EXHIBIT 7

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Citation: **2002 U.S. Dist. Lexis 23050**

*2002 U.S. Dist. LEXIS 23050, **

SEMITOOL, INC., a Montana corporation, Plaintiff, v. DYNAMIC MICRO SYSTEMS SEMICONDUCTOR EQUIPMENT GMBH, a German corporation, Defendant.

No. C 01-01391 WHA

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA

2002 U.S. Dist. LEXIS 23050

September 5, 2002, Decided
September 5, 2002, Filed

SUBSEQUENT HISTORY: Motion denied by, Summary judgment granted by, Request denied by Semitool, Inc. v. Dynamic Micro Sys. Semiconductor Equip. GmbH, 2005 U.S. Dist. LEXIS 4889 (N.D. Cal., Feb. 14, 2005)

DISPOSITION: [*1] Plaintiff motion for summary judgment of infringement GRANTED in part and DENIED in part.

CASE SUMMARY

PROCEDURAL POSTURE: Plaintiff patent holder brought a patent infringement action against defendant foreign corporation regarding its patents relating to technology for cleaning and drying carriers used to hold semiconductor wafers, substrates and similar articles. Following claim construction, the patent holder moved for summary judgment of infringement.

OVERVIEW: The foreign corporation claimed that a triable issue existed on whether it had ever sold or offered to sell any allegedly infringing products within the United States. The court initially held that the scope of the patent holder's summary judgment motion would be limited to literal infringement under 35 U.S.C.S. § 271(a), and that the patent holder's complaint failed to allege literal infringement regarding one of the three patents at issue. The court further held that the patent holder's evidence was too thin to compel a reasonable jury to find that one of the foreign corporation's allegedly infringing products literally infringed on its patents. The court then held that the buyer, the destination point, and the place of intended actual use of the foreign corporation's allegedly infringing product were all located within the United States, and that a reasonable jury would have found that the evidence was sufficient to establish that the foreign corporation literally infringed two of the patent holder's three patents.

OUTCOME: Summary judgment of infringement was granted in part to the patent holder regarding two of the patent holder's three patents. Summary judgment was denied in part regarding the remaining claims.

CORE TERMS: air, carrier, chamber, infringement, door, patent, drying, external, port, liquid, cleaning, centrifugal, offered to sell, machine, opening, supplied, vapor, wafer, evaporated, processing, freight, rotor, cycle, summary judgment, absorption, removal, reply, supplying, literal, admit

LexisNexis(R) Headnotes ◆ Hide Headnotes

Civil Procedure > Summary Judgment > Standards > Genuine Disputes

Civil Procedure > Summary Judgment > Standards > Materiality

HN1 Summary judgment shall be rendered if there is no genuine issue as to any material fact and the moving party is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(c). More Like This Headnote

Civil Procedure > Summary Judgment > Standards > Materiality

HN2 Summary judgment is not granted if the dispute about a material fact is "genuine," that is, if the evidence is such that a reasonable trier of fact could return a verdict for the nonmoving party. The evidence is viewed in the light most favorable to the non-moving party, and all justifiable inferences drawn in its favor. More Like This Headnote

Civil Procedure > Summary Judgment > Burdens of Production & Proof > General Overview

Civil Procedure > Summary Judgment > Opposition > General Overview

Civil Procedure > Summary Judgment > Standards > Genuine Disputes

HN3 To successfully oppose a motion for summary judgment, an adverse party may not rest upon the mere allegations or denials of the adverse party's pleading, but the adverse party's response, by affidavit or as otherwise provided in this rule, must set forth specific facts showing that there is genuine issue for trial. Fed. R. Civ. P. 56 (e). More Like This Headnote | *Shepardize:* Restrict By Headnote

Civil Procedure > Summary Judgment > Burdens of Production & Proof > Scintilla Rule

Civil Procedure > Summary Judgment > Evidence

Civil Procedure > Summary Judgment > Standards > Appropriateness

HN4 On a motion for summary judgment, there is no issue for trial unless there is sufficient evidence favoring the nonmoving party for a jury to return a verdict for that party. If the evidence is merely colorable or is not significantly probative, summary judgment may be granted. The mere existence of a scintilla of evidence in support of the nonmoving party's position will be insufficient; there must be evidence on which the jury could reasonably find for the nonmoving party. More Like This Headnote | *Shepardize:* Restrict By Headnote

Patent Law > Infringement Actions > Infringing Acts > Sale

Patent Law > Infringement Actions > Infringing Acts > Use

HN5 In patent law, the unauthorized making, using, offer to sell or selling of a patented invention within the United States is the usual meaning of the expression "direct infringement." Species of direct infringement are literal infringement and infringement under the doctrine of equivalents. Active inducement of infringement and contributory infringement are forms of "dependent infringement," since neither can occur absent an act of direct infringement. In this regard, liability for either active inducement of infringement or for contributory infringement is dependent

upon the existence of direct infringement. As such, direct infringement must be established first. More Like This Headnote | *Shepardize*: Restrict By Headnote

Civil Procedure > Summary Judgment > Supporting Materials > General Overview

HN6 On a motion for summary judgment, reply declarations are disfavored. Opening declarations should set forth all facts on points foreseeably relevant to the relief sought. Reply papers should not raise new points that could have been addressed in the opening. More Like This Headnote | *Shepardize*: Restrict By Headnote

International Trade Law > Imports & Exports > General Overview

Patent Law > Infringement Actions > Infringing Acts > Sale

Patent Law > Infringement Actions > Infringing Acts > Use

HN7 See 35 U.S.C.S. § 271.

Patent Law > Jurisdiction & Review > General Overview

HN8 Patent laws only apply within the United States and have no extraterritorial effect. More Like This Headnote | *Shepardize*: Restrict By Headnote

Commercial Law (UCC) > Sales (Article 2) > Performance > Risk of Loss

Contracts Law > Sales of Goods > Performance > Risk of Loss

Contracts Law > Sales of Goods > Performance > Seller's Delivery & Shipment of Goods

HN9 "Free on board" is a method of shipment whereby goods are delivered at the designated location, usually a transportation depot, where legal title and thus risk of loss passes from seller to buyer. More Like This Headnote

Civil Procedure > Summary Judgment > Burdens of Production & Proof > Scintilla Rule

Civil Procedure > Summary Judgment > Evidence

Civil Procedure > Summary Judgment > Standards > Appropriateness

HN10 On a motion for summary judgment, there is no issue for trial unless there is sufficient evidence favoring the nonmoving party for a jury to return a verdict for that party. If the evidence is merely colorable or is not significantly probative, summary judgment may be granted. More Like This Headnote | *Shepardize*: Restrict By Headnote

Civil Procedure > Pleading & Practice > Pleadings > Amended Pleadings > General Overview

Civil Procedure > Discovery > Methods > Admissions > Withdrawals

HN11 Fed. R. Civ. P. 36(b) provides that any matter admitted under this rule is conclusively established unless the court on motion permits withdrawal or amendment of the admission. More Like This Headnote

Contracts Law > Formation > Offers > General Overview

Contracts Law > Sales of Goods > Performance > Seller's Delivery & Shipment of Goods

Patent Law > Remedies > Damages > Patentholder Losses

HN12 For patent-law purposes, the risk of loss underlying a sales contract has little or no bearing on the situs of an allegedly infringing sale or offer to sell. More Like This Headnote | *Shepardize:* Restrict By Headnote

Patent Law > Inequitable Conduct > General Overview

Patent Law > Infringement Actions > Burdens of Proof

Patent Law > Infringement Actions > Infringing Acts > General Overview

HN13 Literal infringement involves a two-step determination: the proper construction of the asserted claim and a determination whether the claims as properly construed reads on the accused product or method. To prove literal infringement, the patentee must show that the accused device contains every limitation in the asserted claim. If even one limitation is missing or not met as claimed, there is no literal infringement. More Like This Headnote

Civil Procedure > Summary Judgment > Motions for Summary Judgment > General Overview

