

**UNITED STATES DISTRICT COURT**  
**DISTRICT OF MAINE**

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| <b>HILITE INDUSTRIES, INC.,</b> | ) |                             |
|                                 | ) |                             |
| <i>Plaintiff</i>                | ) |                             |
|                                 | ) |                             |
| <b>v.</b>                       | ) | <b>Civil No. 96-322-P-C</b> |
|                                 | ) |                             |
| <b>DANA CORPORATION,</b>        | ) |                             |
|                                 | ) |                             |
| <i>Defendant</i>                | ) |                             |

**RECOMMENDED DECISION ON DEFENDANT’S MOTION FOR SUMMARY  
JUDGMENT AND PLAINTIFF’S MOTIONS FOR PARTIAL SUMMARY JUDGMENT**

At issue in this litigation is the allegation by the plaintiff that the defendant has infringed the plaintiff’s patent covering a supporting bracket for a hydraulic pump and clutch. The plaintiff seeks damages and injunctive relief. The defendant has counterclaimed, seeking a declaratory judgment that the patent is invalid and unenforceable and that no infringement has taken place. Now pending are three motions. The defendant seeks a summary judgment of non-infringement (Docket No. 23). The plaintiff seeks a summary judgment determining that its patent is not invalid (Docket No. 34), and that there was no implied license of the plaintiff’s patent (Docket No. 36). For the reasons that follow, I recommend that the plaintiff’s motions be denied and that the defendant’s motion be granted in part and denied in part.

**I. Summary Judgment Standards**

Summary judgment is appropriate only if “the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter

of law.” Fed. R. Civ. P. 56(c). “In this regard, ‘material’ means that a contested fact has the potential to change the outcome of the suit under the governing law if the dispute is resolved favorably to the nonmovant. By like token, ‘genuine’ means that ‘the evidence about the fact is such that a reasonable jury could resolve the point in favor of the nonmoving party . . . .’” *McCarthy v. Northwest Airlines, Inc.*, 56 F.3d 313, 315 (1st Cir. 1995) (citations omitted). The party moving for summary judgment must demonstrate an absence of evidence to support the nonmoving party’s case. *Celotex Corp. v. Catrett*, 477 U.S. 317, 325 (1986). In determining whether this burden is met, the court must view the record in the light most favorable to the nonmoving party and “give the party the benefit of all reasonable inferences to be drawn in its favor.” *Ortega-Rosario v. Alvarado-Ortiz*, 917 F.2d 71, 73 (1st Cir. 1990). Once the moving party has made a preliminary showing that no genuine issue of material fact exists, “the nonmovant must contradict the showing by pointing to specific facts demonstrating that there is, indeed, a trialworthy issue.” *National Amusements, Inc. v. Town of Dedham*, 43 F.3d 731, 735 (1st Cir. 1995) (citing *Celotex*, 477 U.S. at 324); Fed. R. Civ. P. 56(e).

The Local Rules of this court impose certain procedural obligations on parties that seek summary judgment as well as parties that oppose such a motion. A motion for summary judgment must be accompanied by “a separate, short and concise statement of material facts, supported by appropriate record citations, as to which the moving party contends there is no genuine issue to be tried.” Loc. R. 56. Similarly, a party opposing a summary judgment motion must submit “a separate, short and concise statement of material facts, supported by appropriate record citations, as to which it is contended that there exist a genuine issue to be tried.”

The purpose of Local Rule 56 is to provide the court with needed assistance “in ferreting out

genuine factual disputes from a sprawling record.” *Pew v. Scopino*, 161 F.R.D. 1 (D. Me. 1995)(citing *Stepanischen v. Merchants Despatch Trans. Corp.*, 722 F.2d 922, 930-32 (1st Cir. 1983)). Local Rule 56 thus “requir[es] the parties to guide the court with citations to the record for each point of material fact” because “[a] trial judge cannot comb through every deposition, affidavit, pleading and interrogatory answer in search of disputed factual issues.” *Pew*, 161 F.R.D. at 1. Thus, parties are bound by their Local Rule 56 factual statements “and cannot challenge the court’s summary judgment decision based on facts not properly presented therein.” *Id.* Similarly, the court will deny a motion for summary judgment when the factual statement fails to provide record citations for its assertions. *Donnell v. United States*, 834 F. Supp. 19, 21 n.1 (D. Me. 1993).

