

United States District Court,
N.D. California.

MONT-BELL CO., LTD,
Plaintiff.

v.

MOUNTAIN HARDWARE, INC,
Defendant.

No. C 96-1644 FMS

July 10, 1997.

ORDER GRANTING PLAINTIFF'S MOTIONS AND DENYING DEFENDANT'S MOTIONS FOR SUMMARY ADJUDICATION

FERN M. SMITH, District Judge.

Introduction

The primary question raised in the parties' cross-motions for summary judgment is whether proper construction of claims 7, 8, and 10-12 of U.S. Patent No. 4,888,828 (the "'828 patent") requires a finding that the '828 patent protects only sleeping bags with elastic members that compress the "normal" cross-sectional area of the inner cavity of the bags. Both parties also seek partial summary judgment on the questions of infringement and inequitable conduct. Plaintiff Mont-Bell Co. ("Mont-Bell") also seeks partial summary judgment on defendant Mountain Hardware, Inc.'s ("Mountain Hardware") equitable defenses and unfair competition counterclaim, and Mountain Hardware seeks partial summary judgment on patent invalidity.

Background

This case concerns sleeping bags which contain elastic means or members stitched to various portions of the inner or outer linings of the bags. On December 26, 1989, the '828 patent was issued to inventor Isamu Tatsuno, who assigned it to Mont-Bell. The '828 patent relates to sleeping bags suitable for bivouac use during mountain climbing, hiking, and other such activities. The invention sought to counteract the problem, present in sleeping bags generally, that a gap is inevitably formed between the sleeper's body as it lies in the inner cavity of the sleeping bag and the warmth-retaining means, or the inner lining of the sleeping bag. Mont-Bell's bag seeks to reduce the size of the gap, allowing the user to turn comfortably within the bag, but also reducing the dissipation of heat caused by the inevitable gap.

Since the fall of 1994, Mountain Hardware has been marketing and selling several different models of sleeping bags under the designation "Crazy Legs." Mountain Hardware obtained U.S. Patent No. 5,472,779 (the "'779 patent") on December 12, 1995 for a sleeping bag with expansible segment. The '779 patent discloses and covers the Crazy Legs sleeping bags, which have excess material and elastic means at the

knee portion of the bag, allowing users to bend their knees comfortably within the bags. Mont-Bell alleges that the Crazy Legs bags infringe the '828 patent. Mountain Hardwear disputes this on the ground that the Crazy Legs bags do not serve the same heat conservation purpose as Mont-Bell's bags.

Discussion

I. Legal Standard: Summary Judgment

To withstand a motion for summary judgment, the opposing party must set forth specific facts showing that there is a genuine issue of material fact in dispute. Fed.R.Civ.P. 56(e). A dispute about a material fact is genuine "if the evidence is such that a reasonable jury could return a verdict for the non-moving party." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248, 106 S.Ct. 2505, 91 L.Ed.2d 202 (1986). If the nonmoving party 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, "the moving party is entitled to a judgment as a matter of law." *Celotex Corp. v. Catrett*, 477 U.S. 317, 323, 106 S.Ct. 2548, 91 L.Ed.2d 265 (1986).

In opposing summary judgment, the non-moving party is not entitled to rely on the allegations of its complaint or answer. It "must produce at least some 'significant probative evidence tending to support the complaint.'" *DD' T.W. Elec. Serv., Inc. v. Pacific Elec. Contractors Ass'n*, 809 F.2d 626, 630 (9th Cir.1987) (quoting *First Nat'l Bank v. Cities Serv. Co.*, 391 U.S. 253, 290, 88 S.Ct. 1575, 20 L.Ed.2d 569 (1968)).

The Court does not make credibility determinations with respect to evidence offered, and is required to draw all inferences in the light most favorable to the non-moving party. *T.W. Elec. Serv., Inc. v. Pacific Elec. Contractors Ass'n*, 809 F.2d 626, 630-31 (9th Cir.1987) (citing *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 587, 106 S.Ct. 1348, 89 L.Ed.2d 538 (1986)). Summary judgment is therefore not appropriate "where contradictory inferences may reasonably be drawn from undisputed evidentiary facts" *Hollingsworth Solderless Terminal Co. v. Turley*, 622 F.2d 1324, 1335 (9th Cir.1980).

