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United States District Court
Northern District of California

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

APPLIED MATERIALS, INC.,
Plaintiff,
v.
DEMARAY LLC,
Defendant.

Case No. [5:20-cv-05676-EJD](#)

**ORDER DENYING MOTION FOR
PRELIMINARY INJUNCTION**

Re: Dkt. No. 14

Plaintiff Applied Materials, Inc. (“Applied”) initiated this lawsuit against Defendant Demaray LLC (Demaray) seeking declaratory judgment of non-infringement of two of Demaray’s patents—(i) U.S. Patent No. 7,544,276 (hereafter “276”) and (ii) U.S. Patent No. 7,3381,657 (hereafter “657”) (collectively the “Asserted Patents”). Now, before the Court is Applied’s motion to enjoin Demaray from litigating certain patent claims in customer suits in the Western District of Texas. Dkt. No. 14. Having considered the record, the parties’ submission, and the relevant law, the Court finds that it does not have jurisdiction over Applied’s claims under the Declaratory Judgment Act.¹ The Court therefore **DENIES** Applied’s motion for preliminary

¹ On October 16, 2020, Demaray filed “Demaray LLC’s Objection to Applied Materials’ Reply Evidence.” See Dkt. No. 29. Local Rule 7-3(d) prohibits a party from filing additional memoranda, papers, or letters once a reply is filed without court approval unless new evidence has been submitted in the reply. Civ. L.R. 7-3(d)(1). If new evidence is submitted with the reply, the party may file an objection to the reply evidence, “which may not exceed 5 pages of text, stating its objections to the new evidence, [and] which may not include further argument on the motion.” *Id.*

The Court has the discretion to consider new evidence presented on reply, particularly if the new evidence appears to be a reasonable response to the opposition. See *Edgen Murray Corp. v. Vortex Marine Constr., Inc.*, No. 18-CV-01444-EDL, 2018 WL 4203801, at *3 (N.D. Cal. June 27, 2018) (declining to strike reply declaration because the new evidence in the declaration was Case No.: [5:20-cv-05676-EJD](#)

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1 injunction.

2 **I. BACKGROUND**

3 The Asserted Patents claim a specific reactor configuration and method for the deposition
4 of thin layer films capable of being used during the fabrication of semiconductors. At several
5 points during the manufacturing of semiconductor devices, thin layer films composed of materials
6 including metals such as titanium and tantalum, are deposited onto different types of substrates in
7 a technique known as magnetron sputtering. Demaray's patented method and reactor configuration
8 involves combining techniques known as bias pulsed DC ("BPDC") sputtering, reactive magnetic
9 sputtering ("RMS"), and the incorporation of a narrow band rejection filter situated between a
10 reactor's DC power source and the reactor's target area. Applied develops and manufactures
11 technology and products used for semiconductor fabrication, including a line of reactors used for
12 magnetron sputtering. This declaratory judgment action stems from Demaray's allegations that
13 Intel Corporation ("Intel") and Samsung Electronics Co. Ltd. ("Samsung"), two of Applied's
14 customers, have infringed Demaray's 276 patent by configuring reactors, such as Applied's
15 Endura product line reactors in an infringing manner. In addition, Demaray asserts that Intel and
16 Samsung have infringed Demaray's 657 patent protecting a magnetron sputtering method used to
17 deposit thin film layers in the fabrication of some of their semiconductor products. *See First*
18 *Amended Complaint for Declaratory Judgment ("FAC"), Dkt. No. 13 ¶ 1.*

19 On July 14, 2020, Demaray filed separate actions in the Western District of Texas against
20 Intel, Civil Action No. 6:20-cv-634-ADA, and Samsung, Civil Action No. 6:20-cv-636-ADA.
21 (collectively "WDTX Actions"). *See FAC ¶ 1; see also FAC, Ex. A, Dkt. No. 13-1, Demaray*
22 *LLC v. Intel Corp.*, (W.D. Tex. No. 6:20-cv-634-ADA filed July 14, 2020) (hereinafter, "Intel
23 Compl."); *FAC, Ex. B, Dkt. No. 13-2, Demaray v. Samsung Electronics Co., Ltd. (A Korean*
24 *Company) et al.*, (W.D. Tex. No. 6:20-cv-636-ADA filed July 14, 2020) (hereinafter, "Samsung

25 _____
26 "filed to respond to Plaintiff's opposition and is consistent with the evidence and arguments
27 presented in the original motion"). The court exercises its discretion and considers Applied's new
28 evidence because it responds to Applied's opposition and is consistent with the arguments and
evidence presented in the moving papers.