Both parties have submitted Local Rule 56 factual statements that contain factual assertions not supported by the included citations. Moreover, the parties in their legal memoranda rely on certain factual assertions that do not appear in their factual statements. *See, e.g.*, Dana Corporation’s Memorandum in Support of its Motion for Summary Judgment (“Defendant’s Memorandum”) (Docket No. 25) at 3-10 (“Factual Background”), 11-14 (discussion of “close fitting relationship” among components), 16-18 (discussion of estoppel); Hilite Industries, Inc.’s Response to Dana Corporation’s Motion for Summary Judgment, etc. (“Plaintiff’s Memorandum”) (Docket No. 48) at 1-2 (“Introduction”), 6-8 (discussion of claim interpretation and literal infringement), 10-12 (discussion of equivalents doctrine); Plaintiff Hilite Industries, Inc.’s Motion for Partial Summary Judgment that Claim 5 of the Patent-in-Suit is Not Invalid, etc. (Plaintiff’s Memorandum II”) (Docket No. 34) at 3-6 (“Argument”); Defendant Dana Corporation’s Memorandum in Opposition to Plaintiff’s Motion for Partial Summary Judgment that Claim 5 is Not Invalid (Docket No. 52) at 2-8 (“Introduction” and “Relevant Factual Matters”); Hilite’s Motion for Partial Summary Judgment

That There is No Implied License, etc. (Plaintiff’s Memorandum III) (Docket No. 36-1) at 2-3 (“Facts”); Defendant Dana Corporation’s Memorandum in Opposition to Plaintiff’s Motion for Partial Summary Judgment That There is No Implied License (“Defendant’s Memorandum III”) (Docket No. 50) at 3-4 (“The Relevant Evidence”). Consistent with *Pew* and *Donnell*, I have credited only those factual assertions that appear in the factual statements with appropriate record citations.<sup>1</sup>

## **II. Factual Context**

### **a. The Defendant’s Motion**

With the foregoing in mind, the summary judgment record establishes the following facts concerning the defendant’s motion:

This case involves United States Patent No. 4,601,378, which concerns a supporting bracket for an electromagnetic clutch and a hydraulic pump driven through the clutch from a drive shaft, belt pulley or other power input. Patent at 1.<sup>2</sup> Solely at issue is Claim 5 of the patent. Dana Corporation’s Local Rule 56 Statement (“Defendant’s SMF I”) (Docket No. 24) at ¶ 1; Hilite’s Statement of Material Facts, etc. (“Plaintiff’s SMF I”) (Docket No. 49) at ¶ I-1. The version of Claim 5 approved by the U.S. Patent and Trademark Office was added after the agency rejected an

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<sup>1</sup> Additionally, just as I was completing work on this recommended decision and nearly a month after the pending motions were placed under advisement to the court, the plaintiff filed a motion for leave to supplement the summary judgment record with a videotaped “computer animation” (Docket No. 59). Other than averring that this exhibit has recently been prepared, the plaintiff offers no reason why the videotape could not have been completed earlier, submitted with the plaintiff’s original summary judgment papers and included in its Local Rule 56 factual statement. The motion for leave to supplement the summary judgment record is therefore denied.

<sup>2</sup> Patent No. 4,601,378 (“Patent”) appears in the record as Exhibit A to the Defendant’s Memorandum

earlier version of the patent. Exh. E to Defendant's Memorandum at H-254-55 and H 268-70.<sup>3</sup>

The plaintiff alleges that the defendant has infringed the patent in connection with nine bracket-clutch-and-pump combinations sold by Marine Hydraulic Engineering Company ("Marine")<sup>4</sup> and 23 such combinations sold by Time Manufacturing Co. ("Time").<sup>5</sup> Plaintiff Hilite Industries Inc.'s Answers to Defendant Dana Corporation's First Set of Interrogatories Nos. 1-14 ("Plaintiff's Interrogatory Answers"), Exh. G to Defendant's Memorandum, at 4, 7.

In at least some of the combinations at issue, the clutches include a shoulder that "telescopes" within the bracket opening, the effect of which is to transfer the weight of the clutch and other physical loads from the clutch to the bracket rather than the to pump shaft. Declaration of Richard Blair "(Blair Declaration)", Exh. 1 to Plaintiff's Memorandum, at ¶¶ 8, 12. Likewise, the pumps in these combinations include a shoulder that telescopes within the bracket opening, which also serves to keep load forces from being brought to bear on the pump shaft. *Id.* at ¶¶ 9, 12. The arrangement is such that the clutch actually telescopes within the bracket, and the pump telescopes within both

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<sup>3</sup> Exhibit E to Defendant's Memorandum appears to be a copy of the Patent Office's file concerning the patent at issue. The plaintiff has not disputed its authenticity. However, the plaintiff does dispute any inference proposed by the defendant that the approved version of Claim 5 was added by the plaintiff in an effort to overcome previous objections of the Patent Office. I agree with the plaintiff that the court may not draw such an inference simply by reading the copy of the patent file provided by the defendant. However, as discussed more fully, *infra*, in the circumstances of this case the burden is on the plaintiff as the patent holder to establish the reason for the amendment.

