

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. SACV 16-01790 JVS (AGR_x) Date June 16, 2020
Title **SPEX Technologies Inc v. Kingston Technology Corporation et al**

Present: The **James V. Selna, U.S. District Court Judge**
Honorable

Lisa Bredahl Not Present
Deputy Clerk Court Reporter

Attorneys Present for Plaintiffs: Attorneys Present for Defendants:
Not Present Not Present

Proceedings: [REDACTED] **IN CHAMBERS** **Order Regarding Pending Summary Judgment Motions (Dkt. Nos. 222, 226, 230, 237, 239)**

Plaintiff SPEX Technologies, Inc. (“SPEX” or “Plaintiff”) filed this patent infringement suit against Defendants Kingston Technology Corporation, Kingston Digital, Inc., and Kingston Technology Company, Inc. (collectively, “Kingston” or “Defendant”) on September 27, 2016. Complaint, Dkt. No. 1.

The following summary judgment motions are currently pending in this case:

- Kingston’s Motion for Summary Judgment for Noninfringement of the ’802 Patent. Kingston ’802 Noninf. Mot., Dkt. Nos. 239 (Notice), 239-1 (Redacted Supporting Memorandum), 245 (Sealed Supporting Memorandum). See also SPEX Opp’n to ’802 Noninf. Mot., Dkt. No. 251 (Redacted), 326-1 (Sealed); Kingston Reply re ’802 Noninf. Mot., Dkt. Nos. 282 (Redacted), 286-1 (Sealed).
- Kingston’s Motion for Summary Judgment for Invalidity of ’135 Patent. Kingston ’135 Invalidity Mot., Dkt. Nos. 237 (Notice), 237-1 (Supporting Memorandum). See also SPEX Opp’n to ’135 Invalidity Mot., Dkt. No. 255; Kingston Reply re ’135 Invalidity Mot., Dkt. No. 279.
- SPEX’s Motion for Summary Judgment of No Invalidity. SPEX Validity Mot., Dkt. Nos. 222 (Notice), 223 (Supporting Memorandum). See also Kingston Opp’n to Validity Mot., Dkt. No. 265; SPEX Reply re Validity Mot., Dkt. No. 278.

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- SPEX's Motion for Partial Summary Judgment of No Invalidity Pursuant to § 315 Estoppel. SPEX § 315 Mot., Dkt. Nos. 226 (Notice), 227 (Supporting Memorandum). See also Kingston Opp'n to § 315 Mot., Dkt. No. 253; SPEX Reply re § 315 Mot., Dkt. No. 272.
- SPEX's Motion for Summary Judgment as to Kingston's Patent Misuse Claims. SPEX Misuse Mot., Dkt. Nos. 230 (Notice), 231 (Supporting Memorandum). See also Kingston Opp'n to Misuse Mot., 266; SPEX Reply re Misuse Mot., Dkt. No. 275.
- Kingston's Motion for Summary Judgment as to Equitable Estoppel, No Presuit Inducement, and No Enhanced Damages. Kingston Damages Mot., Dkt. No. 238 (Notice), 238-1 (Redacted Supporting Memorandum), 244 (Sealed Supporting Memorandum). See also SPEX Opp'n to Damages Mot., Dkt. No. 260 (Redacted), Dkt. No. 325-1 (Sealed); Kingston Reply re Damages Mot., Dkt. No. 283 (Redacted), 286-2 (Sealed).

For the following reasons, the Court rules as follows:

- Kingston's Motion for Summary Judgment for Noninfringement of the '802 Patent (Dkt. No. 239) is **GRANTED**.
- Kingston's Motion for Summary Judgment for Invalidity of the '135 Patent (Dkt. No. 237) is **DENIED**.
- SPEX's Motion for Summary Judgment of No Invalidity (Dkt. No. 222) is (i) **DENIED IN PART AS MOOT** as to the '802 Patent, (ii) **DENIED IN PART** as to Kingston's invalidity theories involving the Fortezza Crypto Card, (iii) **GRANTED IN PART** as to Kingston's invalidity theories involving the Fortezza Multi-Function Card, (iv) **GRANTED IN PART** in that Kingston may not rely on a Fortezza Plus document in presenting its Fortezza Crypto Card invalidity theories, and (v) **GRANTED IN PART** as to all of Kingston's anticipation and obviousness theories involving "admitted prior art."
- SPEX's Motion for Partial Summary Judgment of No Invalidity Pursuant to § 315 Estoppel (Dkt. No. 226) is (i) **DENIED IN PART AS MOOT** as to the

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'802 Patent, (ii) **DENIED IN PART AS MOOT AS AGREED** as to “[a]nticipation or obviousness based solely on one [or] more of the following references: Harari, Anderson, Dumas, Wang, Jones, Security Modules, Common Interface Specification, Schwartz, Kimura, Fortezza NSA, Fortezza SpyruS, PCMCIA PC Card Standard 2.01 (Nov. 1992), PCMCIA Card Services Specification 2.0 (Nov. 1992), or PCMCIA Socket Services Specifications 2.0 (Nov. 1992)” (see Kingston Opp’n to § 315 Mot. at 1 n.1), and (iii) **DENIED IN PART** as it relates to Kingston’s use of printed publications in combination with other documents to explain a system prior art invalidity theory.

- SPEX’s Motion for Summary Judgment as to Kingston’s Patent Misuse Claims (Dkt. No. 231) is **GRANTED**.
- Kingston’s Motion for Summary Judgment as to Equitable Estoppel, No Presuit Inducement, and No Enhanced Damages (Dkt. No. 238) is **DENIED IN PART** on the merits and **DENIED IN PART AS MOOT**.

I. BACKGROUND

A. Asserted Patents

This is a dispute over patents involving portable USB memory devices. SPEX currently asserts that Kingston infringes Claims 1, 2, 11, and 12 of U.S. Patent No. 6,088,802 (“the ’802 Patent”) and Claims 55 and 57 of U.S. Patent No. 6,003,135 (“the ’135 Patent”). See, e.g., SPEX’s Statement of Genuine Disputes in Response to Kingston’s Statement of Uncontroverted Facts in Support of the Damages Mot. (“SPEX Damages SGD”), Dkt. Nos. 260-2 (Redacted), 325-12 (Sealed) ¶ 1. The ’802 and ’135 Patents are not related. However, they list the same six inventors, have significantly overlapping disclosures, and were both filed on June 4, 1997. *Id.* ¶ 3. The ’802 Patent refers to a “peripheral device,” while the ’135 Patent refers to a “modular device.” *Id.* ¶¶ 6, 46.

SPEX accuses the following Kingston hardware-encryption USB flash drives of infringing the asserted claims of the asserted patents: DataTraveler 4000 (“DT4000”), DT4000 G2, IronKey D300, DT Vault Privacy 3.0 (“DTVP”), and DT2000. *Id.* ¶ 2.

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Both claims of the '135 Patent that SPEX asserts against Kingston are method claims, and SPEX accuses Kingston of both directly infringing the claimed methods, as well as inducing end users to perform them. *Id.* ¶ 43.

1. U.S. Patent No. 6,088,802

The '802 Patent is titled "Peripheral Device with Integrated Security Functionality" and issued on July 11, 2000. The '802 Patent relates to devices that can communicate with host computing devices to provide various operations, including security operations. See '802 Patent at Abstract. The asserted claims of the '802 Patent recite:

1. A peripheral device, comprising:
 - security means for enabling one or more security operations to be performed on data;
 - target means for enabling a defined interaction with a host computing device;
 - means for enabling communication between the security means and the target means;
 - means for enabling communication with a host computing device;
 - means for operably connecting the security means and/or the target means to the host computing device in response to an instruction from the host computing device; and
 - means for mediating communication of data between the host computing device and the target means so that the communicated data must first pass through the security means.

2. A peripheral device as in claim 1, wherein the target means comprises means for non-volatilely storing data.

11. A peripheral device, comprising:
 - security means for enabling one or more security operations to be performed on data;
 - target means for enabling a defined interaction with a host computing device;
 - means for enabling communication between the security means and the

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target means;
means for enabling communication with a host computing device; and
means for mediating communication of data between the host
computing device and the target means so that the
communicated data must first pass through the security means.

12. A peripheral device as in claim 11, wherein the target means comprises means for non-volatilely storing data.

'802 Patent, Claims 1, 2, 11, 12.

Although they are not asserted, Claims 38 and 39 of the '802 Patent are central to some of the parties' disputes regarding patent invalidity and patent misuse related to the asserted claims of the '135 Patent. As discussed *infra*, the two claims were previously invalidated in other proceedings. Claims 38 and 39 recite:

38. For use in a peripheral device adapted for communication with a host computing device, performance of one or more security operations on data, and interaction with a host computing device in a defined way, a method comprising the steps of:

receiving a request from a host computing device for information regarding the type of the peripheral device; and
providing to the host computing device, in response to the request, information regarding the type of the defined interaction.

39. For use in a peripheral device adapted for communication with a host computing device, performance of one or more security operations on data, and interaction with a host computing device in a defined way, a method comprising the steps of:

communicating with the host computing device to exchange data between the host computing device and the peripheral device;
performing one or more security operations and the defined interaction on the exchanged data; and

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mediating communication of the exchanged data between the host computing device and the peripheral device so that the exchanged data must first pass through means for performing the one or more security operations.

'802 Patent, Claims 38, 39.

During claim construction, the parties presented a dispute regarding whether the “means for mediating” term was definite. See generally, Claim Construction Order, Docket No. 122 at 31–38. The term was construed as:

Subject to 35 U.S.C. § 112(6)

Recited Function: mediating communication of data between the host computing device and the target means so that the communicated data must first pass through the security means

Corresponding Structures:

Interface control device 910 (as shown in Fig. 9B).

In reaching this determination, the Court stated, *inter alia*,

. . . Figure 9B provides particularized disclosure of component parts, i.e. structure, for interface control device 901. Unlike the general disclosure of an FPGA [(“Field Programmable Gate Array”)] as requiring programming to perform its intended function, Figure 9B sets out detailed information about interface control device 901 [A] person of skill in the art has significant additional details about the interactions between the component parts of the interface control device 910 with corresponding structure as a result of Figure 9B itself. Given the specific details provided in this disclosure, Defendants have not proven by clear and convincing evidence that the structure of interface control device 901 is inadequately disclosed by the patent specification.

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adapted to enable one or more security operations to be performed on data and a target module that is adapted to enable a defined interaction with the host computing device, a method comprising the steps of:

- receiving a request from the host computing device for information regarding the type of the modular device;
- providing the type of the target module to the host computing device in response to the request; and
- operably connecting the security module and/or the target module to the host computing device in response to an instruction from the host computing device.

57. For use in a modular device adapted for communication with a host computing device, the modular device comprising a security module that is adapted to enable one or more security operations to be performed on data and a target module that is adapted to enable a defined interaction with the host computing device, a method comprising the steps of:

- communicating with the host computing device to exchange data between the host computing device and the modular device;
- performing one or more security operations and the defined interaction on the exchanged data;
- mediating communication of the exchanged data between the host computing device and the modular device so that the exchanged data must first pass through the security module; and
- operably connecting the security module and/or the target module to the host computing device in response to an instruction from the host computing device.

'135 Patent, Claims 55, 57.

