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**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA**

ENEL COMPANY, LLC, *et al.*,
Plaintiffs,

v.

DAVID R. SCHAEFER, *et al.*,
Defendants.

CASE NO. 12-cv-1369-IEG(WMC)

ORDER:

**(1) DENYING PLAINTIFFS’
MOTION FOR PARTIAL
SUMMARY JUDGMENT; AND

(2) GRANTING DEFENDANT’S
CROSS-MOTION FOR PARTIAL
SUMMARY JUDGMENT**

[Doc. Nos. 85, 94]

**AND RELATED CROSS AND
COUNTER CLAIMS.**

On June 6, 2012, Plaintiff Enel Company, LLC (“Enel”) commenced this patent-infringement action against various defendants, including Defendant Lakeland Gear, Inc., which is now known as Rightline Gear, Inc. (“Rightline”). Plaintiff Lee B. Cargill later joined Enel in prosecuting this action. Presently before the Court are the parties’ cross-motions for partial summary judgment. Both motions are opposed.

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1 The Court found these motions suitable for determination on the papers
2 submitted and without oral argument. See Civ. L.R. 7.1(d.1). For the following
3 reasons, the Court **DENIES** Plaintiffs’ motion for partial summary judgment, and
4 **GRANTS** Defendant’s cross-motion for partial summary judgment.

5 BACKGROUND

6 On October 18, 2000, Mr. Cargill filed a provisional patent application for a
7 “pickup truck tent camping system.” (Def.’s Mot. Ex. 1.) In the provisional
8 application, he summarized the invention as having three subsystems, “each of
9 which removably mount to the cargo box of [a] truck”: (1) a tent assembly with
10 removal cover, (2) an elevated platform assembly, and (3) a travel cover assembly.
11 Mr. Cargill subsequently assigned the patent to Enel. On November 19, 2002, U.S.
12 Patent Number 6,481,784 (“Patent ’784”) was issued for Plaintiffs’ pickup truck
13 tent camping system. (Def.’s Mot. Ex. 11.)

14 By 2003, Mr. Cargill was aware of other truck tents available on the market,
15 including David Schaefer and Lakeland Enterprises, LLC’s “Camp-Right” truck
16 tent.¹ (Def.’s Mot. Exs. 3, 5.) On July 31, 2003, Plaintiffs’ counsel sent Mr.
17 Schaefer a letter identifying Enel as the owner of Patent ’784 and Mr. Cargill as the
18 inventor of a “truck tent camping system.” (Def.’s Mot. Ex. 12.) He noted that Mr.
19 Schaefer’s “Camp Right” truck tent was noticed on a website and “thought that [Mr.
20 Schaefer] should be highly interested in the ’784 patent.” (Id.) Sometime
21 thereafter, Mr. Schaefer responded, stating that he was “quite confident there is no
22 infringement what so ever,” and expressed that he was not interested in discussing
23 licensing at that time. (Def.’s Mot. Ex. 16.) This prompted a response from
24 Plaintiffs’ counsel on August 18, 2003, demanding that Mr. Schaefer “immediately
25 cease and desist making, having made, using, selling, offering to sell, and importing
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27 ¹ Mr. Schaefer owned and controlled Lakeland Enterprises, LLC (“Lakeland”). Mr. Schaefer
28 and Lakeland are also defendants in this action, but they are not moving parties in the pending cross-
motions for partial summary judgment. Mr. Schaefer and Lakeland do, however, separately oppose
Plaintiffs’ partial-summary-judgment motion. (Doc. No. 96.)

1 [his] infringing products or be prepared to face infringement litigation.” (Def.’s
2 Mot. Ex. 17.) On October 22, 2003, Lakeland’s counsel sent a letter to Plaintiffs’
3 counsel identifying distinctions between the parties’ respective truck tents, and
4 requesting observations and comments directed to specific elements raised. (Def.’s
5 Mot. Ex. 19.) Plaintiffs did not respond.

