

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

PHILIPS ELECTRONICS NORTH)
AMERICA CORPORATION and)
U.S. PHILIPS CORPORATION,)

Plaintiffs,)

v.)

Civil Action No. 02-123-KAJ

CONTEC CORPORATION, COMPO)
MICRO TECH, INC., SEOBY)
ELECTRONICS CO., LTD., REMOTE)
SOLUTION CO., LTD., F/K/A HANGO)
ELECTRONICS CO., LTD., HANGO)
REMOTE SOLUTION, INC.,)

Defendants.)

MEMORANDUM OPINION

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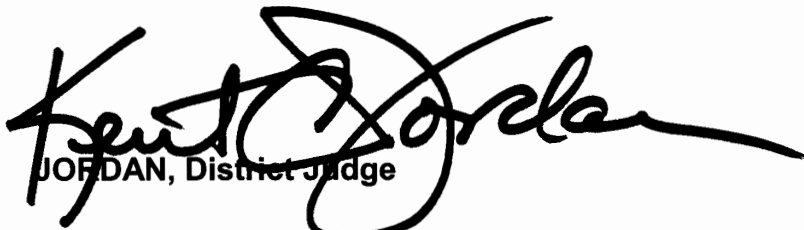
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Wilmington, Delaware
March 7, 2005



JORDAN, District Judge

I. INTRODUCTION

Presently before me is a Joint Motion for Reargument (Docket Item (“D.I.”) 486; the “Motion”) filed by defendants Remote Solution Co., Ltd. (“Remote Solution”) and Hango Remote Solution, Inc. (“Hango,” collectively “Defendants”). For the reasons that follow, Defendants’ Motion will be granted.

II. BACKGROUND

The factual and procedural background and a discussion of the technology disclosed in the patent-in-suit may be found in several prior opinions and orders issued in this case.¹ For purposes of this Motion, the relevant procedural and factual background is as follows. On September 17, 2002, Philips Electronics North America Corp. and U.S. Philips Corp. (collectively, “Philips”) filed an amended complaint joining Remote Solution and Hango as defendants in its patent infringement suit against Contec Corp. (“Contec”) and Seoby Electronics Co., Ltd. (“Seoby”).² (D.I. 42.) The

¹ See D.I. 351 (denying Remote Solution’s motion to dismiss for lack of personal jurisdiction); D.I. 352, 353 (granting CMT’s motion to sever and for separate trials); D.I. 376, 377 (claim construction); D.I. 388, 389 (granting in part Plaintiffs’ motion for summary judgment on infringement, and denying in part defendants’ motion for summary judgment of noninfringement); D.I. 390 (denying motion for summary judgment of invalidity); D.I. 394, 395 (granting motion for summary judgment on defendants’ affirmative defense of equitable estoppel); D.I. 400, 401 (granting in part, and denying in part, motion for partial summary judgment limiting Philips’ damages); D.I. 446 (issuing judgment and permanent injunction against Compo Micro Tech); D.I. 465 (denying motion to stay injunction); D.I. 484 (denying various motions made by Hango); D.I. 486 (denying without prejudice motion for judgment as a matter of law on damages).

² Philips later settled its case against Contec and Seoby.

parties conducted discovery, but neither Remote Solution nor Hango submitted expert reports by the required dates, nor did they participate in expert discovery. (D.I. 489 at 4.) On October 21, 2003, Philips moved for summary judgment of infringement against Compo Micro Tech, Inc. ("CMT"), Remote Solution, and Hango. (D.I. 292.) Neither Remote Solution nor Hango set out any independent arguments opposing Philips' motion for summary judgment. Instead, they joined "in the arguments set forth by [CMT] ... submitted in opposition to plaintiffs' motion for summary judgment on the issue of infringement." (D.I. 326 at 4, Reply Brief of Remote Solution in Support of its Motion for Summary Judgment; D.I. 327 at 15, Reply Brief of Hango in Support of its Motion for Summary Judgment.) At the hearing and oral arguments held on November 25, 2003, counsel for Philips and counsel for CMT agreed that my claim construction ruling would determine all of the issues of infringement with respect to Philips' U.S. Patent No. 4,703,359 (the "359 patent"). Counsel for CMT stated, "I concede that if Your Honor construed [signal structure identification data] so broadly to mean any stored product identification data, as [Philips] would submit, of any kind, then we would fall within and must fall within the construction and we would be liable for infringement." (D.I. 338 at 50:20-24, Transcript of hearing on Nov. 25, 2003.) Counsel for Defendants reiterated that his clients "did not file a separate motion but joined [CMT]." (*Id.* at 19:15-16.)

