

EXHIBIT C

FILED

MAR 13 2008

RICHARD W. WIEKING
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

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

ELANTECH DEVICES CORP., a
corporation existing under the laws of
Taiwan, R.O.C.,

Plaintiff,

v.

SYNAPTICS, INC., a Delaware corporation;
and AVERATEC, INC., a California
corporation,

Defendants.

No. C 06-01839 CRB

MEMORANDUM AND ORDER

FILED UNDER SEAL

Elantech Devices Corp. ("Elantech") filed suit against Synaptics, Inc. ("Synaptics") for infringement of U.S. Patent No. 5,825,352 ("the '352 patent"). Synaptics counterclaimed for infringement of U.S. Patents No. 5,880,411 ("the '411 patent"), No. 5,943,052 ("the '052 patent"), No. 5,543,592 ("the '592 patent"), and No. 6,380,931 ("the '931 patent").

Now pending before the Court are Elantech's motion for partial summary judgment and Elantech's motion for preliminary injunction. Elantech argues that Synaptics's touchpad products implementing Type 2 Code infringe Claim 18 of the '352 patent as a matter of law. Elantech's motion for preliminary injunction seeks to enjoin Synaptics from infringing the '352 patent by importing, making, using, selling, or offering to sell its touchpad products implementing Type 2 Code.

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1 **I. BACKGROUND**

2 **A. Procedural History**

3 The Court previously construed eight terms from the asserted patents as selected by
4 the parties, including four terms from Elantech's '352 patent. See generally Claim
5 Construction Order, April 6, 2007.

6 After the Claim Construction Order issued, Synaptics moved for summary judgment
7 of noninfringement of the '352 patent. Elantech cross-moved for summary judgment of
8 infringement. In its October 26, 2007 Memorandum and Order Re: Summary Judgment
9 Motions ("October 26 Order"), the Court granted Synaptics's motion for partial summary
10 judgment of noninfringement for those devices implementing Type 1 Code, but denied
11 Synaptics's motion as to devices implementing Type 2 Code. The Court also denied
12 Elantech's motion for summary judgment of infringement for all Accused Touchpads on the
13 ground that Accused Touchpads that implement Type 1 Code do not infringe claim 18 of the
14 '352 patent. The Court explained: "The Court would grant summary judgment of
15 infringement for Accused Touchpads implementing Type 2 Code and having enabled finger
16 counting functionality, but Elantech did not move for partial summary judgment; instead, its
17 motion seeks judgment on all Accused Touchpads without distinction." October 26 Order at
18 15: 21-24. Elantech accordingly has now moved for summary judgment of infringement for
19 Accused Touchpads implementing Type 2 Code.

20 **B. The '352 Patent**

21 The '352 patent, entitled "Multiple Fingers Contact Sensing Method for Emulating
22 Mouse Buttons and Mouse Operation on a Touch Sensor Pad," discloses methods and
23 apparatus for recognizing the presence of multiple fingers on a touchpad and emulating
24 various mouse functions. Claim 18 is an independent claim which discloses "a touch sensor
25 for detecting the operative coupling of multiple fingers." The claim recites two elements, a
26 "means for scanning the touch sensor to (a) identify a first maxima in a signal corresponding
27 to a first finger, (b) identify a minima following the first maxima, and © identify a second
28 maxima in a signal corresponding to a second finger following said minima" and a "means

1 for providing an indication of the simultaneous presence of two fingers in response to
2 identification of said first and second maxima.”

3 **II. MOTION FOR PARTIAL SUMMARY JUDGMENT OF INFRINGEMENT**

4 In its motion for partial summary judgment, Elantech asks that judgment be entered
5 confirming that Synaptics’s touchpads using Type 2 Code with multiple finger detection
6 enabled infringe claim 18 of its ’352 patent.

