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IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF CALIFORNIA

DUHN OIL TOOL, INC.,)	No. CV-F-05-1411 OWW/GSA
)	
)	MEMORANDUM DECISION GRANTING
Plaintiff,)	DEFENDANT'S MOTION TO
)	DISMISS CLAIMS OF
vs.)	CONTRIBUTORY AND INDUCEMENT
)	INFRINGEMENT WITH LEAVE TO
)	AMEND (Doc. 414)
)	
COOPER CAMERON CORPORATION,)	
)	
Defendant.)	
)	
)	

Defendant Cooper Cameron Corporation ("Cameron") moves to dismiss the contributory and inducement infringement claims in Plaintiff Duhn Oil Tool's ("Duhn") Second Amended Complaint ("SAC") for failure to state a claim upon which relief can be granted on the ground that the SAC fails to allege direct infringement of the '925 Patent by anyone other than Cameron.

A. GOVERNING STANDARDS

A motion to dismiss under Rule 12(b)(6) tests the sufficiency of the complaint. *Novarro v. Black*, 250 F.3d 729, 732 (9th Cir.2001). Dismissal is warranted under Rule 12(b)(6)

1 where the complaint lacks a cognizable legal theory or where the
2 complaint presents a cognizable legal theory yet fails to plead
3 essential facts under that theory. *Robertson v. Dean Witter*
4 *Reynolds, Inc.*, 749 F.2d 530, 534 (9th Cir.1984). In reviewing a
5 motion to dismiss under Rule 12(b)(6), the court must assume the
6 truth of all factual allegations and must construe all inferences
7 from them in the light most favorable to the nonmoving party.
8 *Thompson v. Davis*, 295 F.3d 890, 895 (9th Cir.2002). However,
9 legal conclusions need not be taken as true merely because they
10 are cast in the form of factual allegations. *Ileto v. Glock,*
11 *Inc.*, 349 F.3d 1191, 1200 (9th Cir.2003). "A district court
12 should grant a motion to dismiss if plaintiffs have not pled
13 'enough facts to state a claim to relief that is plausible on its
14 face.'" *Williams ex rel. Tabiu v. Gerber Products Co.*, 523 F.3d
15 934, 938 (9th Cir.2008), quoting *Bell Atlantic Corp. v. Twombly*,
16 550 U.S. 544, 570 (2007). "'Factual allegations must be enough
17 to raise a right to relief above the speculative level.'" *Id.*
18 "While a complaint attacked by a Rule 12(b)(6) motion to dismiss
19 does not need detailed factual allegations, a plaintiff's
20 obligation to provide the 'grounds' of his 'entitlement to
21 relief' requires more than labels and conclusions, and a
22 formulaic recitation of the elements of a cause of action will
23 not do." *Bell Atlantic, id.* at 555. A claim has facial
24 plausibility when the plaintiff pleads factual content that
25 allows the court to draw the reasonable inference that the
26 defendant is liable for the misconduct alleged. *Id.* at 556. The

1 plausibility standard is not akin to a "probability requirement,"
2 but it asks for more than a sheer possibility that a defendant
3 has acted unlawfully, *Id.* Where a complaint pleads facts that
4 are "merely consistent with" a defendant's liability, it "stops
5 short of the line between possibility and plausibility of
6 'entitlement to relief.'" *Id.* at 557. In *Ashcroft v. Iqbal*, ___
7 U.S. ___, 129 S.Ct. 1937 (2009), the Supreme Court explained:

8 Two working principles underlie our decision
9 in *Twombly*. First, the tenet that a court
10 must accept as true all of the allegations
11 contained in a complaint is inapplicable to
12 legal conclusions. Threadbare recitations of
13 the elements of a cause of action, supported
14 by mere conclusory statements, do not suffice
15 ... Rule 8 marks a notable and generous
16 departure from the hyper-technical, code-
17 pleading regime of a prior era, but it does
18 not unlock the doors of discovery for a
19 plaintiff armed with nothing more than
20 conclusions. Second, only a complaint that
21 states a plausible claim for relief survives
22 a motion to dismiss ... Determining whether a
23 complaint states a plausible claim for relief
24 will ... be a context-specific task that
25 requires the reviewing court to draw on its
26 judicial experience and common sense ... But
where the well-pleaded facts do not permit
the court to infer more than the mere
possibility of misconduct, the complaint has
alleged - but it has not 'show[n]' - 'that
the pleader is entitled to relief.'