On February 6, 2004, CMT filed a motion to sever its trial from that against Defendants, arguing that "Hango ... has done nothing during discovery to develop its defenses." (D.I. 343 at 3.) In response, Defendants argued that "if the Court were to sever Remote Solution, Remote Solution would in fact, as CMT has noted, 'stand trial defenseless.'" (D.I. 345 at 4 (quoting D.I. 343 at 3.)) On March 12, 2004, I granted

CMT's motion for severance. (D.I. 352, 353.) In so doing, I noted that Defendants admitted that their "defenses will be parallel with CMT, and [their] fortunes will rise and fall with those of CMT." (D.I. 353 at 7 (quoting D.I. 345 at 3.))

As recently as June 24, 2004, counsel submitted a letter on behalf of Philips and Remote Solution and Hango informing me that a number of pending motions should be resolved in the same manner as I resolved those issues with respect to CMT. (D.I. 438.) Specifically, the parties informed me that Philips' Motion for Summary Judgment on Infringement (D.I. 292) should be granted based on my April 5, 2004 decision. (D.I. 438 at 2.) Thus, as recently as June 24, 2004, Defendants had not asserted any additional defenses to infringement.

On September 22, 2004, Defendants filed a motion seeking (1) a continuance of the trial date pending resolution of the post-trial motion of defendant CMT based on related litigation, and any appeal of the case between Philips and CMT, (2) permission to file an interlocutory appeal of the decision of this court denying Defendants' motion to dismiss for lack of personal jurisdiction, and (3) permission to present the expert testimony of Joseph A. McAlexander. (D.I. 471) I held a hearing on those motions on January 26, 2005 (D.I. 483), and thereafter entered an order denying the motions. (D.I. 484.) In the course of that hearing, Defendants questioned whether the issue of infringement was fully resolved. Although I denied Defendants' motions, that issue was not fully briefed at the time. Thus, I permitted Defendants to submit a motion for reargument on whether they were barred from arguing during or at the close of trial that there was no legal or factual basis for finding them guilty of performing an infringing act

for which they can be held liable for damages. (D.I. 485 at 29:14-25, transcript of hearing, Jan. 26, 2005.)

III. STANDARD OF REVIEW

A motion for reargument and reconsideration should be sparingly granted. “A motion for reconsideration is not appropriate to reargue issues that the court has already considered and denied.” *Seawright v. Carroll*, No. 02-1258-KAJ, 2004 WL 396310, at *1 (D. Del. Mar. 2, 2004). A court may grant a motion for reconsideration “if the moving party shows: (1) an intervening change in the controlling law; (2) the availability of new evidence that was not available when the court issued its order; or (3) the need to correct a manifest injustice.” *Id.* (citing *Max’s Seafood Café v. Quinteros*, 176 F.3d 669, 677 (3d Cir. 1999)).

IV. DISCUSSION

Upon reconsideration, I have determined that there is sufficient support for Defendants’ arguments in the relevant case law to warrant permitting those non-infringement arguments to be raised. I have not previously considered those arguments because they had not been raised by Remote Solution or Hango, or by CMT in its case. On April 5, 2004, I granted summary judgment in favor of Philips, finding that CMT literally infringed claims 1, 3, and 4 of the ‘359 patent. (D.I. 389 at 4.) I did not, however, decide whether the infringement was direct or indirect, and, if indirect, whether CMT was liable for contributory infringement or inducing infringement. Philips asserts, however, that I rejected the arguments being raised by Defendants in my July 12, 2004 Memorandum Opinion addressing, *inter alia*, the definition of the infringing

units contained in the injunction. (D.I. 441 at 8-9.) Although that Opinion addressed a similar issue, it was in the context of defining the injunction against CMT, not in the context of finding liability for infringement.