7 **A. Legal Standard for Summary Judgment**

8 Summary judgment is appropriate when there is no genuine issue as to any material
9 fact and the moving party is entitled to judgment as a matter of law. Summary judgment is
10 improper “if the evidence is such that a reasonable jury could return a verdict for the
11 nonmoving party.” Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 248 (1986). An issue is
12 “genuine” only if there is sufficient evidence for a reasonable fact finder to find for the
13 non-moving party. See id. at 248-49. A fact is “material” if the fact may affect the outcome
14 of the case. See id. at 248. “On summary judgment, the evidence must be viewed in the light
15 most favorable to the party opposing the motion, with doubts resolved in favor of the
16 nonmovant.” Crown Operations International, Ltd. v. Solutia Inc., 289 F.3d 1367, 1375
17 (Fed. Cir. 2002) (citations omitted).

18 **B. Act of Infringement in the United States**

19 35 U.S.C. § 271(a) states that “whoever without authority makes, uses, offers to sell,
20 or sells any patented invention, within the United States or imports into the United States any
21 patented invention during the term of the patent therefor, infringes the patent.” In general,
22 sales made outside the United States do not constitute patent infringement. See Microsoft
23 Corp. v. AT & T Corp., 127 S. Ct. 1746, 1750 (2007).

24 Synaptics argues that Elantech has presented no evidence of sales of infringing
25 product in the United States. The Court is not persuaded. In order to demonstrate that
26 Synaptics’s touchpads could infringe, Elantech engineers purchased computers with
27 Synaptics’s touchpads in the United States. October 26 Order at 10:19-22; Declaration of
28 Teng-Yen Wu in Support of Elantech’s Motion for Summary Judgment of Infringement, ¶ 3.

1 Such evidence supports an inference of sales of the infringing product in the United States.
2 Synaptics does not offer any evidence to dispute that inference. In light of this undisputed
3 evidence, Elantech has met its burden of establishing an act of infringement within the
4 United States.

5 **C. Synaptics Products Implementing Type 2 Code Literally Infringe Claim 18**

6 **1. Legal Standard for Literal Infringement**

7 To determine infringement, the asserted claim must be compared to the allegedly
8 infringing method or device. Markman v. Westview Instruments, Inc., 52 F.3d 967, 976
9 (Fed. Cir. 1995). To establish literal infringement, every claim limitation, or claim element,
10 must be found in the accused subject matter. Warner-Jenkinson Co. v. Hilton Davis
11 Chemical Co., 520 U.S. 17, 29, 40 (1997). Thus, establishing that the accused method or
12 device does not satisfy one claim limitation would support a finding of noninfringement. Id.
13 The patentee must prove infringement by a preponderance of the evidence. Bayer AG v.
14 Elan Pharm. Research Corp., 212 F.3d 1241, 1247 (Fed. Cir. 2000).

15 Determining infringement is a two-step process involving: 1) construing the patent
16 claims and 2) determining whether infringement occurred. Markman v. Westview
17 Instruments, Inc., 517 U.S. 370, 384 (1996).

18 **2. Means-Plus-Function Claims Require Comparison of Structures**

19 35 U.S.C. § 112, ¶ 6 permits “means-plus-function” claims, which allow an element in
20 a claim with a combination of elements to be expressed as a “means” that performs a recited
21 function rather than be expressed as a specific structure. However, the statute also limits
22 how the “means” may be interpreted. In order to prevent the claim from reading on an
23 unlimited number of structures, the claim must be interpreted in accordance with the statute:
24 “such claim shall be construed to cover the corresponding structure, material, or acts
25 described in the specification and equivalents thereof.” 35 U.S.C. § 112, ¶ 6. If the written
26 description of the patent fails to disclose the “corresponding structure” for the means recited
27 in the claim, the claim will be found invalid for failure “to particularly point out and
28 distinctly claim the invention.” In re Donaldson Co., Inc., 16 F.3d 1189, 1195 (Fed. Cir.

1 1994).

2 In order to find literal infringement, the structure disclosed in the written description
3 must be identical or equivalent to an identified structure in the accused device. JVW Enters.
4 v. Interact Accessories, Inc., 424 F.3d 1324, 1333 (Fed. Cir. 2005). Restated, a “structure in
5 the accused device must perform the claimed function in substantially the same way to
6 achieve substantially the same result as the structure in the written description.” Id. (quoting
7 Odetics, Inc.v. Storage Tech. Corp., 185 F.3d 1259, 1267 (Fed. Cir. 1999)).

