

EXHIBIT J



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Analysis
As of: May 07, 2010

SOLOMON TECHNOLOGIES, INC., Plaintiff, v. TOYOTA MOTOR CORPORATION, et al., Defendants.

Case No. 8:05-cv-1702-T-MAP

UNITED STATES DISTRICT COURT FOR THE MIDDLE DISTRICT OF FLORIDA, TAMPA DIVISION

2010 U.S. Dist. LEXIS 23676; 93 U.S.P.Q.2D (BNA) 1698

January 26, 2010, Decided

January 26, 2010, Filed

PRIOR HISTORY: *Solomon Techs., Inc. v. ITC*, 524 F.3d 1310, 2008 U.S. App. LEXIS 9723 (Fed. Cir., 2008)

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JUDGES: MARK A. PIZZO, UNITED STATES

MAGISTRATE JUDGE.

OPINION BY: MARK A. PIZZO

OPINION

ORDER

Solomon Technologies, Inc. (Solomon) contends Toyota's hybrids infringe its *U.S. Patent No. 5,067,932 (the '932 Patent)*. Soon after initiating this action for damages and injunctive relief, Solomon lodged a complaint with the United States International Trade Commission (ITC) under section 337 of the Tariff Act of 1930, *19 U.S.C. § 1337(a)(1)(B)*, alleging that Toyota and its affiliates imported and sold hybrids that infringed its '932 patent. At the joint request of Solomon and Toyota, this Court stayed the instant matter pursuant to *28 U.S.C. § 1659(a)* so that the administrative proceedings could run their course. Now, after an extensive investigation, the ITC's ruling against Solomon as to infringement, and an unsuccessful appeal to [*3] the Federal Circuit, Solomon renews its claim of infringement with this Court. ¹ In summary, Solomon has abandoned the approach it took administratively and before the Federal Circuit as to the means-plus-function limitation (i.e., it applies) and advances the opposite argument (it does not apply) before this Court. Toyota opposes this switch, contends the Federal Circuit's decision on infringement controls, and moves for summary judgment (doc. 75). After considering the arguments, I agree with Toyota's arguments. Finding that Solomon is estopped from taking a contrary position to its administrative stance and no reason to deviate from the Federal Circuit's holding, Toyota's motion for summary judgment is granted. ²

¹ See *In re Certain Combination Motor and Transmission Systems and Devices Used Therein, and Products Containing Same*, Investigation No. 337-TA-561, 2007 ITC Lexis 377 (ITC February 13, 2007), approved by *Comm'r*, 72 FR 25776, 25776-77 (ITC May 7, 2007). See also *Solomon Technologies, Inc. v. Int'l Trade Comm'n*, 524 F.3d 1310 (Fed. Cir. 2008) (affirming ITC decision).

² The parties consented to my jurisdiction pursuant to *28 U.S.C. § 636* (docs. 76, 77).

A. Standard of Review

Motions [*4] for summary judgment should only be granted when the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, show there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law. *Fed. R. Civ. P. 56(c)(2)*; *Celotex Corp. v. Catrett*, 477 U.S. 317, 322, 106 S. Ct. 2548, 91 L. Ed. 2d 265 (1986). The existence of some factual disputes between the litigants will not defeat an otherwise properly supported summary judgment motion; "the requirement is that there be no *genuine* issue of material fact." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248, 106 S. Ct. 2505, 91 L. Ed. 2d 202 (1986)(emphasis in original). The substantive law applicable to the claimed causes of action will identify which facts are material. *Id.*

B. Discussion

The Federal Circuit's decision fully sets out the course of the administrative proceedings and summarizes the '932 patent. I only repeat what is necessary to give context to my ruling.

1. the '932 patent

The '932 Patent covers a Dual-Input Infinite-Speed Integral Motor and Transmission Device involving a combination electric motor and transmission unit device having two inputs and a rotational mechanical output, with at least one of [*5] the inputs being of electrical power, to a corresponding integral combination of an electric motor means with a transmission means (doc. 1, Exh. A). The device employs a novel arrangement of a planetary gear unit and requires a small number of moving parts making it lightweight (*id.*). In this action, Solomon asserts Toyota's hybrid vehicles infringe independent claim 7 and dependent claims 8, 10, and 12. Claim 7 recites:

