SPEX is entitled to summary judgment on Kingston’s Patent Misuse Claims.

3. Kingston Has No Evidence that SPEX’s Alleged Patent Misuse Had Any Anti-Competitive Effect

As the Court has previously recognized a patent misuse claim requires not only a showing of activity that goes beyond what is “reasonably within the patent grant,” but also “an unreasonable restraint on competition.” *See* Dkt. No. 188 at 20 (quoting *Windsurfing Int’l Inc. v. AMF, Inc.*, 782 F.2d. 995, 1001 (Fed. Cir. 1986); *Virginia Panel Corp. v. MAC Panel Co.*, 133 F.3d 860, 869 (Fed. Cir. 1997). For patent misuse, the “key inquiry is whether, by imposing conditions that derive their force from the patent, the patentee has impermissibly broadened the scope of the patent grant *with anticompetitive effect*.” *C.R. Bard, Inc. v. M3 Sys., Inc.*, 157 F.3d 1340, 1372 (Fed. Cir. 1998) (emphasis added). As this Court has recognized “a bare assertion that a party brings a case alleging infringement of a claim that it subjectively believes to be invalid is insufficient to state a claim for patent misuse.”

1 Dkt. No. 188 at 20 (citing *C.R. Bard*, 157 F.3d at 1373). Certain specific practices
2 have been identified as constituting per se patent misuse, “including so-called ‘tying’
3 arrangements in which a patentee conditions a license under the patent on the
4 purchase of a separable, staple good, and arrangements in which a patentee
5 effectively extends the term of its patent by requiring post-expiration royalties.”
6 *Virginia Panel Corp. v. MAC Panel Co.*, 133 F.3d 860, 869 (Fed. Cir. 1997). If the
7 alleged conduct is not one of those specific practices that has been held to constitute
8 per se misuse, it will be analyzed under the rule of reason. *Id.*

9 Under the rule of reason “the finder of fact must decide whether the
10 questioned practice imposes an unreasonable restraint on competition, taking into
11 account a variety of factors, including specific information about the relevant
12 business, its condition before and after the restraint was imposed, and the restraint’s
13 history, nature and effect.” *Virginia Panel*, 133 F.3d at 869 (quoting *State Oil Co. v.*
14 *Khan*, 522 U.S. 3, 10 (1997); *Monsanto Co. v. McFarling*, 363 F.3d 1336, 1341 (Fed.
15 Cir. 2004)). The Federal Circuit cautioned that “[b]ecause patent misuse is a judge-
16 made doctrine that is in derogation of statutory patent rights against infringement . .
17 . the doctrine of patent misuse [should not be applied] expansively. *Princo Corp. v.*
18 *International Trade Com’n*, 616 F.3d 1318, 1321 (Fed. Cir. 2010).

19 Kingston has failed to identify *any* evidence demonstrating any anti-
20 competitive effect as a result of SPEX’s entering into the settlement agreement of
21 the WD ’135 IPR and continuing to assert claims 55 and 57 against Kingston. As a
22 result, SPEX is entitled to summary judgment under *Celotex*.

23 For example, Kingston produced no documents or other evidence in discovery
24 establishing any such effects. Kroeger Decl., ¶¶ 17-18 & Exs. L, M. Indeed, the only
25 expert report Kingston produced on its Patent Misuse Claims was that of Dr.
26 Villasenor, and it contains no opinions on the anti-competitive effect of SPEX’s
27 purported actions. Kroeger Decl. Ex. N at ¶ 81. Indeed, Dr. Villasenor confirmed at
28 deposition that he is not “offering any opinion” “on whether SPEX has committed

1 patent misuse.” Kroeger Decl. Ex. P at 144:25-145:7. Furthermore, he testified, as
2 Kingston’s 30(b)(6) designee, that the only harm to Kingston he was aware of was
3 its “litigation costs.” *Id.* at 143:13-22.