On those affirmative defenses for which Mountain Hardwear will bear the burden of proof at trial, Mountain Hardwear faces a heavier burden in its summary judgment motion than moving parties generally face. *See Cellularm Inc. v. Bay Alarm Co.*, 20 U.S.P.Q.2d 1340, 1341 (N.D.Cal.1991). For example, to prevail on its laches defense, Mountain Hardwear must prove each element of a laches defense by undisputed evidence. *See id.* Thus, Mountain Hardwear must come forward with evidence of laches that is "sufficient for the court to hold that no reasonable trier of fact could find other than for [Mountain Hardwear]." *DD' Id.* (quoting Schwarzer, *Summary Judgment Under the Federal Rule: Defining Genuine Issues of Material Fact*, 99 F.R.D. 465, 487-88 (1984)).

II. Analysis

A. Claim Construction

In its March 26, 1997 order, the Court ordered the parties to submit briefs on claim construction by May 1, 1997. Mont-Bell submitted its claim construction brief on May 1, 1997. Mountain Hardwear did not file a separate brief on claim construction but does discuss claim construction in its Motion for Partial Summary Adjudication. Because the parties have had adequate opportunity to present their versions of how the '828 patent's claims should be construed, the Court will construe the claims prior to addressing the cross motions for summary judgment.

The Court determines the meaning and scope of a patent a matter of law. *See* *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, ----, 116 S.Ct. 1384, 1387, 134 L.Ed.2d 577 (1996). In construing a patent, the Court considers three sources, known as the intrinsic evidence: the claims, the specification, and the prosecution history. *See* *Unique Concepts, Inc. v. Brown*, 939 F.2d 1558, 1561 (Fed.Cir.1991). The Court will refer to extrinsic evidence, such as expert and inventor testimony, dictionaries, and learned treatises, only if the claim terms are ambiguous and are not defined by the specification and prosecution history. *See* *Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576, 1584 (Fed.Cir.1996).

Mont-Bell asserts that sleeping bags sold by Mountain Hardwear under the trademark Crazy Legs infringe claims 7, 8, and 10-12 of the '828 patent. Mont-Bell argues that all of the terms in those claims are clearly defined by the claims, specification, and prosecution history, making it unnecessary to turn to extrinsic evidence in order to construe the claims. Although Mountain Hardwear vigorously disputes that the claims are clearly defined, Mountain Hardwear's proffered construction of the terms which make up the claims are little different from those set forth by Mont-Bell. Rather, Mountain Hardwear's main contention is that the specification and prosecution history do not clearly define the inner chamber or cavity of the sleeping bag. (Defendant's Opposition to Plaintiff's Motion for Partial Summary Judgment ("Def.'s Opp'n") at 2.)

Claims 7, 8, and 10-12 contain the same basic terminology and reference the same figures and description laid out in the patent specification. The covered invention claims to be a sleeping bag device comprised of an elongated inner chamber for accommodating the user's body, a warmth-retaining means surrounding the inner chamber, a head opening, and elastic means, which elastically compress the warmth-retaining means to reduce the cross-sectional area of the inner cavity, thereby decreasing the inevitable gap between the user's body and the warmth-retaining means. The different claims cover sleeping bags in which the elastic means are fixed variously to the inner or outer lining and are sewn at different places along the linings, in some just at the head or head and feet and in others, spaced longitudinally all along the length of the bag. The various components of the sleeping bag device are defined consistently throughout the patent specification, claims, and prosecution history.

1. Warmth Retaining Means

Claims 7, 8, 11, and 12 of the '828 patent all refer to the "warmth retaining means;" FN1 such component is defined in claims 7, 8, and 11 but not in claim 12. In claims 7, 8, and 11, the warmth-retaining means is defined as "comprising an inner lining, an outer lining and a heat-insulating material filling a space defined by said inner and outer linings." This definition is consistent with the definition provided in the patent specification. ('828 Patent, col. 1, lines 51-54; col. 2, lines 41-45; figs. 1, 3-6.) Mountain Hardwear does not dispute that the patent claims clearly define warmth-retaining means, but asserts that the definition only appears in claim 8 and cannot be applied to all the claims. This premise is invalid. Only claim 12 does not contain a definition of "warmth-retaining means," although it does refer to that component of the sleeping bag. There is no indication that the "warmth-retaining means" referred to in claim 12 is different from that referred to in the other claims. Moreover, the term must be construed to have the same meaning in all claims. *See Southwell Techs., Inc. v. Cardinal IG Co.*, 54 F.3d 1570, 1579 (Fed.Cir.), *cert. denied*, 516 U.S. 987, 116 S.Ct. 515, 133 L.Ed.2d 424 (1995).