Civil Procedure > Summary Judgment > Standards > Materiality

HN14 On a motion for summary judgment, the key inquiry is whether the dispute about a material fact is "genuine," that is, if the evidence is such that a reasonable trier of fact could return a verdict for the nonmovant. More Like This Headnote | *Shepardize:* Restrict By Headnote

Civil Procedure > Summary Judgment > Burdens of Production & Proof > General Overview

Patent Law > Claims & Specifications > Claim Language > Dependent Claims

HN15 A party may not overcome a grant of summary judgment by merely offering conclusory statements. More Like This Headnote

Patent Law > Infringement Actions > Infringing Acts > General Overview

HN16 An offer to sell an infringing article constitutes an act of infringement. 35 U.S.C.S. § 271(a). More Like This Headnote | *Shepardize:* Restrict By Headnote

Patent Law > Infringement Actions > Infringing Acts > General Overview

HN17 As a matter of federal statutory construction, price quotation letters can be regarded as "offers to sell" under 35 U.S.C.S. § 271 based on the substance conveyed in the letters, i.e., a description of the allegedly infringing merchandise and the price at which it can be purchased. More Like This Headnote | *Shepardize:* Restrict By Headnote

Patent Law > Infringement Actions > Infringing Acts > General Overview

HN18 Because a sale is infringing only if it occurs within the United States, an offer to sell is not infringement unless the contemplated sale is to occur in the United States. More Like This Headnote | Shepardize: Restrict By Headnote

COUNSEL: Michael D. Broaddus, Jerry A. Riedinger, Perkins Coie, Seattle, WA, for Semitool, Inc, plaintiff.

Judith B. Jennison, Pekins COIE, LLP, Jennifer S Sim, Perkins Coie, LLP, San Francisco, CA, for Semitool, Inc, plaintiff.

Roger L. Cook, Townsend and Townsend and Crew LLP, San Francisco, CA, for Dynamic Micro Systems Semiconductor Equipment, defendant.

William J Wenzel, Pullman & Comley, L.L.C., Bridgeport, CT.

JUDGES: WILLIAM ALSUP, UNITED STATES DISTRICT JUDGE.

OPINION BY: William H. Alsup

OPINION: ORDER GRANTING IN PART AND DENYING IN PART PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT OF INFRINGEMENT

INTRODUCTION

In this patent action, plaintiff moves for summary judgment of infringement. This order **GRANTS** in part and **DENIES** in part the motion.

STATEMENT

Plaintiff Semitool, Inc., asserts three patents in this infringement action. The first is United States Patent No. 5,562,113, entitled "Centrifugal Wafer Carrier Cleaning Apparatus." The second is United States Patent No. 5,738,128, also entitled "Centrifugal Wafer Carrier Cleaning Apparatus." The '128 patent is a continuation **[*2]** of the application for the '113 patent. The last patent in suit is United States Patent No. 5,972,127, entitled "Methods for Centrifugally Cleaning Wafer Carriers." The '127 patent is a division of the application for the '128 patent. As such, the '113 patent is the parent patent. n1

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n1 This order recognizes that the '113 patent is a continuation of the application for United States Patent No. 5,224,503.

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The technology relates to cleaning and drying carriers used to hold semiconductor wafers, substrates and similar articles manufactured by the semiconductor industry. As set forth in the specifications, the problem addressed was the need for extremely clean processing in the manufacture of semiconductor wafers and similar articles. n2 Even minute contaminants injected at any point during the multiple processing steps could cause (and still can cause) performance defects in the finished product. Accordingly, it was necessary to maintain a high level of cleanliness during all or nearly all stages of production. **[*3]** n3

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n2 Given the lineage of the patents in suit, this order notes that the specifications are nearly identical.

n3 Typically, wafers, substrates and similar semiconductor articles were processed in batches. Batch processing entailed some type of carrier or carriers to hold and protect the thin wafer-like semiconductor articles being processed and transported from one manufacturing station to the next. The carriers were made of a suitable polymeric material, in other words, plastic. Their protective utility was enhanced through molded features such as slots or grooves within the carriers to receive and keep the wafers in place. As a result of the slots and grooves, cleaning the carriers was difficult. Dust, metal particles, oils and other organic chemicals that may be present on the surfaces of production tools made cross-contamination problematic.

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To maintain the required level of cleanliness, semiconductor manufacturers washed and dried the carriers in cleaning machines. One type of carrier-cleaning machine **[*4]** was a conveyor system; another type, of interest here, was a centrifugal system. The application of centrifugal force through a rotor during the washing and drying of carriers resulted in a machine that occupied less floor space than a conveyor-belt system where carriers were washed and dried as the belt passed through different stages. In addition, the use of centrifugal force provided additional washing and drying ability. The claimed inventions sought to ease the difficulty of cleaning carriers with less expense than before.

***

Defendant Dynamic Micro Systems Semiconductor Equipment GmbH is Semitool's competitor in supplying carrier-cleaning machines to semiconductor manufacturers. Dynamic Micro is headquartered at Radolfzell in the Federal Republic of Germany. It manufactures and sells the centrifugal carrier-cleaning device known as the Model 300. n4 In addition, it manufactures and sells the centrifugal reticle cassette-cleaning device known as the Model 310. Both devices are accused of infringement. Semitool represents that the Model 310 is "identical" to the Model 300 in all respects relevant herein. n5

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n4 This order notes that Dynamic Micro sometimes refers to the Model 300 as the "Milestone III," which is merely another name for the same device (Moran Dep. 15). **[*5]**

n5 This is addressed in the analysis section on preliminary matters. For reasons apparent in that discussion, the facts are set forth as to the Model 300.

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The Model 300 has a process chamber with a sidewall port used for loading and unloading carriers from the chamber. The port is covered by a sliding door. As an extra option, an additional sidewall port may be added and sliding door installed. A rotor is mounted within the process chamber. Spray nozzles are mounted interior to and exterior to the carriers for

spraying cleaning liquid inwardly and outwardly to clean carriers.

In operation, the carriers are loaded by opening the sliding door. The carriers are placed on carrier supports which are attached to the rotor for spinning during the washing and drying cycles. The sliding door is closed; the rotor is spun and cleaning liquid is sprayed on the carriers. After the washing cycle, the drying cycle is initiated. The exhaust vent is opened. The centrifugal fan for supplying external air to the process chamber is started. The external air is drawn from the clean room (within the semiconductor-fabrication **[*6]** facility) and supplied through a HEPA filter mounted on the top of the process chamber. Clean air flows through the HEPA filter and into the top of the process chamber via an entry port. After entry, the air flows out of the process chamber's bottom through the exhaust port equipped with an exhaust port valve. In addition, the infrared lamps are turned on during the drying cycle. The infrared lamps dry liquid from the carriers. Specifically, the infrared lamps emit radiation that are then absorbed by the carriers. As a result, the carriers themselves are heated. Cleaning liquid on the carriers is evaporated.

***

Semitool filed this action on April 9, 2001, and amended the complaint on November 2, 2001. After a technology tutorial, a full round of briefing leading up to the *Markman* hearing and a tentative claim-construction ruling, the final claim-construction order for the '113, '128 and '127 patents was issued on June 17, 2002. Now, Semitool moves for summary judgment of infringement on: (1) independent Claim 1 and dependent Claims 4, 11, 12, 17, 18 and 19 of the '113 patent, (2) independent Claim 1 of the '128 patent and (3) independent Claim 28 of the '127 patent.

ANALYSIS [*7]

Legal Standard

HN1 Summary judgment shall be rendered if "there is no genuine issue as to any material fact and the moving party is entitled to judgment as a matter of law." FRCP 56(c). HN2 Summary judgment is not granted if the dispute about a material fact is "genuine" -- that is, if the evidence is such that a reasonable trier of fact could return a verdict for the nonmoving party. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248, 91 L. Ed. 2d 202, 106 S. Ct. 2505 (1986). The evidence is viewed in the light most favorable to the non-moving party, and all justifiable inferences drawn in its favor. *Id.* at 255.