During claim construction, the Court construed, among other terms, the following terms in Claims 55 and 57 of the ' 135 Patent:

Claim Term	Court's Construction
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“defined interaction”	not indefinite; construed as: “an interaction [with a host computing device] that can provide one or more of a variety of functionalities”
“security module that is adapted to enable one or more security operations to be performed on data”	Subject to 35 U.S.C. § 112(6) <u>Recited Function</u> : enabling one or more security operations to be performed on data . . . <u>Corresponding Structures</u> : 1. A specific hardware component programmed or configured to perform a security operation disclosed in . . . ’135 Patent at 21:29-22:9; 2. A special purpose embedded processor, embodied on a single integrated chip and designated as MYK-82 (and referred to by the name Capstone), which includes an ARM6™ processor core and several special purpose cryptographic processing elements that have been developed by the Department of Defense ([’135 Patent at 19:31-38])

Claim Construction Order at 48-50. The parties also apparently reached agreement that the term “target means for enabling a defined interaction with a host computing device” should be construed as follows:

Subject to 35 U.S.C. § 112(6)

Recited Function: enabling a defined interaction with a host computing device

Corresponding Structures: (1) a memory module adapted to enable non-volatile storage of data, (2) a communications module adapted to enable communications between the host computing device and a modem or LAN

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transceiver, (3) a smart card reader, or (4) biometric device, or equivalents thereof.

See Dkt. No. 224-1 (Defendant's expert's report, acknowledging same); see also SPEX Reply re Validity Mot. at 12.

B. Kingston's Pre-Suit Interactions with the Asserted Patents and Their Original Owner

The following factual background is based on the undisputed facts set forth in Kingston's statement of uncontroverted facts in support of its motion for summary judgment regarding patent damages issues ("Kingston Damages SUF"). Dkt. Nos. 238-2 (Redacted), 244-1 (Sealed); see also SPEX Damages SGD.

Although the Asserted Patents were originally assigned to Spyrus, Inc., they were transferred to SPEX in 2015. Kingston Damages SUF ¶ 5. Kingston and Spyrus entered into a Technology License Agreement, and several addendums, and acted under that license from February 2009 to January 2015. Id. ¶ 9, 37. The parties worked closely over that period, incorporating Spyrus chips into two Kingston hardware-encryption USB flash drives: DT5000 and DT6000. Id. ¶ 10. Spyrus knew Kingston had at least two competing products on the market, the DT4000 and DTVP. Id. ¶¶ 16, 34. And throughout the companies' relationship, Spyrus shared confidential information with Kingston as part of due-diligence in product development. Id. ¶ 49.

In 2005-2006, Spyrus "looked at ... competitive products in the field," including the "Kingston DataTraveler," "to see if any of [the products] looked like they were implementing the patents, '802 or '135, for the purposes of looking at it as potential licensees of our technology, or for possible litigation." Id. ¶ 17. Spyrus "wanted to pursue licensing agreements" and "reached out to Kingston." Id. ¶ 18. Mr. Tregub, Spyrus' VP of Corporate Development, testified that he did not mention suspected infringement in a 2008 meeting with Kingston or ever. Id. ¶ 23.

SPEX never attempted to license the patents in suit to Kingston prior to

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commencing the instant action. *Id.* ¶ 24. SPEX provided no notice prior to this suit that Kingston infringed the '135 Patent. *Id.* ¶ 44.

In response to an email from Kingston informing Spyrus that it was intending to release the DT4000 G2 (now an accused product), Spyrus terminated the partnership agreement by formal letter, but made no mention of any alleged infringement. *Id.* ¶ 35.

In early 2010, Mr. Jason Chen, a Kingston engineer, called his Spyrus contact to request information to share with Mr. Ben Chen, his boss and the head of the DT5000 engineering group. *Id.* ¶ 51. Jason Chen was upfront with his Spyrus contact that he wanted to share this information with Mr. Ben Chen, who was in Taiwan at the time. *Id.* ¶ 52. Mr. Tregub recalled a conversation wherein Mr. Jason Chen admitted to sharing a confidential presentation with Mr. Ben Chen while he was in Taiwan. *Id.* ¶ 55.

C. Inter Partes Review Proceedings Involving the Asserted Patents

The following factual background is based on the undisputed facts set forth in SPEX's statement of uncontroverted facts in support of its motion for summary judgment ("SPEX Misuse SUF"). Dkt. No. 242; see also Kingston's Statement of Genuine Disputes ("Kingston Misuse SGD"), Dkt. No. 267. The Court will address the parties' contentions that certain facts are disputed where they pertain to material facts the Court relies upon in reaching its decision.

On March 14, 2017, Kingston sought inter partes review ("IPR") of the '135 Patent based upon various prior art grounds. Kingston Technology Company, Inc. v. SPEX Technologies, Inc., No. IPR2017-01021 (the "Kingston '135 IPR"). Kingston challenged several claims of the '135 Patent, including Claims 55 and 57. SPEX Misuse SUF ¶ 1.

On October 16, 2017, Western Digital Corporation ("WD") submitted an IPR petition against the '135 Patent based upon a different set of prior art references compared to the Kingston '135 IPR petition, 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") (the "WD '135 IPR"). *Id.* ¶ 4. The same

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day, WD also filed an IPR petition challenging several claims of the '802 Patent, including those asserted here ("WD '802 IPR"). Id. ¶ 12.

After the WD '135 IPR was instituted, Kingston filed a petition seeking to join the WD '135 IPR. Id. ¶ 5. Kingston's petition was dismissed because Kingston was found to be estopped under Section 315 from asserting invalidity based upon references that included Harari and Anderson. Id. ¶ 6. In the Board Order, the Patent Trial and Appeal Board (the "Board" or "PTAB") stated:

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 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. ¶ 7.

On May 2, 2018, Kingston filed an IPR petition challenging the same claims of the '802 Patent on the same alleged grounds of invalidity raised by the WD '802 IPR petition, along with a motion to join the WD '802 IPR proceeding. Id. ¶ 13. Specifically, Kingston stated, "[t]he new Petition includes only the grounds instituted in IPR2018-00082 and is substantively identical on those grounds." Id.

On October 1, 2018, the Board issued a Final Written Decision in the Kingston '135 IPR, 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. Id. ¶ 2.

On October 9, 2018, the Board joined Kingston to the WD '802 IPR. Id. ¶ 14. The Board found that WD had only shown a reasonable likelihood of success of showing Claims 38 and 39 of the '802 Patent were unpatentable and found no likelihood of success of unpatentability as to any of the other asserted claims. Id. ¶ 15. SPEX did not

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file a Patent Owner response to the institution decision of the WD '802 IPR. Id. ¶ 16.

On January 10, 2019, SPEX entered into a settlement agreement with WD, Apricorn, and Toshiba, dismissing the claims as to the '135 Patent from their related District Court litigations, and also dismissing the pending '135 Patent IPR proceedings. Id. ¶ 9. Prior to the dismissal of the '135 Patent IPR proceedings, SPEX filed a Patent Owner Response containing its arguments as to why Claims 55 and 57 were not unpatentable. Id. ¶ 10. These arguments were supported by the expert testimony of Dr. Zaydoon Jaywadi. Id. ¶ 11. As a result of the dismissal of the '135 Patent IPR proceedings, these arguments and evidence were not considered and no Final Written Decision was issued by the PTAB.

On April 18, 2019, the Board issued a Final Written Decision finding Claims 38 and 39 of the '802 patent unpatentable as obvious over Harari and Anderson (using the preponderance of the evidence standard), but otherwise affirmed the validity of the other claims under review. Id. ¶ 17; see Final Written Decision, Paper 40, Western Digital Corp. et al. v. SPEX Technologies, Inc., IPR2018-00082.

On September 24, 2019, the Court granted Kingston's motion to amend its Answer to add an affirmative defense of patent misuse and counterclaims involving alleged antitrust violations. Misuse Order, Dkt. No. 177.

Kingston filed its Amended Answer on September 25, 2019. Dkt. No. 178. The Amended Answer included a new affirmative defense (the Eleventh Affirmative Defense) and a counterclaim (Count 3) alleging patent misuse by SPEX. Kingston's new allegations rest upon its assertion that SPEX engaged in patent misuse by maintaining its infringement claims for Claims 55 and 57 of the '135 Patent, knowing these claims to be invalid, and entering into an improper settlement. SPEX Misuse SUF ¶ 19. Kingston argues that "[t]he only reasonable inference from the settlement was that SPEX believed that the Board would find these claims unpatentable and entered into these 'reverse settlements' to avoid that outcome." Id. ¶ 20. Kingston relies on the WD '802 IPR for the invalidation of Claims 38 and 39 of the '802 Patent in light of the Harari and Anderson references for its argument that SPEX had knowledge of the invalidity of

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Claims 55 and 57 of the '135 Patent. Id. ¶ 23.

The only difference between Claims 38 and 39 of the '802 Patent and Claims 55 and 57 of the '135 Patent, according to Kingston, is that Claims 55 and 57 of the '135 Patent have an additional limitation, not found in the claims of the '802 Patent, that requires “operably connecting the security module and/or the target module to the host computing device in response to [an/the] instruction from the host computing device.” Id. ¶ 25. Kingston alleges that the Board found that the missing “operably connecting” limitation was disclosed by Harari and Anderson in the WD '135 IPR. Id. ¶ 26.

On December 23, 2020, the Court granted SPEX's motion to dismiss Kingston's Sherman Act and Cartwright Act counterclaims, but denied dismissal of Kingston's Affirmative Defense and Counterclaim of patent misuse and § 17200 Counterclaim. See generally, Misuse Order, Dkt. No. 195.

On January 20, 2020, Kingston served a report prepared by Dr. John Villasenor providing, among other things, “technical opinions relating to patent misuse,” but not anti-competitive effects of SPEX's alleged conduct. Id. ¶ 34. This report was the only one served by Kingston during the reopened discovery period. Id. ¶ 35. Dr. Villasenor opines 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.” Id. ¶ 36.

On February 21, 2020, SPEX served an expert report prepared by Dr. Cleve B. Tyler regarding Kingston's allegations of the anti-competitive effects of SPEX's alleged conduct. Id. ¶ 39.

On February 21, 2020, the Federal Circuit affirmed the Board's decision in the Kingston '135 IPR that asserted Claim 55 and non-asserted Claim 56 of the '135 Patent are not unpatentable, but vacated and remanded as to Claim 57. Id. ¶ 3.

II. LEGAL STANDARDS

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A. Summary Judgment

Summary judgment is appropriate where the record, read in the light most favorable to the nonmovant,¹ indicates “that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(a)²; see also MEMC Elec. Materials, Inc. v. Mitsubishi Materials Silicon Corp., 420 F.3d 1369, 1373 (Fed. Cir. 2005). The burden initially is on the moving party to demonstrate an absence of a genuine issue of material fact. Id.; see also Celotex Corp. v. Catrett, 477 U.S. 317, 322–24 (1986). If, and only if, the moving party meets its burden, then the non-moving party must produce specific evidence to rebut the moving party’s claim and create a genuine dispute of material fact. MEMC, 420 F.3d at 1373; see also Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 250 (1986). If the non-moving party meets this burden, then the motion will be denied. See generally, Bose Corp. v. JBL, Inc., 274 F.3d 1354, 1360 (Fed. Cir. 2001). Where the parties have made cross-motions for summary judgment, each motion “must be independently assessed on its own merit.” California v. United States, 271 F.3d 1377, 1380 (Fed. Cir. 2001).

Material facts are those necessary to a claim’s proof or defense; they are determined by the substantive law. Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 248 (1986). In deciding a motion for summary judgment, “[t]he evidence of the non-movant is to be believed, and all justifiable inferences are to be drawn in his favor.” Anderson, 477 U.S. at 255.³

¹ “In determining any motion for summary judgment or partial summary judgment, the Court may assume that the material facts as claimed and adequately supported by the moving party are admitted to exist without controversy except to the extent that such material facts are (a) included in the ‘Statement of Genuine Disputes’ and (b) controverted by declaration or other written evidence filed in opposition to the motion.” L.R. 56-3.