8 Claim 18 of the '352 patent involves two elements written in means-plus-function
9 form. The first element is a “means for scanning the touch sensor . . . ,” while the second
10 element is a “means for providing an indication of the simultaneous presence of two fingers
11 in response to identification of said first and second maxima.” (Emphasis added).

12 Synaptics argues that structures corresponding to the “means for providing an
13 indication” have not been identified in either the written description of the patent or in the
14 accused device.

15 Elantech has satisfactorily identified a structure in the written description that
16 performs the function of “providing an indication.” The written description of the '352
17 patent discloses the microcontroller 60 which governs the operation of the touchpad. '352
18 patent at 5:32-25.

19 Elantech has also satisfactorily identified a structure in the accused device which
20 serves as a “means for providing an indication.” As the Court previously concluded, the
21 execution of the OneAxis routine “satisfies the ‘providing an indication’ claim limitation.”
22 October 26 Order at 11:12-15. Therefore, Elantech has satisfactorily identified the structures
23 in both the written description of the '352 patent and in the accused device that correspond to
24 both means-plus-function elements of claim 18, defeating Synaptics’s indefiniteness
25 argument.

26 3. Claim Construction

27 Claim 18 of the '352 patent claims “a touch sensor for detecting the operative
28 coupling of multiple fingers” with two means-plus-function elements. The first element,

1 “means for scanning” has three sub limitations (a)-©, which were construed to mean (a)
2 “identify a first peak value in a finger profile obtained from scanning the touch sensor,” (b)
3 “identify the lowest value in the finger profile that occurs after the first peak value, and
4 before another peak value is identified,” and © “after identifying the lowest value in the
5 finger profile, identify a second peak value in the finger profile.” Claim Construction Order
6 at 15:1-7.

7 The second element, “means for providing an indication of the simultaneous presence
8 of two fingers,” was not construed in the Claim Construction Order but was defined in the
9 October 26 Order at 6:18-7:28. The Court determined that the claim requires an “affirmative
10 step to provide an indication of multiple fingers,” but “does not require that the ‘indication’
11 of two fingers be returned to the host.” *Id.* at 7:26-28.

12 4. Comparison of Structures for Infringement

13 Synaptics’s touchpads implementing Type 2 Code infringe claim 18 of Elantech’s
14 ’352 patent only if the accused devices include each limitation of the claim. The claim
15 limitations at issue are the “means for scanning” element, including its sublimitations
16 requiring identification of maxima and minima, and the “means for providing an indication”
17 element.

18 “Means for Scanning”

19 The Court previously denied Synaptics’s motion for summary judgment of
20 noninfringement for touchpads that implement Type 2 Code because each limitation of the
21 “means for scanning” element is found within the “bitpattern” or “bit vector” algorithm used
22 in the buildPeakBitsPattern routine. October 26 Order at 14:5-15:14. Specifically, “a ‘01’
23 pattern’ in this vector identifies the presence of a maximum and a ‘10’ pattern identifies the
24 presence of a minimum.” *Id.* at 14:12-13.

25 Synaptics’s assertion that Type 2 Code does not perform a necessary “analysis” of the
26 bit array to identify the presence of a minima has previously been considered and refuted by
27 the Court. *Id.* at 14:22-25 (holding that the “asserted claims do not require an ‘analysis’ or
28 ‘indication’ of the minima or lowest value; the claims only require that the minima or lowest

1 value is 'identified,' and Type 2 Code identifies a minimum or lowest value at the '10'
2 transitions").

3 Synaptics also argues that Type 2 Code does not identify the location of the minima
4 nor identify specific minima and therefore cannot infringe. This argument is based on
5 additional claim limitations that the Court previously considered and rejected. The Court
6 declined to read into the term "minima" any additional position information. Claim
7 Construction Order at 14:1-23. This argument must again be rejected.