HN3 To successfully oppose, "an adverse party may not rest upon the mere allegations or denials of the adverse party's pleading, but the adverse party's response, by affidavit or as otherwise provided in this rule, *must set forth specific facts showing that there is genuine issue for trial.*" FRCP 56(e) (emphasis added). HN4 "There is no issue for trial unless there is sufficient evidence favoring the nonmoving party for a jury to return a verdict for that party. If the evidence is merely colorable or is not significantly probative, summary judgment **[*8]** may be granted." *Anderson, supra*, 477 U.S. at 249. "The mere existence of a scintilla of evidence in support of the [nonmoving party's] position will be insufficient; there must be evidence on which the jury could reasonably find for" the nonmoving party. *Id.* at 252.

1. Preliminary Matters.

A. Scope of Motion.

The scope of Semitool's motion must be addressed first. Contrary to Semitool's contention (on reply), claims for actively inducing infringement in violation of Section 271(b) and for contributory infringement under Section 271(c) are not within the scope of this motion. n6

The opening submission contained absolutely no mention of Semitool's inducement or contributory infringement claims. All analysis and arguments were directed toward the lone theory of literal infringement under Section 271(a). n7 Indeed, the lead title for all of its infringement contentions announced that "The Undisputed Evidence Shows That DMS *Literally Infringes* The '113 Patent, The '128 Patent, And The '127 Patent" (Br. 4) (emphasis added). n8 Dynamic Micro correctly concluded that Semitool moved for summary judgment solely on the basis of literal infringement. **[*9]** No other conclusion was reasonably possible. A reply brief should not be used to raise new issues. Accordingly, this order only addresses the asserted claims under the theory of literal infringement, the sole basis given in Semitool's opening submission. In this regard, the motion properly raised the theory of literal infringement for the '113 and '128 patents.

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n6 HN5 In patent law, the unauthorized making, using, offer to sell or selling of a patented invention within the United States is the usual meaning of the expression "direct infringement." Species of direct infringement are literal infringement and infringement under the doctrine of equivalents. Active inducement of infringement and contributory infringement are forms of "dependent infringement," since neither can occur absent an act of direct infringement. *Joy Technologies, Inc. v. Flakt, Inc.*, 6 F.3d 770, 773--74 (Fed. Cir. 1993). In this regard, "liability for either active inducement of infringement or for contributory infringement is dependent upon the existence of direct infringement." *Id.* at 774. As such, direct infringement must be established first. **[*10]**

n7 This order recognizes that in the first amended complaint Semitool alleges that Dynamic Micro infringed the patents in suit under theories of direct, active inducement and/ or contributory infringement. The opening submission, however, contained no discussion to demonstrate that Dynamic Micro actively and knowingly assisted or encouraged direct infringement by another (for active inducement) or that the Model 300 had no substantial noninfringing uses (for contributory infringement).

n8 All references to "DMS" in the parties' briefing and supporting evidence are to Dynamic Micro.

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As to the '127 patent, however, the summary-judgment motion is procedurally flawed for a somewhat different reason. Although the motion asserted literal infringement of the '127 patent, the operative complaint alleges no such theory; it only alleges that Dynamic Micro infringed via contributory acts and active inducement. The opening submission, however, was *not* directed at infringement through contribution or active inducement. Being limited to literal infringement, it would be unfair to expand the motion **[*11]** via a reply submission to include additional infringement theories. Accordingly, Semitool's motion for summary judgment of infringement on Claim 28 of the '127 patent must be denied.

B. Model 310.

Semitool represents at the outset that the Model 310 is "identical" to the Model 300 in all respects relevant to this motion (Br. 1 n.1). In sole support, Semitool cites excerpts from pages fifteen and sixteen of the October 10, 2001, deposition of Thomas Moran, a founder and the top executive of Dynamic Micro. Based on this identicalness and for ease of

reference, Semitool proceeds to refer to both the Model 300 and the Model 310 collectively as the "Model 300" in briefing. In addition, the majority of the evidence Semitool cites and proffers is specifically on the Model 300. In short, Semitool assumes that evidence on the Model 300 automatically counts toward proving up infringement by the Model 310. In opposition, Dynamic Micro does not dispute Semitool's representation nor object to the manner in which Semitool takes evidence on the Model 300 and tacks it onto the Model 310.

The fatal flaw with Semitool's melding of evidence and ultimately its infringement motion on the Model **[*12]** 310 is that there is no evidentiary support for the premise that the Model 310 is "identical" to the Model 300 in all respects relevant. The deposition testimony Semitool cites as support is not support. Specifically, Moran stated (Dep. 15--16):

> Q. And has DMS ever offered to a customer a centrifugal wafer carrier cleaning device other than the Model 300?
>
> A. No, sir.
>
> Q. I've heard reference to a Model 310.
>
> A. Yes, sir.
>
> Q. What is the Model 310?
>
> A. That is a reticle cassette cleaning machine.
>
> Q. Is that a centrifugal cleaning device?
>
> A. Yes, sir.
>
> Q. Does DMS make any centrifugal cleaning devices other than the Model 300 and the 310?
>
> A. No, sir.

What this testimony supports, *inter alia,* is that the Model 300 and the Model 310 are both centrifugal cleaning devices made by Dynamic Micro. It does not establish the broad and bold fact that the "Model 310 is identical to the Model 300 in all respects relevant to this motion," as Semitool represents. In this regard, evidence on the Model 300 *can not* be used herein to prove up infringement by the Model 310.

Given the above, Semitool's summary-judgment motion on the Model **[*13]** 310 is denied. Significantly (for reasons apparent below), the evidence in the record is insufficient as to whether the "supplying drying gas" element reads on the Model 310. Indeed, the vast majority of evidence cited and proffered by Semitool on this element pertains to whether the external air supplied to the process chamber of the *Model 300* is capable of readily performing the absorption/ removal functions, a key subpoint disputed herein. While the Model 310 operations manual and the weak admission by Dynamic Micro may support a finding on this score, that evidence is too thin to compel a reasonable jury to find such. n9 This is dispositive.

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n9 The Model 310 operations manual described the external air that is drawn into the process chamber as "dry air" (Broaddus Decl. Exh. 24) (referring to "dry air intake"). In addition, when Semitool requested an admission on the function of the external air within any configuration of Dynamic Micro's centrifugal cleaning devices, Dynamic Micro responded that (*id.* at Exh. 26):

> DMS admits that during certain phases of operation, air entering the chamber may help remove humidity contained in the atmosphere in the chamber.

This evidence is not clear-cut enough to, on its own, compel a jury finding on this key disputed subpoint.

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C. Reply Declarations.

In its reply, Semitool submitted substantial new evidence. This arguably should have been presented in the opening submission so that Dynamic Micro could have had an opportunity to respond. As the Court's standing order states (P 6):

> *HN6*Reply declarations are disfavored. Opening declarations should set forth all facts on points foreseeably relevant to the relief sought. Reply papers should not raise new points that could have been addressed in the opening.

On this record, however, the Court will allow the reply evidence to the extent set forth in this order. This reply evidence addresses issues that were, in fact, covered in evidence presented in the opening submission. Only when Dynamic Micro sought to dispute the opening evidence did Semitool submit evidence in reply. The reply evidence is *not* from a third party or self-serving declarations generated by Semitool. Rather, the reply evidence is Dynamic Micro's own admissions during discovery, the deposition testimony of its expert and from its own business files. In these circumstances, there is no prejudice in holding Dynamic Micro to its own statements. Accordingly, the reply evidence **[*15]** to the extent set forth herein is allowed.

2. Offers to Sell or Sells within the United States.

Before addressing literal infringement, the threshold issue is whether the alleged acts that constitute infringement under Section 271(a) occurred within the United States. Section 271 (a) provides:

> *HN7*Except as otherwise provided in this title, whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.

35 U.S.C. 271. HN8 Patent laws only apply within the United States and have no extraterritorial effect. *Dowagiac Mfg. Co. v. Minnesota Moline Plow Co.*, 235 U.S. 641, 650, 59 L. Ed. 398, 35 S. Ct. 221, 1915 Dec. Comm'r Pat. 320 (1915) ("The right conferred by a patent under our law is confined to the United States and its territories and infringement of this right cannot be predicated on acts wholly done in a foreign country.") (citation omitted).