² Rule 56 was amended in 2010. Subdivision (a), as amended, “carries forward the summary-judgment standard expressed in former subdivision (c), changing only one word — genuine ‘issue’ becomes genuine ‘dispute.’” Fed. R. Civ. P. 56, Notes of Advisory Committee on 2010 amendments.

³ “In determining any motion for summary judgment or partial summary judgment, the Court may assume that the material facts as claimed and adequately supported by the moving party are admitted to exist without controversy except to the extent that such material facts are (a) included in the ‘Statement of Genuine Disputes’ and (b) controverted by declaration or other written evidence filed in opposition to the motion.” L.R. 56-3.

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The moving party bears the initial burden to establish the absence of a material fact for trial. Anderson, 477 U.S. at 256. “If a party fails to properly support an assertion of fact or fails to properly address another party’s assertion of fact . . . , the court may . . . consider the fact undisputed.” Fed. R. Civ. P. 56(e)(2). Furthermore, “Rule 56[(a)]⁴ mandates the entry of summary judgment . . . against a party who fails to make a showing sufficient to establish the existence of an element essential to that party’s case, and on which that party will bear the burden of proof at trial.” Celotex Corp., 477 U.S. at 322. Therefore, if the non-movant does not make a sufficient showing to establish the elements of its claims, the Court must grant the motion.

When resolving a motion for summary judgment, courts may only consider admissible evidence. Fed. R. Civ. P. 56. On a motion for summary judgment, a party may object that the material used to “dispute a fact cannot be presented in a form that would be admissible in evidence.” Fed. R. Civ. P. 56(c)(2). A court must rule on material evidentiary objections. Norse v. City of Santa Cruz, 629 F.3d 966, 973 (9th Cir. 2010). The Court only considered admissible evidence in resolving motions for summary judgment. When the order cites evidence to which the parties have objected, the objection is impliedly overruled. Additionally, the Court declines to rule on objections to evidence upon which it did not rely.

B. Patent Infringement

“Summary judgment of non-infringement requires a two-step analytical approach. First, the claims of the patent must be construed to determine their scope.” Pitney Bowes, Inc. v. Hewlett-Packard Co., 182 F.3d 1298, 1304 (Fed. Cir. 1999). This is a question of law. Id. Second, following claim construction, the fact finder compares the construed claims to the accused device or process. Catalina Mktg. Int’l, Inc. v. Coolsavings.com, Inc., 289 F.3d 801, 812 (Fed. Cir. 2002). “To prove infringement, the patentee must show that the accused device meets each claim limitation either literally or under the doctrine of equivalents.” Id. “Literal infringement requires the patentee to prove that the accused device contains each limitation of the asserted claim. Infringement under the doctrine of equivalents requires the patentee to prove that the accused device

⁴ Rule 56 was amended in 2010. Subdivision (a), as amended, “carries forward the summary-judgment standard expressed in former subdivision (c), changing only one word — genuine ‘issue’ becomes genuine ‘dispute.’” Fed. R. Civ. P. 56, Notes of Advisory Committee on 2010 amendments.

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contains an equivalent for each limitation not literally satisfied.” *Id.* (internal citations omitted).

“Summary judgment of non-infringement is appropriate where the patent owner’s proof is deficient in meeting an essential part of the legal standard for infringement, since such failure will render all other facts immaterial.” *Telemac Cellular Corp. v. Topp Telecom, Inc.*, 247 F.3d 1316, 1323 (Fed. Cir. 2001) (internal citations omitted). “A patentee ordinarily bears the burden of proving infringement.” *Medtronic, Inc. v. Mirowski Family Ventures, LLC*, 134 S. Ct. 843, 846 (2014).

C. Patent Invalidity

To obtain summary judgment of invalidity, a moving party must overcome the statutory presumption of 35 U.S.C. § 282 that issued patent claims are valid. Section 282 mandates that “[a] patent shall be presumed valid” and that “[t]he burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.” 35 U.S.C. § 282. A party seeking to overcome the statutory presumption and establish the invalidity of an issued patent claim must prove the invalidity by clear and convincing evidence. *Microsoft Corp. v. I4I Ltd. P’ship*, 564 U.S. 91, 112 (2011).

III. ANALYSIS

A. Patent Infringement As To ’802 Patent

1. Summary Judgment of Noninfringement of the Asserted ’802 Patent Claims Is Warranted

Kingston moves for summary judgment of non-infringement as to only the asserted claims of the ’802 Patent. *See generally* Kingston ’802 Noninf. Mot. Kingston asserts that its accused systems do not meet the “means for mediating” limitation in each of the asserted claims of the ’802 Patent.

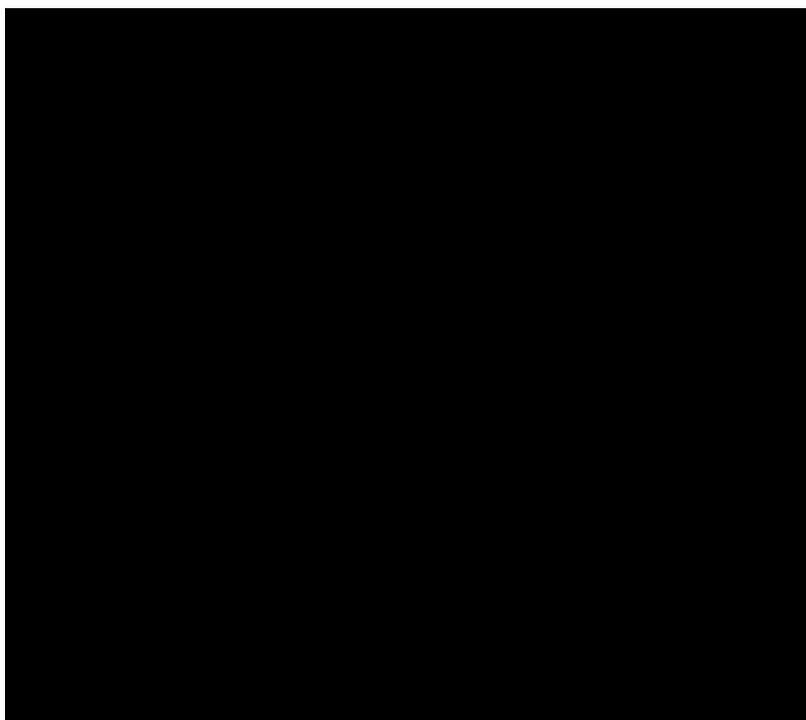
In its opposition, SPEX submits an annotated block diagram of the USB Flash Controller in Kingston’s DataTraveler 4000 (“DT4000”). SPEX Opp’n to ’802 Noninf. Mot. at 5. SPEX’s expert’s report referred to the same diagram, but did not include

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SPEX’s new annotations. See, e.g. Expert Report of Dr. V. Thomas Rhyne (“Rhyne Report”), Dkt. No. 246-1 ¶ 116. According to SPEX, its new annotations outline the portions of the accused product that satisfy the “means for mediating structure.”⁵ SPEX Opp’n to ’802 Noninf. Mot. at 5.

Rhyne refers to certain components in the accused products as “interfaces.” See Rhyne Report ¶ 116. However, in its first request for hearing, SPEX asserts that Rhyne is not equating those components to the “PCMCIA Interface,” “Crypto Processor Interface,” or “Compact Flash Interface” depicted in Figure 9B as outside of Interface Control Device 910. *See generally* Dkt. No. 346-1 (sealed). Instead, SPEX asserts that Rhyne’s use of the phrases “host interface,” “target means interface,” and “security means interface” is intended to compare components in the accused products to components depicted inside of Interface Control Device 910.

⁵ The parties appear to agree that Rhyne’s opinions regarding DT4000 and how it satisfies the “means for mediating” limitation of the accused products are representative of his opinions regarding Kingston’s other products accused of infringing the asserted ’802 Patent claims See, e.g. SPEX Opp’n to ’802 Noninf. Mot. at 5, 6 n.2; Kingston ’802 Noninf. Mot. at 7, 10-11.

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Rhyne’s decision to use the word “interface” when comparing aspects of the accused products to components inside of Interface Control Device 910 is confusing. However, viewing the evidence in the light most favorable to the non-movant, there are sufficient statements in Rhyne’s report for it to be understood in the manner urged by SPEX. Rhyne refers to Interface Control Device 910, not just Figure 9B, when he discusses the “blocks” or “interfaces” that are included in it. *See* Rhyne Report ¶ 114. His opinions regarding doctrine of equivalents also more specifically refer to the labeled components inside Interface Control Device 910 and explain why the “blocks” in the accused product are equivalent. *Id.* ¶¶ 121-126.

But even accepting SPEX’s characterizations of Rhyne’s opinions, summary judgment of non-infringement is warranted based on other arguments made in Kingston’s original motion papers.

The Federal Circuit has explained,

[i]t is firmly established in our precedent that a structural analysis is required when means-plus-function limitations are at issue; a functional analysis alone will not suffice. *See, e.g., CytoLogix Corp. v. Ventana Med. Sys.*, 424 F.3d 1168, 1178 (Fed. Cir. 2005) (“To establish infringement under § 112, ¶ 6, it is insufficient for the patent holder to present testimony ‘based only on a functional, not a structural, analysis.’” (quoting *Alpex Computer Corp. v. Nintendo Co.*, 102 F.3d 1214, 1222 (Fed. Cir. 1996))) . . . [A] patentee who seeks to prove infringement must provide a structural analysis by demonstrating that the accused device has the identified corresponding structure or an equivalent structure . . . *See In re Donaldson Co.*, 16 F.3d 1189, 1193 (Fed. Cir. 1994) (en banc) (“[W]e hold that paragraph six applies regardless of the context in which the interpretation of means-plus-function language arises, i.e., whether as part of a patentability determination in the PTO or as part of a validity or infringement determination in a court.”)[.]

Fresenius USA, Inc. v. Baxter Int’l, Inc., 582 F.3d 1288, 1299 (Fed. Cir. 2009).

In *Odetics, Inc. v. Storage Tech. Corp.*, 185 F.3d 1259, 1268 (Fed. Cir. 1999), the Federal Circuit discussed how to establish that a corresponding structure of a means-plus-

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function claim term is satisfied by an accused product. It observed,

[t]he individual components, if any, of an overall structure that corresponds to the claimed function are not claim limitations. Rather, the claim limitation is the overall structure corresponding to the claimed function. This is why structures with different numbers of parts may still be equivalent under § 112, ¶ 6 Further deconstruction or parsing is incorrect.

Id.; see also Spex Tech., Inc. v. Apricorn, Case No. LACV 16-7349 JVS (AGRx), Dkt. No. 142, at *12 (C.D. Cal. Nov. 22, 2019) (quoting same). In decisions since Odetics, the Federal Circuit has clarified that consideration of individual structural components that are “indispensable” or “central” to an overall structure can sometimes be appropriate. See, e.g. Toro Co. v. Deere & Co., 355 F.3d 1313, 1324 (Fed. Cir. 2004); Solomon Techs., Inc. v. Int’l Trade Comm’n, 524 F.3d 1310, 1317 (Fed. Cir. 2008) (“our case law allows for greater weight to be given to individual components that play a central role in the identified structure.”).

To illustrate an example where an analysis like that in Toro or Solomon would be appropriate, one district court explains,

[d]etermining whether the relevant overall structure in the accused product performs the claimed function in substantially the same way to achieve substantially the same results as the structure claimed in the patent may often require an analysis of the component parts contained in the structures. As a simple example of this concept, if a patent had the limitation of “a means for highlighting words on a piece of paper” and the specification disclosed as the corresponding structure a “felt-tip pen with transparent ink.” If the accused product was a Sharpie—a black marker with permanent ink—, a proper method for determining whether the overall structure of the Sharpie is equivalent to the overall claimed structure would be to look at a component of the Sharpie pen, its ink, and determine whether its ink is transparent. If the ink is not transparent, then one could reasonably opine that the accused Sharpie performs the claimed function in a substantially different way and achieves substantially different results from the structure claimed in the patent.