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1 Compl.”).² In the WDTX Actions, Demaray cites materials from Applied’s website including a
2 brochure for the Endura product line, an article from the Nanochip Technical Journal discussing
3 reactive sputtering and tantalum deposition chambers, and a presentation on one of Applied’s
4 reactors, the Endura Cirrus HTX TiN System. Intel Compl. ¶ 25; Samsung Compl. ¶ 28. The
5 WDTX Actions do not name Applied as a defendant.

6 On August 30, 2020, Applied filed a declaratory judgement action against Demaray,
7 seeking a declaration that Applied’s products do not infringe the Asserted Patents. *See* Complaint,
8 Dkt. No. 1.; *see also* FAC ¶ 2. Additionally, Applied is seeking (1) a declaration that Applied’s
9 products do not infringe the Asserted Patents because the rights of a named inventor in the
10 Asserted Patents were assigned to Applied by his employment agreement with Applied; (2) a
11 declaration that Applied’s products do not infringe because Applied holds a license to the Asserted
12 Patents based on a license agreement between Applied’s affiliate and Demaray’s predecessor
13 company; or alternatively (3) a declaration that Applied’s products do not infringe because the
14 rights of one or more of the named inventors to the Asserted Patents were assigned to Applied’s
15 affiliate by their employment agreement, making the affiliate at least a co-owner of the Asserted
16 Patents. *See* FAC ¶ 2. On September 4, 2020, Applied filed its motion for preliminary injunction
17 to enjoin Demaray from proceeding with its Western District of Texas actions against Intel and
18 Samsung. Demaray has filed its opposition (“Opp.”), to which Applied has replied (“Reply”). *See*
19 Dkt. Nos. 23, 28.

20 II. LEGAL STANDARDS

21 Because the Court’s jurisdiction in the instant matter is based on the United States Patent
22 Act, 28 U.S.C. § 1338, the Court applies the law of the United States Court of Appeals for the
23 Federal Circuit. *See* 28 U.S.C. § 1295(a)(1) (providing that the United States Court of Appeals for
24

25 ² A court may consider certain materials such as “documents attached to the complaint, documents
26 incorporated by reference in the complaint, or matters of judicial notice.” *United States v. Ritchie*,
27 342 F.3d 903, 908 (9th Cir. 2003). The Court will take judicial notice of the Western District of
28 Texas complaints and publicly available docket entries in those cases. *See id.* (facts are judicially
noticeable if they are “capable of accurate and ready determination by resort to sources whose
accuracy cannot be reasonably questioned.”).

1 the Federal Circuit has exclusive jurisdiction over any appeal from a district court of the United
 2 States “in any civil action arising under . . . any Act of Congress relating to patents. . . .”).
 3 Furthermore, the Federal Circuit has held “that injunctions arbitrating between co-pending patent
 4 declaratory judgment and infringement cases in different district courts are reviewed under the law
 5 of the Federal Circuit.” *Lab. Corp. of Am. Holdings v. Chiron Corp.*, 384 F.3d 1326, 1331 (Fed.
 6 Cir. 2004).

7 **III. DISCUSSION**

8 **A. Applied Has Not Established the Existence of an “Actual Controversy” Between** 9 **Applied and Demaray**