Dynamic Micro contends that a triable issue exists on whether it has ever sold or offered to sell any Model 300 *within the United States*. Dynamic **[*16]** Micro argues that its sales of the accused device to two domestic companies, Conexant Systems Inc., and IBM Corporation, were not consummated in the United States. Specifically, Dynamic Micro calls attention to the freight terms of "free on board" or F.O.B. with a German locale designated thereafter (Wenzel Decl. Exh. H, I). n10 From this, Dynamic Micro argues that the transfer of title for the accused devices from it to the buyer and, in effect, the sale actually occurred outside the United States.

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n10 HN9 "'Free on board' is a method of shipment whereby goods are delivered at the designated location, usually a transportation depot, where legal title and thus risk of loss passes from seller to buyer." *North American Philips v. American Vending Sales, Inc.*, 35 F.3d 1576, 1578 n.2 (Fed. Cir. 1994).

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In light of Dynamic Micro's unequivocal and binding admissions, however, its evidence as to the freight terms is insufficient to create a triable issue of fact. n11 In response to Semitool's requests for **[*17]** admission and interrogatories, Dynamic Micro stated (Broaddus Reply Decl. Exh. 11, 12) (emphasis added):

> REQUEST FOR ADMISSION NO. 2:
>
> Admit that you have offered to sell any of your centrifugal wafer carrier cleaning devices, including but not limited to the Model 300 Centrifugal Force Cleaner or the DMS Milestone III, to person(s) in the United States.
>
> RESPONSE:
>
> *DMS admits that it has offered to sell the Model 300 Centrifugal Force Cleaner and/ or the DMS Milestone III in the United States.*
>
> REQUEST FOR ADMISSION NO. 3:
>
> Admit that you have offered to sell any of your centrifugal wafer carrier cleaning devices, including but not limited to the Model 300 Centrifugal Force Cleaner or the DMS Milestone III, to IBM's 300 mm plant in East Fishkill, New York, in the United States.
>
> RESPONSE:
>
> *DMS admits that it has offered to sell the DMS Milestone III to IBM's 300 mm plant in East Fishkill, New York.*
>
> REQUEST FOR ADMISSION NO. 4:

Admit that you have offered to sell any of your centrifugal wafer carrier cleaning devices, including but not limited to the Model 300 Centrifugal Force Cleaner or the DMS Milestone III, to Infineon Technologies **[*18]** -- Richmond, in the United States.

RESPONSE:

DMS admits that it has offered to sell the DMS Milestone III to Infineon Technologies -- Richmond in the United States.

REQUEST FOR ADMISSION NO. 5:

Admit that you have sold any of your centrifugal wafer carrier cleaning devices, including but not limited to the Model 300 Centrifugal Force Cleaner or the DMS Milestone III, to person(s) in the United States.

RESPONSE:

DMS admits that it has sold the Model 300 Centrifugal Force Cleaner in the United States.

***

Interrogatory No. 4.

Identify each of your centrifugal wafer carrier cleaning devices that you have promoted, offered to sell or sold in the United States, including if appropriate, but without limitation, the Model 300 Centrifugal Force Cleaner and the DMS Milestone III.

Answer No. 4

Model 300 Centrifugal Force Cleaner and the DMS Milestone III.

Interrogatory No. 5.

For each product identified in your response to Interrogatory No. 4, identify each person in the United States to whom you have promoted, offered to sell, or sold each product, including the dates on and terms for which each product was promoted or offered **[*19]** for sale to that person and whether a sale has been consummated.

Answer No. 5.

1) Conexant Systems, Inc.; 9868 Scranton Road, San Diego, CA 92121.

DMS Model 300, ordered on October 12, 2000 and invoiced on February 9, 2001. The gross price of the DMS Model 300 was $ 180,771.40.

DMS Model 300, ordered on November 2, 2000 and invoiced on March 16, 2001. The gross price of the DMS Model 300 was $ 176,925.20.

2) IBM; East Fishkill, New York;

Sales discussions concerning the purchase of two DMS Milestone III devices were held on or about January 17, 2001 in East Fishkill, NY. Sales are pending, but have not yet been consummated. Terms and conditions of the sales to IBM will be produced with the IBM sales documents can be discerned therefrom.

These clear-cut admissions (from September 2001) end all dispute on whether Dynamic Micro has offered to sell and sold the Model 300 in the United States. No reasonable jury could find otherwise.

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n11 Although the purchase order from Conexant stated that the freight terms were "FOB Radolfzell, Germany," the shipping instructions further down specifically stated that "NOR SHALL THE BUYER TAKE TITLE FOR THE FREIGHT UNTIL DELIVERY IS MADE TO THE ADDRESS LISTED ON THE FRONT OF THE PURCHASE ORDER." The address listed was located in Newport Beach, California (Wenzel Decl. Exh. H). As to IBM, Dynamic Micro proffers two e-mails from its employee to an IBM employee wherein Dynamic Micro requested that the freight terms be changed to F.O.B. Frankfurt, Germany instead of F.O.B. East Fishkill, New York (*id.* at Exh. I). These e-mails, however, do not answer whether the eventual freight terms were actually changed. At all events, this evidence is too weak to overcome Dynamic Micro's clear-cut admissions, detailed herein. *Anderson, supra,* 477 U.S. at 249 HN10("There is no issue for trial unless there is sufficient evidence favoring the nonmoving party for a jury to return a verdict for that party. If the evidence is merely colorable or is not significantly probative, summary judgment may be granted.").

- - - - - - - - - - - - - End Footnotes- - - - - - - - - - - - - - **[*20]**

HN11FRCP 36(b) provides that "any matter admitted under this rule is conclusively established unless the court on motion permits withdrawal or amendment of the admission." No such motion was ever made.

At the hearing, counsel for Dynamic Micro said he would have so moved had Semitool proffered the September 2001 admissions in the opening summary-judgment submission. It is true that Semitool neglected to add the quoted admissions in its opening, a curious oversight. At the hearing, the Court gave counsel for Dynamic Micro an opportunity to state the grounds for any motion for relief under FRCP 36(b). Counsel then stated that these admissions had been made before counsel received the client's documents and discovered the F.O.B. freight terms, which occurred by October 2001. Counsel further stated that he had injected the F.O.B. issue into an objection to a separate interrogatory answer in April 2002.

This is unconvincing. Dynamic Micro's counsel was admittedly on notice of the F.O.B. freight terms and the September 2001 admissions. Despite knowledge, he never moved for relief. And, while counsel injected the F.O.B. issue into an objection to a separate interrogatory answer in April 2002, **[*21]** at most this put Semitool on notice that Dynamic Micro might eventually move for relief under FRCP 36(b). But Dynamic Micro's counsel did not do so. As such, Semitool was entitled to continue to rely on the September 2001 admissions. Consequently, having now considered the grounds for any motion for relief and having determined that any motion made in connection with these summary-judgment proceedings

would have been too little too late, the Court finds that Dynamic Micro was not prejudiced by the presentation of its own admissions via a reply submission.

The Court is all the more convinced of the fairness of this outcome given that the top executive of Dynamic Micro in his declaration on this very motion admitted that Dynamic Micro had offered to sell and had sold the Model 300 in the United States. Specifically, he stated (Moran Decl. P 21) (emphasis added):

> *All DMS units offered or sold in the United States* had either no supply of air or gas or used an infrared heater to dry liquid from the *carriers* in association with supplying unheated air.

While the machine was not identified by name, there is no doubt that this admission pertained to the Model 300. Significantly, **[*22]** Dynamic Micro has never offered to a customer (and thus sold) a centrifugal carrier-cleaning device other than the Model 300 (Moran Dep. 15).

