

United States District Court,
N.D. California.

NICHIA CORPORATION,
Plaintiff.

v.

SEOUL SEMICONDUCTOR CO., LTD., et al,
Defendants.

No. C-06-0162 MMC

Aug. 22, 2007.

As Amended Sept. 25, 2007.

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ORDER CONSTRUING CLAIMS

MAXINE M. CHESNEY, United States District Judge.

In the above-titled action, plaintiff Nichia Corporation alleges that defendants Seoul Semiconductor Co., Ltd., and Seoul Semiconductor, Inc., have infringed four design patents. Before the Court are the parties' respective proposed claim constructions, each filed August 7, 2007, pursuant to the Court's order of August 1, 2007.

"In construing a design patent claim, the scope of the claimed design encompasses its visual appearance as a whole, and in particular the visual impression it creates." *Contessa Food Products, Inc. v. Conagra, Inc.*, 282 F.3d 1370, 1376 (Fed.Cir.2002) (internal quotation and citation omitted). A proper claim construction consists of a "verbal description" of the visual impression created by the claimed design. *See Durling v. Spectrum Furniture Co.*, 101 F.3d 100, 104 (Fed.Cir.1996).

Having considered the parties' respective filings, as well as the portions of the parties' pending motions for summary judgment in which claim construction issues are addressed, the Court construes the design claims as follows:

A. United States Design Patent No. 491,538 ("2C538 Patent")

The Court construes the '538 Patent as claiming an ornamental design for a light emitting diode ("LED") comprising:

(1) an elongated generally rectangular body having:

(a) a rear portion with top, bottom, and side surfaces that taper inwardly, and which portion is joined to a front portion by a parting line that bisects the body lengthwise,

(b) the center section of its rear surface recessed and tapered outwardly toward the left and right sections of the rear surface,

(c) its rear surface having a circular protrusion centered thereon, the circular protrusion being centered on a recessed square surface and being flanked by a rectangular recess to its left and by a rectangular recess to its right, and the outer surface of the circular protrusion having the contour of a smooth wave form,

(d) the lateral ends of its bottom surface raised,

(e) a small angled cathode mark at the upper left front corner of the front portion, wherein the cathode mark, when viewed from the front, forms an isosceles right triangle, and when viewed from the top or from the left side, forms a square, and

(f) its front surface having an elongated opaque window with peaked top and bottom rims and circularly-curved left and right rims; and

(2) two spaced-apart substantially right-angled electrodes, FN1 one on either side of the body, each electrode:

FN1. In its proposed claim construction, plaintiff refers to said two elements as "brackets"; in their proposed claim construction, defendants refer to said two elements as "structure." Both parties, however, in their respective pending motions for summary judgment, refer to said two elements more specifically as "electrodes." (*See* Defs.' Mot. for Summ. J., filed June 15, 2006, at 5:12, 17, 24-26; Pl.'s Mot. for Summ. J., filed June 16, 2006, at 4:1-2, 13:15-16.)

(a) protruding laterally from the body, and

(b) having a vertical leg and a substantially horizontal leg joined by a curved radius such that the electrode has an "L" shape when viewed from the right side of the LED and a backward "L" shape when viewed from the left side of the LED, the vertical and substantially horizontal legs having parallel, flat, exposed surfaces, the substantially horizontal leg extending rearwardly and being substantially flush with the body's bottom surface, a portion of the substantially horizontal leg extending below the lateral end of the raised bottom surface of the body, the vertical leg having a flat top and a rounded outer corner, and the height of the vertical leg being more than a majority of the body's height.

B. United States Design Patent No. 490,784 ("748 Patent")

The Court construes the '748 Patent as claiming an ornamental design for an LED comprising:

(1) an elongated generally rectangular body having:

(a) a rear portion with top, bottom, and side surfaces that taper inwardly, and which portion is joined to a front portion by a parting line that bisects the body lengthwise,

(b) the center section of its rear surface recessed and tapered outwardly toward the left and right sections of the rear surface,

(c) the lateral ends of its bottom surface raised, and

(d) its front surface having an elongated transparent window with peaked top and bottom rims and circularly-curved left and right rims; and

(2) two spaced-apart substantially right-angled electrodes, one on either side of the body, each electrode:

(a) protruding laterally from the body, and

(b) having a vertical leg and a substantially horizontal leg joined by a curved radius such that the electrode has an "L" shape when viewed from the right side of the LED and a backward "L" shape when viewed from the left side of the LED, the vertical and substantially horizontal legs having parallel, flat, exposed surfaces, the substantially horizontal leg extending rearwardly and being substantially flush with the body's bottom surface, a portion of the substantially horizontal leg extending below the lateral end of the raised bottom surface of the body, the vertical leg having a flat top and a rounded outer corner, and the height of the vertical leg being more than a majority of the body's height.