4 In contrast, SPEX provided the expert report of Cleve B. Tyler demonstrating
5 the absence of any anti-competitive effects of SPEX’s alleged conduct. Kroeger
6 Decl. Ex. O. For example, Dr. Tyler opines that in order for SPEX’s alleged conduct
7 to have impacts on competition, Kingston would have to (1) win on liability with
8 regarding to infringement of the ’802 patent, (2) lose on liability with regarding to
9 the ’135 patent, (3) be subject to a large enough damages award for past infringement
10 (since the patent is expired) or litigation costs with regard to this issue to potentially
11 impact Kingston’s pricing decisions or participation in the market, and (4) change
12 its current and/or future prices or withdraw from the market based upon the damages
13 award and/or litigation costs. *Id.* at ¶¶ 11-12. Dr. Tyler’s report explains in detail
14 why this speculative chain of events is unlikely and contrary to basic economic
15 principles, especially given circumstances in the relevant market. *See Id.* Dr. Tyler’s
16 expert opinions are unrebutted. Kroeger Decl. at ¶ 24.

17 As Kingston has failed to establish any anti-competitive effects, Kingston
18 cannot meet its burden to prove patent misuse. For this additional reason, SPEX is
19 entitled to summary judgment.

20 **B. Because Kingston Is Estopped From Arguing That The ’135**
21 **Patent Is Invalid, It Cannot Prove SPEX Is Exceeding The**
22 **Scope Of The Patent Grant**

23 This Court should also grant summary judgment of no patent misuse because
24 Kingston cannot even attempt to prove that the ’135 patent is, in fact, invalid. This
25 means that Kingston cannot prove activity by SPEX that goes beyond what is
26 “reasonably within the patent grant,” which the parties agree is a required element
27 of patent misuse. *See* Dkt. No. 188 at 20 (quoting *Windsurfing Int’l Inc. v. AMF*,
28

1 *Inc.*, 782 F.2d. 995, 1001 (Fed. Cir. 1986)).⁴

2 Kingston's assertion of patent misuse is premised on SPEX allegedly
3 "maintaining its allegations of infringement of claims 55 and 57 of the '135 patent,
4 ***knowing these claims to be invalid.***" Dkt. No. 178 at ¶ 34 (emphasis added); *see*
5 *also* Dkt. No. 172-1 at 15 ("Kingston properly states a claim for patent misuse by
6 pleading that SPEX has engaged in bad faith litigation ... by attempting to enforce
7 and seek licensing fees of claims it knows to be invalid."). To prove this pre-requisite
8 fact at trial, Kingston must show that the '135 patent is invalid in view of Harari and
9 Anderson. But Kingston is estopped by statute from even making this necessary
10 argument. *See* 35 U.S.C. § 315(e)(2).

11 In an attempt to circumvent Section 315 estoppel while still arguing patent
12 misuse, Kingston attempts to straddle the fence by creating a new legal standard it
13 allegedly can meet. In particular, Kingston stops short of arguing explicitly that the
14 '135 patent is objectively invalid because Section 315 estops Kingston from doing
15 so. At the same time, Kingston argues that its patent misuse claim is not merely
16 based upon SPEX's subjective beliefs about the patent's validity, given that even
17

18 ⁴ As noted earlier, Kingston also alleges that it has pled a "laundry-list of bad acts"
19 and "extensive gamesmanship" by SPEX that includes "entering into a settlement
20 agreement" as purported evidence of patent misuse. Dkt. No. 188 at 21-22. However,
21 the only "bad act" alleged in Kingston's patent misuse counterclaim and affirmative
22 defense is SPEX's assertions of an allegedly known invalid patent. *See* Dkt. No. 178
23 at 17, 34-35. Kingston also offers no explanation as to why these unspecified other
24 "bad acts" are not reasonably within the patent grant and therefore permissible.
25 "[E]ntering into a settlement agreement," for example, surely falls within the scope
26 of the patent grant. In dismissing Kingston's Sherman Act and Cartwright Act
27 claims, this Court already found that Kingston did not adequately allege (much less
28 prove) that SPEX's settlement with other defendants was a "reverse-payment"
settlement that would harm competition. Thus, the first prong of the patent misuse
analysis should focus solely on SPEX's continued assertion of the '135 patent
against Kingston. And even if the Court found that other alleged "bad acts" preclude
summary judgment as to this first prong, summary judgment of no patent misuse
would still be proper for the reasons detailed in Section IV.C.