8 In summary, Elantech has established as a matter of law that the sublimitations of the
9 "means for scanning" element are met by Synaptics's touchpads implementing Type 2 Code.
10 "Means for Providing an Indication"

11 The "means for providing an indication" element requires an "affirmative step to
12 provide an indication of multiple fingers," but "does not require that the 'indication' of two
13 fingers be returned to the host." October 26 Order at 7:26-28. As discussed supra, Elantech
14 has satisfied its burden of identifying corresponding structures in the written description and
15 in the accused device for this means-plus-function element.

16 As there is no genuine issue as to any material fact that each element of claim 18 of
17 the '352 patent is found within Synaptics's touchpads implementing Type 2 Code, Elantech's
18 motion for partial summary judgment of infringement for these devices is granted.

19 III. MOTION FOR PRELIMINARY INJUNCTION

20 Elantech seeks to enjoin Synaptics from infringing the '352 patent by importing,
21 making, using, selling, or offering to sell its touchpads implementing Type 2 Code.

22 Preliminary injunctions are "issued to protect the patent owner's rights during the time
23 of the law suit." 7-20 Donald S. Chisum, Chisum on Patents § 20.04 (2007). District courts
24 have discretion under 35 U.S.C. § 283 to grant or deny preliminary injunctions.

25 Amazon.com, Inc. v. Barnesandnoble.com, 239 F.3d 1343, 1350 (Fed. Cir. 2001). In
26 deciding whether to grant a preliminary injunction, district courts should consider the same
27 equitable factors that apply in other areas of the law. Abbott Labs. v. Andrx
28 Pharmaceuticals, Inc., 452 F.3d 1331, 1334 (Fed. Cir. 2006). The moving party must

1 establish its right to a preliminary injunction in light of these four factors: “(1) a reasonable
2 likelihood of success on the merits; (2) irreparable harm if the injunction is not granted; (3) a
3 balance of hardships tipping in its favor; and (4) the injunction’s favorable impact on the
4 public interest.” Amazon.com, 239 F.3d at 1350 (citing Reebok International Ltd. v. J.
5 Baker, Inc., 32 F.3d 1552, 1555 (Fed. Cir. 1994)). Of these four factors, the first two are the
6 most important; a movant cannot be granted a preliminary injunction without findings by the
7 district court that the movant carried its burden in establishing a reasonable likelihood of
8 success on the merits and irreparable harm. Reebok International, 32 F.3d at 1556 (citing
9 Hybritech, Inc. v. Abbott Labs., 849 F.2d 1446, 1451, 1456 (Fed. Cir. 1988)).

10 **A. Likelihood of Success**

11 The first equitable factor, a reasonable likelihood of success, requires a showing of
12 validity and infringement. Id. at 1555 (citing Hybritech, 849 F.2d at 1451). An accused
13 infringer may successfully challenge a motion for preliminary injunction by raising a
14 “substantial question” concerning validity, enforceability, or infringement. Abbott Labs.,
15 452 F.3d at 1335 n.2. However, no “substantial question” is raised if the patent holder can
16 show that the proffered defense “lacks substantial merit.” Id.

17 **1. Validity**

18 In the context of a preliminary injunction motion, “[t]he showing of a substantial
19 question as to invalidity . . . requires less proof than the clear and convincing showing
20 necessary to establish invalidity itself.” Id. On the other hand, “a patentee need not establish
21 the validity of a patent beyond question” but must “present a clear case supporting the
22 validity of the patent in suit.” Id.

23 Synaptics challenges the validity of the ’352 patent on the grounds of indefiniteness
24 and obviousness.

25 **a. Indefiniteness**

26 Synaptics’s first attempt to raise a “substantial question” of validity challenges claim
27 18 of the ’352 patent on the grounds of indefiniteness. This argument is essentially identical
28 to the previous issue involving infringement of means-plus-function claims. As the Court

1 discussed, neither means-plus-function element of the claim is fatally indefinite because
2 sufficient structures have been identified in both the written description and in the accused
3 device. See supra ¶. 4-5.