<sup>4</sup> Marine was originally named as a defendant in this action but the claims against it were dismissed without prejudice by order of the court upon the agreement of the parties. Stipulated Order (Docket No. 39).

<sup>5</sup> Although the parties' factual statements do not recite the manner in which the defendant allegedly infringed the patents, other pleadings make clear that the plaintiff accuses the defendant of contributing to and inducing Marine and Time to commit the infringements at issue. *See generally* Plaintiff's Pretrial Memorandum (Docket No. 44) at 1.

the bracket and the clutch. *Id.*<sup>6</sup> There is a tolerance of .03 inches between the clutch shoulder and the bracket and the pump shoulder and the clutch, respectively. *Id.* at ¶¶ 10, 12. Claim 5 of the patent specifies a “close fitting relation[ship]” among the parts of the assembly, although the dimensions of that relationship are not specified. Patent at 6. As to at least some of the pump-clutch-bracket combinations sold by Marine, the components were secured by the same four bolts. Deposition of John D. Richardson (excerpts), Exh. N to Defendant’s Memorandum, at 91-92.<sup>7</sup>

The defendant supplied the clutches used in the bracket-pump-clutch combinations at issue. Plaintiff’s Interrogatory Answers at 4,7. The brackets used by Marine were manufactured by the plaintiff.<sup>8</sup> Time used brackets purchased from the plaintiff as well as brackets that Time either

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<sup>6</sup> This relationship is clearly shown in two illustrations also relied upon by the plaintiff and included in its legal memorandum. Plaintiff’s Memorandum between pp. 6-7 and 8-9. Although these illustrations, as submitted, do not meet the evidentiary requirements of Fed. R. Civ. P. 56(e), the defendant has not objected to their consideration by the court.

<sup>7</sup> The defendant also contends that, because these combinations are secured in this manner, neither the pump nor the clutch can be removed from the bracket independently of one another. Defendant’s SMF I at ¶ 8. The record citations offered for this proposition do not establish it. Responding to this factual contention, the plaintiff contends that Claim 5 of the patent does not require that the pump and the clutch be capable of removal independently of the other, but only that the pump and clutch be capable of removal from the bracket without requiring the removal of the bracket from a supporting surface. Plaintiff’s SMF I at ¶ I-8. Claim 5 does not take up this issue at all — it is discussed in Claim 4 — and the record citations provided do not otherwise establish this proposition either.

<sup>8</sup> Providing only a general citation to “Ex. G” (the plaintiff’s responses to the defendant’s interrogatories), the defendant contends that “Marine uses brackets purchased from plaintiff.” Defendant’s SMF I at ¶ 10. Responding, the plaintiff

admits that Marine utilize[d] brackets manufactured by Hilite in some of its pump, clutch, and bracket combinations. Hilite denies that Marine purchases the brackets directly from Hilite, or that Hilite has taken such a position in its interrogatory answers of Dana Ex. G.

(continued...)

manufactured or acquired from sources other than the plaintiff.<sup>9</sup>

### **b. The Plaintiff's Motion Regarding Non-Invalidity**

Concerning the plaintiff's motion for partial summary judgment on the issue of non-invalidity of its patent, the summary judgment record reveals the following:

The defendant has furnished to the plaintiff a report from its expert witness, Louis Bernabei. Expert Witness Declaration of Louis Bernabei ("Bernabei Declaration"), Exh. B to Plaintiff's Memorandum II. Bernabei's report does not take the position that Claim 5 of the patent is invalid.<sup>10</sup>

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<sup>8</sup>(...continued)

Plaintiff's SMF I at ¶ I-10. The defendant's assertion is particularly illustrative of its disregard for Local Rule 56. The general citation to the interrogatory answers requires the court to comb through this document in search of facts to support the asserted proposition, despite the warning in *Pew* that the court will not embark upon such reconnaissance missions. *Pew*, 161 F.R.D. at 1. More significantly, a thorough review of the interrogatory responses reveals only that the brackets in the combinations sold by Marine are identified as "Pitts" brackets. Plaintiff's Interrogatory Responses at 4. By searching elsewhere in the summary judgment record, I divine that an entity known as Pitts Industries is a subsidiary of the plaintiff. *See, e.g.*, Blair Declaration at ¶ 3. This is precisely the sort of factual data that parties must include in their Local Rule 56 factual statements if they expect the court to credit them in the summary judgment context. I have determined for summary judgment purposes that Marine utilized brackets manufactured by the plaintiff only because the plaintiff explicitly so admits in its factual statement.