The admissions above being conclusive, it is unnecessary to reach the legal question presented by the F.O.B. freight terms. But this much can be said in short order to reject the argument made on the merits. Dynamic Micro's F.O.B. argument only addresses the *risk of loss* in commercial transactions. It is clear that Dynamic Micro and its United States customers intended that Dynamic Micro ship the Model 300 to them in this country. n12 The F.O.B. freight terms merely went to when the risk of loss shifted during transport. HN12 For patent-law purposes, the risk of loss underlying a sales contract has little or no bearing on the situs of an allegedly infringing sale or offer to sell. North American Philips v. American Vending Sales, Inc., 35 F.3d 1576, 1579--81 (Fed. Cir. 1994) (holding that the sale of an allegedly infringing article occurred in the state where the buyer was located, although not necessarily only there, even if the F.O.B. freight terms indicated another location). The decisions cited by Dynamic Micro are distinguishable, **[*23]** as set forth in the footnote. n13

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n12 At the hearing, Dynamic Micro admitted that for IBM and Conexant, their respective Model 300 units were purchased for use at domestic facilities.

n13 *Quality Tubing Inc. v. Precision Tube Holdings Corp.*, 75 F. Supp. 2d 613, 619--21 (S.D. Tex. 1999), did not address whether a F.O.B. freight term affects where an allegedly infringing sale occurred. Such a term was not at issue there. *Rotec Indus., Inc. v. Mitsubishi Corp.*, 215 F.3d 1246 (Fed. Cir. 2000), as well, did not address this question. In *Cybiotronics Ltd. v. Golden Source Elec.*, 130 F. Supp. 2d 1152, 1173 (C.D. Cal. 2001), the court held that no sale took place in the United States in part due to the "F.O.B. Hong Kong" designation. Significantly, and unlike here, all the "essential activities" also took place in Hong Kong as well, *i.e.*, negotiations, execution, performance and actual delivery.

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3. Literal Infringement.

HN13 "Literal infringement involves **[*24]** a two-step determination: the proper

construction of the asserted claim and a determination whether the claims as properly construed reads on the accused product or method." *Laitram Corp. v. Morehouse Indus., Inc.*, 143 F.3d 1456, 1461 (Fed. Cir. 1998). "To prove literal infringement, the patentee must show that the accused device contains every limitation in the asserted claim. If even one limitation is missing or not met as claimed, there is no literal infringement." *Mas-Hamilton Group v. LaGard, Inc.*, 156 F.3d 1206, 1211 (Fed. Cir. 1998).

In its opening submission, Semitool set forth its literal-infringement contentions and supporting evidence on a claim-by-claim and, more specifically, on an element-by-element basis. In opposition, Dynamic Micro does not dispute most of Semitool's conclusions and evidence. Indeed, it states (Opp. 5--6) (emphasis added):

> For the purpose of the pending Motion for Summary Judgment, *DMS does not dispute many of the particular claim elements that are the subject of the specified claims*. For the following independent claims, Claim 1 of the '113 Patent, Claim 1 of the '128 Patent and Claim 27 [sic 28] of the **[*25]** '128 patent, *DMS does not dispute the elements of these claims except the claim element pertaining to supplying drying gas*. Also, for dependent Claims 4, 11, 12, and 17 of the '113 patent, *DMS does not dispute the additional claims elements*.
>
> As to all claims [that are] the subject of this motion, DMS disputes the claim element relating to supplying drying gas. Also, as to Claim 18 and 19 of the '113 Patent, dependent upon Claim 1, DMS disputes the additional claim element "wherein there are distinct entrance and exit ports, and distinct entrance and exits [sic] doors contained therein."

Dynamic Micro, in effect, concedes that the undisputed claim elements read on the Model 300. On these undisputed elements, the supporting evidence is detailed within Semitool's opening brief. There is no need to duplicate and reiterate that here. Since Dynamic Micro concentrates its fire on disputing only two elements, one present in all asserted claims and another that appears in dependent Claims 18 and 19 of the '113 patent, this order only addresses whether the two disputed elements read on the Model 300.

A. "Supplying Drying Gas to the Process Chamber."

Claim 1 of the **[*26]** '113 patent recites (Col. 11:46--12:6) (emphasis added):

> 1. A centrifugal cleaner for cleaning carriers used in semiconductor processing, comprising:
> a frame;
> a processing vessel defining a process chamber there-within;
> at least one port to allow passage of carriers relative to the process chamber;
> said port being formed in a sidewall of the processing vessel;
> at least one door for controllably opening and closing said port;
> a rotor mounted for rotation within the process chamber;
> at least one carrier support which is accessible through said at least one port;
> said at least one carrier support being connected to said rotor for holding carriers during centrifugal cleaning;
> rotor drive means for controllably rotating said rotor;
> a plurality of outer supplies for directing fluid against the at least one carrier support from positions outward of the carrier support;

a plurality of inner supplies for directing fluid against the at least one carrier support from positions inward of the carrier support;
at least one drying gas supply for *supplying drying gas to the process chamber* to dry said cleaning liquid from carriers.

Claim 1 of the '128 patent provides **[*27]** (Col. 11:50--12:7) (emphasis added):

1. A centrifugal cleaner for cleaning carriers used in semiconductor processing, comprising:
a processing vessel defining a process chamber there-within:
at least one port formed in a sidewall of the processing vessel to allow passage of carriers relative to the process chamber;
at least one door for controllably opening and closing said port;
a rotor mounted for rotation within the process chamber;
at least one carrier support which is accessible through said at least one port;
said at least one carrier support being connected to said rotor for holding carriers during centrifugal cleaning;
a rotor drive for controllably rotating said rotor a plurality of supplies for directing fluid against the at least one carrier support: said plurality of supplies including at least one outer supply for directing fluid from positions outward of the carrier support; said plurality of supplies including at least one inner supply for directing fluid against the at least one carrier support from positions inward of the carrier support;
at least one *means for supplying drying gas to the process chamber*.

The parties dispute whether the external **[*28]** air taken from the clean room and supplied through the HEPA filter to the process chamber during the Model 300's drying cycle is a "drying gas," as that term is defined for the patents in suit. The final claim-construction order held that "drying gas" means (Order filed June 17, 2002, at 5) (emphasis added):

An air or other gas with a low-contamination level *that is capable of readily absorbing evaporated cleaning liquid from the carriers and removing said vapor (s) from the process chamber as the air or other gas is evacuated therefrom*. Although it may be treated, treatment is not a requirement so long as the "drying gas" is of low-contamination level and capable of readily absorbing evaporated cleaning liquid and removing said vapor(s) from the process chamber.

The phrase "supplying drying gas to the process chamber" was construed to mean (*id.* at 13) (emphasis added):

The introduction of "drying gas" into the process chamber. Once inside the process chamber, all that is required is that the "drying gas" has a low-contamination level and *is capable of readily absorbing evaporated cleaning liquid from the carriers and removing said vapor(s) from the* **[*29]** *process chamber as it is evacuated therefrom*. Thus, the process chamber may include a device to enhance the absorption/ removal capabilities of the "drying gas" inside the chamber, *i.e.*, a heater inside the process chamber.

Specifically, the axis of contention surrounds the second component within the definition of "drying gas." Semitool contends that the external air supplied to the Model 300 is a "drying gas" -- that is, "capable of readily" absorbing and removing vapors from the process chamber. While Dynamic Micro concedes that the external "air supplied has some capacity to absorb evaporated liquids and remove them from the chamber," it disputes that this air is capable of performing the absorption/ removal functions "readily" (Peltzer Decl. P 11). Put differently, Dynamic Micro contends that whether the air is capable of "readily" absorbing/ removing is an "inherently factual determination best suited for a jury, and one not easily resolvable or reachable by way of a motion for summary judgment" (Opp. 9). HN14 On a motion for summary judgment, the key inquiry is whether the dispute about this material fact is "genuine" -- that is, if the evidence is such that a reasonable **[*30]** trier of fact could return a verdict for Dynamic Micro. *Anderson, supra,* 477 U.S. at 248. On this record for this subpoint, no reasonable jury could return a verdict for Dynamic Micro.

