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**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION**

HITACHI KOKUSAI ELECTRIC INC., et
al.,

Plaintiffs,

v.

ASM INTERNATIONAL, N.V., et al.,

Defendants.

Case No. 17-cv-06880-BLF

**ORDER DENYING DEFENDANTS’
MOTION TO DISMISS COUNTS VI
AND VII OF SECOND AMENDED
COMPLAINT**

[Re: ECF 58]

Before the Court is Defendants’ Motion to Dismiss Counts VI and VII of Second Amended Complaint for Patent Infringement (“Motion”). Motion, ECF 58. The Court heard oral argument on Defendants’ Motion on November 8, 2018 (“the Hearing”). Having considered the oral argument, briefing, and relevant law, and for the reasons set forth below, the Court hereby DENIES Defendants’ Motion to Dismiss Counts VI and VII of Second Amended Complaint.

I. BACKGROUND

Defendants previously filed a similar motion to dismiss counts VI and VII of Plaintiffs’ first amended complaint, *see* ECF 27, which the Court granted with leave to amend, *see* ECF 53. Plaintiffs subsequently filed a second amended complaint amending counts VI and VII, *see* ECF 57, and the present Motion followed, *see* ECF 58.

Plaintiffs allege that Defendants infringe seven patents: U.S. Patent Nos. 7,033,937 (“the ’937 patent”), 6,576,063 (“the ’063 patent”), 7,808,396 (“the ’396 patent”), RE43,023 (“the ’023 patent”), 6,744,018 (“the ’018 patent”), 8,409,988 (“the ’988 patent”), and 9,318,316 (“the ’316 patent”) (collectively, “the Asserted Patents”). Second Am. Compl. (“SAC”) ¶¶ 15, 23–187, ECF 57. In particular, Counts VI and VII in the SAC plead infringement of the ’988 patent and ’316 patent, respectively.

1 The '988 patent relates to a method of manufacturing a semiconductor device capable of
2 improving defects of conventional chemical vapor deposition (“CVD”) and atomic layer
3 deposition (“ALD”) methods in order to realize a high film-formation rate. SAC ¶ 122. The SAC
4 alleges that Defendants “have infringed [the '988 patent] and are currently infringing literally
5 and/or under the doctrine of equivalents.” *Id.* ¶ 123. According to the SAC, Defendants’ A412
6 batch vertical furnace system, Eagle XP8 PEALD system, and Dragon XP8 PECVD system
7 products have been “configured and operated by [Defendants] to perform the method of at least
8 claim 1 of the '988 patent.” *Id.* ¶ 124. The SAC further alleges that Defendants indirectly infringe
9 the '988 patent by “actively and knowingly inducing others to make, use, sell, offer for sale, or
10 import” the accused products. SAC ¶ 140. In addition, the SAC pleads that Defendants have
11 “contributed to and/or are contributing to the infringement of the '988 patent by making, using,
12 importing, offering for sale, and/or selling” the accused products. *Id.* ¶ 148.

13 The '316 patent relates to a method of manufacturing a semiconductor device where the
14 method involves forming a thin film on a substrate by repeating a cycle that forms layers on a
15 substrate. SAC ¶ 157. According to the SAC, Defendants “have infringed [the '316 patent] and
16 are currently infringing literally and/or under the doctrine of equivalents.” *Id.* ¶ 158. The SAC
17 further alleges that Defendants’ A412 batch vertical furnace system, Eagle XP8 PEALD system,
18 and Dragon XP8 PECVD system products have been “configured and operated by [Defendants] to
19 perform the method of at least claim 1 of the '316 patent.” *Id.* ¶ 159. The SAC also alleges that
20 Defendants indirectly infringe the '316 patent by inducing their customers to practice the claimed
21 method. *Id.* ¶ 173. In addition, the SAC asserts a contributory infringement claim based on the
22 '316 patent against Defendants. *Id.* ¶ 181.