<sup>9</sup> Again, the defendant supports this proposition only with a general citation to the plaintiff's interrogatory responses. Defendant's SMF I at ¶ 10. As with the previous assertion, it is credited only because the plaintiff explicitly concedes it. Plaintiff's SMF I at ¶ I-10. The defendant also asserts that Marine and Time purchased pumps from "various vendors," to which the plaintiff responds that some of the pumps were manufactured by the defendant. Defendant's SMF I at ¶ 11; Plaintiff's SMF I at ¶ I-11. Only the defendant provides a citation — again, a general reference to the plaintiff's interrogatory responses. This document does not establish either the manufacturer or the supplier of the pumps.

<sup>10</sup> The plaintiff makes the following additional factual assertions in the Local Rule 56 factual statement accompanying its motion for partial summary judgment regarding non-invalidity:

3. Dana has cited prior art combinations of pumps, clutches, and brackets in  
(continued...)

*Id.*

The patent includes the following discussion of prior art:

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<sup>10</sup>(...continued)

Attachments 2-4 and 15 to the Bernabei Report . . . .

4. In the prior art of Bernabei Report Attachments 2-4 and 15, at least a portion of the clutch is supported by the pump shaft. See Declaration of Richard Blair . . . . The text from the `378 patent quoted above . . . discusses prior art of the type where the clutch is supported by the pump shaft.

5. The prior art of Bernabei Report Attachments 2-4 and 15 is no more pertinent than that considered by the Patent Office when examining the application for the `378 patent. See Declaration of Richard Blair . . . .

6. The prior art of Bernabei Report Attachments 2-4 and 15 does not disclose the features recited in claim 5 of the `378 patent. See Declaration of Richard Blair . . . .

Hilite’s Statement of Material Facts for Which There is no Genuine Issue to Be Tried to Accompany Plaintiff Hilite Industries, Inc.’s Motion for Partial Summary Judgment that Claim 5 of the Patent-in-Suit is Not Invalid (“Plaintiff’s SMF II”) (Docket No. 34-2) at ¶¶ 3-6. For the reasons previously discussed, these general citations are insufficient to permit the court to credit the factual allegations contained therein. Attachments 2, 3, 4 and 15 to the Bernabei Declaration consist of 31 pages of detailed drawings and specifications of what appear to be pump and clutch combinations. The plaintiff’s factual statement provides no assistance to the court whatsoever in ascertaining what aspects of these 31 pages are relevant to the issue at hand. Similarly, the general citation to the Blair Declaration — which consists of five pages of detailed discussion of the patent and the previously cited attachments to the Bernabei Declaration — does not, by itself, permit the court to credit the plaintiff’s assertions concerning the prior art discussed by Bernabei.

The court should also not credit the three factual assertions that comprise the defendant’s responsive factual statement. Filed under seal, this factual statement refers the court to two hand-created drawings, asking the court to draw inferences therefrom concerning what the inventors of the patented device contemplated; a diagram introduced at Bernabei’s deposition, concerning certain features of the first product introduced by the plaintiff pursuant to its patent; a citation to a deposition exhibit I cannot even locate in the record, for the same proposition; and a citation to the patent generally, for the proposition that it “does not disclose the ‘best mode’ known to the inventors at the time they filed their application for a patent.” Dana Corporation’s List of Disputed Facts in Support of its Memorandum in Opposition to Plaintiff’s Motion for Partial Summary Judgment that Claim 5 is Not Invalid (“Defendant’s SMF II”) (Docket No. 52-2). To reiterate, even to attempt to verify factual assertions of this type would be to embark upon a search expedition in contravention of the principle articulated in *Pew*.

Heretofore, clutches associated with a pump to selectively drive a pump from a power input device were mounted directly on the pump shaft with the pump being supported on a suitable bracket structure or the like. . . . [W]hen the clutch is mounted on the pump shaft, the pump shaft must support the clutch which is subjected to various forces imparted by the drive input. Many pumps have relatively loose bearings or the bearings become worn thus permitting radial play that can cause clutch rubbing and failure. Also, the bearings in many pumps cannot withstand side loads or lateral forces exerted on the pump shaft by a belt drive.