In keeping with these principles, a court
considering a motion to dismiss can choose to
begin by identifying pleadings that, because
they are no more than conclusions, are not
entitled to the assumption of truth. While
legal conclusions can provide the framework
of a complaint, they must be supported by
factual allegations. When there are well-
pleaded factual allegations, a court should
assume their veracity and then determine
whether they plausibly give rise to an
entitlement to relief.

1 Immunities and other affirmative defenses may be upheld on
2 a motion to dismiss only when they are established on the face of
3 the complaint. See *Morley v. Walker*, 175 F.3d 756, 759 (9th
4 Cir.1999); *Jablon v. Dean Witter & Co.*, 614 F.2d 677, 682 (9th
5 Cir. 1980) When ruling on a motion to dismiss, the court may
6 consider the facts alleged in the complaint, documents attached
7 to the complaint, documents relied upon but not attached to the
8 complaint when authenticity is not contested, and matters of
9 which the court takes judicial notice. *Parrino v. FHP, Inc*, 146
10 F.3d 699, 705-706 (9th Cir.1988).

11 B. MERITS OF MOTION

12 35 U.S.C. § 271 provides:

13 (b) Whoever actively induces infringement of
14 a patent shall be liable as an infringer.

15 (c) Whoever offers to sell or sells ... a
16 component of a patented machine, manufacture,
17 combination or composition, or a material or
18 apparatus for use in practicing a patented
19 process, constituting a material part of the
20 invention, knowing the same to especially
21 made or especially adapted for use in an
22 infringement of such patent, and not a staple
23 article or commodity of commerce suitable for
24 substantial noninfringing use, shall be
25 liable as a contributory infringer.

26 Cameron cites *Fuji Mach. Mfg. Co., Ltd. v. Hover-Davis,*
Inc., 936 F.Supp. 93, 94-95 (W.D.N.Y.1996):

Numerous courts have held that in order for a
plaintiff to prevail on a claim for either
inducement of infringement or contributory
infringement, direct infringement must be
proved. See, e.g., *Aro Mfg. Co. v.*
Convertible Top Replacement Co., 377 U.S.
476, 483 ... (1964) ('[I]t is settled that if
there is no direct infringement of a patent

1 there can be no contributory infringement.'
2 (quoting *Aro Mfg. Co. v. Convertible Top*
3 *Replacement Co.*, 365 U.S. 336, 341 ...
4 (1961)); *Joy Technologies, Inc. v. Flakt,*
5 *Inc.*, 6 F.3d 770, 774 (Fed.Cir.
6 1993) ('Liability for either active inducement
7 of infringement or for contributory
8 infringement is dependent upon the existence
9 of direct infringement.');

10 *C.R. Bard, Inc. v.*
11 *Advanced Cardiovascular Sys., Inc.*, 911 F.2d
12 670, 673 (Fed.Cir.1990) ('Of course, a finding
13 of induced or contributory infringement must
14 be predicated on a direct infringement
15');

16 *Moleculon Research Corp. v. CBS,*
17 *Inc.*, 872 F.2d 407, 410 (Fed.Cir. 1989) ('In
18 the absence of direct infringement,
19 [defendant] cannot be held liable for
20 inducing infringement under section
21 271(b).');

22 *Met-Coil Sys. Corp. v. Korner*
23 *Unlimited, Inc.*, 803 F.2d 684, 687
24 (Fed.Cir.1986) ('Absent direct infringement of
25 the patent claims, there can be neither
26 contributory infringement ... nor inducement
of infringement' ...)); *Blackman v.*
Hadron, Inc., 450 F.2d 781, 782 (2nd
Cir.1971) ('[A]bsent direct infringement, no
action for contributory infringement can be
maintained.').

It appears, however, that only one other
court has addressed the precise issue
presented in this action: Whether direct
infringement must be specifically pleaded in
the complaint in order for a plaintiff to
state a claim for inducement of infringement
and contributory infringement?

In *Shearing v. Optical Radiation Corp.*, 1994
WL 382444 (D.Nev.1994), plaintiff sued
several defendants for inducement of
infringement and contributory infringement.
Defendants moved to dismiss for failure to
state a claim because the complaints did not
plead direct infringement. The court granted
the motions, finding that direct infringement
must be pleaded in order to state a claim for
either inducing infringement or contributory
infringement.

According to the court, '[u]nder § 271(b) one
who actively induces infringement of a patent

1 is liable as an infringer. In order for that
2 liability to arise, however, there must have
3 been direct infringement by someone other
4 that the inducer ... Nowhere in the complaint
5 is this alleged.' *Id.* at *2. Further, 'as
6 with active inducement, liability for
7 contributory infringement under § 271(c)
8 cannot arise unless there is direct
9 infringement ... None of the complaints
10 allege this. *Id.*

11 ...