FN1. Although claim 10 does not refer to "warmth-retaining means," it is dependent on claim 8, which is in turn dependent on claim 7, and thus incorporates the same warmth-retaining means referred to in the other disputed claims.

The Court finds that warmth-retaining means is clearly defined in the patent specification and claims and that the definition applies to claims 7, 8, 10-12.

2. Inner Chamber

The inner chamber, or cavity, is elongated, and is the space of the sleeping bag which accommodates the user's body. The '828 patent defines the inner chamber as being formed by the inner cloth lining sheet of the warmth retaining means, which, in turn, forms the body of the sleeping bag. ('828 Patent, col. 1, lines 20-22; col. 2, lines 5-8.) Thus, the warmth-retaining means surrounds the inner cavity. *Id.* col. 1, lines 8-11; figs. 1, 4, and 5.

Relying on the figures included in the patent specification, Mountain Hardwear argues that the inner cavity is not clearly defined. (Def.'s Opp'n at 2; Motion for Partial Summary Adjudication by Mountain Hardwear, Inc. ("Def.'s MSJ") at 5-6, 8-9.) Mountain Hardwear's argument is premised on its argument that the drawings attached to the '828 patent do not show the elongated inner chamber prior to its being compressed by the elastic means. (Def.'s MSJ at 8.) Mountain Hardwear contends that the inner chamber must be defined as that having a "normal cross-sectional area;" only then, it argues, can the elastic means compress the inner chamber to reduce the cross-sectional area of that chamber. *Id.* at 9.

In order to conceptualize the function of the elastic means, one must consider the inner chamber as resting in an existing or relaxed state prior to a user entering the cavity. The cross-sectional area of the inner cavity in that existing state is that which is reduced to a compressed state through the functioning of the elastic means. The patent specification and claims make clear that the inner chamber is defined by the inner lining of the warmth-retaining means and that such inner chamber is compressed while the user is in the sleeping bag. The specification also makes clear, however, that the elastic members allow the inner chamber to expand or "deform" in order to follow the changes in the sleeper's position and without restricting the sleeper's movement within the bag. ('828 Patent, col. 3, lines 21-27 and lines 40-44.) The Court finds that the inner cavity is that which is formed by the inner lining of the warmth-retaining means, whether in a relaxed, compressed, or expanded state. The Court declines to read the words "normal cross-sectional area" into the patent claims.

3. Head Opening

The head opening is defined consistently and clearly throughout the '828 patent specification and claims as an opening which allows the user to enter and exit the inner cavity. ('828 Patent, col. 1, lines 11-13; col. 2, lines 39-42; figs. 1, 2, 5, and 6; claims 7, 11, and 12.) In its brief on claim construction, Mont-Bell further defines the head opening as "the opening which receives the head of the user." (Plaintiff's Brief on Claim Construction ("Pl.'s Br. Cl. Const.") at 4.) Mountain Hardwear responds that this aspect of the definition is not set forth in the '828 patent. (Def.'s Opp'n at 3.) That the head opening receives the head of the user rather than the user's feet is self-evident. Given that, it is unnecessary to expand the existing definition of head opening.

4. Elastic Means

Claims 7, 8, and 10-12 of the '828 patent refer to an "elastic means" which comprises a length of rubber-like material. The specification states that the elastic means is an elastic member, also referred to as the elastic

compression means, which "elastically compress[es] the warmth-retaining means in such a manner as to reduce the cross-sectional area of the inner cavity." ('828 Patent, col. 1, lines 45-47; col. 2, lines 44-50; figs. 1, 3-7.) The elastic means is "preferably" provided at least in the portion of the sleeping bag near the head opening, id. col. 1, lines 48-50, and is sewn to the inner or outer cloth lining sheet, or both. Id. col. 1, lines 54-56 and 66-col. 2, line 2.