6 The parties agree that there was no correspondence from October 2003 until
7 this lawsuit was filed. During that time period, in August 2008, Mr. Schaefer sold
8 “all or substantially all of the non-real property assets” of Lakeland to Defendant
9 Rightline. (Def.’s Mot. Ex. 25; Pls.’ Mot. Ex. A; Evans Decl. ¶ 3.) After the
10 purchase, Defendant invested over \$320,000 in the business purchased from
11 Lakeland, which included the truck-tent product line. (Evans Decl. ¶¶ 13–14.) It
12 also increased its vendors from approximately 2 vendors in 2008 to 32 vendors as of
13 June 2012. (Id. ¶ 16.)

14 On June 6, 2012, Plaintiffs commenced this action, asserting claims for the
15 infringement of Patent ’784, and injunctive relief. In response to the complaint,
16 Defendant, Mr. Schaefer, and Lakeland assert equitable affirmative defenses,
17 including laches and equitable estoppel. They contend that Plaintiffs’ claims are
18 barred, in whole or in part, by these equitable defenses. The parties now cross move
19 for partial summary judgment. Both motions are opposed.

20 DISCUSSION

21 **I. Legal Standard**

22 Summary judgment is appropriate under Rule 56(c) where the moving party
23 demonstrates the absence of a genuine issue of material fact and is entitled to
24 judgment as a matter of law. See Fed. R. Civ. P. 56(c); Celotex Corp. v. Catrett,
25 477 U.S. 317, 322 (1986); Satterfield v. Simon & Schuster, Inc., 569 F.3d 946, 950
26 (9th Cir 2009). A fact is material when, under the governing substantive law, it
27 could affect the outcome of the case. Anderson v. Liberty Lobby, Inc., 477 U.S.
28 242, 248 (1986). A dispute about a material fact is genuine if “the evidence is such

1 that a reasonable jury could return a verdict for the nonmoving party.” Anderson,
2 477 U.S. at 248.

3 A party seeking summary judgment always bears the initial burden of
4 establishing the absence of a genuine issue of material fact. Celotex, 477 U.S. at
5 323. The moving party can satisfy this burden in two ways: (1) by presenting
6 evidence that negates an essential element of the nonmoving party’s case; or (2) by
7 demonstrating that the nonmoving party failed to make a showing sufficient to
8 establish an element essential to that party’s case on which that party will bear the
9 burden of proof at trial. Id. at 322-23. “Disputes over irrelevant or unnecessary
10 facts will not preclude a grant of summary judgment.” T.W. Elec. Serv., Inc. v. Pac.
11 Elec. Contractors Ass’n, 809 F.2d 626, 630 (9th Cir. 1987).

12 “The district court may limit its review to the documents submitted for the
13 purpose of summary judgment and those parts of the record specifically referenced
14 therein.” Carmen v. S.F. Unified Sch. Dist., 237 F.3d 1026, 1030 (9th Cir. 2001).
15 Therefore, the court is not obligated “to scour the record in search of a genuine issue
16 of triable fact.” Keenan v. Allen, 91 F.3d 1275, 1279 (9th Cir. 1996) (citing
17 Richards v. Combined Ins. Co. of Am., 55 F.3d 247, 251 (7th Cir. 1995)). If the
18 moving party fails to discharge this initial burden, summary judgment must be
19 denied and the court need not consider the nonmoving party’s evidence. Adickes v.
20 S.H. Kress & Co., 398 U.S. 144, 159-60 (1970).