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Multimedia Patent Trust v. Apple Inc., No. 10-CV-2618-H (KSC), 2013 WL 12094821, at *4 (S.D. Cal. May 7, 2013).

Kingston argues, among other things, that the configuration registers shown in the Interface Control Device 910 of Figure 9B of the '802 Patent are indispensable components of Interface Control Device 910. It states, "without the instructions provided by the configuration registers, the Interface Control Device does not know where to send the data." Kingston Reply re '802 Noninf. Mot. at 14. SPEX disputes this. SPEX argues that the configuration registers are not indispensable to the asserted claims because the asserted claims are "fixed in one mode of operation, that in which 'the communication of data between the host computing device and the target means . . . must first pass through the security means.'" SPEX Opp'n to '802 Noninf. Mot. at 17 (quoting '802 Patent at Claim 1).

The '802 Patent discusses the concept of an "interface control device" in various embodiments. It shows Interface Control Device 802 in Figures 8 and 9A and describes it in general terms, for example as a "field-programmable gate array (FPGA) that is programmed to perform the functions that it is desired to implement."⁶ '802 Patent at 16:45-47. In discussing this interface control device embodiment, the specification explains,

[d]epending on the configuration of the interface control device **802**, as determined by operation of the peripheral device driver and/or by settings established during the manufacture of the peripheral device **800**, the data may or may not be processed by the cryptographic processing device **801**.

Id. at 16:64-17:2.

In comparison, when the '802 Patent specification discusses Interface Control Device 910 shown in Figure 9B, it describes just one structural component: configuration registers 911. It states,

⁶ During claim construction, the Court found that there was insufficient structural information disclosed in the patent specification with respect to Interface Control Device 802 for it to be considered corresponding structure for the "means for mediating" claim term. See Claim Construction Order at 35.

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[t]he interface control device **910** includes sets of configuration registers **911**. The data stored in the configuration registers **911** establish operating characteristics of the interface control device: in particular, the content of the configuration registers enables the interface control device to present to the host computing device a desired identification of the peripheral device, and determines whether data passing through the peripheral device must be subjected to security operations.

A set of configuration registers is maintained for the host computing device I/O interface, the cryptographic processing device interface, and the target functionality interface The remainder of the functional blocks of the interface control device **910** shown in FIG. **9B** perform functions and operate in a manner that can readily be understood by those skilled in the art from the designation and interconnection of those blocks in FIG. **9B**.

'802 Patent at 17:26-33. Overall, this disclosure supports the conclusion that the configuration registers play a central role in Interface Control Device 910. The specification assumes that a person of skill in the art can fill in the blanks for everything depicted in Interface Control Device 910 except the configuration registers. The discussion regarding the configuration registers is also in stark contrast to the discussion of how the configuration is set for Interface Control Device 802. In addition, one of the key aspects of the invention disclosed in the '802 Patent is that it controls the flow of data between the host computing device and peripheral device in a secure fashion. See, e.g. '802 Patent at 10:13-18. The configuration registers are described in the context of Interface Control Device 910 as the way to do so for that embodiment. See also Dkt. No. 378-2 (excerpt of Deposition Transcript of Dr. V. Thomas Rhyne ("Rhyne Tr.)) at 109:8-110:17.

In its argument that the configuration registers are not central components, SPEX shifts focus away from the specification's discussion regarding Interface Control Device 910 and instead towards the requirements of the asserted claims. It argues that because the claims only require operation in a single "mode" (where data must first pass through the security means before reaching the target means), different configurations of the corresponding interface control device are not required and the configuration registers are

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thus not central to the claims. However, SPEX has not shown that this is the proper focus, as opposed to considering the question based primarily on the description of the corresponding structure in the specification and other aspects of the intrinsic record. Moreover, in the context of Interface Control Device 910, the specification does not describe any other ways of achieving the “mode” required by the asserted claims other than through the use of configuration registers. SPEX has not shown that configuration registers are not central to the structure of Interface Control Device 910.

In its original opposition, SPEX alternatively argued, “[t]o the extent any equivalency analysis of the configuration registers is required, it can . . . be met by demonstrating that the equivalent of interface control device 910 is configurable, and it is not disputed that SPEX made that showing through Dr. Rhyne’s opinion.” SPEX Opp’n to ’802 Noninf. Mot. at 18 (citing Rhyne Report ¶¶ 120 (“the DataTraveler 4000’s interface chip is also configurable and therefore contains configuration registers”), 259, 398, 533). SPEX does not identify any statements by Rhyne where he specifically identifies structural components of the accused devices and opines that those components are equivalent to the configuration registers in Interface Control Device 910. SPEX’s argument – that Rhyne provides sufficient opinions to show that the accused products are configurable – only addresses the functionality of the products, not their structure. This is insufficient, both for purposes of literal infringement and infringement under the doctrine of equivalents. See Fresenius, 582 F.3d at 1299; Odetics, 185 F.3d at 1267.

In a second request for hearing, SPEX urges that Rhyne’s opinions are sufficient to create a question of fact.⁷ Dkt. No. 377-1 at 2. SPEX further submits numerous exhibits to argue that Rhyne’s opinions are “consistent with evidence showing that the Accused Products have configuration registers or their equivalent.” Id. at 3. The Court previously considered the opinions presented in Rhyne’s report, and finds SPEX’s new characterizations of those opinions unpersuasive. The Court agrees with Kingston that

⁷ In the second request for hearing, SPEX also makes new, and generally unsupported, characterizations of the patent intrinsic record as it relates to configuration registers. Compare SPEX Opp’n to ’802 Noninf. Mot. at 17-18 and Rhyne Tr. at 109:8-110:17 with Dkt. No. 377-1 at 1, 1 n.1. The Court has considered SPEX’s new arguments, including some of its characterizations of the Court’s supplemental tentative ruling (e.g., that the Court adopted an interpretation of configuration registers as “instructions”), and finds them unpersuasive in light of SPEX’s previous positions and the intrinsic record itself. Moreover, even if accepted, they would not support a different outcome.

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the new evidence presented by SPEX, which is not reflected in Rhyne's opinions in his report, could not be used by Rhyne at trial to support his infringement theory. SPEX has not otherwise presented a basis to permit consideration of this late-submitted evidence, either in the context of this summary judgment determination or at trial.

Because SPEX has failed to show that Kingston's accused products include a literal or equivalent structure to match the indispensable structure of the configuration registers in Interface Control Device 910, SPEX cannot prove that the accused products satisfy the "means for mediating" claim term, and thus cannot prove infringement of the asserted claims of the '802 Patent. Kingston's motion for summary judgment of non-infringement is instead **GRANTED** on that basis.

2. Effect of Noninfringement Ruling on Certain Other Pending Motions

The Court finds it unnecessary to address the parties' summary judgment motions insofar as they relate to the validity of the '802 Patent. See SPEX Validity Mot.; see also SPEX § 315 Mot. Kingston's operative responsive pleading solely includes an affirmative defense of patent invalidity for the asserted patents; it does not include counterclaims for invalidity. See Dkt. No. 178. Because summary judgment is granted on Kingston's affirmative defense of patent noninfringement, it is not necessary to address its alternative patent invalidity affirmative defense for the '802 Patent. The motions relating to that defense are **DENIED IN PART AS MOOT**.

For the same reason, it is also unnecessary to address Kingston's Motion for Equitable Estoppel, No Pre-Suit Inducement, and No Enhanced Damages as it relates to the '802 Patent. See Kingston Damages Mot. These issues are similarly resolved by the determination that Kingston does not infringe the '802 Patent. This motion is **DENIED IN PART AS MOOT** with respect to the '802 Patent. Specifically, SPEX states that it only alleges willful infringement of the '802 Patent. See SPEX Opp'n to Damages Mot. at 19 n.7 ("Spyrus [sic] will not be asserting willful infringement of the '135 patent at trial."). As Kingston notes, "[a] finding of willful infringement is a prerequisite to the award of enhanced damages." Dkt. No. 336 at 1 (quoting i4i Ltd. P'ship v. Microsoft Corp., 598 F.3d 831, 858 (Fed. Cir. 2010)). Kingston's request for a finding of no enhanced damages is accordingly **MOOT**.

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B. Patent Invalidation As To '135 Patent

1. Introduction to Pending Invalidation Motions

The parties have three pending motions related to patent invalidity. As noted, because the Court finds the asserted '802 Patent claims are not infringed, it is not necessary to address the portions of SPEX's invalidity motions related to the '802 Patent. The Court instead focuses on the asserted claims of the '135 Patent.

The parties' briefs highlight disputes for two overarching groups of prior art invalidity theories against the '135 Patent, as well as a dispute regarding whether certain prior art references are admissible at trial for "other purposes" besides invalidity. First, Kingston asserts a group of prior art invalidity theories involving prior art systems. These prior art theories rely on physical prior art products in combination with collections of documents describing the operation of those prior art products. SPEX argues that IPR estoppel should bar Kingston from being permitted to rely on certain prior art printed publications in presenting its system prior art invalidity theories. See generally SPEX § 315 Mot. SPEX also argues on the merits that Kingston cannot show by clear and convincing evidence that the system prior art discloses each and every limitation of the asserted claims. See generally SPEX Validity Mot.

Second, Kingston raises what it calls "admitted prior art" invalidity theories. Kingston does not actually identify prior art references or systems as forming the basis for these theories. Instead, Kingston appears to assert, among other things, that various statements made by SPEX witnesses in this litigation, in combination with statements in the '135 Patent specification itself, are "admissions" that constitute prior art that can invalidate the claims. Kingston also suggests that it should be permitted to bring an obviousness invalidity challenge by relying on these same "admissions" in combination with the system prior art. Kingston moves for summary judgment of invalidity of the asserted '135 Patent claims on an "admitted prior art" theory. See generally Kingston '135 Invalidation Mot. SPEX moves for summary judgment of no invalidity on theories that include "admitted prior art." See generally SPEX Validity Mot.; see also SPEX Reply re § 315 Mot. at 4.

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The parties appear to agree that IPR estoppel under 35 U.S.C. § 315 would bar “[a]nticipation or obviousness based solely on one [or] more of the following references: Harari, Anderson, Dumas, Wang, Jones, Security Modules, Common Interface Specification, Schwartz, Kimura, Fortezza NSA, Fortezza Spyrus, PCMCIA PC Card Standard 2.01 (Nov. 1992), PCMCIA Card Services Specification 2.0 (Nov. 1992), or PCMCIA Socket Services Specifications 2.0 (Nov. 1992).” See Kingston Opp’n to § 315 Mot. at 1 n.1. The parties’ briefing suggests a dispute, however, regarding whether these prior references can still be used for “other purposes,” including “to establish the state of the art at the time the patents were filed, to describe the file history, and, *e.g.*, to support Kingston’s counterclaims.” Kingston Opp’n to § 315 Mot. at 6-7.