10 As a threshold issue, “when ruling on a motion for a preliminary injunction, this Court
 11 must consider whether it has subject matter jurisdiction. . . .” *Native Fed’n of Madre De Dios*
 12 *River & Tributaries v. Bozovich Timber Prod., Inc.*, 491 F. Supp. 2d 1174, 1180 (2007) (citing
 13 *U.S. Ass’n of Importers of Textiles and Apparel v. U.S. Dep’t of Commerce*, 413 F.3d 1344, 1348
 14 (Fed. Cir. 2005). In the instant case, Demaray argues that this Court lacks subject matter
 15 jurisdiction over Applied’s claim for declaratory relief because (1) such relief may be awarded
 16 only where there is a case or controversy and (2) based on the allegations in the FAC, there is no
 17 case or controversy. Applied contends that there is an Article III case or controversy because (i)
 18 Demaray “could just as easily have asserted a claim of direct infringement against [Applied],
 19 based on the same underlying circumstances in the customer suit”, *Microsoft Corp. v. GeoTag,*
 20 *Inc.*, No. CV 11-175-RGA, 2014 WL 4312167, at *2 (D. Del. Aug. 29, 2014), and (ii) the very
 21 nature of Demaray’s allegations against Samsung and Intel suggest that there is a “reasonable
 22 potential that [sic] a claim [of induced or contributory infringement] could be brought” against
 23 Applied. *Microsoft Corp. v. DataTern, Inc.*, 755 F.3d 899, 904 (Fed. Cir. 2014).

24 **i. Applied Has Failed to Allege that Demaray Engaged in Affirmative Acts** 25 **Directed at Applied**

26 The Declaratory Judgment Act allows potential infringers to bring claims against patent
 27 holders, but only if there is an actual case or controversy between the parties. *Matthews Int’l*
 28 *Corp. v. Biosafe Eng’g, LLC*, 695 F.3d 1322, 1327-28 (Fed. Cir. 2012). To satisfy Article III’s

1 standing requirements, a plaintiff must demonstrate that “the facts alleged, under all the
2 circumstances, show that there is a substantial controversy, between parties having adverse legal
3 interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.”
4 *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127 (2007), *reversed-in-part on other grounds*
5 *by Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576 (2013). An “adverse
6 legal interest” requires a dispute as to a legal right—for example, an underlying legal cause of
7 action that the declaratory defendant could have brought or threatened to bring. *See Arris Grp.,*
8 *Inc. v. British Telecommunications PLC*, 639 F.3d 1368, 1374 (Fed. Cir. 2011).

9 The Federal Circuit has held that a declaratory judgment plaintiff must allege “(1) an
10 affirmative act by the patentee related to the enforcement of his patent rights, and (2) meaningful
11 preparation to conduct potentially infringing activity.” *Matthews Int’l Corp.*, 695 F.3d at 1327.
12 To find an affirmative act, “more is required than ‘a communication from a patent owner to
13 another party merely, identifying its patent and the other party’s product line.’” *3M Co. v. Avery*
14 *Dennison Corp.*, 673 F.3d 1372, 1378-79 (Fed. Cir. 2012) (quoting *Hewlett-Packard Co. v.*
15 *Acceleron LLC*, 587 F.3d 1358, 1362 (Fed. Cir. 2009)). On the other end of the spectrum is an
16 explicit infringement allegation, which shows “‘there is, necessarily, a case or controversy
17 adequate to support declaratory judgment jurisdiction.’” *See Hewlett-Packard Co.*, 587 F.3d at
18 1362 (quoting *Cardinal Chem. Co. v. Morton Int’l, Inc.*, 508 U.S. 83, 96 (1993)). The factual
19 scenarios that fall in between require case-by-case analysis, and the objective actions of the
20 patentee are the subject of that inquiry. *See 3M Co.*, 673 F.3d at 1379; *Hewlett-Packard Co.*, 587
21 F.3d at 1363. The patentee need not explicitly threaten to sue or demand a license, but its actions
22 must give reason to believe that it is asserting its rights under the patents. *See Hewlett-Packard*
23 *Co.*, 587 F.3d at 1362-63.