This order holds that the external air supplied to the Model 300's process chamber during the drying cycle is a "drying gas." The "supplying drying gas" limitation reads on the Model 300. On the undisputed facts, a reasonable jury would be compelled to find that the external air is "capable of readily" absorbing evaporated cleaning liquid from the carriers and removing said vapors from the process chamber as that term was intended by the Court in its claim construction. Dynamic Micro's counterevidence from tests conducted on the Model 300 to ascertain the functional capabilities of the external air is insufficient, as demonstrated below, to create a triable issue on this score.

To repeat, there is no doubt that the external air is capable of performing the absorption/ removal functions. Dynamic Micro and its expert concede this much (Opp. 11; Peltzer Decl. P 11). The external air, moreover, is capable of "readily" performing the absorption/ removal functions. Significantly, the external **[*31]** air *actually* removes humidity from the process chamber as it is evacuated therefrom and, *a priori, actually* absorbs the evaporated cleaning liquid beforehand. On the Model 300, Moran testified that the external air flowing through the process chamber actually removes vapors and humidity from the process chamber via the exhaust port. He stated (Moran Dep. 93--94) (emphasis added):

> Q. The air flows through the machine, does it not?
>
> A. The reason that we take clean room air into our machine is to prevent a vacuum in our machine which would perhaps throw contaminated air through the door seals, and *to remove any aerosols, humidity which is inside of the chamber from the washing process step.*
>
> Q. The flow of air inside the process chamber results in, among other things, *humidity being removed from the process chamber; is that correct?*
>
> A. *It's the carrier.*
>
> Q. *The air as it goes out the exhaust --*
>
> A. *Yes.*
>
> Q. *-- carries the humidity with it; is that correct?*
>
> A. *Yes, sir.*

Further, Moran stated (Dep. 97) (emphasis added):

> Q. *In other words, to get the humidity out of the chamber, the humid air in* **[*32]** *the process chamber has to be pushed out the exhaust?*
>
> A. *It has to be exhausted, yes,* but this is nothing common to our machine. This goes for every wet processing in this industry.

Michael Meichsner, the Dynamic Micro employee who assisted in the development of the Model 300 (Moran Decl. P 3), confirmed the external air's capability to actually and thus readily perform the absorption/ removal functions. He stated (Meischsner Dep. 16) (emphasis added):

> Q. Looking at it this way, if the infrared heaters evaporated cleaning liquid from the wafer carriers and was absorbed by the air in the processing chamber, the moisture that the dry air absorbs is evaporated cleaning liquid, is it not?
>
> A. *The cleaning liquid is evaporated by the infrared radiation and is removed from the chamber because of air exchange.*

In a specifications drawing, moreover, Dynamic Micro described the external air from the clean room that is drawn into the Model 300 as "dry air" (Broaddus Decl. Exh. 25) (referring to "dry air intake"). In addition, the Semiconductor Equipment Assessment industry report on the Model 300 detailed the actual ability of the external air to perform **[*33]** the absorption/ removal functions. It stated (Broaddus Decl. Exh. 13) (emphasis added)

> *Sensors for the air temperature in the exhaust, and the relative humidity of the air in the process chamber were monitored during the standard drying cycle* whilst drying a load consisting of 4 200mm boxes, 4 200mm cassettes, 6 FOUPs and 6 FOUP doors (Fig 2). The standard programme involves high speed then low anti-clockwise and clockwise steps. *During this, the radiation spectrum of the lamps is designed to remove moisture both on and below the surfaces of the materials employed for the manufacture of carriers and the equipment.* Attractively, the heat is self regulating as a function of the carrier load being cleaned and dried, since most of the heat is generated at theses surfaces. *Humidity is effectively zero after the first high speed drying step.*

Fig. 2 plotted on a graph the relative humidity of the air as it exited the process chamber at 40-second intervals. At time zero, the relative humidity of the exiting air was over 90 percent. Significantly, the relative humidity precipitously dropped to well below 10 percent after 240 seconds (*i.e.*, four minutes) *(ibid.* **[*34]** *)*. n14 In short, the external air supplied to the Model 300's process chamber during the drying cycle can not actually and quickly absorb/ remove the evaporated cleaning liquid unless it is capable of "readily" performing such functions to begin with.

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n14 In the opening submission, Semitool specifically calls out the Semiconductor Equipment

Assessment industry report and uses the information from Fig. 2 for the truth of the matter asserted (Br. 11). In response, Dynamic Micro did *not* object on the basis of hearsay or make any evidentiary objection as to this report. Accordingly, any hearsay or admissibility objections are deemed waived.

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Dynamic Micro's counterevidence is insufficient to create a triable issue. To demonstrate a triable issue on the external air's capability to perform the absorption/ removal functions "readily," Dynamic points to five different types of tests conducted on the Model 300. Ostensibly, the various tests were conducted "to determine whether or not the air used in the DMS machine **[*35]** to provide positive pressure in the system met this Court's definition, viz was the air 'capable of readily absorbing and evaporating clean liquid from the carriers' and did it, in fact, 'facilitate the conversion of liquid to vapor'" (Opp. 9). Specifically, Dynamic Micro contends that the tests were designed to analyze the function of the external air supplied to the process chamber by comparing the operation of the Model 300 with air versus without air being supplied (*id.* at 10; Peltzer Decl. P 9).

In test one, the Model 300 was run with the entry and exhaust ports sealed to prevent external air from being admitted into the process chamber; the drain in the floor of the Model 300 remained open. Significantly, the water drain allows vapors to escape if pressure builds up in the process chamber (Wenzel Exh. F at P JJ). n15 Likewise, in test two, the process chamber was modified by running a duct system from the exhaust port to the entry port to prevent the admission of external air. As such, the process-chamber air was recycled. Again, the water drain remained open (*id.* at P MM). The Model 300 was run in its normal mode in test three; the entry and exhaust ports remained **[*36]** open as well as the water drain (*id.* at P NN). In test four, the Model 300 was run like in test three, except that the infrared lamps were deactivated (*id.* at P OO). Lastly, in test five, the Model 300 was run without any external air and with the infrared lamps deactivated (*id.* at P PP).

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n15 Exhibit F is the rebuttal report regarding infringement from Douglas Peltzer, Dynamic Micro's expert.

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In both tests one and two, the carriers were visually inspected and found to be dry "after 600 seconds" (*id.* at PP KK, MM). Similarly, in test three (where the Model 300 was operated in its normal mode), the carriers were found to be visually dry "in 600 seconds" (*id.* at P OO). From this similarity in carrier-drying time, Dynamic Micro argues the conclusion to be drawn must be that the supply of external air does not facilitate the conversion of liquid on the carriers to vapor and thus is not "capable of readily" performing the absorption/ removal functions.

Dynamic Micro is wrong. Significantly, in **[*37]** both tests one and two, there was *no* supply of external air. The Model 300 had been modified to prevent the admission of external air into the process chamber (*id.* at P EE). Indeed, an external-air supply could not facilitate the conversion of liquid to vapor in to the process chamber since external air was *not* admitted (*id.* at PP RR, UU). The similarity in carrier-drying time between tests one, two and three merely means that the infrared lamps alone (*i.e.*, without an external-air supply and with the water drain open) are able to dry carriers in the same time as when the Model 300 operated normally, with an external-air supply. n16 That the infrared lamps generate sufficient heat on

the carriers themselves to accomplish this does not, however, preclude the external air *when supplied* from being capable of readily performing the absorption/ removal functions and facilitating the conversion of liquid to vapor. In addition, the similarity in carrier-drying time was *not* the basis for Dynamic Micro's expert's opinion that the external air supplied to the Model 300 is not a "drying gas" (*id.* at PP QQ--YY; Peltzer Decl. PP 8--11). The leap of logic Dynamic **[*38]** Micro attempts to launch from the similarity in carrier-drying time is unsupported and can not be made.