2. Kingston’s “System” Prior Art Invalidity Theories

The parties’ arguments regarding Kingston’s system prior art invalidity theories focus on two prior art products: the “Fortezza Crypto Card” and the “Fortezza Multi-Function Card.” As noted, the parties also present disputes relating to certain associated prior art documents/printed publications. The parties dispute whether Kingston can rely on “Fortezza NSA,” “Fortezza Spyrus,” and PCMCIA documents in presenting its system prior art claims, despite the fact that Kingston agrees IPR estoppel applies to prior art theories involving just those documents themselves. The parties also dispute whether Kingston can rely on a “Fortezza Plus” Interface Control Document in presenting its system prior art invalidity theory for the Fortezza Crypto Card, even though Kingston concedes the document is related to a product that is different from the Fortezza Crypto Card. The Court addresses the parties’ estoppel and exclusion disputes first, then addresses the parties’ disputes regarding the merits of Kingston’s system invalidity theories.

a. Whether IPR Estoppel Applies to Certain Aspects of the System Invalidity Theories

Under 35 U.S.C. § 315(e)(2), when an IPR against a particular asserted claim results in a final written decision, the IPR petitioner may not assert in a civil action “that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that [IPR].” 35 U.S.C. § 315(e)(2). Petitioners are limited in IPRs to arguing invalidity grounds “under section 102 or 103 and only on the basis of prior art

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consisting of patents or printed publications.” 35 U.S.C. § 311. District courts considering these statutory provisions have thus grappled with the appropriate scope of IPR estoppel, particularly in circumstances where prior art theories in litigation supposedly involve prior art that is not a patent or printed publication.

Preliminarily, the Court agrees with the district courts (and PTAB panels, see Kingston Misuse SGD ¶ 7) who have found that the phrase “reasonably could have raised” in 35 U.S.C. § 315(e)(1) encompasses not just the exact prior art references that were indeed raised during IPR and their combinations. Instead, the plain language of the statute supports that IPR estoppel should extend to patents or printed publications that a petitioner actually knew about at the time the IPR was filed, or that “a skilled searcher conducting a diligent search reasonably could have been expected to discover.” Pavo Sols. LLC v. Kingston Tech. Co., Inc., No. 8:14-cv-01352 JLS (KESx), 2020 WL 1049911, at *4 (C.D. Cal. Feb. 18, 2020); Vaporstream, Inc. v. Snap Inc., No. 2:17-cv-00220 MLH (KSx), 2020 WL 136591, at *23 (C.D. Cal. Jan. 13, 2020); California Inst. of Tech. v. Broadcom Ltd., No. 2:16-cv-3714 GW (AGRx), 2018 WL 7456042, at *6 (C.D. Cal. Dec. 28, 2018) (“CalTech I”).

Of note, in this case, SPEX does not argue that Kingston’s system invalidity theories should themselves be estopped. SPEX instead argues that Kingston should be precluded from relying on some, but not all, of its cited documents to underpin its system invalidity theories. A small collection of district courts have considered – and reached differing outcomes regarding – whether product or system prior art invalidity theories should be subject to IPR estoppel in full, based on the relationship between those theories and related patent or printed publication invalidity grounds. See Wasica Fin. GmbH v. Schrader Int’l, Inc., No. CV 13-1353-LPS, 2020 WL 1150135, at *3 n.6 (D. Del. Jan. 14, 2020) (collecting cases considering whether IPR estoppel should extend to invalidity theories involving prior art beyond patents and printed publications). SPEX identifies just one case addressing something closer to the parties’ dispute here: Biscotti Inc. v. Microsoft Corp., No. 2:13-CV-01015-JRG-RSP, 2017 WL 2526231, at *8 (E.D. Tex. May 11, 2017) (report and recommendation). In Biscotti, the court observed that the patent challenger, Microsoft, could bring system prior art invalidity theories without being subject to IPR estoppel. It warned, however,

[i]f . . . [the] purported system prior art relies on or is based on patents or

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printed publications that Microsoft would otherwise be estopped from pursuing at trial, e.g., patents or printed publications that a ‘skilled searcher conducting a diligent search reasonably could have been expected to discover,’ then Microsoft should be estopped from presenting those patents and printed publications at trial.

Id. In later motion in limine rulings, the court further ruled that while Microsoft could bring its system invalidity theories, “Microsoft will be limited to using any documents that qualify as patents or printed publications solely for the purpose of establishing the date on which the . . . systems were in public use or on sale.” Biscotti Inc. v. Microsoft Corp., No. 2:13-CV-01015-JRG-RSP, 2017 WL 2537021, at *1 (E.D. Tex. May 30, 2017).

Although not addressing quite the same dispute, in comparison, in CalTech for example, the court considered what standard should govern when an accused infringer seeks to bring certain invalidity grounds that are not primarily based on patents or printed publications, but rely on printed publications to underpin or explain the invalidity grounds. The court concluded that an invalidity theory need not be “‘superior’ to a printed publication invalidity theory to survive estoppel (or similarly, [need not] provide some disclosure of an independent claim limitation that was not provided by the printed publication), [but] there must be *some substantive* difference between the two theories that is germane to the invalidity dispute at hand.” California Inst. of Tech. v. Broadcom Ltd., No. CV 16-3714-GW(AGRx), 2019 WL 8192255, at *8 (C.D. Cal. Aug. 9, 2019) (“CalTech II”) (emphasis in original). The determination in CalTech suggested that printed publications could still be used as part of presenting a system invalidity theory, so long as the overall system invalidity theory offers something substantively, germanely different compared to an invalidity theory based solely on patents or printed publications. Other district courts have similarly focused on whether a party is attempting to “cloak” or disguise what would otherwise be a printed publication invalidity theory in order to “skirt” estoppel in deciding whether an invalidity theory based on a system or product is appropriate. See, e.g. Clearlamp, LLC v. LKQ Corp., No. 12 C 2533, 2016 WL 4734389, at *9 (N.D. Ill. Mar. 18, 2016); Milwaukee Elec. Tool Corp. v. Snap-On Inc., 271 F. Supp. 3d 990, 1032 (E.D. Wis. 2017).

The Court finds that the logic of these latter cases should be applied here, as

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opposed to the determination reached in Biscotti. IPR estoppel is focused on “grounds” that were “raised or reasonably could have [been] raised” during IPR. By the arguments in its motion, SPEX effectively concedes that Kingston’s system claims would not meet this standard, as they are not invalidity theories based solely on patents or printed publications. Nor does SPEX argue that Kingston, through its system invalidity theories, is effectively seeking to “cloak” what might otherwise be a printed publication invalidity theory. Kingston relies on a collection of documents, apparently including some documents that are printed publications and some that are not, to support its system invalidity theories. The Court finds that the reliance on some printed publications in an overall collection of documents being used to describe a system invalidity theory should not lead to estoppel of the overall system invalidity theory itself, nor piecemeal exclusion of the printed publications underlying that system invalidity theory, absent a showing that the system invalidity theory is a patent or printed publication theory in disguise. Such a showing has not been made by SPEX at this time. The Court thus **DENIES IN PART** SPEX’s Motion for Summary Judgment of No Invalidity Based on § 315 Estoppel as it relates to Kingston’s use of printed publications in combination with other documents to explain a system prior art invalidity theory.

b. Whether Certain Other Documentary Evidence Related to the System Invalidity Theories Must Be Excluded

Separate from their IPR estoppel dispute, the parties dispute whether Kingston should be permitted to rely on a document for the Fortezza Plus Card in presenting its system invalidity theory for the Fortezza Crypto Card. See, e.g. SPEX Validity Mot. at 20-21. Although Kingston is correct that SPEX appears to be seeking a ruling in limine as opposed to a summary judgment determination (see Kingston Opp’n to Validity Mtn. at 23), the Court will resolve the parties’ dispute. There is nothing improper about hearing an *in limine* prior to the pretrial conference.⁸

The Court agrees with SPEX that Kingston should not be permitted to rely on a Fortezza Plus Card document for a Fortezza Crypto Card invalidity theory. Kingston concedes that the Fortezza Plus Card “is a variant of the Fortezza Crypto Card,” i.e., a different product. See id. Permitting Kingston or its expert to rely on a document

⁸The Court declines at this time to charge SPEX with one of the four permitted *in limine* motions, which may be made without further application. See Dkt. No. 72.

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regarding a different product in presenting a system invalidity theory related to the Fortezza Crypto Card both lacks probative value and could lead to jury confusion (a juror could mistake information solely discussed in the Fortezza Plus Card document as still being related to the Fortezza Crypto Card). Kingston's argument that the document was used to "bolster" opinions regarding the Fortezza Crypto Card system does not provide an adequate basis to overcome these concerns. SPEX's motion to exclude is **GRANTED IN PART** in that Kingston may not rely on a Fortezza Plus Card document in presenting an invalidity theory regarding the Fortezza Crypto Card system.

c. Whether There Is a Question of Fact Regarding Invalidity Under the System Invalidity Theories

i. Fortezza Crypto Card

Claim 55 of the '135 Patent

SPEX argues that Kingston's Fortezza Crypto Card prior art theory fails on the merits as to Claim 55 of the '135 Patent because Kingston has not shown that Fortezza Crypto Card discloses (i) separate steps that could correspond to what the parties dub elements "(a)" and "(c)" of the claim or (ii) a response to a request that "provide[s] the type of the target module" as required by element "(b)" of the claim.

Elements (a), (b), and (c) of Claim 55 recite:

- [a] receiving a request from the host computing device for information regarding the type of the modular device;
- [b] providing the type of the target module to the host computing device in response to the request; and
- [c] operably connecting the security module and/or the target module to the host computing device in response to an instruction from the host computing device.

'135 Patent, Claim 55 (emphasis added).

SPEX's first argument is unpersuasive. Kingston explains that its expert,

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Villasenor,

did identify numerous commands—including commands that occur at card insertion (*e.g.* “GetConfigurationInfo”) and commands that can be used later to request additional configuration information and to actually configure the card (such as “GetTupleData” and “RequestConfiguration”). These commands are more than sufficient to show separate steps.

Kingston Opp’n to Validity Mot. at 15 (citation omitted); see also id. at 13-14, Expert Report of Dr. John Villasenor (“Villasenor Report”), Dkt. No. 224-1 ¶¶ 336-346, 364-375, 389-391. Kingston further notes that SPEX’s infringement analysis rests on a similar theory to Kingston’s invalidity theory. Kingston Opp’n to Validity Mot. at 16. Indeed, in its reply brief, SPEX asserts that its expert identified, for example, a “GET_DESCRIPTOR” command in the accused system as satisfying element (a) of Claim 55 and a “GET_CONFIGURATION” command in the accused system as satisfying element (c). SPEX Reply re Validity Mot. at 8. SPEX does not dispute that the examples provided by Kingston would relate to separate steps. See id. SPEX also does not dispute Kingston’s assertion that elements (a) and (c) can occur simultaneously. Compare id. with Kingston Opp’n to Validity Mot. at 15-16. Kingston has presented sufficient evidence to show a genuine question of fact as to whether the Fortezza Crypto Card meets these claim limitations.⁹

Regarding element (b), the parties have also presented a genuine dispute of fact. The parties agree that when the Fortezza Crypto Card is connected to a computer, the computer first requests information about the “modular device.” That is, the computer asks the Fortezza Crypto Card: “who are you?” See SPEX Validity Mot. at 14; see also

⁹ In reaching this determination, the Court notes that it agrees with SPEX that the organization of Kingston’s expert’s invalidity expert report is not entirely clear as to how the prior art discloses these separate claim limitations. In presenting his opinions for elements (a) and (c) of Claim 55, Villasenor merely cites back to his earlier opinions for elements of different claims (and in particular, cites back to opinions for claims that do not have separate requirements for “receiving a request . . . for information” and “connecting . . . in response to an instruction”). See Villasenor Report ¶¶ 389, 391. However, viewing the evidence in the light most favorable to the non-movant, the Court finds sufficient information in the record to support Kingston’s opposition arguments and its interpretation of Villasenor’s opinions. SPEX also does not discuss in its motion, and thus the Court does not consider, what impact, if any, exclusion of the Fortezza Plus Card document has on its determinations here.