24 Here, Applied contends that Demaray’s own actions provide evidentiary support that a
25 controversy exists because Demaray previously offered Applied the opportunity to license the
26 Asserted Patents in 2015. Reply at 2; *see also* Supplemental Declaration of Boris Lubarasky
27 (“Lubarasky Decl.”), Ex. K, Dkt. No. 28-2. In analyzing affirmative acts, courts consider

1 numerous factors and look at the parties' conduct and interactions as a whole. *See ActiveVideo*
 2 *Networks, Inc. v. Trans Video Elecs., Ltd.*, 975 F. Supp. 2d 1083, 1087–88 (N.D. Cal. 2013);
 3 *Akeena Solar, Inc. v. Zep Solar Inc.*, No. C-09-05040 JSW, 2010 WL 519838, at *4 (N.D. Cal.
 4 Feb. 9, 2010). As is relevant here, courts consider the strength of language used in the parties'
 5 communications, the extent of infringement analysis done by the patentee, whether the patentee
 6 imposed a deadline to accept the license offer, the patentee's history of enforcement, whether the
 7 patentee has identified specific patents and products, and the time that has passed since the
 8 infringement allegations. *See ActiveVideo Networks, Inc.*, 975 F. Supp. 2d at 1087–88.

9 The facts put forth by Applied do not establish that there is a “substantial controversy”
 10 between the parties that is “of sufficient immediacy and reality. . . .” *See Medimmune*, 549 U.S. at
 11 127. In August 2015, Demaray informed Applied by email that it was offering a license to the
 12 Asserted Patents as well as several other patents and technology. *See Lubarasky Decl., Ex. K.*
 13 Demaray did not impose a deadline on Applied for a response to the license offer. Furthermore, in
 14 the 2015 email, Demaray did not directly or implicitly suggest that any Applied products
 15 infringed on Demaray's patents nor did Demaray assert the patents as “relevant” to Applied's
 16 specific products. *Cf. Hewlett-Packard Co.*, 587 F.3d at 1363 (finding under the totality of the
 17 circumstances that, “it was not unreasonable for HP to interpret . . . letters as implicitly asserting
 18 [patent] rights” where patentee in part asserted a patent as relevant to the other party's specific
 19 product line). There is no indication Demaray has ever made any infringement allegations against
 20 Applied. Applied has also not presented evidence that it had any further interaction with Demaray
 21 concerning patent licensing after 2015 or that Demaray attempted to assert its patent rights against
 22 Applied in a different way. Given the general nature of the communication presented by Applied,
 23 “the majority of the factors considered by courts weigh against finding standing” to seek
 24 declaratory relief here. *Cepheid v. Roche Molecular Sys., Inc.*, No. C-12-4411 EMC, 2013 WL
 25 184125, at *11 (N.D. Cal. Jan. 17, 2013).

26 **ii. There is Not an Actual Controversy Applied Might be Liable for Direct**
 27 **Infringement**

1 Moreover, the WDTX Actions between Demaray and Applied’s customers, Intel and
2 Samsung, do not give rise to an actual controversy as to whether Applied might be liable for direct
3 patent infringement. Pursuant to § 271(a) of the Patent Act, “whoever without authority makes,
4 uses, offers to sell, or sells any patented invention, within the United States or imports into the
5 United States any patented invention during the term of the patent therefor, infringes the patent.”
6 35 U.S.C. § 271(a). In the WDTX Actions, Demaray has accused Applied’s customers, Intel and
7 Samsung, of directly infringing configuration and method claims of the Asserted Patents;
8 Demaray alleges that Intel and Samsung are in violation of § 271(a) of the Patent Act since each
9 has infringed and unless enjoined will continue to infringe patent claims by “making, using, or
10 offering to sell” the patented inventions at issue. Intel Compl. ¶¶ 22, 47; Samsung Compl. ¶¶ 25,
11 50.

12 More specifically, Demaray’s claims are predicated on Intel and Samsung “configur[ing]
13 RMS reactors, including, but not limited to reactors in the Endura product line from Applied
14 Materials, Inc. . . . for deposition of layers . . . in its semiconductor products.” Intel Compl. ¶ 25;
15 Samsung Compl. ¶ 28. In particular, Demaray alleges Intel and Samsung configure the reactors
16 such that they are comprised of a pulsed DC power supply coupled to the target area, a RF bias
17 power supply coupled to the substrate, and a narrow band rejection filter placed between the DC
18 power supply and the target area in order to deposit the thin layer films in its semiconductor
19 products. Intel Compl. ¶¶ 33, 36, 39; Samsung Compl. ¶¶ 36, 39, 42.