23 **II. LEGAL STANDARD**

24 **A. Requests for Judicial Notice**

25 The Court may take judicial notice of documents referenced in the complaint, as well as
26 matters in the public record. *See Lee v. City of LA.*, 250 F.3d 668, 688–89 (9th Cir.
27 2001), *overruled on other grounds by Galbraith v. Cty. of Santa Clara*, 307 F.3d 1119, 1125–26
28 (9th Cir. 2002). In addition, the Court may take judicial notice of matters that are either “generally

1 known within the trial court’s territorial jurisdiction” or “can be accurately and readily determined
2 from sources whose accuracy cannot reasonably be questioned.” Fed. R. Evid. 201(b). Public
3 records, including judgments and other court documents, are proper subjects of judicial notice.
4 *See, e.g., United States v. Black*, 482 F.3d 1035, 1041 (9th Cir. 2007). However, “[j]ust because
5 the document itself is susceptible to judicial notice does not mean that every assertion of fact
6 within that document is judicially noticeable for its truth.” *Khoja v. Orexigen Therapeutics, Inc.*,
7 899 F.3d 988, 999 (9th Cir. 2018).

8 **B. Federal Rule of Civil Procedure 12(b)(6)**

9 “A motion to dismiss under Federal Rule of Civil Procedure 12(b)(6) for failure to state a
10 claim upon which relief can be granted ‘tests the legal sufficiency of a claim.’” *Conservation*
11 *Force v. Salazar*, 646 F.3d 1240, 1241–42 (9th Cir. 2011) (quoting *Navarro v. Block*, 250 F.3d
12 729, 732 (9th Cir. 2001)). “To survive a motion to dismiss, a complaint must contain sufficient
13 factual matter, accepted as true, to ‘state a claim to relief that is plausible on its face.’” *Ashcroft v.*
14 *Iqbal*, 556 U.S. 662, 678 (2009) (quoting *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 570
15 (2007)).

16 Under *Iqbal* and *Twombly*, a court is “not bound to accept as true a legal conclusion
17 couched as a factual allegation.” *Iqbal*, 556 U.S. at 662, 678 (citing *Twombly*, 550 U.S. at 555).
18 Hence, the rule that “[t]hreadbare recitals of the elements of a cause of action, supported by mere
19 conclusory statements, do not suffice” applies in patent cases. *See Comcast Cable Commc’ns,*
20 *LLC v. OpenTV, Inc.*, 319 F.R.D. 269, 272 (N.D. Cal. 2017) (citing *Iqbal*, 556 U.S. at 678). Such
21 pleading standards under *Iqbal* and *Twombly* apply to allegations of direct and indirect (i.e.,
22 induced and contributory) infringement. *See Novitaz, Inc. v. inMarket Media, LLC*, No. 16-CV-
23 06795, 2017 WL 2311407, at *2 (N.D. Cal. May 26, 2017); *Superior Industries, LLC v. Thor*
24 *Global Enterprises Ltd.*, 700 F.3d 1287, 1295–96 (Fed. Cir. 2012); *Finjan, Inc. v. Cisco Systems*
25 *Inc.*, 2017 WL 2462423, *3–5 (N.D. Cal. 2017).

26 **C. Federal Rule of Civil Procedure 12(b)(2)**

27 Federal Rule of Civil Procedure 12(b)(2) authorizes a defendant to seek dismissal of an
28 action for lack of personal jurisdiction. Fed. R. Civ. P. 12(b)(2). “Where [] the defendant’s

1 motion is based on written materials rather than an evidentiary hearing, the plaintiff need only
2 make a prima facie showing of jurisdictional facts to withstand the motion to dismiss.” *Ranza v.*
3 *Nike, Inc.*, 793 F.3d 1059, 1068 (9th Cir. 2015) (internal quotation marks and citation omitted).
4 Uncontroverted allegations in the complaint are taken as true, *Schwarzenegger v. Fred Martin*
5 *Motor Co.*, 374 F.3d 797, 800 (9th Cir. 2004), and factual disputes contained within declarations
6 or affidavits are resolved in the plaintiff’s favor, *Boschetto v. Hansing*, 539 F.3d 1011, 1015 (9th
7 Cir. 2008).