21 If the moving party meets this initial burden, the nonmoving party cannot
22 defeat summary judgment merely by demonstrating “that there is some metaphysical
23 doubt as to the material facts.” Matsushita Elec. Indus. Co., v. Zenith Radio Corp.,
24 475 U.S. 574, 586 (1986); Triton Energy Corp. v. Square D Co., 68 F.3d 1216, 1221
25 (9th Cir. 1995) (“The mere existence of a scintilla of evidence in support of the
26 nonmoving party's position is not sufficient.”) (citing Anderson, 477 U.S. at 242,
27 252). Rather, the nonmoving party must “go beyond the pleadings” and by “the
28 depositions, answers to interrogatories, and admissions on file,” designate “specific

1 facts showing that there is a genuine issue for trial.” Celotex, 477 U.S. at 324
2 (quoting Fed. R. Civ. P. 56(e)).

3 When making this determination, the court must view all inferences drawn
4 from the underlying facts in the light most favorable to the nonmoving party. See
5 Matsushita, 475 U.S. at 587. “Credibility determinations, the weighing of evidence,
6 and the drawing of legitimate inferences from the facts are jury functions, not those
7 of a judge, [when] he [or she] is ruling on a motion for summary judgment.”
8 Anderson, 477 U.S. at 255.

9 The mere fact that the parties filed cross-motions “does not necessarily mean
10 there are no disputed issues of material fact and does not necessarily permit the
11 judge to render judgment in favor of one side or the other.” Starsky v. Williams,
12 512 F.2d 109, 112 (9th Cir. 1975). “[E]ach motion must be considered on its own
13 merits.” Fair Hous. Council of Riverside Cnty., Inc. v. Riverside Two, 249 F.3d
14 1132, 1136 (9th Cir. 2001). Also, the court must consider evidence submitted in
15 support of and in opposition to both motions before ruling on either one. Id.

16 **II. Equitable Defenses and Legal Successors-in-Interest in Privity**

17 Plaintiffs argue in their motion that Defendant cannot assert the defense of
18 laches or equitable estoppel, and that summary judgment is proper barring
19 Defendant from doing so. They premise their argument on the proposition that
20 “[e]quitable defenses . . . are personal to the party asserting them,” and thus “*only* a
21 legal successor-in-interest in privity may assert equitable defenses personal to its
22 predecessor.” (Pls.’ Mot. 4:7–10, 5:17–20 (emphasis in original).) Relying on
23 Radio Systems, Jamesbury, Aukerman, and a few other Federal Circuit cases,²
24 Plaintiffs contend that a “common theme” emerges requiring “a complete transfer of
25 a corporation or financial control” before a successor is entitled to assert its
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27 ² The other cases that Plaintiffs cite are: Gillig v. Nike, Inc., 602 F.3d 1354, 1362 (Fed. Cir.
28 2009), A. Stucki Co. v. Worthington Industries Inc., 849 F.2d 593, 596-97 (Fed. Cir. 1988), and Eli Lilly & Co. v. Premo Pharmaceuticals Laboratories, Inc., 843 F.2d 1378, 1382 (Fed. Cir. 1988). (Pls.’ Mot. 7:3–13.)

1 predecessor's equitable defenses. (See id. at 6:22–7:25.) Plaintiffs argue that
2 Defendant does not satisfy that requirement and thus cannot assert its predecessor's
3 defenses of laches or equitable estoppel. (See id.) However, Plaintiffs' contention
4 is a misunderstanding of the law.

5 The application of the defense of equitable estoppel and laches are
6 “committed to the sound discretion of the trial judge.” Radio Sys. Corp. v. Lalor,
7 709 F.3d 1124, 1130 (Fed. Cir. 2013); A.C. Aukerman Co. v. R.L. Chaides Constr.
8 Co., 960 F.2d 1020, 1028 (Fed. Cir. 1992) (en banc). Federal Circuit precedent
9 “confirms that equitable estoppel applies to successors-in-interest where privity has
10 been established.” Radio Sys., 709 F.3d at 1130 (citing Jamesbury Corp. v. Litton
11 Indus. Prods., Inc., 839 F.2d 1544, 1555 (Fed. Cir. 1988), overruled on other
12 grounds by Aukerman, 960 F.2d at 1042). “[A] determination of laches is not made
13 upon the application of ‘mechanical rules.’” Aukerman, 960 F.2d at 1032 (citing
14 Holmberg v. Armbrecht, 327 U.S. 392, 396 (1946)). Rather, a “court must look at
15 all of the particular facts and circumstances of each case and weigh the equities of
16 the parties.” Id. “Like laches, equitable estoppel is not limited to a particular
17 factual situation nor subject to resolution by simple or hard and fast rules.” Id. at
18 1041.