A combination motor and transmission device comprising

first power input means for receiving a first input of electrical power, second power input means for receiving a second input of electrical power, and **power conversion means** for converting said electrical power of said first and second inputs for output, said **power conversion means** including a mechanical power

transmission unit, said transmission unit having two inputs for respectively receiving mechanical power corresponding to said first and second power inputs provided to said first and second power input means and an output for outputting the converted power as rotational mechanical power, wherein the rotational speed of said output is continuously variable, and said **power conversion means** includes, for each [*6] of said first and second power inputs, a respective integral combination of a respective electric motor element and an element of said transmission unit, each said integral combination involving one of said two respective elements thereof being at least to a large extent within an envelope containing the other, whereby a compact structure is provided for each said integral combination, and said two integral combinations are located closely adjacent each other.

See doc. 1, Exh. A, col. 11:19-46 and Certificate of Correction.

Both the ITC and Federal Circuit's findings of non-infringement centered around three main limitations found in independent claim 7, specifically, "integral combination," "within an envelope," and "power conversion means." The first two do not require discussion because Solomon simply disagrees with the Federal Circuit's rulings on these terms, an argument I find unavailing. As to the third, which is highlighted in the claim language above, Solomon and Toyota had stipulated at the ITC that the term, "power conversion means" should be considered a "means-plus-function" limitation to be interpreted in accordance with 35 U.S.C. § 112, paragraph 6. Solomon has now tacked [*7] the other way - "power conversion means" is not a means-plus-function limitation. Further, it asserts it "has the right to have this Court determine whether the 'power conversion means' limitation is a means-plus-function limitation." See doc. 79 at p. 11. I do not find its arguments persuasive.

2. legal principles

First, some general patent principles are in order.

Patent law affords a patentee several alternative remedies against a purported infringer. For alleged domestic infringement, a patentee can file an action in a district court. See 35 U.S.C. § 281; see also 28 U.S.C. § 1338. For alleged infringement through importation, a patentee can also file an action in a district court or in the ITC. See 19 U.S.C. § 1337. And a patentee can, like Solomon has done, bring suit both in a district court and in the ITC against an alleged infringer who is importing an allegedly infringing product. *Texas Instruments Inc. v. Tessera, Inc.*, 231 F.3d 1325, 1330 (Fed. Cir. 2000). But irrespective of the forum, determining infringement involves the same two-step analysis: defining the claim scope and then comparing the properly construed claim with the accused device looking to see if all the claim [*8] limitations are present either literally or by a substantial equivalent. *Amazon.com, Inc. v. Barnesandnoble.com, Inc.*, 239 F.3d 1343, 1351 (Fed. Cir. 2001). The first step is a question of law; the second is a factual determination. *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 384-88, 116 S. Ct. 1384, 134 L. Ed. 2d 577 (1996).³

3 The ITC and the Federal Circuit found that several claim limitations ("power conversion means," "integral combination," and "envelope") are absent from the accused Toyota hybrids. *Solomon Technologies, Inc. v. Int'l Trade Comm'n*, 524 F.3d at 1312-18.

Here, Solomon asserts Toyota's hybrid vehicles infringe independent claim 7 and dependent claims 8, 10, and 12. Toyota argues, however, that the Federal Circuit's construction of the claim terms from independent claim 7 necessitate a non-infringement finding as to dependent claims 8, 10, and 12. Indeed, a finding of non-infringement as to an independent claim requires a finding of non-infringement as to dependent claims. See *Wahpeton Canvas Co., Inc. v. Frontier, Inc.*, 870 F.2d 1546, 1552, n. 9 (Fed. Cir. 1989) ("One may infringe an independent claim and not infringe a claim dependent on that claim. The reverse is not true. One who does not [*9] infringe an independent claim cannot infringe a claim dependent on (and thus containing all the limitations of) that claim."); see also 35 U.S.C. § 112, P 4 ("A claim in dependent form shall be construed to incorporate by reference all the limitations of the claim to which it refers."). Solomon implicitly recognizes this; accordingly, it attacks claim 7 by abandoning the claim construction predicate it and Toyota had adopted in

proceedings before the ITC and the Federal Circuit. This tactic offends the equitable principles underpinning the judicial estoppel doctrine.