C. United States Design Patent No. 503,388 ("388 Patent")

The Court construes the '388 Patent as claiming an ornamental design for an LED comprising two spaced-apart right-angled electrodes, each electrode being laterally attached to the body of an LED FN2 and having a vertical leg and a horizontal leg joined by a curved radius such that the electrode has an "L" shape when viewed from one side of the LED and a backward "L" shape when viewed from the other side of the LED, the vertical leg and horizontal leg having parallel, flat, exposed surfaces, the horizontal leg extending rearwardly, a portion of the horizontal leg protruding inwardly, and the vertical leg having a flat top and a rounded outer corner.

FN2. Although, as noted, the claimed design is a "design for a light emitting diode," *see* '388 Patent at 1, col. 2, the patentee has illustrated the body of the LED in broken lines, thus indicating the body is "immaterial" to the claimed design, *see* *In re Blum*, 54 C.C.P.A. 1231, 374 F.2d 904, 907 (C.C.P.A.1967), i.e., that the scope of the claimed design is limited to the electrode portions of the LED.

D. United States Design Patent No. 499,385 ("385 Patent")

The Court construes the '385 Patent as claiming an ornamental design for an LED comprising two spaced-apart substantially right-angled electrodes, each electrode being laterally attached to the body of an LED, and having a vertical leg and a substantially horizontal leg joined by a curved radius such that the electrode

has an "L" shape when viewed from one side of the LED and a backward "L" shape when viewed from the other side of the LED, the vertical leg and substantially horizontal leg having parallel, flat, exposed surfaces, the substantially horizontal leg extending rearwardly, a portion of the substantially horizontal leg protruding inwardly, and the vertical leg having a flat top and a rounded outer corner.

IT IS SO ORDERED.

ORDER GRANTING IN PART, DENYING IN PART, AND DEFERRING IN PART RULING ON PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT; GRANTING IN PART AND DENYING IN PART DEFENDANTS' MOTION FOR SUMMARY JUDGMENT; DENYING AS MOOT MOTION TO STRIKE; VACATING HEARING

Before the Court are two motions for summary judgment, pursuant to Rule 56 of the Federal Rules of Civil Procedure: (1) plaintiff Nichia Corporation's ("Nichia") "Motion[] for Summary Judgment of Patent Infringement, Validity, and Seoul's Equitable Defenses," filed June 16, 2007, and (2) defendants Seoul Semiconductor Co., Ltd ., and Seoul Semiconductor's (collectively, "Seoul") "Motion for Claim Construction and for Summary Judgment," filed June 15, 2007. FN1 Also before the Court are Seoul's "Motion to Exclude the Testimony of Cooper C. Woodring," filed June 29, 2007, and Seoul's "Motion to Strike the Declarations of Akira Onikiri and Hidehiko Naete from Plaintiff Nichia Corporation's Reply Brief in Support of Its Motions for Summary Judgment," filed July 11, 2007. Having considered the papers filed in support of and in opposition to the motions, the Court deems the matters suitable for decision on the papers, VACATES the hearing scheduled for July 27, 2007, and rules as follows.

FN1. By separate order filed concurrently herewith, the Court has construed the claim in each of the four subject patents. Accordingly, the Court does not herein address issues of claim construction.