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n16 As stated in the final claim-construction order, the "drying gas" need not be the sole cause for evaporation of the liquid on the carriers. It concluded (Order filed June 17, 2002, at 8):

> The problem with Dynamic Micro's argument is that the obvious role of the "drying gas" is to absorb the vapor and whisk it out the exhaust duct, regardless of other thermodynamic factors accelerating or decelerating the evaporation process. So long as the absorption/ removal functions are performed, *there will be drying of the carriers,* even if the drying process is accelerated, for example, by raising the temperature of the carriers.
>
> Therefore, the "drying gas" need not be the sole cause of evaporation. The evaporation process is a function of several variables, one of which is the capacity of the gas to absorb vapor. So long as the gas has the ability to do its part, it does not matter that other variables add to or subtract from the rate of evaporation.

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The basis for Dynamic Micro's expert's opinion does, however, underlie the remaining contention on why a triable issue exists (Opp. 11). On why the "supplying drying gas" element does not read on the Model 300, Dynamic Micro's expert stated (Peltzer Decl. P 10) (emphasis added):

> In the DMS system, the [external] air is inserted into the [Model 300] machine at room temperature. *In the absence of air supply,* the atmosphere within the processing chamber *during the drying cycle* has a dew point temperature above the temperature of the incoming air and, typically, above 40[degrees] C. *When room temperature air is supplied to the machine,* it does not absorb the vapors from the system; rather, it interacts with the ambient air and actually condenses that moisture causing the creation of liquid. The liquid is then emitted from the machine by a combination of the centrifugal force created by the operation of the rotor, gravity and the downward pressure of the air. Summarily stated, the air supplied to the processing chamber in the DMS Model 300 is not capable of readily absorbing evaporated cleaning liquid, because it causes evaporated liquid in the machine to be condensed **[*40]** to water.

It bears repeating that the atmospheric conditions necessary to set up this condensation scenario occurs "in the absence of air supply ... during the drying cycle." Put differently, the

necessary conditions do *not* occur when the Model 300 is operated in its normal mode. In discussing test data and results from when the Model 300 was operated in its normal mode, Dynamic Micro's expert stated (Wenzel Decl. Exh. F at P NN; Peltzer Dep. 10):

> Q. Now, if we turn to test 4C of your report. It's in appendix A. The conditions under which you measured the dew point of approximately 40 degrees C of a temperature of about 43 to 46 degrees C and relative humidity of 80 percent don't exist at any point in test 4C, do they?
>
> A. No.

Significantly, when the Model 300 is operated in its normal mode, Dynamic Micro's expert admitted that external air is supplied (via the entry port) to the process chamber at the outset of the drying cycle and continuously flows thereafter (as the external air enters with assistance from the centrifugal fan and then exits via the exhaust port) (Wenzel Decl. Exh. F at P O). In short, for this condensation scenario to occur, the **[*41]** drying cycle must first be initiated with the entry and exhaust ports sealed to prevent the admission of external air before the ports are subsequently unsealed to allow such an inflow.

At all events, a test with such parameters to measure whether condensation occurred from the inflow of external air -- after an absence of such a supply -- was *not* actually conducted. None of the different configurations of the Model 300 tested and detailed in Dynamic Micro's expert report included such parameters (*id.* at P EE). Indeed, the conclusion of condensation is based on the blending of two different sets of test data on temperatures and relative humidity of the process chamber. One set on test 4C was gathered when the Model 300 was operated in its normal mode (*id.* at P NN). The other set on tests 6A, 6B and 6C was gathered when the Model 300 was operated with its entry and exhaust ports sealed (*id.* at P KK). Dynamic Micro's expert stated (Peltzer Dep. 68--69) (emphasis added):

> Q. Well, the data that you have in test 4C shows a relative humidity of about 80 percent and a temperature of about 27 degrees C. Under those conditions as described in your data for test 4C, **[*42]** if you introduce clean room air at 24 degrees C, condensation does not occur does it?
>
> A. *Within the DMS 300 machine condensation will occur as shown by the comparison between the 6A, 6B and 6C tests and the 4C test.* The air introduced externally at 24 or 25 degrees encountering the air of only 80 percent humidity at 28 degrees C with a dew point of 23 degrees C here might not condense.
>
> Q. In fact, it wouldn't condense, would it?
>
> A. You're saying if I had air with a dew point of 23.3 degrees centigrade and I mix that air with air, incoming room air of about 24 degrees centigrade --
>
> Q. Right.
>
> A. -- I would get the minimal condensation, if any. Probably none, that's correct.

Nowhere in the expert report does Dynamic Micro's expert provide any explanation as to why it is appropriate to blend data obtained from such different operating conditions. Dynamic Micro, moreover, cites to and proffers no evidence to substantiate that net condensation due

to the supply of external air *actually* occurs when the Model 300 is operated in its normal mode.

To summarize, Dynamic Micro's counterevidence is insufficient to create a triable issue on whether the external **[*43]** air supplied to the process chamber during the Model 300's drying cycle meets the definition of "drying gas." No reasonably jury would have a basis to find otherwise. Its expert's opinion that the external air is not capable of readily performing the absorption/ removal functions lacks factual support and thus is merely a conclusory statement. *Techsearch L.L.C. v. Intel* Corp., 286 F.3d 1360, 1371 (Fed. Cir. 2002) HN15("A party may not overcome a grant of summary judgment by merely offering conclusory statements."). As such, Semitool's motion for summary judgment on independent Claim 1 and dependent Claims 4, 11, 12, and 17 of the '113 patent and independent Claim 1 of the '128 patent must be granted. n17 *Phillips Petroleum Co. v. Huntsman Polymers Corp.*, 157 F.3d 866, 876 (Fed. Cir. 1998) (holding that expert evidence that was "wholly conclusory, devoid of facts upon which the affiants' conclusions, as experts, were reached" failed to raise a genuine issue of material fact precluding summary judgment).

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n17 Again, Dynamic Micro does not dispute the remaining elements within the independent claims nor the additional elements within these dependent claims (Opp. 5--6).

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B. "Distinct Entrance and Exit Ports, and Distinct Entrance and Exit Doors."

Dependent Claims 18 and 19 of the '113 patent states (Col. 13:46--54):

> 18. A centrifugal cleaner for carriers according to claim 1 wherein there are distinct entrance and exit ports, and distinct entrance and exit doors, which controllably open and close said ports, respectively.
>
> 19. A centrifugal cleaner for carriers according to claim 1 wherein there are distinct entrance and exit ports, and distinct entrance and exit doors which controllably open and close said ports, respectively; said entrance and exit doors being slidable.

There is no dispute that the Model 300 may be configured and manufactured for sale with two distinct ports, each controlled for opening and closing by a distinct door (Opp. 13). In discussing a specifications drawing of the Model 300, Moran stated (Broaddus Decl. Exh. 15; Dep 66--68) (emphasis added):

> Q. *Do those two views show two different doors?*
>
> A. *Yes, sir. One is door one and one is door two.*
>
> Q. And are they on opposite sides of each other?
>
> A. Yes, sir.
>
> Q. What is the difference between door one and two door?

A. **[*45]** This is, the customer can configure whichever he wants to use as an input or an output.

Q. *Do some customers use one door as an input and one door as an output?*

A. *Yes, sir.*

***

Q. Okay. Do you have, does DMS have what it considers to be a standard configuration for a Model 300?

A. Our frame for our machine is standard.

Q. Okay, and does that frame have two doors?

A. *It can have one or two doors.*

Q. When a potential customer asks for information and you provide a technical package, does DMS provide a technical package describing a two-door device like that shown on page 1053.

A. Configurations of machine I don't believe is -- we try and present our capabilities, and the customer is the one who will determine whether he wants one door or two doors. He knows his facility. We do not know his facilities, and therefore *our machine is designed so that we can change it around very easily to be one or two doors.*

Q. Later on today I'll ask you about specific customers, but depending on what the customer requests, then, *is it correct to say that DMS provides either a one or two-door system?*

A. *Yes, sir.*

In addition, **[*46]** the two doors may be slidable. Moran, when discussing photographs of the accused device, stated (Broaddus Decl Exh. 10; Dep. 64--66)

A. Maybe if you look at [Moran Deposition] Exhibit 8, the bottom -- well, actually, okay, the bottom two pictures. Also the first picture on the top on the left, you can see the sliding door opened.