19 In Radio Systems, Radio Systems Corporation and Innotek, Inc. filed a
20 declaratory-judgment action against patentees Tom Lalor and Bumper Boy, Inc.
21 709 F.3d at 1125-26. Radio Systems acquired Innotek a year after Bumper Boy sent
22 Innotek its first demand letter. Id. at 1126. The district court granted summary
23 judgment for Radio Systems, finding that Bumper Boy was equitably estopped from
24 alleging that Radio Systems infringed the patents. Id. at 1130. On appeal, the
25 Federal Circuit confirmed that equitable estoppel applies to successors-in-interest
26 where privity has been established, and held that the district court did not abuse its
27 discretion in concluding that equitable estoppel applied to one of Bumper Boy's
28 patent-infringement allegations against both Innotek and its successor-in-interest

1 Radio Systems. Id. at 1131. The Federal Circuit also specifically noted that the
2 district court’s privity findings are not challenged on appeal. Id. Contrary to
3 Plaintiffs’ argument, the Federal Circuit did not explicitly or implicitly narrowly
4 define a successor or privity as requiring a complete transfer of a corporation or
5 financial control. See id.

6 Similarly, Plaintiffs’ reliance on Jamesbury is unavailing. In fact, the Federal
7 Circuit did not even use the word “privity” in their opinion, and used the phrase
8 “successor in interest” only once to describe the defendant-appellee in its holding
9 that the successor is liable for the knowledge of its predecessor’s potential
10 infringement. Jamesbury, 839 F.2d at 1555. The court added a corollary that the
11 successor is entitled to rely on the lack of communication to the predecessor as well
12 as to itself. Id. Again, the Federal Circuit did not explicitly or implicitly narrowly
13 define a successor or privity in the manner that Plaintiffs suggest. See id.

14 Plaintiffs’ reliance on Gillig, Strucki, and Eli Lilly all suffer from this same
15 defective understanding. See Gillig, 602 F.3d at 1362; Stucki, 849 F.2d at 596-97;
16 Eli Lilly, 843 F.2d at 1382. Additionally, these cases are all distinguishable because
17 none of them address the doctrine of laches or equitable estoppel. See Gillig, 602
18 F.3d at 1362 (discussing privity in the context of *res judicata*); Stucki, 849 F.2d at
19 596-97 (discussing liability to patentholder for direct infringement under
20 corporate/successor liability); Eli Lilly, 843 F.2d at 1382 (addressing issue of
21 whether an injunction also binds successors-in-interest in privity). Consequently,
22 none of the aforementioned cases examine questions of law that are applicable to
23 this case.

24 Ultimately, Plaintiffs fail to demonstrate that any of the cited cases bar
25 Defendant from asserting the defense of laches and equitable estoppel.³ The Federal
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27 ³ Plaintiffs reference two South Carolina cases in its motion: Brown v. American Ry. Express
28 Co., 128 S.C. 428 (1924), and Simmons v. Mark Lift Industries, Inc., 366 S.C. 308 (2005). (Pls.’ Mot.
6:8–22.) Brown is cited out of context in that it addresses a purchasing company’s liability of debts
of a selling corporation; it does not analyze privity or the equitable defenses that are at issue here. 128

1 Circuit cases that they cite do not support the proposition that “a complete transfer
2 of a corporation or financial control” is necessary for a successor to assert equitable
3 defenses available to the predecessor. The absence of any affirmative language
4 supporting Plaintiffs’ contention among Federal Circuit cases suggests the complete
5 opposite, that both equitable defenses are indeed available for Defendant to assert
6 here as a successor-in-interest to Lakeland. See, e.g., Radio Sys., 709 F.3d at 1130.
7 Therefore, Plaintiffs fail to show that they are entitled to partial summary judgment.