4 **b. Obviousness**

5 Next, Synaptics seeks to raise a “substantial question” of validity on the grounds of
6 obviousness. The Court’s analysis of obviousness begins with 35 U.S.C. § 103(a), which
7 forbids the issuance of a patent when “the differences between the subject matter sought to
8 be patented and the prior art are such that the subject matter as a whole would have been
9 obvious at the time the invention was made to a person having ordinary skill in the art to
10 which said subject matter pertains.” In an invalidity challenge against an issued patent, the
11 Court begins its analysis with 35 U.S.C. § 282, which states that “an issued patent is
12 presumed valid.” KSR International Co. v. Teleflex Inc., 127 S. Ct. 1727, 1737 (2007).
13 However, even issued patents may be challenged for obviousness using the framework
14 described in John Deere, which describes the relevant factors of: (1) the scope and content of
15 the prior art, (2) the differences between the prior art and the claims at issue, and (3) the level
16 of skill in the pertinent art. Id. at 1729-30 (citing Graham v. John Deere Co. of Kansas City,
17 383 U.S. 1, 17-18 (1966)).

18 In KSR International, the Supreme Court further elucidated the analysis necessary to
19 determine “whether a patent claiming the combination of elements of prior art is obvious.”
20 KSR International, 127 S. Ct. at 1740. The Court recognized that “a patent composed of
21 several elements is not proved obvious merely by demonstrating that each of its elements
22 was, independently, known in the prior art.” Id. at 1741. Nonetheless, a “combination of
23 familiar elements according to known methods is likely to be obvious when it does no more
24 than yield predictable results.” Id. at 1739. The Court rejected the Federal Circuit’s TSM
25 (teaching-suggestion-motivation) test in favor of “an expansive and flexible approach,”
26 holding: “[i]n determining whether the subject matter of a patent claim is obvious, neither the
27 particular motivation nor the avowed purpose of the patentee controls. What matters is the
28 objective reach of the claim. If the claim extends to what is obvious, it is invalid under

1 § 103.” Id. at 1739, 1741-42. Therefore, a court should look at the “interrelated teachings of
2 multiple patents; the effects of demands known to the design community or present in the
3 marketplace and the background knowledge possessed by a person having ordinary skill in
4 the art, all in order to determine whether there was an apparent reason to combine the known
5 elements in the fashion claimed by the patent at issue.” Id. at 1740-41. However, “this
6 analysis should be made explicit;” “mere conclusory statements” are insufficient to support
7 the legal conclusion of obviousness, instead “there must be some articulated reasoning with
8 some rational underpinning.” Id. at 1741 (citing In re Kahn, 441 F.3d 977, 988 (Fed. Cir.
9 2006)).

10 Synaptics argues that claim 18 of the '352 patent is obvious because prior art discloses
11 each element of the claim, specifically “touch sensors detecting multiple fingers,” “use of
12 maxima values,” “identifying a minima,” and “providing an indication of the simultaneous
13 presence of two fingers.” Synaptics relies on two patents as prior art: U.S. Patent No.
14 7,109,978 B2, assigned to Synaptics (“the '978 patent”) and U.S. Patent No. 4,686,332,
15 assigned to IBM (“the '332 patent”).

16 Synaptics’s obviousness challenge does not raise a “substantial question” on several
17 independent grounds. First, this Court must determine whether Synaptics’s proffered patents
18 can be considered prior art, and whether they were considered by the Examiner. Elantech’s
19 '352 patent dates back to its February 28, 1996 filing date. Synaptics asserts that the '978
20 patent, though filed on March 26, 2004, obtains the benefit of an earlier priority date under
21 35 U.S.C. § 120 because it is part of a series of continuation and continuation-in-part
22 applications dating back to U.S. Patent No. 5,543,591, filed on October 7, 1994. '978 patent
23 at 1:5-22. However, claims in a continuing application or series of continuing applications
24 must be fully supported by the disclosure of the parent application in order to be entitled to
25 the filing date of the parent. See Lockwood v. American Airlines, Inc., 107 F.3d 1565, 1572
26 (Fed. Cir. 1997). Therefore, to the extent that the claims of '978 patent are not supported by
27 the disclosure of the '591 patent, they would not be entitled to the earlier filing date and
28 cannot be considered prior art against the '352 patent. Alternatively, the claims of the '978