20 Applied argues that Demaray’s “exclusive identification” of its Endura reactors in the
21 WDTX Actions, and reliance on Applied’s publications, website, and screenshots of its reactors
22 created an implied assertion of infringement against Applied. *See* Reply at 3. Moreover, Applied
23 contends that because Demaray’s allegations concerning Intel’s and Samsung’s configurations
24 lack citation to any evidence revealing who performs the configuration, the implied assertion is
25 that Applied’s reactors necessarily or inherently feature these configurations. *Id.* at 3-4. Thus,
26 according to Applied, Demaray’s allegations establish a reasonable potential that Demaray could
27 bring direct infringement claims against Applied. The Court is not convinced.

1 The Applied publications Demaray references do not discuss the specific configuration or
2 method covered under Demaray’s Asserted Patents. *See* Intel Compl., Ex. No. 3-5; Samsung
3 Compl., Ex. No. 3-5. Instead, the Applied publications cover general information and features of
4 Applied’s reactors, and their ability to be utilized in the reactive sputtering process. For
5 Demaray’s accusations against Intel and Samsung to give rise to a declaratory judgment claim
6 regarding direct non-infringement of the Asserted Patents, the facts alleged in the complaints and
7 the documents referenced therein must imply that Applied itself may be liable for direct
8 infringement. Although Applied is a supplier of the reactors capable of this configuration and
9 deposition method, Demaray does not allege in the WDTX Actions that Applied itself configures
10 the reactors or promotes the patented configuration and method. *See generally* Intel Compl.;
11 Samsung Compl. Without more, Applied cannot be held liable for direct infringement. *See*
12 *Ormco Corp. v. Align Tech., Inc.*, 463 F.3d 1299, 1311 (Fed. Cir. 2006) (holding that “[m]ethod
13 claims are only infringed when the claimed process is performed, not by the sale of an apparatus
14 that is capable of infringing the use.”); *see also Joy Techs., Inc. v. Flakt, Inc.*, 6 F.3d 770, 773
15 (Fed. Cir. 1993) (holding that “[t]he sale of [an apparatus capable of performing a claimed process
16 is] not a direct infringement because a method or process claim is directly infringed only when the
17 process is performed”). Accordingly, Applied has failed to allege an actual controversy with
18 respect to direct infringement of Demaray’s patents. *See MedImmune, Inc.*, 549 U.S. at 127.

19 **iii. There is Not an Actual Controversy Applied Might be Liable for Indirect**
20 **Infringement**

21 “Where a patent holder accuses customers of direct infringement based on the sale or use
22 of a supplier’s equipment, the supplier has standing to commence a declaratory judgment action if
23 (a) the supplier is obligated to indemnify its customers from infringement liability, or (b) there is a
24 controversy between the patentee and the supplier as to the supplier’s liability for induced or
25 contributory infringement based on the alleged acts of direct infringement by its customers.” *Arris*
26 *Group, Inc.*, 639 F.3d at 1375. In the instant case, (a) is not applicable. There is nothing in the
27 record before the Court to suggest that Applied has indemnification agreements with its customers

1 or that indemnification would otherwise be required as a matter of law. *See Activevideo Networks,*
 2 *Inc.*, 975 F. Supp. at 1095 (asking whether there is an obligation to indemnify – e.g., under a
 3 contract or as a matter of law); *see also, e.g., Proofpoint, Inc. v. InNova Patent Licensing, LLC*,
 4 No. 5:11-CV-02288-LHK, 2011 WL 4915847, at *5 (N.D. Cal. Oct. 17, 2011) (stating that
 5 “Proofpoint has not alleged the existence of a valid [indemnification] agreement nor described its
 6 supposed obligations; it has simply indicated that the Texas Action [against its customers] has
 7 spawned indemnity ‘requests’ ” but, “[w]ithout more, allegations of indemnity requests are not
 8 enough to find a ‘substantial controversy . . . of sufficient immediacy and reality’”).