Kingston agrees such subjective beliefs alone cannot support patent misuse. Dkt. No. 188 at 20 (citing *C.R. Bard, Inc. v. M3 Sys., Inc.*, 157 F.3d 1340, 1373 (Fed. Cir. 1998)). The balance Kingston attempts to strike is to argue that “***SPEX’s belief that [the ’135 patent] claims are invalid is objectively reasonable.***” *Id.* at 10 (quoting Dkt. No. 178 at 28-29). This argument should be rejected on summary judgment because it is not based upon a legally proper test for patent misuse, as described below. Kingston cannot circumvent Section 315 estoppel simply by not explicitly stating that the ’135 patent is objectively invalid but instead arguing that SPEX had an objectively reasonable belief that the patent is invalid. As a result, summary judgment of no patent misuse should be granted.

**1. Kingston’s Patent Misuse Affirmative Defense And
Counterclaim Require A Showing Of Objective Invalidity**

As a threshold requirement to proving its patent misuse claims, Kingston must show that claims 55 and 57 of the ’135 patent are ***objectively invalid*** in view of Harari and Anderson. Kingston acknowledges that “ordinary enforcement of patents, even with a subjective belief of invalidity, is ‘activity protected under *Noerr* [i.e. the *Noerr-Pennington* doctrine].” Dkt. No. 188 at 20-21 (quoting *C.R. Bard*, 157 F.3d at 1373) (brackets added by Kingston). In an effort to thread the needle between Section 315 estoppel (which bars Kingston from arguing objective invalidity) and *Noerr-Pennington* immunity (under which mere subjective belief of invalidity is not patent misuse), Kingston creates a new legal standard that it purportedly can meet. Under this new standard, Kingston asserts that it can prove patent misuse by showing that “SPEX’s [alleged] belief in invalidity was objectively reasonable.” *See id.* at 21.

The problem for Kingston is that its purported new standard for patent misuse is not supported by law. To overcome SPEX’s *Noerr-Pennington* immunity, Kingston contends that the sham litigation exception applies. *See* Dkt. No. 188 at 7-8, 14. In order to meet this exception, Kingston must show that SPEX’s lawsuit is ***objectively baseless***, such that no “objective litigant could conclude that the suit is

1 reasonably calculated to elicit a favorable outcome.” *Prof’l Real Estate Inv’rs, Inc.*
2 *v. Columbia Pictures Indus., Inc.*, 508 U.S. 49, 60-61 (1993) (hereinafter, “*PRE*”);
3 *see also, e.g., Nobelpharma AB v. Implant Innovations, Inc.*, 141 F.3d 1059, 1072
4 (Fed. Cir. 1998) (a sham suit “must be ... based on a theory of either infringement or
5 invalidity that is **objectively baseless**” (emphasis added)); *Duke Univ. v. Akorn, Inc.*,
6 Case No. 3:18-cv-14035-BRM-TJB, *slip. op.* at 16 (D.N.J. Sept. 16, 2019) (“[t]he
7 assertion of claims in a patent whose validity has not yet been litigated cannot be
8 said to be ‘**objectively baseless** in the sense that no reasonable litigant could
9 realistically expect success on the merits” (emphasis added)).

10 The analysis of Judge Posner in *Asahi*, sitting by designation, succinctly
11 illustrates this long-standing legal principle. *See Asahi Glass Co. v. Pentech*
12 *Pharmaceutical Inc.*, 89 F. Supp. 2d 986 (N.D. Ill. 2003). In that case, the court
13 dismissed Asahi’s antitrust claims based on deficient allegations very similar to
14 those Kingston makes here. For example, Judge Posner rejected Asahi’s allegations
15 that the patent owner knew its patent was likely not infringed and had settled with a
16 prior defendant solely to avoid that finding. *Id.* at 992 (noting “it is true that Asahi
17 alleges that the defendants knew when they settled that [the accused product] would
18 not infringe”). Judge Posner explained that this is because “**a suit charging sham**
19 **litigation as a method of monopolization must fail unless the litigation is**
20 **objectively baseless.**” *Id.* at 993 (emphasis added). “And thus ‘if a [patent] suit is not
21 objectively baseless, an antitrust defendant’s **subjective motivation is immaterial.**”
22 *Id.* (quoting *In re Indep. Serv. Orgs. Antitrust Litig.*, 203 F.3d 1322, 1327 (Fed. Cir.
23 2000) (emphasis added)).