Patent at 1.

### **c. The Plaintiff's Motion Concerning Implied License**

Concerning the plaintiff's motion for summary judgment in its favor on the issue of whether it granted an implied license of its patent, the summary judgment record establishes the following:

The plaintiff sells the bracket and clutch shown in its patent, and advertises them in a catalog depicting the combination along with the number of the patent. Declaration of Ray Aylesworth ("Aylesworth Declaration"), Exh. C to Plaintiff's Memorandum III, at ¶¶ 1, 3-4; Exh. B to Plaintiff's Memorandum III.<sup>11</sup> The plaintiff generally sells its brackets for under \$100 apiece, which is substantially less than the hundreds or thousands of dollars it generally charges for one of its clutches. Aylesworth Declaration at ¶¶ 9-10.

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<sup>11</sup> This exhibit appears to be a photocopy of four pages from a catalog issued by the plaintiff's Pitts subsidiary. Although this exhibit, as submitted, does not meet the evidentiary requirements of Fed. R. Civ. P. 56(e), the defendant has not objected to its consideration by the court. The plaintiff cites these catalog pages in support of the asserted proposition that it "advertises its brackets and clutches in a catalog" that "depicts various versions of the clutch and bracket. Hilite has placed its patent number on many pages of the catalog." Hilite's Statement of Material Facts for Which There is No Genuine Issue to be Tried to Accompany Hilite's Motion for Partial Summary Judgment that There is No Implied License ("Plaintiff's SMF III") (Docket No. 36-2) at ¶ 3. The catalog excerpts supplied show only one clutch and one mounting bracket, and only one page on which the patent number appears. I have therefore credited these catalog pages with establishing only these propositions.

Marine and Time, having purchased the plaintiff's brackets,<sup>12</sup> could have sold them to customers or other distributors with the plaintiff's clutches, and Marine has done so in some instances. *Id.* at ¶¶ 11-14. However, neither Marine nor Time has developed any substantial trade in supplying replacement brackets. Declaration of Mr. James Lovett ("Lovett Declaration"), Appendix Exh. 3 to Defendant's Memorandum III, at ¶ 8; Declaration of Mr. John D. Richardson ("Richardson Declaration"), Appendix Exh. 11 to Defendant's Memorandum III, at ¶ 9. Generally, neither Marine nor Time trades or resells brackets to other dealers.<sup>13</sup> Richardson Declaration at ¶ 5; Lovett Declaration at ¶ 4.

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<sup>12</sup> The defendant asserts in its Local Rule 56 factual statement that Marine believed it was not infringing the plaintiff's patents when it purchased brackets from the plaintiff and that it believed the patent was "exhausted" when it made such purchases. Dana Corporation's List of Disputed Facts in Support of its Memorandum in Opposition to Plaintiff's Motion for Partial Summary Judgment that There is No Implied License ("Defendant's SMF III") (Docket No. 51) at ¶¶ 5-6, citing Expert Report of David Burr ("Burr Report"), Appendix Exh. 12 to Defendant's Memorandum III, at ¶ 12. Burr became a shipping agent for Marine in October 1996. *Id.* at ¶ 8. The cited paragraph of his report contains his opinion that the plaintiff's rights in its patent became exhausted when the plaintiff sold clutches and brackets to Marine. Burr's views about the relevant infringement issues, obviously developed since he became employed by Marine less than a year ago, do not establish what Marine believed generally as to these issues.

<sup>13</sup> The defendant makes these additional, and somewhat inscrutable, factual assertions: "Virtually Marine sells all its brackets with a clutch and pump" and "Virtually Time sells all its brackets with a clutch and pump." Defendant's SMF III at ¶¶ 8, 12, citing Richardson Declaration at ¶ 6 and Lovett Declaration at ¶ 5. The cited paragraphs from the Richardson and Lovett declarations are identical, stating: "Virtually all brackets are sold with a clutch and pump." I have not credited these statements as establishing anything concerning the extent to which Time or Marine sold brackets in combination with clutches and pumps.

Finally, the defendant makes this factual assertion: "Plaintiff sells its brackets separately marked with the `378 patent number . . . and does not require or insist that the customer also buy a clutch from plaintiff to secure a license . . ." Defendant's SMF III at ¶ 15, citing "Richardson Dep. Ex. 6, pgs. 19-26" and "Plf. Motion." Nothing designated as a "Richardson Deposition" is among the exhibits submitted by the plaintiff in connection with this motion, and motion papers themselves are not evidence for summary judgment purposes.