According to the specification, when the sleeping bag is used, "the elastic member serves to press the portion of the warmth-retaining bag into resilient contact with the sleeper's body." Id. col. 3, line 4-7. The elastic means contracts the warmth-retaining means into close contact with the user, so that the gap between the user's body and the inner cloth lining sheet of the warmth-retaining means is reduced, thus suppressing the movement of air in the sleeping bag and lessening the dissipation of heat. Id. col. 2, lines 3-11. The prosecution history defines the elastic compression means as follows:

[The] elastic compression means cause radial compression of the [sleeping] bag at at least one point axially along its length. This allows the interior surfaces of the bag to be brought into close conformity with the user and reduces the loss of body heat that may result from a flow of air between the user and the interior surface of the bag. This feature ... provid[es] localized compression to inhibit air flow longitudinally within the bag.

(Amendment, filed Oct. 11, 1988, Pl.'s Br. Cl. Const. Ex. B at 26.) The elastic members also allow the user to move around, without restriction, within the inner cavity. ('828 Patent, col. 3, lines 21-27 and lines 40-44.)

In its claim construction brief, Mont-Bell claims that when the sleeping bag is used, the elastic means, if expanded, press the warmth-retaining bag into resilient contact with the user. (Pl.'s Br. Cl. Const. at 4-5.) Mountain Hardwear challenges this because, according to Mountain Hardwear, the sleeping bag device is "already" in resilient contact with the occupant prior to any expansion. (Def.'s Opp'n at 3.) Review of the specification suggests that, although some portion of the inner cloth lining sheet is necessarily in contact with the sleeper's body prior to any expansion of the elastic means, the elastic means serves to reduce the cross-sectional area of the inner cavity such that at least some remaining gaps between the sleeper's body and the inner cloth lining sheet of the warmth-retaining means are reduced, and movement of air is suppressed.

The Court finds that the specification and prosecution history clearly define the elastic means as those lengths of rubber-like material, sewn into the lining cloths of the warmth-retaining means, which, when the sleeping bag is in use, compress the warmth-retaining means into closer contact with the user's body, reducing the cross-sectional area of the inner cavity so that the gap between the body and the inner cloth lining sheet is reduced, but also allowing less restricted movement within the bag.

For the foregoing reasons, the Court construes claims 7, 8, and 10-12 of the '828 patent as claiming sleeping bags which have elastic means (or elastic compression means, or elastic members) which, when expanded, compress the inner lining of the warmth-retaining means, reducing the cross-sectional area of the inner chamber, which is in turn defined by the inner lining of the warmth-retaining means. The inner chamber of the sleeping bags serves to accommodate the user's body; and the head opening of the bags allows users to enter and exit the bags.

B. Infringement

The parties cross-move for summary judgment on the issue of infringement. Pursuant to 35 U.S.C. s. 271(a), "whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent." Determining whether a patent claim is infringed involves a two-step inquiry. "First, the claim must be properly construed to determine its scope and meaning. Second, the claim as properly construed must be compared to the accused device" *Wolverine World Wide, Inc. v. Nike, Inc.*, 38 F.3d 1192, 1196 (Fed.Cir.1994) (quoting *Carroll Touch, Inc. v. Electro Mechanical Sys.*, 15 F.3d 1573, 1576 (Fed.Cir.1993)).

Mont-Bell moves for summary judgment on the ground of literal infringement only. In order to show literal infringement of the '828 patent, Mont-Bell must prove that Mountain Hardwear's sleeping bag includes every element of the patent. *See Maxwell v. J. Baker, Inc.*, 86 F.3d 1098, 1105 (1996), *cert. denied*, 520 U.S. 1115, 117 S.Ct. 1244, 137 L.Ed.2d 327 (1997). If the accused device lacks any element of the claim, there is no infringement. *See Valmont Indus., Inc. v. Reinke Mfg. Co.*, 983 F.2d 1039, 1043 n. 2 (Fed.Cir.1993). Mont-Bell submitted claim charts comparing the elements of its claims to the elements of the Crazy Legs bags. (Plaintiff's Motion for Partial Summary Judgment ("Pl.'s MSJ") Exs. E-H.) Mountain Hardwear concedes that its Crazy Legs sleeping bags include a warmth-retaining means, an inner cavity, a head opening, and elastic means. Mountain Hardwear argues, however, that because its elastic members serve to increase comfort, by allowing for unrestricted movement of a user's knees, but do not intend to conserve heat in the way Mont-Bell's sleeping bags do, there can be no infringement as a matter of law. The Court disagrees.