1 patent that are supported by the disclosure of the '591 patent and obtain the benefit of the
2 earlier filing date receive the same analysis as the '332 patent: both the '591 and '332 patents
3 are referenced as prior art in the '352 patent and have been considered by the Examiner.
4 '352 patent at [56]. Synaptics faces a heavier burden in establishing invalidity using these
5 patents: “[w]hen no prior art other than that which was considered by the PTO examiner is
6 relied on by the attacker, he has the added burden of overcoming the deference that is due to
7 a qualified government agency presumed to have done its job” Polaroid Corp. v.
8 Eastman Kodak Co., 789 F.2d 1556, 1560 (Fed. Cir. 1986) (citing American Hoist & Derrick
9 Co. v. Sowa & Sons, Inc., 725 F.2d 1350, 1359 (Fed. Cir. 1984)).

10 In its attempt to overcome the Examiner’s determination of nonobviousness, Synaptics
11 argues both that the Examiner “may not have fully realized the significance of the
12 disclosures” of the '591 patent and that prior art was “mischaracterized . . . in an attempt to
13 overcome rejections during prosecution.” After considering Synaptics’s arguments, this
14 Court concludes that Synaptics has not overcome the heavy burden of overcoming the
15 deference due to the Examiner; Synaptics does not sufficiently explain exactly how the
16 Examiner erred in issuing the patent. Thus, Synaptics’s obviousness challenge in reliance of
17 previously considered prior art does not have the “substantial merit” necessary to defeat
18 Elantech’s preliminary injunction motion.

19 Second, Synaptics fails to cite prior art that involves “identifying a minima.”
20 Synaptics states that both the '978 patent and '332 patent disclose devices that generate data
21 from which it is possible to determine both the location and value of a minima. However,
22 Synaptics fails to specifically identify where in these patents the minima is identified;
23 instead, Synaptics merely concludes that “this data is sufficient to enable both the location
24 and the value of a minima following the first maxima to be determined.”

25 Lastly, even if “identifying a minima” and every other element of the claim was
26 disclosed (separately) by prior art, Synaptics also fails to provide “articulated reasoning with
27 some rational underpinning” from which the Court could determine that it was obvious to
28 combine each of these elements in a single invention. Instead, Synaptics merely points to

1 each individual element of the claim and argues that each element is individually obvious in
2 light of prior art. Thus Synaptics's proffered obviousness defense lacks substantial merit by
3 failing to present an adequate rationale by which a person of ordinary skill in the art would
4 combine the elements that are allegedly present in the prior art to form claim 18. See KSR
5 International, 127 S. Ct. at 1741.

6 In summary, Synaptics's obviousness defense fails to raise a substantial question of
7 invalidity. Elantech has presented a clear case supporting the validity of claim 18 of the '352
8 patent.

9 3. Infringement

10 In addition to validity, Elantech also must demonstrate that there is no substantial
11 question as to whether Synaptics has infringed claim 18. Because the Court grants
12 Elantech's motion for partial summary judgment of infringement of claim 18 of the '352
13 patent, Elantech has sufficiently shown a likelihood of success for its preliminary injunction
14 motion.

15 B. Irreparable Harm

16 The second equitable factor in a motion for preliminary injunction is a showing of
17 irreparable harm if the injunction does not issue. This factor is closely related to the first
18 factor in patent infringement suits: "a strong showing of likelihood of success on the merits
19 coupled with continuing infringement raises a presumption of irreparable harm to the
20 patentee." Reebok International, 32 F.3d at 1556; see Abbott Labs., 452 F.3d at 1347. This
21 presumption in patent infringement suits arises because "the principal value of a patent is its
22 statutory right to exclude," therefore, "the nature of the patent grant weighs against holding
23 that monetary damages will always suffice to make the patentee whole." Reebok
24 International, 32 F.3d at 1557 (citing Hybritech, 849 F.2d at 1457).