### **III. Discussion**

Because it is logical from an analytic viewpoint to do so, I first take up the plaintiff's motions for partial summary judgment on the issues of non-invalidity and implied license, followed by the defendant's motion for summary judgment based on non-infringement.

#### **a. Non-Invalidity**

The plaintiff's first motion for partial summary judgment, requesting a determination that the patent at issue is not invalid, requires little discussion. As the plaintiff points out, its patent is entitled to the presumption of validity. 35 U.S.C. § 282. Whether the defendant can generate evidence sufficient to overcome that presumption remains an open question. The factual data presented on this issue by the plaintiff in its Local Rule 56 factual statement does not demonstrate the lack of a genuine issue of material fact concerning invalidity and the plaintiff has therefore not made the showing required by *Celotex* and Fed. R. Civ. P. 56.

#### **b. Implied License**

In its answer to the complaint, the defendant asserts as an affirmative defense that it possessed a license under the plaintiff's patent. There does not appear to be any suggestion that the plaintiff granted an express license, and the plaintiff has now moved for a partial summary judgment determining that no implied license existed.

Although "[a] patent grants its owner the right to exclude others from making, using, or selling the patented invention . . . , all or part of the right to exclude may be waived by granting a

license, which may be express or implied.” *Carborundum Co. v. Molten Metal Equip. Innovations, Inc.*, 72 F.3d 872, 878 (Fed. Cir. 1995) (citations omitted). An implied license is simply the patentee’s waiver of its exclusionary rights as to the licensee. *Wang Labs., Inc. v. Mitsubishi Elec. Am., Inc.*, 103 F.3d 1571, 1580 (Fed. Cir. 1997) (citation omitted). Such a waiver may be shown by “[a]ny language used by the owner of the patent, or any conduct on [its] part exhibited to another from which that other party may properly infer that the owner consents to [its] use of the patent.” *Id.* (quoting *De Forest Radio Tel. Co. v. United States*, 273 U.S. 236, 241 (1927)). The alleged infringer of the patent has the burden of establishing the existence of an implied license. *Carborundum*, 72 F.3d at 878 (citation omitted).

In contending that the defendant cannot meet its burden in this case, the plaintiff relies on *Bandag, Inc. v. Al Bolser’s Tire Stores, Inc.*, 750 F.2d 903 (Fed. Cir. 1984). In that case, the alleged infringer had purchased certain equipment from the patent holder for the purpose of setting up a tire recapping operation. *Id.* at 923. The patent at issue involved a process for recapping tires, and the trial court had determined that the sale of the equipment “had the effect of extending to [the defendant-purchaser] an implied license to use that equipment toward its most easily adaptable purpose, the practice of [the plaintiff’s] patent.” *Id.* The Federal Circuit disagreed, noting that no implied license exists when “the equipment involved has other noninfringing uses, even if only as replacement parts.” *Id.* (citations omitted).

I agree with the defendant that a genuine issue of material fact remains concerning the existence of an implied license. The defendant has satisfied its initial burden on the issue of implied license by generating evidence that the plaintiff sold components involved in its patent to Marine and Time. It may well be that no implied license existed for the reasons set forth in *Bandag*, *i.e.*, that

Marine and Time could have made use of the items it purchased from the plaintiff in ways that did not infringe the patent. *Bandag*, however, involved the review of a decision rendered after a bench trial. *Id.* at 907. In the context of a summary judgment motion on an issue where the defendant as the non-moving party bears the burden of proof concerning an affirmative defense, the plaintiff would essentially have the court require the defendant to prove a negative — that there are no non-infringing uses for the equipment purchased. To the extent it is reasonable to expect the defendant to do that, it has done so by coming forward with affidavits that would permit a factfinder to conclude that the only realistic use of the products purchased was in the combination covered by the patent.