First, the '828 patent does not claim that its elastic members serve to compress only the "normal" cross-sectional area of the sleeping bags. Rather, the elastic members compress the cross-sectional area of the inner cavity of Mont-Bell's sleeping bags whether those bags are in a relaxed state, or whether parts of the bags are expanded to accommodate the sleeper's movement within the bag. Second, Mont-Bell's patent claims a sleeping bag with elastic means which allow movement of the sleeper within the bag to accommodate the sleeper's comfort as well as which serve to compress the gap between the inner lining of the bag and the sleeper's body. ('828 Patent, col. 3, lines 21-27 and 40-44.)

Mountain Hardwear argues that Mont-Bell's interpretation of its claims is so broad that any down-filled or artificial fiber-filled bag would be deemed to infringe the '828 patent. (Def.'s Opp'n at 4.) In order to find infringement by Mountain Hardwear, however, the Court need not construe the '828 patent so broadly. Mountain Hardwear's sleeping bags contain elastic members which compress the cross-sectional area of the inner chamber of the sleeping bag. Mark Erickson, Mountain Hardwear's expert, testified in deposition that the elastic in Mountain Hardwear's bags serves to restrict the excess fabric at the knee portion of Mountain Hardwear's sleeping bags. (Deposition of Mark Erickson ("Erickson Depo."), Plaintiff's Reply to Defendant's Opposition to Plaintiff's Motion for Partial Summary Judgment ("Pl.'s Reply") Ex. A at 85:20-86:7 and 87:8-6.) Mountain Hardwear has raised no genuine issue of material fact suggesting that its bags do not contain one or more of the elements of claims 7, 8, and 10-12 of the '828 patent. Instead, Mountain Hardwear relies solely on its attempt to draw the semantic distinction that its elastic restricts fabric only to the "normal" or "relaxed" state of the sleeping bag, and that Mont-Bell's elastic further restricts the fabric inward toward the sleeper's body. This attempt is unavailing.

Because Mountain Hardwear has not created a genuine issue of material fact as to whether its Crazy Legs sleeping bags contain every element of claims 7, 8, and 10-12 of the '828 patent, Mont-Bell's motion for summary judgment on infringement is granted, and Mountain Hardwear's cross-motion for summary

judgment on non-infringement is denied.

C. Unfair Competition Counter-Claim

In order to assert the tort claim of unfair competition through intentional interference with prospective business relations, a claimant must prove (1) a business relationship between itself and a third party; (2) that the tortfeasor had knowledge of this relationship; (3) intentional acts by the tortfeasor designed to disrupt the relationship; (4) an actual disruption of the relationship; and (5) resulting damages. *See Pacific Gas & Elec. Co. v. Bear Stearns & Co.*, 50 Cal.3d 1118, 1126, 270 Cal.Rptr. 1, 791 P.2d 587 (Cal.1990). An alleged tortfeasor is also liable if its agent, acting with apparent authority, tortiously injures the business relations between the claimant and a third party. *See American Soc'y of Mechanical Eng'rs, Inc. v. Hydrolevel Corp.*, 456 U.S. 556, 566, 102 S.Ct. 1935, 72 L.Ed.2d 330 (1982). The alleged agent must have been subject to the principal's control. *See Fenton v. Freedman*, 748 F.2d 1358, 1361-62 (9th Cir.1984).

Under California law, the existence of an agency is a question of fact. *See Rookard v. Mexicoach*, 680 F.2d 1257, 1261 (9th Cir.1982). Thus, in order to survive a motion for summary judgment, the non-moving party must present evidence which raises a genuine issue of material fact. *See Avia Group Int'l, Inc. v. L.A. Gear Cal., Inc.*, 853 F.2d 1557, 1560 (Fed.Cir.1988). Mere conclusory statements are insufficient. *See Barmag Barmer Maschinenfabrik AG v. Murata Mach., Ltd.*, 731 F.2d 831, 836 (Fed.Cir.1984).

Mountain Hardware cites no facts or legal authority suggesting an agency relationship between Mont-Bell and the individuals making the alleged statements. The Court finds, as a matter of law, that no agency relationship existed. Mont-Bell's motion for summary judgment is therefore granted as to Mountain Hardware's counterclaim.

Because the Court finds that the alleged statements were not made by Mont-Bell, its agents, or its representatives, it need not address the additional elements necessary to a claim of intentional interference and may dismiss the claim as a matter of law. *See Fed.R.Civ.P. 56(c)*. It should be noted, however, that in view of the Court's finding that Mountain Hardware did infringe the Mont-Bell patent, Mountain Hardware would not prevail on these other elements either.