25 However, the presumption of irreparable harm is rebuttable: an alleged infringer may
26 disprove irreparable harm by producing evidence that the patentee would not be harmed if
27 the preliminary injunction does not issue. Id. In certain cases, a period of delay prior to
28 seeking a preliminary injunction in a patent infringement suit "may be so significant, in the

1 district court's discretion, as to preclude a determination of irreparable harm." Hybritech,
2 849 F.2d at 1457. But "a showing of delay does not preclude, as a matter of law, a
3 determination of irreparable harm," instead "a period of delay is but one circumstance that
4 the district court must consider in the context of the totality of the circumstances." Id. The
5 Federal Circuit has also stated that "[a]bsent a good explanation, . . . 17 months is a
6 substantial period of delay that militates against the issuance of a preliminary injunction by
7 demonstrating that there is no apparent urgency to the request for injunctive relief." High
8 Tech Medical Instrumentation, Inc. v. New Image Indus., Inc., 49 F.3d 1551, 1557 (Fed. Cir.
9 1995).

10 The presumption of irreparable harm may also be rebutted by showing that money
11 damages are an adequate remedy if a preliminary injunction is not granted. In the context of
12 patent infringement cases, "the nature of the patent grant . . . weighs against holding that
13 monetary damages will always suffice to make the patentee whole, for the principal value of
14 a patent is its statutory right to exclude." H.H. Robertson Co. v. United Steel Deck, Inc., 820
15 F.2d 384, 390 (Fed. Cir. 1987), overruled on other grounds by Markman v. Westview
16 Instruments, Inc., 52 F.3d 967, 977 (Fed. Cir. 1995). "This presumption derives in part from
17 the finite term of the patent grant, for patent expiration is not suspended during litigation, and
18 the passage of time can work irremediable harm." Id. Preliminary injunctions are thus
19 warranted to deny potential infringers the "opportunity to practice an invention during the
20 notoriously lengthy course of patent litigation." Id. However, "there is no presumption that
21 money damages will be inadequate in connection with a motion for an injunction pendente
22 lite." Nutrition 21 v. U.S., 930 F.2d 867, 872 (Fed. Cir. 1991). Instead, "[s]ome evidence
23 and reasoned analysis for that inadequacy should be proffered," such as the few remaining
24 years of patent life. Id. (citing H.H. Robertson, 820 F.2d at 390).

25 Lastly, even if a finding of irreparable harm is not rebutted, district courts are not
26 automatically required to grant injunction relief; instead "the decision whether to grant or
27 deny injunction relief rests within the equitable discretion of the district courts," to be
28 "exercised consistent with traditional principles of equity." eBay Inc. v. MercExchange,

1 L.L.C., 126 S.Ct. 1837, 1841 (2006).

2 Elantech is entitled to a presumption of irreparable harm because it has made a strong
3 showing of likelihood of success: indeed, the Court concludes that Elantech has proven
4 infringement as a matter of law and Synaptics has failed to raise a substantial question of
5 validity. See Reebok, 32 F.3d at 1556-57. Synaptics attempts to rebut this presumption on
6 two grounds: that Elantech has unreasonably delayed in filing its preliminary injunction
7 motion, and that money damages would be adequate. The Court finds that in the
8 circumstances of this case, neither argument rebuts the presumption.