12 The case law is clear that Fuji may recover
13 from Hover-Davis for inducement of
14 infringement or contributory infringement
15 only if it is able to prove that Fuji's
16 customers, the end users, directly infringed
17 the patent by using the patented device with
18 Hover-Davis parts.

19 Because direct infringement ultimately must
20 be proved, it stands to reason - as the
21 Nevada district court held - that direct
22 infringement also must be pleaded in the
23 complaint in order to state a claim for
24 inducement of infringement and contributory
25 infringement.

26 Cameron argues that the allegations of the SAC fail to
allege direct infringement by anyone other than Cameron. Cameron
complains:

By avoiding the pleading of allegations of
direct infringement by anyone other than
Defendant Cameron, Duhn Oil continues to
vacillate between contentions on one day that
the tubing head lockscrews must be run in to
contact the accused frac mandrels in order
for infringement to occur, and on any given
other day contending that Cameron's accused
products infringe because they have lock
screws that are capable of being run in to
contact the frac mandrels. Such gamesmanship
should not be tolerated, and can be cured by
not allowing contributory or inducement
claims to persist without the required
pleading of the direct infringement upon
which any such indirect infringement must be

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based.

Cameron argues that the closest Duhn gets to alleging direct infringement by anyone other than Cameron is in Paragraph 7 of the SAC. However, Cameron asserts, nowhere in the SAC is it alleged that these customers and third party installers are directly infringing the '925 Patent. Cameron complains that the SAC does not allege whether the direct infringement is making, selling or offering to do so and that "nowhere in the [SAC] can one determine the acts that constitute any such direct infringement." Cameron asserts:

If an act of direct infringement by Cameron's 'customers and certain third party installer companies' is at some point alleged to be the making or use of a wellhead assembly including Cameron's accused frac mandrels, will these allegations of direct infringement apply when the lock screws are not run in to contact the frac mandrel? Duhn Oil so far leaves this question unanswered by limiting its allegations to a combination of direct and indirect (contributory and inducement) allegations against Cameron in its [SAC], and by failing to assert any allegations of a direct infringement by others which must be the basis for the indirect infringement claims.

If Cameron's motion to dismiss for failure to state a claim is granted with leave to amend to allege contributory or inducement infringement by alleging direct infringement by someone other than Cameron, Cameron requests that the Court require Duhn to "specify the statutory class for each such alleged direct infringement (e.g., making or using), and specify the acts of alleged infringement."

1 Duhn responds that the SAC sufficiently alleges direct
2 infringement by persons other than Cameron, specifically in
3 Paragraph 7. Duhn cites *Rambus, Inc. v. Nvidia Corp.*, 2008 WL
4 4911165 at* 1 (N.D.Cal., Nov. 13, 2008), where the defendant
5 argued that the plaintiff must allege that use of the accused
6 devices constituted an act of direct infringement:

7 Plaintiff argues that the cases defendant
8 relies on address proof, not pleading, and
9 that the complaint sufficiently alleges a
10 claim of contributory infringement. The
11 Court agrees, and finds that while
12 plaintiff's complaint is rather conclusory,
13 it is sufficient to withstand a motion to
14 dismiss. See, e.g., *Fuji Mach. Mfg. Co. v.*
15 *Hover-Davis, Inc.*, 936 F.Supp. 93
16 (W.D.N.Y.1996) (denying a motion to dismiss
17 contributory infringement claim where
18 complaint alleged supplier infringed claims
19 of patent by selling parts which were used by
20 others in devices within scope of patent);
21 *One World Techs., Ltd. v. Robert Bosch Tool*
22 *Corp.*, ... 2004 WL 1576696 (N.D.Ill., July
23 21, 2004) (holding that a complaint that
24 alleges '[d]efendants have infringed and are
25 now directly infringing, inducing
26 infringement by others, and/or contributorily
infringing' is sufficient.