D. Inequitable Conduct

Inequitable conduct consists of "an affirmative misrepresentation of a material fact, failure to disclose material information, or submission of false information, coupled with an intent to deceive." *Molins PLC v. Textron, Inc.*, 48 F.3d 1172, 1178 (Fed.Cir.1995). Mountain Hardware presents two grounds for its affirmative defense of inequitable conduct by Mont-Bell. Both parties move for summary adjudication on the issue.

In its pleadings, Mountain Hardware alleges that Mont-Bell had knowledge of other similar sleeping bags and failed to disclose this information to the Patent Examiner. *See 20 C.F.R. s. 1.56* (requiring disclosure of information material to patentability). Mountain Hardware must offer clear and convincing evidence that (1) the alleged prior art was material, (2) that the patent applicant had knowledge of the prior art and its materiality, (3) that the failure to disclose the prior art resulted from an intent to mislead the PTO. *See FMC Corp. v. Manitowoc Co.*, 835 F.2d 1411, 1415 (Fed.Cir.1987). Mountain Hardware does not address this allegation in its motion for summary adjudication, nor does any of the evidence presented meet this standard.

Instead of arguing from the pleadings, Mountain Hardware alleges for the first time in its motion for summary adjudication that the '828 patent should be unenforceable because the Japanese patent applicant who signed the application did not understand the accompanying oath, which was in English. Because this allegation is not pled, the Court may not consider the motion for summary judgment based on it. Moreover, even if it had been pled, Mountain Hardware presents no evidence that the signing of the oath was intentionally deceptive. For these reasons, Mountain Hardware's motion for summary adjudication as to this defense is denied.

In its own motion for summary adjudication as to inequitable conduct, Mont-Bell need only demonstrate the lack of genuine evidence in support of Mountain Hardware's defense. *See Celotex Corp.*, 477 U.S. at 325. Because Mountain Hardware has not shown any genuine evidence of the prior art's materiality, of the patent applicant's knowledge of the prior art and its alleged materiality, or of an intent to deceive the PTO, Mont-Bell's motion for summary adjudication as to Mountain Hardware's inequitable conduct affirmative defense is granted.

E. Equitable Defenses

In its Second Amended Answer, Mountain Hardware raises three equitable defenses: laches, waiver and estoppel, and unclean hands.

1. Laches

To invoke a laches defense, Mountain Hardware must prove (1) that Mont-Bell delayed filing suit for an unreasonable and inexcusable length of time and (2) that the delay prejudiced or injured Mountain Hardware. *See Costello v. United States*, 365 U.S. 265, 282, 81 S.Ct. 534, 5 L.Ed.2d 551 (1961). The period of delay is measured from the time the Mont-Bell knew or reasonably should have known of Mountain Hardware's alleged infringing activities to the date of the suit. *See Bott v. Four Star Corp.*, 807 F.2d 1567, 1575 (Fed.Cir.1986). Whether a delay will be considered unreasonable depends on the circumstances, *see Galliher v. Cadwell*, 145 U.S. 368, 373, 12 S.Ct. 873, 36 L.Ed. 738 (1892), and is at the discretion of the Court. *See A.C. Aukerman Co. v. R.L. Chaides Const. Co.*, 960 F.2d 1020, 1026 (Fed.Cir.1992). The Court presumes laches, however, if a patentee delays suit for six years after learning of infringement. *See id.* at 1035. The material prejudice necessary to prove laches may be either economic or evidentiary. *See Cornetta v. United States*, 851 F.2d 1372, 1378 (Fed.Cir.1988) (*en banc*).

Mountain Hardware bears the ultimate burden of persuasion on its affirmative defenses. *See R.L. Chaides Const. Co.*, 960 F.2d at 1038. Once again, Mountain Hardware has shown neither of the two elements necessary to its claimed defense. At most, Mountain Hardware alleges a delay from the August 1994 trade show until Mont-Bell filed suit in May 1996. (Def.'s Opp'n at 10.) Even if Mont-Bell had notice of the alleged infringement from that date, this length of time is insufficient on its own to establish an unreasonable and unexcused delay. *See Vaupel Textilmaschinen v. Meccanica Euro Italia SPA*, 944 F.2d 870, 876 (Fed.Cir.1991). Further, Mountain Hardware has not shown material prejudice. Summary adjudication is granted in favor of Mont-Bell as to this affirmative defense.