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Kingston Opp'n to Validity Mot. at 17. The parties also agree that the Fortezza Crypto Card responds by identifying itself as a Fortezza Crypto Card. See id.; SPEX Validity Mot. at 14. Again, elements (a) and (b) of Claim 55 state:

- [a] receiving a request from the host computing device for information regarding the type of the modular device;
- [b] providing the type of the target module to the host computing device in response to the request; and

SPEX argues that to satisfy the claim language, the “information regarding the type of the modular device” requested by the host computing device in element (a) cannot be the same information as “the type of the target module” provided in response in element (b). Kingston, meanwhile, argues that by identifying itself as the Fortezza Crypto Card, the prior art system has inherently provided information about the “type of the target module” that is included in a Fortezza Crypto Card. Kingston Opp'n to Validity Mot. at 17.

The Court agrees with Kingston that SPEX is presenting a claim construction argument with its position.¹⁰ See Kingston Opp'n to Validity Mot. at 17; see also SPEX Reply re Validity Mot. at 9 (asserting that it is not making a claim construction argument, but citing extensively from the specification to support its interpretation of the claims). The Court has reviewed the intrinsic record and does not find that it supports limiting the scope of the claims in the manner urged by SPEX. SPEX focuses on arguing that the goal of the claims is to make the “security functionality of the invention invisible to the host computer.”¹¹ SPEX Reply re Validity Mot. at 9. SPEX has not definitively shown that this is a requirement of Claim 55 of the '135 Patent. Even if SPEX had done so, it does not fully explain why an identification of the Fortezza Crypto Card by name to a computer would necessarily interfere with this goal (as opposed to presenting a factual

¹⁰The Court also notes that in claim construction proceedings, SPEX took the somewhat different position that these claim limitations were not limited to requiring “that the information requested must be different than the provided information.” See Claim Construction Order at 48. The Court rejected Defendants' contrary argument and adopted SPEX's position. Id.

¹¹ SPEX, consistent with embodiments disclosed in the specification, alternatively refers to the claims as making the security functionality or encrypting features of the modular device “transparent” to the host computing device.” See, e.g. SPEX Reply re Validity Mot. at 10-11.

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question as to what a computer would understand based on the response). On the current record, a determination of no invalidity of Claim 55 of the '135 Patent due to the Fortezza Crypto Card as a matter of law is unwarranted.

Claim 57 of the '135 Patent

Claim 57 of the '135 Patent requires, inter alia,

57. For use in a modular device adapted for communication with a host computing device, the modular device comprising a security module that is adapted to enable one or more security operations to be performed on data and a target module that is adapted to enable a defined interaction with the host computing device, a method comprising the steps of:

communicating with the host computing device to exchange data
between the host computing device and the modular device;
performing one or more security operations and the defined
interaction on the exchanged data

'135 Patent, Claim 57. Both parties appear to agree that the preamble of Claim 57 is limiting. The Court finds that given this understanding, there can be no reasonable dispute that the claims require the modular device to perform (i) one or more security operations, enabled by the security module and (ii) a defined interaction, enabled by the target module. In other words, the defined interaction must be separate from the security operations. Further, Claim 57 separately includes a limitation for “communicating with the host computing device to exchange data” compared to the requirement for a “defined interaction.”

SPEX argues that Kingston has not shown that the “defined interaction” requirements of Claim 57 were disclosed by the Fortezza Crypto Card. SPEX argues that Kingston (i) identifies communications with the host computing device as satisfying the defined interaction, even though Claim 57 separately requires them; and (ii) identifies security operations as satisfying the defined interaction, even though the defined interaction must be separately enabled by the target module, not the security module. Kingston does not dispute the claim requirements, and denies that it has conflated claim limitations in the manner SPEX suggests. See, e.g. Kingston Opp'n to Validity Mot. at

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19-20. Kingston provides an example from Villasenor’s expert report where Villasenor allegedly discusses how the Fortezza Crypto Card “allows a user to digitally sign a document.” Id. at 19. Kingston states,

the ‘defined interaction’ in this case is providing a digital signature; the target module (memory) ‘enables’ that defined interaction because it stores unique user data to generate a digital signature, and the security operation performed is generating the digital signal. Put in terms of claim 57, the data communicated from the host computer would be the data that requires a digital signature, the card would perform a security operation of generating the digital signature, and the defined interaction would be digitally signing.

Id. (citation omitted). Kingston also argues that Villasenor has provided the opinion that “the Fortezza Crypto Card allows for storage of encrypted user data,” suggesting this would also satisfy the “defined interaction” claim limitations. See id. at 20.

The Court first reiterates that it agrees with SPEX that “security operations” enabled by the security means cannot constitute the “defined interaction” enabled by the target means. Some of Villasenor’s opinions appear to mix and match these concepts. See, e.g. Villasenor Report ¶ 313 (stating that the storage of data in non-volatile memory, which Kingston refers to as an exemplary “defined interaction,” “enables” “security operations”). Contrary to Kingston’s representations and contrary to the claim language, Villasenor also presents opinions that the exchange of data between the host computer and modular device is itself the defined interaction. Compare Villasenor Report ¶ 382 (“the Fortezza Crypto Card can encrypt data (a security operation) and then can send the encrypted data back to the host PC (a defined interaction) Thus, the Fortezza Crypto Card performs a security operation (encryption) on the exchanged data and the defined interaction on the data (returning encrypted data to the host PC)” with Kingston Opp’n to Validity Mot. at 19-20 (“nor did Dr. Villasenor ever identify simply sending data back to the host computer from the card as the ‘defined interaction.’”).

However, the Court finds Kingston, including through the opinions of Villasenor, has presented sufficient evidence to show a question of material fact as to whether the Fortezza Crypto Card disclosed the “defined interaction” limitations of Claim 57. See generally Villasenor Report ¶¶ 308-325. For example, Villasenor states:

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a “defined interaction” may be the host computer sending data to the Fortezza Crypto Card, asking the card to encrypt the data, and then the Card returns the encrypted data to the host computer. Another defined interaction may be the host computer sending data to the Fortezza Crypto Card and asking the card to hash the data and return the hash to the host computer, or where the host computer sends data to the card and asks the card to digitally sign the data. In each of these scenarios, the Fortezza Crypto Card interacts with the host computer to provide functionality to the host computer. The non-volatile memory ‘enables’ these defined interactions because, at least, it stores instructions and other data necessary for the card to carry out these functions.

Id. at ¶ 311. SPEX discounts these and other opinions offered by Villasenor by arguing that Villasenor has effectively identified security operations as defined interactions. However, Villasenor presents sufficient opinions to show that non-volatile memory (i.e., a “target means”) “enables” certain of these interactions between module and host computer, such that they can be identified as “defined interactions,” separate from “security operations.” The parties’ dispute regarding whether these interactions are defined interactions or security operations is a question of fact, not a claim construction dispute.

Conclusion

For these reasons, summary judgment of no invalidity is not warranted as between the Fortezza Crypto Card prior art and Claims 55 and 57 of the ’135 Patent. SPEX’s motion for summary judgment of no invalidity is **DENIED-IN-PART** on these issues.

ii. Fortezza Multi-Function Card

The parties dispute whether Kingston has submitted evidence to show that the Fortezza Multi-Function Card is indeed prior art to the ’135 Patent. Kingston refers to “a document from NSA showing that Spyrus made a proposal to sell Fortezza Multi-Function Cards to the NSA on May 10, 1996—before the priority date of either of the patents at issue in this case.” Kingston Opp’n to Validity Mot. at 21-22 (citing Dkt. No. 269-10). Kingston further refers to testimony from a SPEX Fed. R. Civ. P. 30(b)(6)

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witness who explained that the document includes “a list of items and what you’re going to do . . . It’s going to have a description of the items that you’re proposing to build or to software you’re going to write, whatever.” *Id.* at 22 (citing Deposition Testimony of John Norman Young, Dkt. No. 269-11 at 213:13-15).

SPEX responds by arguing that

[a] product must be ready for patenting when it is offered for sale in order for the on-sale bar to attach . . . Kingston fails to come forward with any evidence as to what was actually proposed with respect to the Fortezza Multi-Function Card, what level of detail was contained in the proposal, or evidence that the Fortezza Multi-Function Card was ready for patenting when the proposal was made.

SPEX Reply re Validity Mot. at 13-14.

The Court agrees with SPEX’s assessment. Kingston has submitted insufficient evidence from before the priority date of the ’135 Patent to show that, at the time of the offer for sale, the Fortezza Multi-Function Card was ready for patenting. The on-sale bar can be used to invalidate a patent when an earlier commercial product “was both the subject of a commercial offer for sale before the critical date and ready for patenting at the time of the offer.” *Atlanta Attachment Co. v. Leggett & Platt, Inc.*, 516 F.3d 1361, 1365 (Fed. Cir. 2008). To show that a commercial product was “ready for patenting,” a patent challenger can show that “prior to the critical date the [product] was reduced to practice, or [that] there is proof that ‘prior to the critical date the inventor had prepared drawings or other descriptions of the invention that were sufficiently specific to enable a person skilled in the art to practice the invention.’” *Id.* at 1366-67. “An invention is reduced to practice when it works for its intended purpose An invention is said to work for its intended purpose when there is a demonstration of its workability or utility.” *Id.* (citing *Honeywell Int’l Inc. v. Universal Avionics Sys. Corp.*, 488 F.3d 982, 997 (Fed. Cir. 2007)). Kingston has not made any attempt to show that the “ready for patenting” prong of the on-sale bar was met by the Fortezza Multi-Function Card. Accordingly, summary judgment of no invalidity as between the Fortezza Multi-Function Card and Claims 55 and 57 of the ’135 Patent is appropriate. SPEX’s motion for summary judgment of no invalidity is **GRANTED-IN-PART** on this basis.

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3. Kingston's "Admitted Prior Art" Invalidity Theories

As noted, Kingston's "admitted prior art" invalidity theories for the '135 Patent are the subject of cross motions for summary judgment. The details regarding these theories are more fully explained in the parties' briefing on Kingston's motion for summary judgment of invalidity of the asserted '135 Patent claims.

Kingston's motion is premised on the idea that party admissions during litigation can be used to establish the existence of certain information in the prior art. See Kingston Reply re '135 Invalidity Mot. at 1 ("Kingston's 'admitted prior art' defense is based precisely on that – admissions made by SPEX's corporate witnesses, its expert, or by the named inventors of the patent itself about the state of the art prior to the filing of the '135 Patent."). The critical party statements by SPEX forming the basis for Kingston's argument come from Rule 30(b)(6) corporate designee, Thomas Hakel (CEO of SPEX). See Deposition Transcript of Thomas Hakel ("Hakel Tr."), Dkt. No. 240-9. During deposition, Hakel stated:

Q. Does SPEX believe that claims 55 and 57 are valid?

A. Of patent '135? Yeah. Yes.

...

Q. Does SPEX believe that claims 38 and 39 of the '802 patent are invalid?

A. There has been a ruling against patents 38 and 39 through the IPR process; yes.

Q. So I'll ask again, does SPEX believe claims 38 and 39 of the '802 patent are invalid?

A. Yes.

Q. They were found invalid by the PTAB in another IPR proceeding brought by Western Digital, correct?

A. That is correct.

Q. Did SPEX appeal that decision?

A. We did not.

Q. Why?

A. For the — very similar reasons. So the — the — first of all, it's based on the recommendation of counsel. And the process had been going

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on for quite sometime. We had already made some motions – we wanted to get to trial with Western Digital in our case. Although we believed in the validity of all of our patents through the process, we felt that foregoing those claims and preserving the integrity of all the claims of the '802 patent that survived that, that that was a – basically a business decision based on time and economics, that allows us to still survive with some very, very strong assets on the '802 and preserve our position against Western Digital and the other defendants in the court case.

So it was a recommendation of counsel. And there was never any discussions about validity or invalidity that I had with anybody at that time.