8 Under Federal Rule of Civil Procedure 4(k)(1)(A), this Court has personal jurisdiction if
9 the defendant would be “subject to the jurisdiction of a court of general jurisdiction in the state
10 where the district court is located,” here California. Because California’s long-arm statute is
11 coextensive with federal due process requirements, the Court may exercise personal jurisdiction so
12 long as it comports with due process. *See Mavrix Photo, Inc. v. Brand Techs., Inc.*, 647 F.3d
13 1218, 1223 (9th Cir. 2011). “[D]ue process requires that the defendant ‘have certain minimum
14 contacts’ with the forum state ‘such that the maintenance of the suit does not offend “traditional
15 notions of fair play and substantial justice.”” *Ranza*, 793 F.3d at 1068 (quoting *Int’l Shoe Co. v.*
16 *Washington*, 326 U.S. 310, 316 (1945)).

17 The Supreme Court has recognized two types of personal jurisdiction: (1) general (or all-
18 purpose) jurisdiction and (2) specific (or case-specific) jurisdiction. *See Goodyear Dunlop Tires*
19 *Operations, S.A. v. Brown*, 564 U.S. 915, 927 (2011). General jurisdiction is based on certain
20 limited affiliations that the defendant has with the forum state. *Id.* at 919. In contrast, specific
21 jurisdiction is based on the defendant’s connections to the state with regard to the particular
22 controversy at issue. *Id.*

23 **III. DISCUSSION**

24 Defendants (1) request judicial notice of various documents; (2) move to dismiss Counts
25 VI and VII of the SAC for failure to state a claim under Rule 12(b)(6); and (3) move to dismiss
26 Counts VI and VII of the SAC for lack of personal jurisdiction under Rule 12(b)(2). *See* Notice of
27 Motion, ECF 58. The Court addresses each issue in turn.

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A. Defendants’ Request for Judicial Notice (ECF 59)

Defendants request judicial notice of four of Defendants’ webpages concerning Defendants’ research and development locations/activities and one “scholarly article.” *See* Request for Judicial Notice at 1, ECF 59. Plaintiffs oppose Defendants’ request for judicial notice on grounds that the four webpages are “irrelevant” and that the scholarly article is “subject to reasonable dispute . . . [and] is a highly disputed issue.” *See* Opp’n at 21, ECF 68. The Court denies Defendants request for judicial notice in full. First, the four webpages are not directed to a fact of consequence in determining the present motion because Plaintiffs’ infringement theories in Counts VI and VII of the SAC do not relate to the location or nature of Defendants’ research and development activities. *See generally* SAC. Thus, the Court finds the webpages “irrelevant to the instant motion[.]” and therefore declines to take judicial notice. *See CYBERsitter, LLC v. People’s Republic of China*, 805 F. Supp. 2d 958, 964 (C.D. Cal. 2011). Second, the Court finds the contents of the “scholarly article” disputed, and as such, “cannot take judicial notice of the contents of [the] document[.] for the truth of the matters asserted therein,” *see Rearden LLC v. Walt Disney Co.*, 293 F. Supp. 3d 963, 968 (N.D. Cal. 2018). In sum, Defendants’ request for judicial notice at ECF 59 is DENIED.

B. Motion to Dismiss under Rule 12(b)(6)

Defendants assert that Counts VI and VII of the SAC (1) “fail[] to plead sufficient facts to support direct infringement” and (2) “fail[] to plead indirect infringement.” *See* Motion at 9–10. In opposition, Plaintiffs argue that the SAC contains “ample factual allegations from which this Court can reasonably infer infringement—both direct and indirect.” *See* Opp’n at 1. While it may be an exaggeration to say that Plaintiffs’ newly pleaded factual allegations are an “ample” basis for inferring infringement, the Court does find, that by a narrow margin, Plaintiffs’ SAC sufficiently cures the deficiencies of the FAC to survive a motion to dismiss. Direct and indirect infringement are discussed in turn.