9 First, Synaptics correctly asserts that delay is “one factor to be considered by a district
10 court in its analysis of irreparable harm.” Nutrition 21, 930 F.2d at 871. Synaptics points to
11 a 21-month delay since the lawsuit was filed on March 10, 2006 in order to prove that
12 Elantech has not been irreparably harmed. However, according to Synaptics, “the parties
13 have periodically engaged in settlement discussions over the past two years.” Syn. Opp. at 2.
14 Settlement discussions have been recognized as a “good explanation” for the delay in seeking
15 a preliminary injunction. See High Tech Medical Instrumentation, 49 F.3d at 1557; see also
16 Russell William, Ltd. v. ABC Display and Supply, Inc., No. 88-CV-265, 1989 WL 23947, at
17 *2 (E.D.N.Y. 1989) (“In certain instances, courts have excused delays where the parties were
18 attempting to negotiate a settlement, [or] where the defendant has led the plaintiff to believe
19 that it would cease the infringing conduct.”). Moreover, Synaptics is unable to cite any case
20 in which a preliminary injunction has been denied *after* summary judgment has entered
21 against the party challenging the preliminary injunctive relief.

22 Synaptics also overemphasizes the statement in Nutrition 21 that there is no
23 presumption that money damages will be inadequate. In Nutrition 21, the Federal Circuit
24 explained that normally as long as “[s]ome evidence and reasoned analysis for that
25 inadequacy . . . [is] proffered,” a district court may grant a preliminary injunction, but in that
26 case the appellate court overturned the injunction because “an adequate supporting record”
27 had not been made. Nutrition 21, 930 F.2d at 871. Elantech’s patent will expire in 2016, 20
28 years from its filing date. The ’352 patent grant has less than half of its term remaining.

1 This Court also anticipates continuing and protracted litigation; final judgment, and thus
2 permanent injunctive relief, cannot be entered until the Court resolves Synaptics's
3 counterclaims against Elantech. Delaying an injunction until the litigation is concluded
4 would irreparably harm Elantech by depriving Elantech of part of its patent grant. In
5 addition, because Elantech and Synaptics both sell touchpads, Elantech's lost market share
6 may be difficult to calculate and compensate with money damages. Finally, at oral argument,
7 Synaptics claimed that it is no longer manufacturing touchpads with Type 2 Code so there is
8 no need for an injunction. The short answer is that there is no evidence in the record to
9 support Synaptics's statement.

10 Considering the totality of the circumstances, the Court finds that Elantech will suffer
11 irreparable harm if the preliminary injunction does not issue.

12 **D. Balance of Hardships**

13 The Court finds that the balance of hardships favors Elantech; indeed Synaptics does
14 not even address this factor. Synaptics, as the larger company with multiple touchpad
15 products, would not be forced out of business or even out of the touchpad market if the
16 preliminary injunction is granted. But if the preliminary injunction is not granted Elantech's
17 patent could lose its value over the course of litigation. Therefore the balance of hardships
18 favors Elantech.

19 **E. Public Interest**

20 As stated in Abbott Labs., the "public is best served by enforcing patents that are
21 likely valid and infringed." Abbott Labs., 452 F.3d at 1348. Given Elantech's likelihood of
22 success on the merits of validity and infringement, this factor tips in Elantech's favor.
23 Synaptics presents no argument on its behalf as to this factor.

24 In summary, considering each of the equitable factors for a preliminary injunction, the
25 Court finds that on balance the factors favor Elantech, especially in its proof of likelihood of
26 success and irreparable harm. Therefore the Court acts within its discretion and grants
27 Elantech's motion for preliminary injunction enjoining the continuing infringement of its
28 '352 patent by Synaptics's touchpads implementing Type 2 Code.

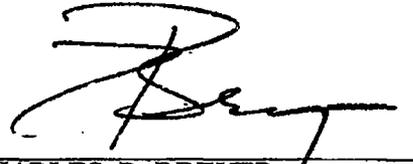
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VI. CONCLUSION

Elantech's motion for partial summary judgment of infringement of claim 18 of the '352 patent by Synaptic's touchpads implementing Type 2 Code is GRANTED. Elantech's motion for preliminary injunction to enjoin Synaptics from infringing the '352 patent by importing, making, using, selling, or offering to sell its touchpad products implementing Type 2 Code is also GRANTED.

IT IS SO ORDERED.

Dated: March 13, 2008



CHARLES R. BREYER
UNITED STATES DISTRICT JUDGE