3. judicial estoppel

Judicial estoppel "generally prevents a party from prevailing in one phase of a case on an argument and then relying on a contradictory argument to prevail in another phase." *New Hampshire v. Maine*, 532 U.S. 742, 749, 121 S. Ct. 1808, 149 L. Ed. 2d 968 (2001) quoting *Pegram v. Herdrich*, 530 U.S. 211, 227, n.8, 120 S. Ct. 2143, 147 L. Ed. 2d 164 (2000). Its purpose is "to protect the integrity of the judicial process." *New Hampshire v. Maine*, 532 U.S. at 749. And it is an equitable doctrine to be invoked by a court at its discretion. *Id.* at 750. There is no neat formula for its application, although the Supreme Court has recited the typical factors courts consider: a party's [*10] later position must be "clearly inconsistent" with its earlier one; whether the judicial acceptance of an inconsistent position in a later proceeding would create the perception that either the first court, which had accepted the oppositely promoted view, or the second court had been misled; and lastly, whether the party asserting the inconsistent position would unfairly benefit if not estopped. *Id.* at 750-751. But, as the Supreme Court specifically pointed out, these factors are not "inflexible prerequisites or an exhaustive formula for determining the applicability of judicial estoppel." *Id.* at 751. The specific factual contexts "may inform the doctrine's application." *Id.*

I find these usual factors weigh against Solomon. Its positions regarding the means-plus-function limitation are patently inconsistent; its stipulation and then retraction create an inappropriate perception; and, if its new arguments were to be accepted and judicial estoppel were not to apply, it would unfairly benefit. Solomon's papers are silent on all this. Instead, it couches the issue differently: this Court is not bound by the ITC's and Federal Circuit's findings. That approach, however, ignores the judicial [*11] estoppel doctrine and evades the effect of its prior stipulation, a stipulation that the ITC and the Federal Circuit necessarily accepted. *Markow v. Alcock*, 356 F.2d 194, 198 (5th Cir. 1966) (recognizing the general rule that parties entering into a stipulation during the course of a judicial proceeding are estopped from taking positions inconsistent therewith).⁴

⁴ The application of judicial estoppel rests on regional circuit law. *Source Search Technologies*

LLC v. Lending Tree LLC, 588 F.3d 1063, 1071 (Fed. Cir. 2009). The Eleventh Circuit, relying on cases decided before the Supreme Court's *New Hampshire* decision, usually looks for two factors in applying the doctrine: (1) were the allegedly inconsistent positions made under oath in a prior proceeding; and (2) do these inconsistencies make a mockery of justice. *See Burnes v. Pemco Aeroplex, Inc.*, 291 F.3d 1282, 1285 (11th Cir. 2002). To the extent that the circuit may have applied that formula rigidly before *New Hampshire*, *Burnes* specifically recognized that an inflexible approach no longer governs post *New Hampshire*. *Id.* The concept is an equitable one designed to "prevent perversion of the judicial process," prohibit the parties [*12] from "deliberately changing positions according to the exigencies of the moment," and "playing fast and loose with the courts." *Id.* And the Eleventh Circuit applies an abuse of discretion standard in reviewing a district court's application of the doctrine. *Stephens v. Tolbert*, 471 F.3d 1173, 1175 (11th Cir. 2006). Lastly, the former Fifth Circuit's recognition of the potential effect of a stipulation is not inconsistent with *New Hampshire* and therefore controlling. *See Bonner v. City of Prichard*, 661 F.2d 1206, 1209 (11th Cir. 1981) (*en banc*) adopting as precedent decisions of the former Fifth Circuit rendered prior to October 1, 1981.

4. other reasons

The parties do not dispute the notion that a district court may consider as persuasive an ITC's decision but that it does not otherwise bind, estop, or preclude the court from addressing patent-related issues. *See Bio-Technology General Corp. v. Genentech, Inc.*, 80 F.3d 1553, 1564 (Fed. Cir. 1996) ("[W]e hold that the ITC's prior decision cannot have claim preclusive effect in the district court."); *see also Texas Instruments v. Cypress Semiconductor Corp.*, 90 F.3d 1558, 1569 (Fed. Cir. 1996) ("The district court can attribute whatever [*13] persuasive value to the prior ITC decision that it considers justified"). The parties, however, dispute the relative weight the Court should assign to the Federal Circuit's decision on appeal from the ITC. Toyota argues the Federal Circuit's opinion acts as *stare decisis* in this proceeding and warrants summary judgment in its favor. Solomon, in contrast, asserts the Federal Circuit's

decision and factual findings are not binding and it can raise issues not previously presented to the ITC or Federal Circuit. I do not find Solomon's arguments persuasive, particularly since the determinative issues presented to the ITC, the Federal Circuit, and this Court are essentially the same. In short, Solomon is inviting this Court to revisit the same judicial landscape with its new counsel as its guide.⁵