Id. at 30:13–32:5.

As noted in his statements, Hakel's testimony came after the PTAB issued a Final Written Decision finding Claims 38 and 39 of the '802 Patent were unpatentable over certain prior art grounds. Final Written Decision, Paper 40, Western Digital Corp. et al. v. SPEX Technologies, Inc., IPR2018-00082. Based on Hakel's agreement that "SPEX believe[s] claims 38 and 39 of the '802 patent are invalid" (Hakel Tr. 31:3-5) – and not necessarily the PTAB's decision itself – Kingston argues that Hakel essentially admitted that each and every limitation of Claims 38 and 39 of the '802 Patent existed in the prior art as of the critical date for the '135 Patent. See Kingston '135 Invalidation Mot. at 8 ("Having admitted that the material claimed by claims 55 and 57 is in the prior art . . . , SPEX should be bound to those admissions."); see also Kingston Reply re '135 Invalidation Mot. at 3 (citing same smaller excerpt of Hakel's testimony). Building off this notion, Kingston further relies on the claim language, other statements by SPEX witnesses, the '135 Patent specification, and the opinions of Kingston's own expert to argue that the differences between Claims 38 and 39 of the '802 Patent when compared to Claims 55 and 57 of the '135 Patent are insubstantial. See Kingston '135 Invalidation Mot. at 1-4. Kingston asserts that because the differences between the two sets of claims are insubstantial, and SPEX has admitted that Claims 38 and 39 of the '802 Patent are invalid, Claims 55 and 57 of the '135 Patent should be found invalid in this case as a matter of law. See generally id.

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However, Hakel's generalized statements regarding Claims 38 and 39 of the '802 Patent are insufficient to support the types of admissions about the state of the prior art that Kingston urges by its motion. As provided in the quoted excerpts of Hakel's deposition testimony supra, Hakel responded to a general question from counsel regarding whether SPEX "believe[s]" Claims 38 and 39 of the '802 Patent are valid. See Hakel Tr. 31:3-5. The portions of Hakel's testimony provided to the Court do not delve into specifics about whether SPEX had analyzed the individual limitations in Claims 38 and 39 of the '802 Patent and concluded based on this analysis that it agreed with the PTAB that the claims were invalid because those limitations were available in the prior art. As SPEX also observes, Hakel's statements regarding the invalidity of Claims 38 and 39 of the '802 Patent came after the PTAB had already issued a Final Written Decision finding those claims unpatentable. Hakel specifically references the PTAB's decision in his testimony. See id. at 30:24-31:2. There is no basis in the record to find that Hakel's (and SPEX's) opinion of the claims was based on the prior art landscape, as opposed to simply an acknowledgment of the PTAB's ultimate determination. To this end, Kingston appears to concede that Hakel, although a SPEX corporate designee, has not been designated as a person of ordinary skill in the art. See Kingston Reply re '135 Invalidity Mot. at 6. Although Kingston urges that this distinction does not matter (see id.), invalidity requires consideration of the understanding of the person of skill in the art at the time the invention was filed. See, e.g. 35 U.S.C. § 103. Hakel's general statements as a corporate representative of SPEX as part of this litigation say nothing about a person of skill in the art at the time of the invention's understanding of the individual or collective claim limitations of Claims 38 and 39 of the '802 Patent.

Kingston cites Riverwood Int'l Corp. v. R.A. Jones & Co., 324 F.3d 1346, 1354 (Fed. Cir. 2003) to support its contrary assertion that "[v]alid prior art may be created by the admissions of the parties." See, e.g. Kingston Reply re '135 Invalidity Mot. at 2; see also Kingston Opp'n to SPEX Validity Mot. at 24-25. In Riverwood, the Federal Circuit confirmed that "a statement by an applicant during prosecution identifying certain matter not the work of the inventor as 'prior art' is an admission that the matter is prior art." Riverwood, 324 F.3d at 1354. The Federal Circuit ultimately found that the patent applicant had not admitted a patent was prior art through its conduct during patent prosecution. Id. at 1355. The patent applicant had listed the patent in an information disclosure statement ("IDS") that it filed with the PTO, and identified it as belonging to the same "inventive entity" who was filing for the asserted patent. The Federal Circuit

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concluded, “[o]ne’s own work may not be considered prior art in the absence of a statutory basis, and a patentee should not be ‘punished’ for being as inclusive as possible and referencing his own work in an IDS.” Id.

Kingston has not shown that the statement in Riverwood that “[v]alid prior art may be created by the admissions of the parties” is applicable to this case, given the vastly different facts at issue. Hakel’s statements as a corporate designee during litigation – many years after the ’135 Patent issued – are significantly different than statements made by a patent applicant during patent prosecution. Moreover, as noted previously, Hakel’s statements are sweeping and general, related to an acknowledgment of invalidity of certain claims that had indeed been recently invalidated by the PTAB. In comparison, Riverwood considered whether a patent applicant should be bound by representations that a document constituted prior art. Hakel did not testify that Claims 38 and 39 of the ’802 Patent (or their individual limitations) are themselves prior art to Claims 55 and 57 of the ’135 Patent. At bottom, Riverwood does not provide an adequate basis to conclude that Hakel’s high-level statements about the invalidity of Claims 38 and 39 of the ’802 Patent prove with clear and convincing evidence that each and every limitation of Claims 38 and 39 of the ’802 Patent was previously disclosed in the prior art.

Kingston’s “admitted prior art” theory would effectively short-circuit appropriate analysis for patent invalidity. It invites the Court – or a jury – to consider (i) generalized statements made during litigation by a non-POSITA about non-asserted claims invalidated in a different forum under different circumstances and (ii) various statements about the scope of the asserted claims compared to those non-asserted claims.¹² Based on

¹²Aside from the issues related to Hakel’s statements, the Court notes that Kingston has not shown that a comparison of two competing claim sets would be a proper inquiry for a jury. Nor has Kingston shown that the focus of any such analysis should occur without conducting a claim construction-type inquiry. Convolve, Inc. v. Compaq Computer Corp., 812 F.3d 1313, 1322-23 (Fed. Cir. 2016) (in analysis of whether claims issued on reexamination are substantially identical to original claims, “we apply the traditional claim construction principles of Phillips v. AWH Corp., 415 F.3d 1303 (Fed. Cir. 2005) (en banc) On appeal, we ‘review the district court’s subsidiary factual findings on the scope of the reexamined and original claims for clear error, but the ultimate conclusion regarding the scope of the claims de novo.’” (citations omitted)). The Court finds that the type of claim comparison Kingston suggests, like the comparison of claims pre- and post-reexamination for purposes of an intervening rights analysis, would involve the Court’s legal analysis of the intrinsic record that would take priority over the Court’s factual review of any alleged party admissions. However, because

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these data points, the fact-finder is then asked to make the logical leap to conclude that all of the limitations in the asserted claims were “known” in the art at the time the asserted patent was filed. See Kingston Reply to ’135 Invalidation Mot. at 2 (emphasizing that pre-AIA 35 U.S.C. § 102 includes whether an invention “was known or used by others in this country”). A patent invalidity theory based on prior art primarily requires an identification of where, in one or more prior art sources, each and every limitation of an asserted claim was disclosed. Kingston does not present such a theory with its approach.

For these reasons, Kingston’s request that the Court “enter an order establishing that each of the limitations of claims 55 and 57 of the ’135 patent are known in the prior art” is also rejected. See Kingston ’135 Invalidation Mot. at 21 (citing Fed. R. Civ. P. 56(g)). Although it does not reach a final determination on the issue at this time, the Court further notes that the jury likely should not be permitted to consider Hakel’s “admissions” as part of a prior art analysis at all. Its likelihood to confuse and prejudice the jury is likely to significantly outweighs its relevance or probative value.

SPEX’s Motion for Summary Judgment of No Invalidation is **GRANTED-IN-PART** as it relates to any prior art grounds involving Kingston’s so-called “admitted prior art.” Kingston’s Motion for Summary Judgment of Invalidation of the ’135 Patent is **DENIED**.¹³

4. “Other Purposes” at Trial for Presenting Estopped or Excluded Prior Art References

The parties present a brief dispute regarding whether Kingston should be permitted to present evidence at trial regarding certain prior art printed publications for “other purposes” than to prove patent invalidity. Kingston specifically makes the claim that it

Kingston has not presented the issue for the Court’s consideration in this way, and given the other problems with Kingston’s approach, it would not be appropriate for the Court to undertake such an analysis in furtherance of Kingston’s inappropriate invalidity theory. .

¹³ Accompanying its opposition to Kingston’s summary judgment motion, SPEX submitted evidentiary objections to the supplemental expert report of Kingston’s expert, Dr. John Villasenor. See Dkt. No. 257; see also Dkt. No. 274 (Kingston’s response to SPEX’s objections). The Court did not consider Villasenor’s supplemental expert report in connection with Kingston’s summary judgment motion, finding it unnecessary to do so. SPEX’s objections (Dkt. 257) are accordingly **DENIED AS MOOT**.

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should be permitted to do so using prior art references it otherwise agrees are subject to IPR estoppel. Kingston Opp'n to § 315 Mot. at 6-7 (“Kingston can rely on prior art patents and printed publications for other purposes, including to establish the state of the art at the time the patents were filed, to describe the file history, and *e.g.*, to support Kingston’s counterclaims.”); see also SPEX Reply to § 315 Mot. at 5-7. The parties’ dispute is more appropriately addressed through *in limine* practice. The Court declines to reach a final determination on it now because the dispute as framed is very broad and its boundaries are unclear. Without understanding exactly how Kingston would seek to use certain estopped prior art printed publications for “other purposes” at trial, a ruling of wholesale exclusion of any reference to those printed publications is unwarranted.

The Court notes that if this issue is further presented at the motion *in limine* stage, classic determinations related to weighing potential prejudice and jury confusion compared to relevance and probative value will come into play. For example, a detailed discussion of how a printed publication discloses specific claim limitations could raise significant concerns of jury confusion; the printed publication might improperly play a role in the jury’s deliberations regarding patent invalidity, even though Kingston itself admits it is estopped from presenting an invalidity theory based on that printed publication.

5. Conclusion

For the reasons stated herein, SPEX’s Motion for Summary Judgment of No Invalidity is (i) **DENIED IN PART AS MOOT** as to the ’802 Patent, (ii) **DENIED IN PART** as to Kingston’s invalidity theories involving the Fortezza Crypto Card, (iii) **GRANTED IN PART** as to Kingston’s invalidity theories involving the Fortezza Multi-Function Card, (iv) **GRANTED IN PART** in that Kingston may not rely on a Fortezza Plus document in presenting its Fortezza Crypto Card invalidity theories, and (v) **GRANTED IN PART** as to all of Kingston’s anticipation and obviousness theories involving “admitted prior art.”

C. Patent Misuse As To ’135 Patent

The Court finds that SPEX is entitled to summary judgment on Kingston’s patent

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misuse claims¹⁴ because Kingston has failed to adduce any evidence of any anticompetitive effect, as required for a showing of patent misuse.¹⁵

“The defense of patent misuse arises from the equitable doctrine of unclean hands, and relates generally to the use of patent rights to obtain or coerce an unfair commercial advantage.” Mallinckrodt Inc. v. Medipart, Inc., 976 F.2d 700, 703-704 (Fed. Cir. 1992). “Patent misuse relates primarily to a patentee’s action that affect competition in unpatented goods or that otherwise extend economic effect beyond the scope of the patent grant.” Id. “[T]he key inquiry under the patent misuse doctrine is whether, by imposing the condition in question, the patentee has impermissibly broadened the physical or temporal scope of the patent grant and has done so in a manner that has *anticompetitive effects*.” Princo Corp. v. International Trade Comm’n, 616 F.3d 1318, 1328 (Fed. Cir. 2010) (emphasis added).