9 Because (a) does not apply, the Court must determine whether there is a controversy
 10 between Applied and Demaray as to Applied’s liability for indirect infringement based on the
 11 alleged acts of direct infringement by its customers. Here, the Court must bear in mind that
 12 Applied does not have to definitively show that it is liable for indirect infringement. *See Arris*
 13 *Group, Inc.*, 639 F.3d at 1380 (rejecting declaratory judgment defendant’s argument that the
 14 declaratory judgment plaintiff has the burden of presenting evidence that its actions indirectly
 15 infringe; “the very purpose for an accused infringer to bring a declaratory judgment action is to
 16 seek a judicial determination that a coercive claim by the patent holder would not succeed on the
 17 merits”) (emphasis omitted). However, Applied must show that there is “at least a *reasonable*
 18 *potential* that . . . a claim [for indirect infringement] could be brought.” *Microsoft Corp.*, 755 F.3d
 19 at 904-05 (emphasis added).

20 Contributory infringement under 35 U.S.C. § 271(c) occurs if a party sells or offers to sell
 21 a material or apparatus for use in practicing a patented process, and that “material or apparatus” is
 22 material to practicing the invention, has no substantial non-infringing uses, and is known by the
 23 party “to be especially made or especially adapted for use in an infringement of such a patent.”
 24 *See In re Bill of Lading Transmission and Processing Sys. Patent Litig.*, 681 F.3d 1323, 1337
 25 (Fed. Cir. 2012). Induced infringement, on the other hand, requires a showing that the alleged
 26 infringer knowingly induced infringement and possessed specific intent to encourage another’s
 27 infringement. 35 U.S.C. § 271(b); *see DSU Med. Corp. v. JMS Co.*, 471 F.3d 1293, 1306 (Fed.

1 Cir. 2006). Demaray argues that Applied has not alleged that it supplies the “necessary
2 components” for infringement such as reactors with, for example, a narrow band-rejection filter.
3 Opp. at 8. Demaray also contends that Applied has not sufficiently pled any facts suggesting its
4 reactors have no substantial non-infringing uses or that Applied could be found to induce
5 infringement. *Id.*

6 Conversely, Applied contends that the factual allegations in Demaray’s WDTX Actions
7 establish a reasonable potential Demaray could bring claims of indirect infringement against
8 Applied. First, Applied argues that Demaray’s extensive reliance on Applied’s Endura reactors
9 and Applied’s product materials, website, and literature to support its actions against Intel and
10 Samsung implies that its products are being used as a material part in the customer’s infringing
11 activity. *See Reply* at 6. Applied also contends that since Demaray has brought suit against Intel
12 and Samsung, two of the world’s biggest chipmakers and two companies described as Applied’s
13 biggest customers, any alleged non-infringing uses of Applied’s products outside the way the
14 products are used by Samsung and Intel are not intended uses and in some instances can also result
15 in damage to features of Applied’s products. *Id.* Thus, according to Applied, there is a reasonable
16 potential that Demaray could assert the allegedly infringing configuration and method are the
17 primary and substantial use. *Id.* Additionally, Applied argues that allegations claiming it provides
18 its customers with “application-specific process kits” that allow users to modify the reactors to fit
19 their needs, raise the reasonable potential that Demaray could in turn bring claims for induced
20 infringement against Applied.

21 However, the WDTX Actions and other record evidence do not establish a reasonable
22 potential that Demaray could raise an indirect infringement claim against Applied. In *Arris Group*
23 *Inc. v. British Telecommunications PLC*, the manufacturer and supplier of equipment used in
24 Voice over Internet Protocol (VoIP) telephone services, sued British Telecommunications (“BT”)
25 following BT’s accusation that the supplier’s customer (a telecommunications network provider)
26 infringed BT’s patents. Although BT never explicitly accused the supplier of infringement, the
27 supplier’s products were central to BT’s infringement contentions. *Arris Group, Inc.*, 639 F.3d at

1 1377. The court found that BT had accused Arris' customer Cable One of direct infringement of
2 various system and method claims. The court then provided a detailed analysis of BT's 118-page
3 presentation of its infringement contentions, pointing to the many instances of how BT singled out
4 Arris' products used in Cable One's network, including multiple claim tables purporting to match
5 components of Cable One's network to elements of the system/method claims of the patents-in-
6 suit. The court emphasized that on 26 of those 118 pages, Arris was specifically referenced by
7 name, or its products were identified by brand name and model, or its product literature was
8 copied from its website for illustrative effect. *Id.* at 1376–77. The court emphasized that BT's
9 presentation made clear that Cable One's use of specific Arris products was central to BT's
10 infringement contentions, and that for many of the claims, BT asserted that virtually all the
11 claimed system's elements or method steps were practiced by the specific Arris products used in
12 Cable One's network. *Id.* at 1377–78.