Moreover, there is reason to believe the plaintiff’s reading of the *Bandag* case is improperly focused. The Federal Circuit has recently suggested that *Bandag* turns on the alleged infringer’s failure “to show an awareness of the conduct which supposedly created the license.” *Wang*, 103 F.3d at 1580 (citing *Bandag*, 750 F.2d at 925-26). “[I]mplied licenses arise by acquiescence, by conduct, by equitable estoppel (estoppel in pais), or by legal estoppel.” *Wang*, 103 F.3d at 1580 (citations omitted). “These labels describe not different kinds of licenses, but rather different categories of conduct which lead to the same conclusion: an implied license.” *Id.* The “categories of conduct” to which the Federal Circuit refers are conduct of the patent holder — the party with the power to grant the implied license. Thus, the relevant question is not really whether Time and Marine, having purchased components from the plaintiff, could have then resold them in ways that do not infringe the patent. The relevant question is whether the plaintiff, in selling components to Time and Marine, knew or should have known that the only use of these components would involve the patented combination.

The plaintiff further contends that it is entitled to judgment in its favor on this issue because the circumstances of its sales to Marine and Time — specifically, the fact that the price of the clutches was much greater than the price for brackets — suggests that no reasonable buyer would think it was receiving a license under the patent by purchasing only the brackets. This argument fails for the same reason: The focus is properly on the conduct of the seller, not the buyer.

Viewing the summary judgment record in the light most favorable to the defendant, I cannot conclude that the plaintiff sold the components with the understanding that the purchasers could use them as replacement parts or in other ways that did not implicate the patent. I therefore recommend denial of the plaintiff’s motion for summary judgment on the implied license issue.

### **c. Non-Infringement**

Finally, I take up the defendant’s motion, which seeks judgment in its favor on the issue of patent infringement. The defendant advances two positions: (1) that the record yields no evidence of a literal infringement and (2) that the plaintiff is estopped from invoking the so-called “doctrine of equivalents” which courts have applied in patent cases where no literal infringement has occurred. According to the defendant, in the absence of evidence of direct infringement, there is no basis for holding the defendant liable for inducing or contributing to the infringement.

Analysis of a patent infringement claim proceeds in two steps: “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 or process.” *CVI/Beta Ventures, Inc. v. Tura LP*, 112 F.3d 1146, 1152 (Fed. Cir. 1997) (citation omitted). Claim construction is an issue of law, whereas the application of the claim once construed is an issue of fact. *Id.* (citations omitted). In determining the proper construction of a claim, the court looks first to the “intrinsic evidence” of record, *i.e.*, “the

patent itself, including the claims, the specification and if in evidence, the prosecution history.” *Id.* (citation omitted). If any ambiguity remains, the court may then resort to extrinsic evidence, including expert testimony. *Id.* at 1152-53 (citation omitted).

The defendant contends that there is no infringement of the plaintiff’s patent because the components in the Marine and Time combinations are not in “close fitting relation” as specified by Claim 5 of the patent. The defendant points out that, pursuant to Claim 5, the purpose of this “close fitting relationship” is, in the case of the pump, to position the pump and pump shaft accurately in relation to the opening. The summary judgment record, as it is brought to the court’s attention in the parties’ Local Rule 56 factual statements, sheds no real light on the meaning of “close fitting relationship.” Therefore, consistent with the summary judgment standards articulated, *supra*, particularly the requirement of viewing the record in the light most favorable to the plaintiff as the non-moving party, the court can only assume for summary judgment purposes that the tolerances of .03 inches in the allegedly infringing combinations do, in fact, constitute patent infringement. There is simply no basis for determining whether “close fitting relationship” is ambiguous. There may well be evidence in the record, particularly in the affidavits of the parties’ respective experts, that would shed the requisite light on this term. If so, those statements are not properly before the court for reasons already explained.

However, I must agree with the defendant that it is entitled to summary judgment to the extent that the plaintiff’s claim of infringement relies on the doctrine of equivalents.

Under this doctrine, a product or process that does not literally infringe upon the express terms of a patent claim may nonetheless be found to infringe if there is “equivalence” between the elements of the accused product or process and the claimed elements of the patented invention.

*Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 117 S.Ct. 1040, 1045 (1997) (citation omitted), *on remand*, 114 F.3d 1161 (Fed. Cir. 1997).

The defendant takes the position that the plaintiff is estopped from asserting the doctrine of equivalents as a basis for patent infringement in light of the amendments made to its patent application in order to secure the approval of the Patent Office. This principle, known as “prosecution history estoppel” or “file wrapper estoppel,” precludes a patent holder in appropriate circumstances from claiming patent rights under the doctrine of equivalents on grounds that were conceded during the application process. *Id.*, 117 S.Ct. at 1050. The Supreme Court has recently clarified that the burden is on the patent holder to establish the reason for an amendment required during the patent prosecution, which allows the court to decide

whether that reason is sufficient to overcome prosecution history estoppel as a bar to application of the doctrine of equivalents to the element added by that amendment. Where no explanation is established, however, the court should presume that the [Patent Office] had a substantial reason related to patentability for including the limiting element added by amendment. In those circumstances, prosecution history estoppel would bar the application of the doctrine [of] equivalents as to that element.