1. Claims for Direct Infringement of ’988 and ’316 Patents in Counts VI and VII

Both sides agree that to survive a motion to dismiss, the SAC’s direct infringement claims must plausibly allege that Defendants directly infringed the patented methods within the United

1 States. *See* Motion at 9; Opp’n at 3–4. However, the parties dispute whether Plaintiffs’ SAC does
 2 so under the *Twombly/Iqbal* pleading standard. *Id.* Defendants argue that the SAC fails to plead
 3 direct infringement of the ’988 and ’316 patents by either Defendant “because it does not contain
 4 any specific facts to support an inference that [Defendants themselves] use[] the Accused Products
 5 to perform the allegedly infringing methods *in the United States.*” Motion at 9 (emphasis added).
 6 Plaintiffs counter that “the SAC demonstrates how [Defendants] perform[] each and every method
 7 step in the United States during the rigorous qualification process that [Defendants] must undergo
 8 to qualify each sale of the Accused Products to a US customer.” Opp’n at 6–7; *see also* SAC
 9 ¶¶ 138–139.

10 A claim for direct infringement requires that “all steps of a claimed method are performed
 11 by or attributable to” the defendant. *Rearden LLC v. Walt Disney Co.*, 293 F. Supp. 3d 963, 972
 12 (N.D. Cal. 2018) (citing *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 797 F.3d 1020, 1022
 13 (Fed. Cir. 2015) (en banc)). In its Order Granting Defendants’ Motion to Dismiss Counts VI and
 14 VII in Plaintiffs’ First Amended Complaint with Leave to Amend (“Order Dismissing FAC”), the
 15 Court found that “the FAC does not contain sufficient factual allegations that allow a reasonable
 16 inference to be drawn that Defendants are performing the claimed methods where they are
 17 manufacturers of semiconductor fabrication equipment.” *See* Order Dismissing FAC at 5, ECF
 18 53. However, unlike the FAC, the Court finds that Plaintiffs’ SAC does contain—by a narrow
 19 margin—such sufficient factual allegations.

20 The SAC newly pleads that “in preparation for [events such as SEMICON West held in
 21 2016 in San Francisco] and as part of testing products for sale, [Defendants] ha[ve] used and
 22 operated the Accused Products using the methods claims in the ’988 patent.” SAC ¶ 132; *see also*
 23 SAC ¶ 165 (similar language with respect to the ’316 patent). While this paragraph does not
 24 necessarily implicate Defendants in practicing the method claims within the United States, it is
 25 undisputed that Defendants sell to customers within the United States, and the SAC goes on to
 26 newly plead that “in the course of meeting the customers’ requests . . . Defendants must
 27 demonstrate that the equipment can produce the requested thin film . . . [and] [t]he qualification
 28 testing required for sale of the equipment requires that [Defendants] perform[] all steps of at least

1 claim 1 of the '988 patent.” SAC ¶ 138; *see also* SAC ¶ 171 (similar language with respect to the
2 '316 patent). The SAC then newly pleads that Defendants have represented that ““it is the practice
3 of the industry for the supplier of a semiconductor processing tool to provide standard recipes . . .
4 [and] [i]mplementation of such recipes on the tool unavoidably require[] involvement of [the
5 supplier].”” SAC ¶ 147; *see also* SAC ¶ 180 (similar language with respect to the '316 patent).

6 Thus, the factual matter in the SAC, accepted as true, *see Iqbal*, 556 U.S. at 678, supports
7 the inference that Defendants—as the manufacturers of semiconductor fabrication equipment—
8 have performed at least one claimed method of the '988 and '316 patents, respectively, during or
9 as part of installation or product/qualification testing at a customer site or other location within the
10 United States. Accordingly, the Court finds that the SAC contains more than “[t]hreadbare
11 recitals of the elements of a cause of action, supported by mere conclusory statements.” *See*
12 *Comcast Cable*, 319 F.R.D. at 272 (citing *Iqbal*, 556 U.S. at 678). Although by an extremely thin
13 margin, Plaintiffs have done just enough to “nudge[] their claims across the line from conceivable
14 to plausible.” *Twombly*, 550 U.S. at 570.