A. Infringement

1. A triable issue of fact exists as to whether the design of the accused products, Seouls' 902 Series LEDs ("902 LEDs") is substantially similar to any of the claimed designs, which similarity encompasses their asserted "points of novelty." *See Catalina Lighting, Inc. v. Lamps Plus, Inc.*, 295 F.3d 1277, 1286 (Fed.Cir.2002) (holding "if, in the eye of an ordinary observer, ... two designs are substantially similar," the "first one patented is infringed by the other"); *Goodyear Tire & Rubber Co. v. Hercules Tire & Rubber Co.*, 162 F.3d 1113, 1118 (Fed.Cir.1998) ("Similarity of overall appearance is an insufficient basis for a finding of infringement, unless the similarity embraces the points of novelty of the patented design."). The parties agree that distinctions between 902 LEDs and the subject designs exist, specifically, 902 LEDs' lack of a rectangular recession on the rear surface, as well as 902 LEDs' inclusion of a translucent window on the front surface, and, in at least some models, a flattened outer corner on the vertical leg of the electrode.FN2 The Court finds the question of whether such distinctions are insubstantial, as Nichia argues, or significant, as Seoul asserts, constitutes an issue of fact for the jury. *See, e.g., Braun Inc. v. Dynamics Corp.*, 975 F.2d 815, 821 (Fed.Cir.1992) (holding, even though "readily noticeable difference" and other asserted "dissimilarities" existed between claimed design and design of accused product, jury entitled to determine, after conducting visual comparison, whether accused product infringes). Accordingly, neither party is entitled to summary judgment on the issue of whether Seoul's 902 LEDs infringe.FN3

FN2. Each design patent at issue herein claims an ornamental design for a light emitting diode ("LED"). The asserted point of novelty is the shape of the electrodes that are laterally attached to the body of the LED.

FN3. In denying Seoul's motion for summary judgment on this issue, the Court has not relied on the testimony offered by Nichia's expert, Cooper A. Woodring, because a jury could find the design of the accused devices is substantially similar to the patented designs based solely on a comparison of the accused products with the patented designs. *See, e.g., Catalina Lighting*, 295 F.3d at 1287 (holding accused lamp and patented design "alone" constituted "substantial evidence of whether an ordinary observer would believe the patented lamp and the [accused] lamp to be substantially the same"). Further, the Court has not relied on the paragraphs in the Declarations of Akira Onikiri or Hidehiko Naete that Seoul seeks to strike. Accordingly, Seoul's motions to strike will be denied as moot.

2. For the reasons stated by Seoul, assuming, *arguendo*, the accused products infringe the subject design patents, Seoul is entitled to summary judgment on Nichia's claims that Seoul induced two non-parties to directly infringe Nichia's patents:

a. With respect to Samsung Electronics Co., Ltd. ("Samsung Electronics"), Nichia offers insufficient evidence to support a finding that Samsung Electronics has sold or offered to sell in the United States products containing 902 LEDs. To the extent Nichia's claim is based on the theory Samsung Electronics sold products containing 902 LEDs to a subsidiary, which, in turn, sold or offered to sell those products in the United States, Nichia offers insufficient evidence that Seoul took any action to assist or otherwise encourage Samsung Electronics's sales to its subsidiary. *See MEMC Electronic Materials, Inc. v. Mitsubishi Materials Silicon Corp.*, 420 F.3d 1369, 1380 (Fed.Cir.2005) (holding claim of inducement requires evidence defendant was "not only aware of the potentially infringing activities in the United States by [a third party], but also that [defendant] intended to encourage those activities"). Even assuming the evidence, read in the light most favorable to Nichia, could support a finding that Seoul knew or should have known that its 902 LEDs would become components of products sold in the United States by a subsidiary of Samsung Electronics, such evidence, standing alone, is insufficient as a matter of law to support a claim of inducement. *See DSU Medical Corp. v. JMS Co.*, 471 F.3d 1293, 1305 (Fed.Cir.2006) (holding "knowledge of the acts alleged to constitute infringement is not enough" to support claim of inducement) (internal quotation and citation omitted).

b. With respect to Samsung SDI Co., Ltd. ("SDI"), Nichia has offered insufficient evidence to support a finding that SDI has sold or offered to sell products containing 902 LEDs in the United States, with the exception of the 40 products containing 902 LEDs sold by SDI in the United States to its subsidiary Samsung SDI America ("SDI America") in September 2005. (*See Corrected Song Decl. Ex. 47.*) Further, Nichia has offered insufficient evidence to support a finding that Seoul took any action to assist or otherwise encourage any sales or offers to sell by SDI in the United States. With respect to SDI's sales to SDI America, Nichia's reliance on two indemnification agreements signed by Seoul and SDI in 2006 is unavailing; such agreements were executed after the September 2005 sales to SDI America, and, consequently, could not have induced SDI to sell products to SDI America in 2005. *See MEMC Electronic Materials*, 420 F.3d at 1378-79 (holding indemnification agreement between defendant and third party insufficient to prove inducement, in absence of evidence that "primary purpose" of agreement "was to induce [third party] to infringe").