2. Waiver and Estoppel

Waiver and estoppel are legal terms which are often used interchangeably. *See Matsuo Yoshida v. Liberty Mut. Ins. Co.*, 240 F.2d 824, 829 (9th Cir.1957). Although the legal consequences of analysis under both doctrines are often the same, the requisite elements are different. *See id.* Waiver requires the voluntary or

intentional relinquishment of a known right and focuses on the mental attitude of the actor. *See id.* Estoppel, on the other hand, is any conduct, express or implied, which reasonably misleads another to his prejudice. *See id.* at 829-30.

Mountain Hardware has not alleged any facts or presented any authorities which suggest that Mont-Bell voluntarily relinquished its claims against Mountain Hardware. Mont-Bell's cease-and-desist letter to Mountain Hardware demonstrates that Mont-Bell did not relinquish any right. (Pl.'s MSJ at 7.)

In order to establish the defense of equitable estoppel, Mountain Hardware must show both elements of laches as well as affirmative conduct by Mont-Bell inducing the belief that Mont-Bell had abandoned the claims against Mountain Hardware and detrimental reliance by Mountain Hardware. *See Meyers v. Brooks Shoe Inc.*, 912 F.2d 1459, 1461 (Fed.Cir.1990). Estoppel requires representations or conduct by Mont-Bell from which Mountain Hardware could reasonably infer that Mont-Bell had abandoned its claim. *See R.L. Chaides Const. Co.*, 960 F.2d at 1043.

Because Mountain Hardware failed to meet the two required elements of laches, it is barred from asserting the estoppel defense. *See Meyers*, 912 F.2d at 1461. Even if Mountain Hardware had shown the first two elements, Mountain Hardware has not produced any evidence which shows that Mont-Bell affirmatively abandoned its claims. Mont-Bell's motion for summary adjudication as to the estoppel defense is granted.

3. Unclean Hands

The doctrine of unclean hands dictates that the Court deny relief to a plaintiff who has "dirtied his hands in acquiring the right he now asserts." *See Republic Molding Corp. v. B.W. Photo Utils.*, 319 F.2d 347, 349 (9th Cir.1963). Because the Court has dismissed Mountain Hardware's inequitable conduct claims with respect to the '828 patent, Mountain Hardware's assertion of the doctrine of unclean hands raises no genuine issue of material fact to be resolved at trial. Mountain Hardware's motion for summary adjudication as to the unclean hands defense is denied, and Mont-Bell's motion as to that defense is granted.

F. Prior Art

Mountain Hardware asserts that claims 1, 5-8, and 10-12 of the '828 patent are invalid as being anticipated by or obvious from prior art. The '828 patent is presumed valid. *See 35 U.S.C. s. 282.* Mountain Hardware bears the burden of establishing the patent's invalidity with facts supported by clear and convincing evidence. *See id.*; *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1534 (Fed.Cir.1983).

The Court may grant a motion for summary judgment on patent invalidity when the inquiries into obviousness present no genuine issue of material fact. *See Fed.R.Civ.P. 56(c)*; *Ryko Mfg. Co. v. Nu-Star, Inc.*, 950 F.2d 714, 716 (Fed.Cir.1991). Expert opinion, however, may defeat the motion if the expert is competent to give an opinion and the factual basis for the opinion is disclosed. *See Triton Energy Corp. v. Square D Co.*, 68 F.3d 1216, 1222 (9th Cir.1995). The admissible evidence submitted by Mont-Bell on this issue raises genuine issues of material fact as to anticipation or obviousness.

Mountain Hardware has failed to carry the burden imposed upon it by s. 282 in order to overcome the patent's presumptive validity. The Court therefore denies Mountain Hardware's motion for partial summary judgment on this issue.

Conclusion

For the foregoing reasons, plaintiff Mont-Bell's motions for summary adjudication as to the issues of infringement, unfair competition, inequitable conduct, laches, waiver and estoppel, and unclean hands are GRANTED. Defendant Mountain Hardware's motions for summary adjudication as to the issues of infringement, inequitable conduct, laches, waiver and estoppel, unclean hands, and anticipation by or obviousness from prior art are DENIED. The parties should appear for a status conference on August 1, 1997??10am to discuss scheduling the remainder of this case and a briefing schedule on the issue of attorneys' fees.

N.D.Cal.,1997.

Mont-Bell Co., Ltd. v. Mountain Hardware, Inc.

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