8 **III. Defendant’s Defenses of Laches and Equitable Estoppel**

9 Defendant argues in their cross-motion that it is entitled to summary
10 judgment on its equitable affirmative defenses of laches and equitable estoppel
11 because the undisputed facts show that it satisfies each of the elements required for
12 both defenses. (Def.’s Mot. 3:19–14:24.) Plaintiffs respond on three grounds: (1)
13 Defendant is not a successor-in-interest and thus cannot “tack” onto Lakeland’s
14 defenses, (2) there are disputed facts rendering summary judgment improper, and
15 (3) Defendant fails to show that it was prejudiced by Plaintiffs’ silence. (Pls.’
16 Opp’n 5:5–9:4, 9:8–14:7.) The Court will address the arguments below.

17 **A. Laches**

18 “[L]aches may be defined as the neglect or delay in bringing suit to remedy an
19 alleged wrong, which taken together with lapse of time or other circumstances,
20 causes prejudice to the adverse party and operates as an equitable bar.” Aukerman,
21 960 F.2d at 1029. “[It] focuses on the dilatory conduct of the patentee and the
22 prejudice which the patentee’s delay has caused.” Id. at 1031-32. “[A]
23 determination of laches is not made upon the application of ‘mechanical rules.’” Id.
24 at 1029. Rather, its application is “committed to the sound discretion of the district
25 court.” Id. at 1032.

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27 S.C. at 428. Similarly, Simmons addresses a successor’s tort liability after the purchase of assets; it
28 also does not analyze privity, equitable estoppel, or laches. 366 S.C. at 312-13. Thus, neither case is
relevant to the Court’s analysis. Moreover, Plaintiffs do not reference South Carolina law again in
their reply brief, suggesting that they have abandoned this line of argument.

1 It is well settled that to invoke the laches defense, a defendant has the burden
2 to prove two factors: (1) “the plaintiff delayed filing suit for an unreasonable and
3 inexcusable length of time from the time the plaintiff knew or reasonably should
4 have known of its claim against the defendant”; and (2) “the delay operated to the
5 prejudice or injury of the defendant.” Aukerman, 960 F.2d at 1032 (citing, among
6 other cases, Costello v. United States, 365 U.S. 265, 282 (1961)). “The length of
7 time which may be deemed unreasonable has no fixed boundaries but rather
8 depends on the circumstances.” Id. (citing, among other cases, Gallihier v. Cadwell,
9 145 U.S. 368, 373 (1892)). “The period of delay is measured from the time the
10 plaintiff knew or reasonably should have known of the defendant’s alleged
11 infringing activities to the date of suit.” Id. However, the laches period does not
12 begin prior to the issuance of the patent. Meyers v. Asics Corp., 974 F.2d 1304,
13 1307 (Fed. Cir. 1992) (citing Aukerman, 960 F.2d at 1032).

14 A “presumption of laches arises if the patentee delays bringing suit for more
15 than six years after actual or constructive knowledge of the defendant’s infringing
16 activity.” Ecolab, Inc. v. Envirochem, Inc., 264 F.3d 1358, 1371 (Fed. Cir. 2001)
17 (citing Aukerman, 960 F.2d at 1035-36). The effect of this presumption is that the
18 two facts of unreasonable delay and prejudice “*must* be inferred, absent rebuttal
19 evidence.” Aukerman, 960 F.2d at 1037 (emphasis in original). “[T]he
20 presumption of laches may be eliminated by offering evidence to show an excuse
21 for the delay or that the delay was reasonable, even if such evidence may ultimately
22 be rejected as not persuasive[,]” or by “offer[ing] evidence sufficient to place the
23 matters of defense prejudice and economic prejudice genuinely in issue.” Id. at
24 1038. “Elimination of the presumption does not mean the patentee precludes the
25 possibility of a laches defense; it does mean, however, that the *presumption* of
26 laches plays no role in the ultimate decision.” Id. (emphasis added).