B. Invalidity

1. For the reasons stated by Nichia, Nichia is entitled to summary judgment on Seoul's claim of invalidity on the ground of functionality and Seoul is not entitled to summary judgment on said claim. Although Seoul relies on the report of its expert, Richard A. Flasck ("Flasck"), who opines that various elements of the claimed designs perform functions, (*see* Notice of Errata to Kim Decl. Ex. LL at 27-28, 31-35), Flasck does not opine that the "overall appearance" of the LEDs designed by Nichia is "dictated by the utilitarian purpose" of the LEDs. *See* L.A. Gear, Inc. v. Thom McAn Shoe Co., 988 F.2d 1117, 1123 (Fed.Cir.1993) (noting "the utility of each of the various elements that comprise the design is not the relevant inquiry," but, rather, whether "the overall appearance of the article ... is dictated by the utilitarian purpose of the article"; holding fact that "elements" of shoe perform functions, such as "mesh on the side of the shoe" providing "support for the foot," and fact that "position of each [such] element on the shoe is due to its function," insufficient to establish claim that shoe design invalid on ground of functionality).

2. For the reasons stated by Nichia, Seoul is not entitled to summary judgment on Seoul's claim of invalidity on the ground of lack of ornamentality. First, to the extent Seoul's claim is based on the theory that LEDs are hidden while in use, Nichia has offered evidence that manufacturers of LEDs intend that ordinary purchasers view LEDs during the ordering process, (*see, e.g.*, Corrected Song Decl. Exs. 1-18); such evidence is sufficient to create a triable issue of fact. *See* In re Webb. 916 F.2d 1553, 1557-58 (Fed.Cir.1990) (while acknowledging "general rule" that "presumes the absence of ornamentality when an article may not be observed," holding evidence article intended to be seen during "process of sale," even if product is "completely hidden from view in the final use," sufficient to support finding of ornamentality). Second, to the extent Seoul's claim is based on the theory that no ordinary purchaser considers the design of LEDs, a triable issue of fact exists in light of Nichia's evidence that ordinary purchasers express interest in the designs of LEDs. (*See, e.g.*, Corrected Song Decl. Exs. 19 at 34-36, 20 at 41, 52-53.)

3. Nichia is entitled to summary judgment on Seoul's claim of anticipation, to the extent such claim pertains to United States Design Patent No. 491,538 ("538 Patent") and United States Design Patent No. 490,784 ("784 Patent"), in light of Seoul's representation that it is not pursuing such claim. (*See* Defs. Opp, filed June 29, 2007, at 1-2.) FN4

FN4. Although Seoul asserts it has never claimed that the '538 Patent and '784 Patent are invalid as anticipated, Seoul's counterclaims allege invalidity in general terms, without specification of any ground and/or patent to which such counterclaims are directed.

4. Nichia is not entitled to summary judgment on Seoul's claim of anticipation, to the extent such claim pertains to United States Design Patent No. 503,388 ("388 Patent") and United States Design Patent No. 499,385 ("385 Patent"), and is based on the "SC70-6 package." Assuming, *arguendo*, the opinion of Seoul's expert, Flasck, is too conclusory to constitute admissible evidence, (*see* Notice of Errata to Kim Decl. Ex. LL at 57), Nichia fails to show that a reasonable trier of fact could not find, upon visually comparing the prior art and the claimed designs, that the two designs are substantially similar. *See* Door-Master Corp. v. Yorktowne, Inc., 256 F.3d 1308, 1312 (Fed.Cir.2001) (holding "design patent infringement test also applies to design patent anticipation"); Braun Inc. v. Dynamics Corp., 975 F.2d at 821 (holding, even though "readily noticeable difference" and other asserted "dissimilarities" existed between claimed design and design of accused product, jury entitled to determine, after conducting visual comparison, whether accused product infringes).