15 **2. Claims for Indirect Infringement of '988 and '316 Patents in Counts VI and**
16 **VII**

17 Defendants argue that the SAC fails to plead indirect infringement (i.e., induced and
18 contributory infringement) “because it does not allow a reasonable inference to be drawn that
19 [Defendants’] customers used the allegedly-infringing methods in the United States.” Motion at
20 10. Plaintiffs counter that the SAC’s newly pled factual allegations permit such an inference. *See*
21 *Opp’n* at 14. The Court agrees with Plaintiffs.

22 Without a showing of direct infringement, indirect infringement claims cannot be
23 sustained. *Lucent Techs., Inc. v. Gateway, Inc.*, 580 F.3d 1301, 1320, 1322 (Fed. Cir. 2009). The
24 Court previously found that “the FAC does not allow a reasonable inference to be drawn that
25 Defendants’ customers used the claimed methods in the '988 and '316 patents and therefore fails
26 to plead indirect infringement claims.” Order Dismissing FAC at 6, ECF 53. However, by a
27 narrow margin, the SAC plausibly alleges that Defendants’ customers have directly infringed the
28 patented methods within the United States.

1 For example (and not as an exhaustive list), the SAC newly pleads that the accused
 2 products are “configured for AlN thin films and high-temperature SiO thin films . . . [and]
 3 [f]ollowing qualification of [Defendants’] equipment, [Defendants’] customers, without authority
 4 from Plaintiffs, perform the infringing method within the United States, thereby infringing the
 5 ’988 [p]atent.” SAC ¶ 146; *see also* SAC ¶ 179 (similar language with respect to the ’316 patent).
 6 Thus, because the Court finds direct infringement by Defendants in the customer-qualification
 7 process plausible for the reasons discussed in section III.B.1 *supra*, it necessarily follows that the
 8 same method(s) when practiced by customers in the United States also constitutes plausible direct
 9 infringement. Accordingly, the Court finds—and again by a thin margin—that the factual matter
 10 in the SAC, accepted as true, supports the inference that Defendants’ customers have also
 11 performed at least one claimed method of the ’988 and ’316 patents, respectively.

12 Defendants also argue that the SAC fails to plead facts plausibly showing that Defendants
 13 “knowingly induced the infringing acts” and “possessed specific intent to encourage
 14 infringement.” Motion at 13. Indeed, to state a claim for induced infringement, the complaint
 15 must plead “facts plausibly showing that [Defendants] specifically intended their customers to
 16 infringe the [claimed methods] and knew that the customer’s acts constituted infringement.” *In re*
 17 *Bill of Lading Transmission & Processing Sys. Patent Litig.*, 681 F.3d 1323, 1339 (Fed. Cir.
 18 2012). However, the SAC newly alleges¹ that Defendants sell the accused products to customers
 19 precisely because of the equipment’s ability to perform infringing uses; that Defendants qualify
 20 the equipment for those infringing uses; and that “[t]he customer is [then] disincentivized from
 21 changing the method because if it makes substantial changes to the qualified method, the
 22 equipment would no longer be qualified to produce the desired thin film.” *See* SAC ¶¶ 138, 139;
 23 *see also* SAC ¶¶ 171, 172. The SAC also alleges that “Defendants have been aware of the ’988
 24 patent and its infringement since at least as early as October 17, 2014,” *see* SAC ¶ 137, and that
 25 “Defendants have been aware of the ’316 patent and its alleged infringement since at least as early
 26 as July 27, 2016,” *see* SAC ¶ 170. Accordingly, the Court finds that the factual matter in the SAC,
 27

28 ¹ This discussion pertains to an example of what the SAC newly alleges and is not to be taken as
 an exhaustive list with respect to specific intent or any other topic.

1 accepted as true, plausibly supports the inference that Defendants specifically intended their
2 customers to infringe the '988 and '316 patents, respectively, and that Defendants knew that the
3 customers' practice of the qualified method(s) would constitute infringement.

4 **C. Motion to Dismiss under Rule 12(b)(2)**

5 Defendants additionally argue that the SAC fails to allege facts sufficient to establish
6 personal jurisdiction over either Defendant with respect to Counts VI and VII of the SAC. *See*
7 Motion at 13–14, ECF 58. Plaintiffs counter that the Court has jurisdiction over Counts VI and
8 VII due to “[Defendants’] forum-related activities” and that in any event Defendants have “already
9 admitted to Plaintiffs’ allegations” of personal jurisdiction. *See* Opp’n at 18–19, ECF 68. The
10 Court agrees with Plaintiffs.