27 There is no dispute between the parties that there was a delay on the part of
28 Plaintiffs. However, there is a dispute regarding when the laches period began,

1 which the parties agree is purely a legal question. (See Pls.’ Opp’n 5:8–9; Def.’s
2 Reply 4:12–6:24.) Depending on when the laches period began, Plaintiffs may bear
3 the burden of rebutting the presumption of laches. See Aukerman, 960 F.2d at
4 1037.

5 **1. The Laches Period**

6 Generally, the laches defense is personal to a particular party. Aukerman,
7 960 F.2d at 1032; see also Wanlass v. Fedders Corp., 145 F.3d 1461, 1464 (Fed.
8 Cir. 1998) (period of delay measured from the time the plaintiff knew or reasonably
9 should have known of the defendant’s alleged infringing activities). “The federal
10 circuit has not, in the laches context, prescribed the standard to be applied in
11 determining whether an alleged infringer may ‘tack on’ delay periods from prior
12 infringing activity[.]” Engineered Prods. Co. v. Donaldson Co., Inc., 164 F. Supp.
13 2d 836, 854 (N.D. Iowa 2001). Regardless, there “never has been any magic in
14 corporate entity[.]” and disallowing tacking for a successor infringing corporation
15 “is not in the ends of justice” and promotes “form-over-substance.” Raber v.
16 Pittway Corp., No. C 92-2581, 1994 WL 374542, at *3 (N.D. Cal. July 11, 1994)
17 (quoting Am. Home Prods. Corp. v. Lockwood Mfg. Co., 173 U.S.P.Q. 486 (S.D.
18 Ohio 1972), aff’d, 483 F.2d 1120 (6th Cir. 1973)). Consequently, several courts
19 have adopted the rule that tacking should be allowed “in cases where only the
20 ownership of the defendant-business changes hands.” Id. (quoting 6 Donald S.
21 Chisum, Patents, § 19.05[2][a][ii]); Radar Indus., Inc. v. Cleveland Die & Mfg. Co.,
22 632 F. Supp. 2d 686, 692 (E.D. Mich. 2009); Five Star Mfg., Inc. v. Ramp Lite
23 Mfg., Inc., 44 F. Supp. 2d 1149, 1156 (D. Kan. 1999) (a defendant may tack when
24 there is “some formal transfer of the technology and good-will of the accused
25 product”); Sec. & Access (Elec. Media) Ltd. v. Nokia, Inc., No. 95-1689, 1997 WL
26 158308, at *4 (M.D. Fla. Mar. 24, 1997). This Court adopts the aforementioned
27 rule allowing tacking.