24 The only way Kingston can prove that SPEX’s assertion of the ’135 patent is
25 objectively baseless is by proving that claims 55 and 57 are both invalid. But rather
26 than meeting this legal standard, Kingston simply tries to change it. Kingston
27 contends that “rebutting a *Noerr-Pennington* defense is not the same as asserting
28 ‘that the claim is invalid.’” Dkt. No. 188 at 12 (quoting 35 U.S.C. § 315(e)). Yet

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Kingston has identified no authority establishing that patent misuse can be proven merely by showing that a plaintiff’s subjective belief of invalidity is objectively reasonable. For example, in opposing SPEX’s motion to dismiss its patent misuse claims, the closest authority Kingston could muster is a single case on willfulness that says nothing about the new patent misuse standard Kingston proposes. *See id.* at 13 (“Indeed, the Federal Circuit has held that proving a *belief* regarding validity is not the same thing as proving that the claims are actually invalid.” (emphasis in original)). Kingston argued that willfulness inquiries consider “whether a defendant had an objectively reasonable belief that the claims alleged to be infringed are invalid.” *Id.* (citing *Carnegie Mellon Univ. v. Marvell Tech. Grp., Ltd.*, 807 F.3d 1283, 1301 (Fed. Cir. 2015)). Because the *Carnegie Mellon* court deemed the accused infringer’s belief of invalidity to be objectively reasonable (despite invalidity not being found at trial), the enhancement of damages below was reversed. *Carnegie Mellon*, 807 F.3d at 1302.

Neither *Carnegie Mellon* nor any other authority identified by Kingston establishes that it need not show that claims 55 and 57 are invalid in order to prove patent misuse. In the context of willfulness, it is irrelevant whether an invalidity argument ultimately failed at trial because the only time willfulness is considered is when infringement and no invalidity have been established. What *Carnegie Mellon* does show, however, is that it is necessary to show there was merit to the invalidity defense. *See id.* at 1301 (rejecting willfulness because defendants’ “position on invalidity was substantial enough that our enhancement standard is not met”). Under the correct legal standard of *PRE* and its progeny (i.e., “objectively baseless”), Kingston must be able to show that claims 55 and 57 are invalid. And even under Kingston’s contrived new standard, Kingston should still be required to prove the claims are invalid in order to show objective unreasonableness.

C. Section 315 Estoppel Bars Kingston From Asserting The ’135 Patent Is Invalid, Which Kingston Appears To Acknowledge

As discussed in the preceding section, the Court should reject Kingston’s attempt to manufacture a new standard for patent misuse that has no legal basis. Once that argument is rejected, summary judgment must be granted in SPEX’s favor because Section 315 estoppel prohibits Kingston from even arguing—much less proving—that claims 55 and 57 of the ’135 patent are invalid in view of Harari and Anderson, as the law requires for Kingston’s patent misuse claim.

Section 315 estops a party from relitigating in District Court prior art that was raised or reasonably could have been raised in an IPR:

The petitioner in an *inter partes* review of a claim in a patent under this chapter that results in a final written decision under section 318(a) ... ***may not assert either in a civil action arising in whole or in part under section 1338 of title 28 ... that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that inter partes review.***

35 U.S.C. § 315(e)(2) (emphasis added). The legislative history of Section 315 makes clear that it “was intended to provide ***broad estoppel coverage.***” *Cal. Inst. of Tech. v. Broadcom Ltd.*, No. CV 16-3714 GW (AGRX), 2018 WL 7456042, at *8 n.8 (C.D. Cal. Dec. 28, 2018); *see also, e.g., Douglas Dynamics, LLC v. Meyer Prods. LLC*, No. 14-CV-886-JDP, 2017 WL 1382556, at *4 (W.D. Wis. Apr. 18, 2017) (“Congress intended IPR to serve as a ***complete substitute for litigating validity in the district court.***” (emphasis added)); 157 Cong. Rec. S1360-94 (daily ed. Mar. 8, 2011) (statement of Sen. Grassley) (describing purpose of IPR estoppel provision as “ensur[ing] that if an *inter partes* review is instituted while litigation is pending, that review will ***completely substitute*** for at least the patents-and-printed-publications portion of the civil litigation” (emphasis added)).