5. Nichia is entitled to summary judgment on Seoul's claim of anticipation, to the extent such claim pertains

to the '388 Patent and the '385 Patent, and is based on United States Design Patent 336,106 ("106 Patent"). For the reasons stated by Nichia in its Motion to Strike the Supplemental Expert Report of Richard A. Flasck, and in Magistrate Judge Joseph C. Spero's August 14, 2007 order granting said motion, such claim was disclosed by Seoul after the close of discovery, and Seoul has failed to show Nichia is not prejudiced by such late disclosure.

6. The Court will defer ruling on Nichia's motion to the extent Nichia seeks summary judgment on Seoul's claim of obviousness, until the Court has considered whether to adopt the "Report and Recommendation Re Plaintiff's Motion to Bar Obviousness Defense," filed August 14, 2007 by Magistrate Judge Spero.FN5

FN5. Seoul's objections if any, are due no later than August 28, 2007.

C. Equitable Defense

For the reasons stated by Nichia, Nichia is entitled to summary judgment on the defense of unclean hands, which defense is based on undisputed evidence that Nichia asked NanoScience Exchange ("NanoScience") to purchase 902 LEDs from Seoul without disclosing Nichia's involvement therein. (*See* Parker Decl. Exs. 4, 30, 31.) Seoul cites no case, and the Court has located none, holding a plaintiff may not base an infringement claim on a purchase, made through a third party, of suspected infringing products. Indeed, to the extent authority bearing on the issue exists, such authority is to the contrary. *See, e.g.,* Olan Mills, Inc. v. Linn Photo Co., 23 F.3d 1345, 1348 (8th Cir.1994) (holding, in copyright infringement action, where plaintiff's investigator "approached" defendant and "offered [defendant] an opportunity to infringe," defendant's act of selling infringing products to plaintiff's investigator constituted infringement); Wahpeton Canvas Co. v. Bremer, 893 F.Supp. 863, 871-82 (N.D.Iowa 1995) (holding, in patent infringement action, defendant's sale of infringing product to plaintiff's investigator constituted act of infringement; stating there is "no basis in law" to dismiss infringement claim in light of plaintiff's having used investigator to purchase infringing products) (citing Olan Mills, 23 F.3d at 1347-48).

D. DeMinimis Defense

For the reasons stated by Nichia, Nichia is entitled to summary judgment on Seoul's defense that its direct sales in the United States are not infringing because they are de minimis. The "de minimis exception" to infringement is "very narrowly" construed, providing a "defense to infringement performed for amusement, to satisfy idle curiosity, or for strictly philosophical inquiry," *see* Embrex, Inc. v. Service Engineering Corp., 216 F.3d 1343, 1349 (Fed.Cir.2000) (internal quotation and citation omitted); Seoul has failed to submit any evidence that the sales and offers to sell on which Nichia's direct infringement claim are based were performed for such purposes.

CONCLUSION

For the reasons stated above:

1. Nichia's motion for summary judgment is hereby GRANTED in part, DENIED in part, and DEFERRED in part as follows:

a. Nichia is entitled to summary judgment on Seoul's claim of invalidity on the ground of functionality;

- b. Nichia is entitled to summary judgment on Seoul's claim of anticipation, to the extent such claim pertains to the 538 Patent and the 748 Patent;
 - c. Nichia is entitled to summary judgment on Seoul's claim of anticipation, to the extent such claim is based on the '106 Patent;
 - d. Nichia is entitled to summary judgment on Seoul's defense of unclean hands;
 - e. Nichia is entitled to summary judgment on Seoul's defense of de minimis infringement;
 - f. To the extent Nichia seeks summary judgment on Seoul's claim of obviousness, the Court DEFERS ruling thereon; and
 - g. In all other respects, the motion is DENIED.
2. Seoul's motion for summary judgment is hereby GRANTED in part and DENIED in part as follows:
- a. Seoul is entitled to summary judgment on Nichia's claim of inducement; and
 - b. In all other respects, the motion is DENIED.
3. Seoul's motions to strike are DENIED as moot.

IT IS SO ORDERED.

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