13 Here, there is no evidence apparent to the Court that Demaray provides a lengthy
14 presentation of infringement contentions in the WDTX Actions that use of Applied's reactors is
15 central to Demaray's infringement claims against Intel and Samsung. As discussed above, it is
16 true that Demaray referred to Applied's Endura reactors and publications wherein the capabilities
17 of Applied's reactors were discussed. However, the Applied publications cover general
18 information and features of Applied's reactors and their reactive magnetron sputtering capabilities
19 including the deposition of tantalum (TaN) and titanium (TiN) layers. *See Intel Compl., Ex. No.*
20 *3-5; Samsung Compl., Ex. No. 3-5.* Thus, at this stage in the litigation, the Court sees no way to
21 tell definitively whether the references to Applied's Endura reactors are intended as required parts
22 of the accused configurations and methods, or whether they are simply offered as illustrations or
23 as part of the background of the accused reactor configuration and method.

24 Furthermore, contrary to Applied's contention, the allegations in Demaray's customer
25 actions do not imply that any non-infringing use of Applied products outside the way the products
26 are used by Intel and Samsung are not intended uses. Demaray's claims focus on one
27 configuration and one method able to be performed on reactors like those manufactured by

1 Applied. The claims do not speak to the reactors themselves or many other non-infringing uses
 2 described in Applied’s publications. *See generally* Intel Compl.; Samsung Compl. As Applied
 3 has not alleged its reactors could not be used without infringing the Asserted Patents, there is no
 4 indication that Applied contributed to the alleged infringement by its customers. *See Ours Tech.,*
 5 *Inc. v. Data Drive Thru, Inc.*, 645 F. Supp. 2d 830, 839 (N.D. Cal. 2009) (“The Federal Circuit
 6 held there was no indication that Microchip had contributed to or induced infringement by its
 7 customers, because there was no evidence that Microchip’s technology could not be used without
 8 infringing Chamberlain’s patent or that Microchip had the required level of intent to cause and
 9 encourage the alleged infringement.”) (citing *Microchip Tech. Inc. v. Chamberlain Grp., Inc.*, 441
 10 F.3d 936, 944 (Fed. Cir. 2006)).

11 Moreover, the “application-specific process kits” that Applied provides its customer with
 12 do not suggest that Applied had the requisite knowledge or intent for indirect infringement. *Id.*
 13 Demaray refers to the process kits when discussing how reactors, such as Applied’s Endura
 14 reactors, can be modified to allow for the deposition of specific material layers including TaN
 15 barrier layers and TiN hardmask layers. *See* Intel Compl. ¶ 25, Samsung Compl. ¶ 28. There is
 16 no allegation made in the WDTX Actions that suggest the “application-specific process kits” also
 17 concern the configuration and method claims related to Demaray’s Asserted Patents. Thus, on
 18 these facts, the Court cannot find that there is a “controversy between the patentee and the supplier
 19 as to the supplier’s liability for induced . . . infringement.” *Arris Group, Inc.*, 639 F.3d at 1375.

20 Despite Demaray’s WDTX Actions and the evidence put forth by Applied, Demaray’s
 21 alleged actions are not indicative of “adverse legal interests” as to Applied. *See MedImmune, Inc.*,
 22 549 U.S. at 127. Applied has not shown that a “substantial controversy” that is “of sufficient
 23 immediacy and reality” exists between itself and Demaray. *Id.*

24 **IV. CONCLUSION**

25 For the forgoing reasons, the Court does not have subject matter jurisdiction over
 26 Applied’s action for declaratory relief. Thus, the Court **DENIES** Applied’s motion to enjoin the
 27 Western District of Texas Actions.

United States District Court
Northern District of California

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IT IS SO ORDERED.

Dated: December 23, 2020



EDWARD J. DAVILA
United States District Judge