The January 20, 2020 Expert Report by Dr. Villasenor does not contain any opinions on the anti-competitive effect of SPEX’s purported actions. See Declaration of Paul Kroeger (“Kroeger Decl.”), Dkt. No. 233, Ex. N. Indeed, Kroeger testified, as Kingston’s 30(b)(6) designee, that the only harm to Kingston he was aware of was its litigation costs. Id., Ex. P at 143:13-22. Meanwhile, SPEX’s February 21, 2020 Expert Report prepared by Cleve B. Tyler, Ph.D. suggests that anti-competitive effects from SPEX’s conduct were unlikely, and Kingston did not put forth evidence negating his analysis. Kroeger Decl., Ex. 0.

Kingston argues that it is not required to show evidence of anticompetitive effects. Kingston Opp’n to Misuse Mot. at 22-23. But the legal authorities Kingston cites for this proposition do not support this argument. See, e.g., Syndicate Sales, Inc. v. Floral

¹⁴ Kingston’s “patent misuse claims” refers to its Third Counterclaim for Declaratory Judgment of Patent Misuse and its Affirmative Defense of Patent Misuse, as well as its Fourth Counterclaim of Violation of § 17200 of the California Business and Professions Code. The Fourth Counterclaim is supported by the same facts as the Third Counterclaim for Declaratory Judgment of Patent Misuse.

¹⁵ Kingston also challenges SPEX’s motion on procedural grounds, arguing that SPEX’s failure to timely answer the factual allegations in Kingston’s counterclaims precludes summary judgment. Kingston Opp’n to Misuse Mot. at 9-11. Kingston has not shown that it was prejudiced by what appears to be an inadvertent mistake. See Declaration of Paul Kroeger, Dkt. No. 275-1 ¶¶ 4-5. The Court will decide the motion on the merits and does not deem Kingston’s allegations admitted.

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Innovations, Inc., No. 1:11-CV-00465- SEB-DK, 2012 WL 4477691, at *6 (S.D. Ind. Sept. 28, 2012) (“This is not to say, however, that the presence or absence of an improper market benefit is irrelevant in a rule of reason analysis; it can be a substantial factor in determining whether an anticompetitive effect or unreasonable restraint on competition has occurred.”). Contrary to Kingston’s suggestion, litigation costs alone do not establish evidence of anticompetitive effects. Indeed, Kingston itself notes that “patent misuse is designed to police the market as a whole, and examines effects that extend beyond simply the parties to litigation.” Kingston Opp’n to Misuse Mot. at 25.

The Court finds that Kingston, which has the burden of proof on this defense, has failed to provide any evidence of anti-competitive effects as a result of SPEX’s conduct. Celotex, 477 U.S. at 322 (Rule 56(a) mandates the entry of summary judgment “against a party who fails to make a showing sufficient to establish the existence of an element essential to that party’s case, and on which that party will bear the burden of proof at trial.”). Kingston produced no documents during discovery showing any anticompetitive effects, nor does its expert testimony support its argument. Further, Kingston has failed to rebut SPEX’s expert report showing a lack of anti-competitive effects. Therefore, the Court **GRANTS** SPEX’s summary judgment motion as to Kingston’s patent misuse claims.

D. Remaining Portions of Kingston’s Motion for Summary Judgment as to Equitable Estoppel, No Pre-Suit Inducement, and No Enhanced Damages.

1. Equitable Estoppel

Kingston moves for summary judgment on its equitable estoppel affirmative defense, arguing that SPEX and Spyrus gave Kingston reason to believe it did not infringe. Kingston Damages Mot. at 8-11.

Equitable estoppel bars a patentee from recovering from an infringer for all past and prospective infringement and from obtaining injunctive relief. Scholle Corp. v. Blackhawk Molding Co., 133 F.3d 1469, 1471 (Fed. Cir. 1998). It “consists of three elements: (1) the patentee engages in misleading conduct that leads the accused infringer to reasonably infer that the patentee does not intend to assert its patent against the accused infringer; (2) the accused infringer relies on that conduct; and (3) as a result of

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that reliance, the accused infringer would be materially prejudiced if the patentee is allowed to proceed with its infringement action.” John Bean Techs. Corp. v. Morris & Assocs., Inc., 887 F.3d 1322, 1327 (Fed. Cir. 2018).

Misleading conduct may include the patentee’s “specific statements, action, inaction, or silence where there was an obligation to speak.” A.C. Aukerman Co. v. R.L. Chaides Const. Co., 960 F.2d 1020, 1041 (Fed. Cir. 1992) (en banc) (abrogated in part by SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC, 137 S. Ct. 954 (2017)). “[S]ilence alone will not create an estoppel unless there was a clear duty to speak, or somehow the patentee’s *continued silence* reenforces the defendant’s inference from the plaintiff’s *known acquiescence* that the defendant will be unmolested.” Id. at 1043-44 (emphasis added). “Finally, on summary judgment, such inference must be the only possible inference from the evidence.” Id. at 1044. “The alleged infringer also must know or reasonably be able to infer that the patentee has known of the former’s activities for some time.” Id. at 1042. “In the most common situation, the patentee *specifically objects* to the activities currently asserted as infringement in the suit and then does not follow up for years.” Id. (emphasis added).

As SPEX points out, the cases on which Kingston relies suggest that equitable estoppel cannot be based on silence alone. SPEX Opp’n to Damages Mot. at 7-8. Instead, silence is relevant after an accusation of infringement. See A.C. Aukerman, 960 F.2d at 1026-27; Scholle Corp., 133 F.3d at 1471-73; ABB Robotics, Inc. v. GMFanuc Robotics Corp., 52 F.3d 1062, 1063-64 (Fed. Cir. 1995). But there is no dispute that Spyrus never indicated to Kingston that Spyrus thought it was infringing prior to filing suit. Kingston Damages SUF ¶¶ 23, 35, 44. The Court agrees with SPEX that in the absence of such a communication of infringement, “there was never any basis for Kingston to reasonably infer from any subsequent conduct that Spyrus was acquiescing to this infringement.” SPEX Opp’n to Damages Mot. at 8.

But even if no such communication is necessary for equitable estoppel to apply, there remain genuine disputes of material fact regarding the nature of the purportedly misleading conduct by Spyrus that Kingston identifies. Drawing all inferences in SPEX’s favor, the timing of Spyrus’ assessment of Kingston’s purported infringement, and conclusion that Kingston’s products infringed, is genuinely disputed. SPEX Damages SGD ¶¶ 21-23.

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Based on the evidence presented, there are genuine disputes of material fact regarding whether and when Spyrus knew about the purported infringement, and whether Spyrus thus engaged in conduct that mislead Kingston. Because Kingston has not satisfied this element, the Court **DENIES** summary judgment on equitable estoppel grounds.

2. Pre-Suit Inducement

In regard to the method claims (the asserted claims of the '135 Patent), Kingston argues that SPEX cannot recover damages for pre-suit inducement because Kingston did not know its products infringed. Kingston Damages Mot. at 12.

“In contrast to direct infringement, liability for inducing infringement attaches only if the defendant knew of the patent and that ‘the induced acts constitute patent infringement.’” Commil USA, LLC v. Cisco Sys., Inc., 135 S.Ct. 1920, 1926 (2015) (quoting Glob.-Tech Appliances, Inc. v. SEB S.A., 563 U.S. 754, 766 (2011)).

“Inducement requires a showing that the alleged inducer knew of the patent, knowingly induced the infringing acts, and possessed a specific intent to encourage another’s infringement of the patent.” Vita-Mix Corp. v. Basic Holding, Inc., 581 F.3d 1317, 1328 (Fed. Cir. 2009). “Intent can be shown by circumstantial evidence, but the mere knowledge of possible infringement will not suffice.” Id. “This knowledge requirement may be satisfied under the doctrine of willful blindness.” Unwired Planet, LLC v. Apple Inc., 829 F.3d 1353, 1364 (Fed. Cir. 2016). “[T]he doctrine of willful blindness requires the patentee to show not only that the accused subjectively believed that there was a high risk of infringement, but also that the accused took deliberate actions to avoid confirming infringement.” Id.

SPEX argues that there are genuine disputes of material fact regarding Kingston’s actual knowledge of infringement.¹⁶ It notes that in 2008, Spyrus gave a presentation to Kingston about Spyrus’s experience and technology, which included identifying the patents in suit, and a description of the patents and the types of products they are applicable to. SPEX Opp’n to Damages Mot. at 15-16; SPEX Damages SGD ¶¶ 30-33.

¹⁶ SPEX does not appear to make an argument regarding willful blindness.

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Indeed, the presentation included pages describing the scope of the patents and examples of likely infringing products. *Id.* Kingston internally reviewed and discussed an executive summary of this presentation. *Id.* ¶ 34. Kingston, according to SPEX, directed its customers to use the Accused Products in a manner that caused them to perform the asserted method claims. *Id.* ¶ 36.

The Court finds that the circumstantial evidence SPEX has presented is sufficient to create a genuine dispute of material fact as to Kingston's intent to infringe. Therefore, the Court **DENIES** Kingston's motion for summary judgment on the issue of pre-suit damages for inducement.

IV. CONCLUSION

For the reasons stated in this Order, the Court rules as follows:

- Kingston's Motion for Summary Judgment for Noninfringement of the '802 Patent (Dkt. No. 239) is **GRANTED**.
- Kingston's Motion for Summary Judgment for Invalidity of the '135 Patent (Dkt. No. 237) is **DENIED**.
- SPEX's Motion for Summary Judgment of No Invalidity (Dkt. No. 222) is (i) **DENIED IN PART AS MOOT** as to the '802 Patent, (ii) **DENIED IN PART** as to Kingston's invalidity theories involving the Fortezza Crypto Card, (iii) **GRANTED IN PART** as to Kingston's invalidity theories involving the Fortezza Multi-Function Card, (iv) **GRANTED IN PART** in that Kingston may not rely on a Fortezza Plus document in presenting its Fortezza Crypto Card invalidity theories, and (v) **GRANTED IN PART** as to all of Kingston's anticipation and obviousness theories involving "admitted prior art."
- SPEX's Motion for Partial Summary Judgment of No Invalidity Pursuant to § 315 Estoppel (Dkt. No. 226) is (i) **DENIED IN PART AS MOOT** as to the '802 Patent, (ii) **DENIED IN PART AS MOOT AS AGREED** as to "[a]nticipation or obviousness based solely on one [or] more of the

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following references: Harari, Anderson, Dumas, Wang, Jones, Security Modules, Common Interface Specification, Schwartz, Kimura, Fortezza NSA, Fortezza Spyrus, PCMCIA PC Card Standard 2.01 (Nov. 1992), PCMCIA Card Services Specification 2.0 (Nov. 1992), or PCMCIA Socket Services Specifications 2.0 (Nov. 1992)” (see Kingston Opp’n to § 315 Mot. at 1 n.1), and (iii) **DENIED IN PART** as it relates to Kingston’s use of printed publications in combination with other documents to explain a system prior art invalidity theory.

- SPEX’s Motion for Summary Judgment as to Kingston’s Patent Misuse Claims (Dkt. No. 231) is **GRANTED**.
- Kingston’s Motion for Summary Judgment as to Equitable Estoppel, No Presuit Inducement, and No Enhanced Damages (Dkt. No. 238) is **DENIED IN PART** on the merits and **DENIED IN PART AS MOOT**.

Within seven days of this Order, the parties are directed to file a joint report identifying the portions of this Order that one or both party would seek to maintain under seal, and the basis for that request.

IT IS SO ORDERED.

Initials of
Preparer

_____ : 0
lmb