As described in the Background section above, Remote Solution and Hango made several representations to the court that they were relying on the same defenses raised by CMT, leading one to reasonably conclude that they were raising no other defenses because of the passage of the dispositive motion deadline and their failure to raise these issues in response to Philips motion for summary judgment on infringement. Moreover, I reject Defendants' assertion (see D.I. 487 at 12-14) that they could not have anticipated the argument they now make and thus could not have raised it before the dispositive motion deadline had passed. It was foreseeable that these issues relating to direct and indirect infringement were relevant and should be brought to the court's attention in accordance with the scheduling order because the focus of Philips' summary judgment motion was literal infringement. Nevertheless, I will consider Defendants' arguments, even though the dispositive motion deadline has passed, because there is still time to have a meaningful discussion of those issues before trial.

Defendants' arguments relate to proof of liability for literal infringement. First, with regard to direct infringement, Defendants assert that the charge against them is that they sell (or offer to sell) the universal remote control devices ("URCDs") in the United States, not that they use the URCDs themselves in the United States. (D.I. 487 at 6.) This argument potentially raises factual issues about the offers for sale and sales themselves, as well as legal issues regarding liability for direct infringement for such offers of sale and sales. See, e.g., *Cybiotronics, Ltd. v. Golden Source Elecs., Ltd.*,

130 F. Supp. 2d 1152, 1170-73 (C.D. Ca. 2001); *Wesley Jessen Corp. v. Bausch & Lomb, Inc.*, 256 F. Supp. 2d 228 (D. Del. 2003). Because of the lack of record on that issue, further argument and clarification is required as to whether Philips is asserting that Defendants are liable for direct infringement or whether Philips' assertions are directed only to indirect infringement by Defendants.

Second, Defendants assert that they have a valid defense to contributory infringement based on my claim construction ruling, in which I found that the URCDs had two separate programming methods, only one of which infringed method claims 1, 3, and 4 of Philips' '359 patent. "[T]he Federal Circuit made clear that the relevant inquiry is whether there are substantial non-infringing uses for a device, not whether a device is designed so as to allow infringement of a patented process." *Universal Elecs., Inc. v. Zenith Elecs. Corp.*, 846 F. Supp. 641, 651 (N.D. Ill. 1994) (citing *C.R. Bard, Inc. v. Advanced Cardiovascular Sys., Inc.*, 911 F.2d 670, 674 (Fed. Cir. 1990)). Thus, in discussing indirect infringement, the Federal Circuit has noted that it would "not reach the defendant's liability under § 271(b) or (c) if there are substantial non-infringing uses of the defendants' products and there is no evidence of active and willful inducement." *Dynacore Holdings Corp. v. U.S. Philips Corp.*, 363 F.3d 1263, 1276 (Fed. Cir. 2004) (further recognizing, with agreement, that "[m]ost [district courts] have concluded that ... a seller of a device that is capable of substantial non-infringing will not be liable for contributory infringement... ."). Therefore, because the case law supports the assertion made by Defendants that a defense to contributory infringement, as described above, is established in the case law, I will not foreclose the opportunity for them to raise this

defense at trial or in reargument, should Philips in fact be pursuing a charge of contributory infringement against them.

Finally, Defendants assert that the mere sale of a device that is capable of a substantial non-infringing use does not subject the seller to liability for inducing infringement, even if the seller knows that an unaffiliated third-party may infringe. (D.I. 487 at 7-8 (citing *Dynacore Holdings*, 363 F.3d at 1275, n.6 (Fed. Cir. 2004)).) Specifically, the Federal Circuit, in *Dynacore Holdings*, endorsed the view that a “sale of a lawful product by lawful means, with the knowledge that an unaffiliated, third party may infringe, cannot, in and of itself, constitute inducement of infringement.” *Dynacore Holdings*, 363 F.3d at 1276 n.6 (quoting *Organon Inc. v. Teva Pharms., Inc.*, 244 F. Supp. 2d 370, 378 (D.N.J. 2002)). In addition, the Federal Circuit noted that most district courts require that the alleged inducer take active steps to encourage direct infringement before liability for inducing infringement may attach. *Id.* at 1276 n.6 (internal citation omitted). To meet its burden of proof on inducing infringement, Philips must thus present evidence of such active steps. Therefore, as with Defendants’ position on contributory infringement, I will not foreclose the opportunity for them to raise this defense at trial or in reargument, should Philips in fact be pursuing a charge of inducing infringement against them.

V. CONCLUSION

Accordingly, Defendants’ arguments on liability for infringement will be permitted. However, the parties must confer and provide a stipulated pretrial schedule setting deadlines for supplemental discovery and further case dispositive motions, briefing on

such matters to be completed no later than three months before the trial date that they