It is undisputed that Section 315 estops Kingston from proving objective invalidity here because Kingston knew about Harari and Anderson before filing its IPR petition challenging the ’135 patent that ultimately resulted in a Final Written

Decision finding claims 55 and 57 not unpatentable.⁵ Indeed, the PTAB has already held that Kingston is estopped under Section 315(e)(1) from asserting these claims are invalid in view of Harari and Anderson.⁶ Kroeger Decl. Ex. D at 8-9. Kingston appears to acknowledge it is estopped from asserting invalidity based on Harari and Anderson, previously stating that it wanted “[t]o be clear” that it is “not affirmatively seeking to prove that claims 55 and 57 are invalid over Harari and Anderson.” Dkt. No. 175 at 8. Kingston’s inability to prove objective invalidity based on these references is fatal to its affirmative defense and counterclaim because patent misuse requires a showing that SPEX’s assertion of the ’135 patent against Kingston goes beyond the scope of the patent grant. As a result, the Court should grant summary judgment of no patent misuse.

To the extent Kingston argues that Section 315 estoppel cannot legally apply to its patent misuse claims, this argument should be rejected. In opposing SPEX’s motion to dismiss its counterclaims and patent misuse defense, Kingston argued that Section 315 estoppel could not apply to its antitrust claims because they “do not arise ‘in whole or in part’ under 28 U.S.C. § 1338.” Dkt. No. 188 at 11-12. Kingston is wrong. By the very language relied on by Kingston, the application of Section 315(e)

⁵ On February 21, 2020, the Federal Circuit “affirm[ed] the Board’s finding of no anticipation for claims 55 and 56, vacate[d] the Board’s finding of no anticipation for claim 57, and remand[ed] to the Board to consider Kingston’s supplemental briefing on claim 57.” Dkt. No. 212-1 at 13. To the extent Kingston argues Section 315 estoppel should no longer apply because the Board’s finding as to claim 57 was vacated and remanded, this argument should be rejected. At minimum, there can be no dispute that the Board’s Final Written Decision remains fully intact with respect to at least claim 55. Even if estoppel no longer applied to claim 57 (a premise SPEX does not accept), this would be irrelevant because Kingston’s patent misuse argument is based upon SPEX’s assertion of the ’135 patent generally. Even if Kingston could now challenge the validity of claim 57 based upon Harari and Anderson, it still could not challenge claim 55.

⁶ 35 U.S.C. § 315(e)(1) applies to PTAB proceedings, while 35 U.S.C. § 315(e)(2) applies to civil litigations. Both sections include the same “raised or reasonably could have raised” trigger language.

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1 is based on the entirety of the civil action—not on the specific claims presented
2 therein, as Kingston argues. Section 315 explicitly estops certain invalidity
3 arguments “*in a civil action* arising in whole or in part under section 1338 of title
4 28.” 35 U.S.C. § 315(e) (emphasis added). As the Complaint shows, this is a civil
5 action based on 28 U.S.C. § 1338. Dkt. No. 1 at ¶ 13 (“This Court has original
6 jurisdiction over the subject matter of this Complaint under 28 U.S.C. §§ 1331 and
7 1338(a)”); Dkt. No. 178 at ¶ 13 (“Kingston admits that this Court has subject matter
8 jurisdiction for a patent infringement action pursuant to 28 U.S.C. §§ 1331 and
9 1338(a)”). This action is therefore brought at least in part under Section 1338. That
10 Kingston’s antitrust claims do not arise under Section 1338 is irrelevant to the text
11 of Section 315. Thus, Section 315 estoppel applies and prevents Kingston from
12 arguing that this litigation is objectively baseless, making it impossible for Kingston
13 to prove its patent misuse counterclaim and affirmative defense.

14 VI. CONCLUSION

15 Because Kingston cannot meet either prong of the legal test for patent misuse,
16 SPEX is entitled to summary judgment on Kingston’s third counterclaim and
17 eleventh affirmative defense alleging patent misuse.

18
19 Respectfully submitted,

20 Dated: March 13, 2020

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CERTIFICATE OF SERVICE

I hereby certify pursuant to the Federal Rules of Civil Procedure and LR 5-3 and 5-4 that **PLAINTIFF SPEX TECHNOLOGIES, INC.’S MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF ITS MOTION FOR SUMMARY JUDGEMENT** was served upon the attorney(s) of record for each party through the ECF system as identified on the Notice of Electronic Filing on March 13, 2020.

DATED: March 13, 2020

/s/ Paul A. Kroeger

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