Q. *So the upper left picture in Exhibit 8 shows the sliding door opened?*

A. *Yes, sir, and if you --*

Q. *It has been slid to the right?*

A. *Yes, sir.*

Q. All right. Thank you. Go ahead.

A. You would have a better view maybe if you looked at the next picture down.

Q. Below it?

A. Yes. You can see the door with the little window, is the door.

Q. *Okay. So the portion that slides is what DMS considers to be the door?*

A. *Yes, sir.*

***

Q. Okay. Do any of [Moran Deposition] Exhibits 7, 8, or 9 show a DMS Model 300 with more than one door.

A. *Actually, all these pictures, I believe this machine has two doors,* but it seems we didn't do such a hot job in presenting them; I mean me personally or our people.

Accordingly, there is no question that Claims 18 and 19 read **[*47]** on Model 300 when it is manufactured with two distinct ports that may be used respectively for exit and entry and said ports are controlled by two distinct slidable doors.

The question, however, concerns whether Dynamic Micro has infringed Claims 18 and 19 by selling or offering to sell the Model 300 with two distinct ports controlled by two distinct slidable doors in the United States. Dynamic Micro contends that although the Model 300 may be manufactured in Germany and sold with two distinct ports controlled by two distinct slidable doors, Semitool has not proven that Dynamic Micro has either made, used, sold or offered to sell the Model 300 in such a configuration in this country. Dynamic Micro is wrong.

Dynamic Micro has offered to sell the Model 300 configured with two distinct ports controlled by two distinct slidable doors within the meaning of Section 271(a). n18 HN16 An offer to sell an infringing article constitutes an act of infringement. 35 U.S.C. 271(a); *3 D Systems, Inc. v. Aarotech Laboratories, Inc.*, 160 F.3d 1373, 1378 (Fed. Cir. 1998) ("Patent infringement results from an offer to sell as well as the sale itself."). Specifically, **[*48]** Dynamic Micro has offered to sell via a price-quotation letter to IBM, located at East Fishkill, New York. HN17 "As a matter of federal statutory construction, the price quotation letters can be regarded as 'offers to sell' under § 271 based on the substance conveyed in the letters, *i.e.*, a description of the allegedly infringing merchandise and the price at which it can be purchased." *Id.* at 1379 (holding that price quotes were offers to sell despite disclaimers otherwise).

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n18 Since Claim 18 (requiring two distinct ports controlled by two distinct doors) is subsumed within the narrower Claim 19 (requiring two distinct ports controlled by two distinct *slidable* doors), this order addresses whether Claim 19 reads on the Model 300 that Dynamic Micro has offered to sell in the United States.

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In the price-quotation letter, Dynamic Micro offered IBM a Model 300 with one distinct port

controlled by a slidable door. Significantly, it also offered the option of purchasing another port controlled **[*49]** by another slidable door (Broaddus Reply Decl. Exh. 8). The price-quotation letter dated May 14, 2001, was addressed to *(ibid.)*:

> IBM
> Purchasing Department
> Attn: Mr. Kevin Brooks
> East Fishkill Plant
> NY 99999
> U.S.A.

Further on, in listing the key standard features of the Model 300, it stated *(ibid.)*:

> One Heavy duty sliding door with see-through window, with seal ring. Electronic safety interlock. Operation control panel with key pad.

After highlighting the standard features, the price-quotation letter stated *(ibid.)* (emphasis added):

> TOTAL PRICE FOR ONE COMPLETE DMS MODEL 300 -- MILESTONE III CENTRIFUGAL FORCE CLEANING PROCESSOR for 300 mm Wafer FOUPS US $ 259,850.--
>
> Crating and packing per system US $ 2,560.--
>
> Start-Up and Training for Model 300 -- Milestone, US 1,000.-- per day plus all travel and living expenses.
>
> OPTIONS:
>
> The following options may be acquired and integrated into the existing system.
>
> Retrackable Step and Rail stainless polished each US $ 4,950.--
>
> Additional interchangeable inserts for FOUPs and FOSBs.
>
> Price per set (minimum of two piece required) US $ 5,850.--
>
> *One* **[*50]** *Additional sliding door with safety interlock. Operation keys. Process signal lights.* US $ 16,950.--

In addition, Dynamic Micro admitted that it has offered to sale the Model 300 to IBM. In response to requests for admission and interrogatories propounded by Semitool, Dynamic Micro stated (Broaddus Reply Decl. Exh. 11, 12) (emphasis added):

> REQUEST FOR ADMISSION NO. 3:
> Admit that you have offered to sell any of your centrifugal wafer carrier cleaning devices, including but not limited to the Model 300 Centrifugal Force Cleaner or the DMS Milestone III, to IBM's 300 mm plant in East Fishkill, New York, in the

United States.

RESPONSE:
DMS admits that it has offered to sell the DMS Milestone III to IBM's 300 mm plant in East Fishkill, New York.

***

Interrogatory No. 4.
Identify each of your centrifugal wafer carrier cleaning devices that you have promoted, offered to sell or sold in the United States, including if appropriate, but without limitation, the Model 300 Centrifugal Force Cleaner and the DMS Milestone III.

Answer No. 4
Model 300 Centrifugal Force Cleaner and the DMS Milestone III.

Interrogatory No. 5.
For each **[*51]** product identified in your response to Interrogatory No. 4, identify each person in the United States to whom you have promoted, offered to sell, or sold each product, including the dates on and terms for which each product was promoted or offered for sale to that person and whether a sale has been consummated.

Answer No. 5.
1) Conexant Systems, Inc.; 9868 Scranton Road, San Diego, CA 92121.
DMS Model 300, ordered on October 12, 2000 and invoiced on February 9, 2001.
The gross price of the DMS Model 300 was $ 180,771.40.
DMS Model 300, ordered on November 2, 2000 and invoiced on March 16, 2001.
The gross price of the DMS Model 300 was $ 176,925.20.

2) IBM; East Fishkill, New York;
Sales discussions concerning the purchase of two DMS Milestone III devices were held on or about January 17, 2001 in East Fishkill, NY. Sales are pending, but have not yet been consummated. Terms and conditions of the sales to IBM will be produced with the IBM sales documents can be discerned therefrom.

The pending sales to IBM have since been consummated (Opp. 16). Significantly, the sales were *actually* consummated in the United States as evidenced by the purchasing order **[*52]** (Broaddus Reply Decl. Exh. 14). *Quality Tubing, supra,* 75 F. Supp. 2d at 624 (holding that HN18"because a sale is infringing only if it occurs within the United States, an offer to sell is not infringement unless the contemplated sale is to occur in the United States"). The purchasing order indicated a Model 300 was to be shipped to IBM at Hopewell Junction, New York. The bill was to be sent to IBM at Endicott, New York (Broaddus Reply Decl. Exh. 14). *North American, supra,* 35 F.3d at 1579--81 (holding that the sale of an allegedly infringing article occurred in the state where the buyer was located, although not necessarily only there, even if the F.O.B. freight terms indicated another location). Here the buyer, the destination point, and the place of intended actual use were all located within the United States. n19 Accordingly, Claims 18 and 19 read on the Model 300 when configured with two distinct ports controlled by two distinct slidable doors, which Dynamic Micro has offered to sell in the United States.

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n19 At the hearing, Dynamic Micro admitted that for IBM and Conexant, their respective Model 300 units were purchased for use at domestic facilities.

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CONCLUSION

To summarize, this order concludes:

1. The motion as to the Model 300 is **GRANTED.** Specifically, independent Claim 1 and dependent Claims 4, 11, 12, 17, 18 and 19 of the '113 patent and independent Claim 1 of the '128 patent are infringed by the Model 300;

2. The motion as to independent Claim 28 of the '127 patent is **DENIED.** Plaintiff did not plead infringement under Section 271(a) in the operative complaint;

3. The motion as to the Model 310 is **DENIED** in its entirety.

IT IS SO ORDERED.

Dated: September 5, 2002.

WILLIAM ALSUP

UNITED STATES DISTRICT JUDGE