*Id.* at 1051. On remand, the Federal Circuit has interpreted this holding as obligating district courts to give a patent holder the opportunity to establish the reason, if any, for the claim change in a case where the prosecution history is silent or unclear. *Id.*, 114 F.3d at 1163. Assuming proper regard for the fairness due the patent holder, district courts are free to determine in their discretion whether such an issue is capable of resolution on a written record. *Id.*

I see no reason why the procedures set forth in Fed. R. Civ. P. 56 and Local Rule 56 should not govern the resolution of this issue. *Warner-Jenkinson* was decided well before the plaintiff submitted its opposition to the summary judgment motion and thus the plaintiff was on notice of the

burden newly imposed upon it by the Supreme Court. To meet it, the plaintiff's Local Rule 56 factual statement refers only to the patent history itself and the following assertion of its expert:

In my review of the file history of the . . . patent, I also noted that the interpretation of claim 5 asserted by Hilite is neither foreclosed by the prior art nor inconsistent with arguments presented to the Patent Examiner. None of the prior art cited discloses the pump/clutch/bracket combination of claim 5 in which the pump and clutch included a shoulder received within an opening in the bracket. Further, none of the prior art cited discloses the pump/clutch/bracket combination of claim 4 wherein the clutch and pump are independently removable from the bracket and the clutch is mounted on the bracket, as opposed to being mounted on the pump shaft. It is also notable that claims 4 and 5 were never rejected by the Patent Office. Further, claim 5 merely adds additional limitations to independent claim 4, which was deemed patentable by the Patent Office. Therefore, no particular interpretation of claim 5 was necessary to obtain allowance of claim 5.

Declaration of Ray L. Weber (“Weber Declaration”), Exh. 3 to Plaintiff’s Memorandum, at ¶ 17.<sup>14</sup>

In essence, the plaintiff’s expert is simply saying that the amended version of the patent is not covered by prior art and was not rejected by the Patent Office. This analysis completely begs the question of what reason prompted the amendment at issue.<sup>15</sup> I can only conclude that the plaintiff has failed to meet its *Warner-Jenkinson* burden and, thus, is estopped from asserting the doctrine of equivalents as a ground for patent infringement. Therefore, to the extent that the plaintiff’s claim

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<sup>14</sup> Weber is a patent attorney. Weber Declaration at ¶ 2. The defendant has filed a motion to exclude Weber’s testimony (Docket No. 31) on the ground that it usurps the court’s authority to construe the patent as a matter of law. To the extent that this motion is addressed to the question of whether Weber may properly testify at trial, I treat it as a motion *in limine* and believe it would be better addressed by the court at the threshold of trial. To the extent that the defendant is suggesting that the Weber Declaration should not be considered at the summary judgment stage, a ruling is unnecessary because the expert’s statements, even if credited, do not generate a genuine factual issue concerning prosecution history estoppel.

<sup>15</sup> The same is true of the assertions in the plaintiff’s factual statement that the Patent Office “did not cite a prior art reference” disclosing a combination in which each element could be separated from the assembly while the bracket was still attached to a support member or in which the pump and clutch each include a projection that telescopes into the bracket opening. Plaintiff’s SMF I at II-3 and II-4.

of infringement depends on the doctrine of equivalents, the defendant is entitled to summary judgment.

#### **IV. Conclusion**

For the foregoing reasons, I recommend that the plaintiff's motions for partial summary judgment be **DENIED**, and that the defendant's motion for summary judgment be **GRANTED IN PART AND DENIED IN PART** as follows: granted to the extent that the plaintiff's claim of infringement relies on the doctrine of equivalents, and otherwise denied.

#### **NOTICE**

*A party may file objections to those specified portions of a magistrate judge's report or proposed findings or recommended decisions entered pursuant to 28 U.S.C. § 636(b)(1)(B) for which de novo review by the district court is sought, together with a supporting memorandum, within ten (10) days after being served with a copy thereof. A responsive memorandum shall be filed within ten (10) days after the filing of the objection.*

*Failure to file a timely objection shall constitute a waiver of the right to de novo review by the district court and to appeal the district court's order.*

*Dated this 16th day of July, 1997.*

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*David M. Cohen  
United States Magistrate Judge*