11 Plaintiffs allege that “Defendants . . . have purposefully and voluntarily placed the Accused
12 Products into the stream of commerce with the intention and expectation that the Accused
13 Products will be purchased and used by customers in the Northern District of California.” SAC
14 ¶ 9. In support, Plaintiffs allege² that Defendants “advertise new semiconductor manufacturing
15 methods at industry and academic events such as SEMICON [in San Francisco in 2016].” SAC ¶¶
16 132, 134. The SAC includes a reprint of Defendants’ “chart from Semicon West, 2016 [in San
17 Francisco] . . . [displaying] rapid expansion of product offerings.” *See* SAC ¶ 135. Plaintiffs
18 allege that these product offerings involve Defendants’ infringing “methods for producing a
19 semiconductor product,” SAC ¶ 135, and that Defendants infringe “[b]y manufacturing these new
20 films and using these new deposition methods,” SAC ¶ 136. Indeed, Defendants acknowledge
21 having given such presentations in California. *See* Motion at 12. Plaintiffs further allege that
22 Defendants “conduct business in California through their sales and service office located at 97
23 East Brokaw Road, Suite 100, San Jose, California, 95112.” SAC ¶ 9.

24 As discussed in section III.B *supra*, the Court finds that Plaintiffs have met their burden of
25 stating infringement claims of the '988 and '316 patents, respectively, “that [are] plausible on
26 [their] face,” *Twombly*, 550 U.S. at 570, and these claims are predicated on sales and distribution

27 _____
28 ² The Court’s discussion here pertains to examples of what the SAC alleges in support of personal
jurisdiction and is not to be taken as an exhaustive list.

1 of the accused products by the Defendants in this District, *see* SAC ¶ 9. Thus, the Court finds
2 unavailing Defendants’ argument that specific personal jurisdiction is lacking because the SAC’s
3 infringement allegations “derive entirely from research activities that took place outside the United
4 States.” *See* Motion at 13–14. Moreover, when, as is the case here, Defendants’ motion is based
5 on written materials and not an evidentiary hearing, Plaintiffs “need only make a prima facie
6 showing of jurisdictional facts.” *Ranza*, 793 F.3d at 1068. Based on the discussion above, the
7 Court finds that Plaintiffs have made a prima facie showing that Defendants have “purposefully
8 avail[ed] [themselves] of the privilege of conducting activities” in this forum, that Plaintiffs’
9 claims “arise[] out of or relate[] to” Defendants’ forum-related activities, and that exercise of
10 jurisdiction over Defendants would be “reasonable.” *See Schwarzenegger v. Fred Martin Motor*
11 *Co.*, 374 F.3d 797, 802 (9th Cir. 2004). Accordingly, the Court finds exercise of personal
12 jurisdiction over Defendants in this forum warranted. *See id.*

13 Finally, in its Answer to Plaintiffs’ First Amended Complaint (“FAC”), Defendants
14 “admit[ted] that this Court has personal jurisdiction over [them].” *See* Answer ¶ 8, ECF 51. In
15 their Reply brief, *see* ECF 69 at 8, Defendants argue that their admission to personal jurisdiction
16 applied only to Counts I to V of the FAC; however, the Court notes overlap between the products
17 accused in Counts I to V of the FAC and in Counts VI and VII of the SAC, *see, e.g.*, FAC ¶ 84,
18 ECF 24; SAC ¶ 124, ECF 57. Therefore, the Court separately finds Defendants’ personal
19 jurisdiction arguments foregone due to Defendants’ prior admission.

20 **IV. CONCLUSION**

21 For the foregoing reasons, Defendants’ Motion to Dismiss Counts VI and VII of Second
22 Amended Complaint at ECF 58 is DENIED.

23

24 **IT IS SO ORDERED.**

25 Dated: November 21, 2018

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BETH LABSON FREEMAN
United States District Judge

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