18 See also *Bender v. National Semiconductor Corp.*, 2009 WL 4730896
19 at *3 (N.D.Cal., Dec. 7, 2009) (allegation that Defendant induced
20 infringement "by providing its customers and others with detailed
21 explanations, instructions, and information as to arrangements,
22 applications, and uses of its products that promote and
23 demonstrate how to use its products in an infringing manner"
24 states a claim for inducement by alleging that Defendant's
25 customers directly infringe the patent by using Defendant's
26 products in an infringing manner). Duhn asserts:

1 The claims for contributory and inducement
2 infringement arise based on discovery taken
3 during the deposition testimony of Cameron's
4 employee, Nolan Massey. During his
5 deposition, Massey testified that, contrary
6 to Cameron's arguments and in-court
7 representations, Cameron is not the only
8 installer of the frac mandrels. Instead,
9 there are other third party installers who
10 have had possession of the Cameron frac
11 mandrels. [Whitelaw Decl., ¶ , Exhibit B,
12 Massey Deposition, 21:13-27:3.] Moreover,
13 Cameron provides manuals and other
14 installation-related guides to such third
15 party installers. [Whitelaw Decl., ¶ 4,
16 Exhibit C.] Finally, Cameron has produced
17 documents that include recent letters to
18 third party installers and fracing companies
19 advising them to no longer install the
20 Cameron frac in an infringing configuration
21 with the lock screws torqued in to engage the
22 frac mandrel. [Whitelaw Decl., ¶ 5, Exhibits
23 D and E.] As such, Cameron has knowingly
24 contributed to and/or induced the
25 infringement by such third parties.

14 Duhn also notes that it is continuing to conduct discovery on
15 this issue.

16 Cameron replies that the Cameron documents upon which Duhn
17 relies in asserting contributory and inducement infringement
18 actually advise the third party installers not to allow the lock
19 screws to contact the frac mandrel during fracing operations:

20 Duhn Oil describes its contributory and
21 inducement claims as based on Cameron's
22 instructions to make sure that the lockscrews
23 are not run in to contact the frac mandrel.

23 Cameron asserts that Duhn has confirmed through judicial
24 admissions that there is no infringement of the '925 Patent when
25 the frac mandrel is installed in the tubing head with the lock
26 screws retracted and not in contact with the frac mandrel.

1 Therefore, Cameron argues, Duhn can prove no set of facts in
2 support of a claim for contributory or inducement infringement
3 based on Cameron's instructions to install the frac mandrel in
4 the configuration which Duhn agrees does not infringe the '925
5 Patent.

6 At the hearing, Duhn explained that Cameron made constant
7 revisions to the manuals, earlier versions of which did instruct
8 the torquing in of the lockscrews.

9 Duhn also objects to Cameron's request that the Court order
10 Duhn to specify the acts of alleged infringement if the motion to
11 dismiss is granted with leave to amend. Duhn contends that the
12 allegations of the SAC suffice to put Cameron on notice of the
13 facts alleged to enable Cameron to answer and defend itself.
14 Duhn contends that the same acts that constitute infringement of
15 the '925 Patent were alleged in the First Amended Complaint (Doc.
16 291) and that Cameron filed an answer (Doc. 306). Duhn likens
17 Cameron's request to a motion for more definite statement under
18 Rule 12(e), Federal Rules of Civil Procedure, and contends that
19 it is improper pursuant to Rule 12(g), Federal Rules of Civil
20 Procedure.

21 A motion for more definite statement under Rule 12(e) is
22 appropriate if a pleading is "so vague or ambiguous that the
23 party cannot reasonably prepare a response." Rule 12(g)(2)
24 provides:

25 Except as provided in Rule 12(h)(2) or (3), a
26 party that makes a motion under this rule
must not make another motion under this rule

1 raising a defense or objection that was
2 available to the party but omitted from the
earlier motion.

3 *See Lemanski v. Regents of University of ...*, 2008 WL 3916021 at
4 *3 & n. 1 (N.D.Cal., Aug. 22, 2008) (citing cases that Rule 12(g)
5 applies to waive a motion for more definite statement if not
6 included with a previous Rule 12(b)(6) motion to dismiss).

7 CONCLUSION

8 1. Cameron's motion to dismiss is GRANTED WITH LEAVE TO
9 AMEND. Duhn shall allege the specific conduct by Cameron which
10 invites third parties to directly infringe and shall identify any
11 such third party infringers of the '925 Patent and how that
12 infringement is or was accomplished. Duhn shall allege how
13 Cameron's actions or conduct contributed to or induced direct
14 infringement of the '925 Patent by third parties presently or in
15 the past;

16 2. Counsel for Cameron shall prepare and lodge a form of
17 Order consistent with this Memorandum Decision within five (5)
18 court days following service of this Memorandum Decision;

19 3. Duhn shall file a Third Amended Complaint within 15 days
20 of the filing date by the Court of the Order. Cameron's response
21 shall be filed within 15 days thereafter.

22 IT IS SO ORDERED.

23 Dated: June 9, 2010

/s/ Oliver W. Wanger
UNITED STATES DISTRICT JUDGE