⁵ Solomon's current counsel did not represent Solomon before the ITC. *Compare In re Certain Combination Motor and Transmission Systems and Devices Used Therein, and Products Containing Same*, Investigation No. 337-TA-561, 2007 ITC Lexis 377, at *1, with *Solomon Technologies, Inc. v. Int'l Trade Comm'n*, 524 F.3d at 1311.

Admittedly, Federal Circuit review of ITC decisions does not estop "fresh [*14] consideration" by other tribunals. *Tandon Corp. v. U.S. Int'l Trade Comm'n*, 831 F.2d 1017, 1019 (Fed. Cir. 1987). But a district court's "fresh consideration" is hued by the Federal Circuit's previous orations on the issues. *Texas Instruments, Inc. v. Cypress Semiconductor Corp.*, 90 F.3d at 1569. More to the point, the district court's window of review is effectively a narrow slit:

District courts are not free to ignore holdings of this court that bear on cases before them. Subsequent panels of this court are similarly not free to ignore precedents set by prior panels of the court. . . . The district court can attribute whatever persuasive value to the prior ITC decision that it considers justified. And we, on appeal, must be free to thoroughly review the district court's decision. As a court we are bound to follow our own precedents, and, to the extent that we have previously ruled on a matter, a subsequent panel will have powerful incentives not to deviate from that prior holding, short of thoroughly justified grounds.

Id.

I find no "powerful incentive" to deviate from the Federal Circuit's prior decision. Here, the same parties argue whether two of the same hybrid vehicles infringe

[*15] the same claim in the same patent as they argued previously before both the ITC and the Federal Circuit.⁶ As evidenced by the extensive record before this Court, including the parties' joint report (doc. 58), the parties dispute the exact same limitations in claim 7 that the Federal Circuit discussed at length in its decision and found not one but three of the limitations in claim 7 missing from the allegedly infringing hybrid vehicles and accordingly rendered a finding of non-infringement on those grounds. *See Wright Medical Technology, Inc. v. Osteonics Corp.*, 122 F.3d 1440, 1443-44 (Fed. Cir. 1997) (noting where even a single limitation cannot be found in an accused device or product, a finding of non-infringement is warranted under both a literal infringement analysis and the doctrine of equivalents).

⁶ The *Solomon Technologies, Inc. v. Int'l Trade Comm'n* opinion indicates that Solomon argued four of Toyota's hybrid vehicles infringed the '932 patent. 524 F.3d at 1312. In the complaint filed in this action, Solomon identifies only the Prius and Highlander as the infringing hybrid vehicles and omits any mention of the Toyota Camry HV or Lexus RX 400h. *See* doc. 1.

C. Conclusion

For [*16] the reasons set forth above, Toyota's motion for summary judgment (doc. 75) is granted. Toyota's counterclaims seeking a declaratory judgment for invalidity (Count II) and unenforceability due to inequitable conduct (Count III) remain pending (doc. 62).⁷ *See generally Cardinal Chem. Co. v. Morton Int'l, Inc.*, 508 U.S. 83, 96-103, 113 S. Ct. 1967, 124 L. Ed. 2d 1 (1993) (discussing the importance of addressing a party's independent counterclaim seeking a declaratory judgment of invalidity in instances where non-infringement has been found). Accordingly, it is hereby

⁷ Toyota's counterclaim seeking a declaratory judgment for non-infringement is moot.

ORDERED:

1. Defendants' motion for summary judgment (doc. 75) is GRANTED.

2. The Court will convene a Rule 16 conference on February 9, 2010, at 10 a.m. at the Sam M. Gibbons United States Courthouse, 801 N. Florida Avenue, Courtroom 11B, Tampa, Florida 33602 to discuss the

entry of a case management order as to the remaining claims.

DONE AND ORDERED at Tampa, Florida on January 26, 2010.

/s/ MARK A. PIZZO

MARK A. PIZZO

UNITED STATES MAGISTRATE JUDGE