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1 Both parties provide undisputed evidence that Defendant purchased “all or
2 substantially all of the non-real property assets” from Lakeland. (Def.’s Mot. Ex.
3 25; Pls.’ Mot. Ex. A (“Purchase Agreement”).) There is no dispute regarding the
4 contents of the Purchase Agreement or its authenticity. According to the Purchase
5 Agreement, all of Lakeland’s equipment, inventory, and “good will and other
6 intangibles” changed ownership. (Purchase Agreement § 1.1, Schedule 1.1–1.2.)
7 The good will associated with Lakeland included all trademarks, tradenames, logos,
8 websites, domain names, and phone numbers; and the other intangibles included all
9 designs, conceptual sketches, material samples, packaging materials and
10 photography, correspondence with manufacturing facilities, prepared quotations and
11 other research materials regarding the production of new Lakeland products. (Id.
12 Schedule 1.1.) The Purchase Agreement explicitly states that these new products
13 included “any SUV Tent prototypes, Self Inflating Sleeping Pad prototypes, Truck
14 Tent Rechargeable Light prototypes and all products from competitor companies
15 used to create or evaluate Lakeland Enterprises LLC products.” (Id.) The Purchase
16 Agreement demonstrates that there was a substantial change of ownership, including
17 technology and good will, of the “accused” truck tent to Defendant.⁴ See Five Star
18 Mfg., 44 F. Supp. 2d at 1156; see also Raber, 1994 WL 374542, at *3. Therefore,
19 Defendant may “tack on” the delay period from the alleged infringing activity of its
20 predecessor Lakeland. See Raber, 1994 WL 374542, at *3.

21 Plaintiffs first accused Lakeland of the alleged infringement when they sent
22 Lakeland a letter on July 31, 2003, identifying Enel as the owner of Patent ’784 and
23 directing Lakeland to the “truck tent system invented by Lee Cargill.” (See Def.’s
24 Mot. Ex. 12.) That letter shows that Plaintiffs were aware of Defendant’s “Camp
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27 ⁴ Plaintiffs argue that Defendant cannot tack onto its predecessor’s laches period. (Pls.’ Opp’n
28 6:6:9–7:19.) This argument is based on the faulty premise, which the Court discussed above, that
“[p]rivity requires either complete transfer of a corporation or financial control of one party over
another.” (See id. at 6:9–13, 7:4–19.) The Court, once again, rejects this argument.

1 Right” truck tent as of July 31, 2003, at the latest. (See id.) Defendant provides
2 additional correspondences between Plaintiffs and Lakeland that are also not in
3 dispute: (1) Lakeland’s undated response to Plaintiffs’ July 31, 2003 letter (id. Ex.
4 16); (2) Plaintiff’s demand letter sent to Lakeland dated August 18, 2003 (id. Ex.
5 17); and (3) Lakeland’s letter identifying distinctions between the parties’ respective
6 truck tents, and requesting observations and comments directed to specific elements
7 raised dated October 22, 2003 (id. Ex. 19). The parties agree that there was no
8 additional correspondence after October 22, 2003 until this lawsuit was filed on
9 June 6, 2012. The time that lapsed during that period is over 8 years and 9 months.
10 That 8+ year delay in bringing suit after having knowledge of the alleged infringing
11 activity results in a presumption of laches against Plaintiffs. See Ecolab, 264 F.3d
12 at 1371 (citing Aukerman, 960 F.2d at 1035-36).

13 2. Rebutting the Laches Presumption

14 Plaintiffs do not attempt to rebut the laches presumption by offering evidence
15 showing an excuse or that the delay was reasonable. Rather, relying on the distorted
16 premise that “lack of prejudice rebuts a presumption of laches,” Plaintiffs argue that
17 Defendant’s summary-judgment motion should be denied because Defendant fails to
18 establish that it suffered evidentiary or economic prejudice. (Pls.’ Opp’n
19 10:4–14:15.)

20 “A patentee may . . . eliminate the presumption [of laches] with an offer of
21 evidence sufficient to place the matters of defense prejudice and economic prejudice
22 genuinely at issue.” Aukerman, 960 F.2d at 1038. “Thus, the patentee may
23 eliminate the presumption by offering proof that no *additional* prejudice occurred in
24 the six-year time period, *i.e.*, that evidence respecting an alleged infringer’s
25 defenses remains available substantially as before the delay and that economic
26 prejudice . . . has not occurred.” Id. (emphasis in original). In other words, the
27 laches presumption shifts the burden of production to the patentee. See Serdarevic
28 v. Advanced Med. Optics, Inc., 532 F.3d 1252, 1360 (Fed. Cir. 2008). It does not

1 mean, as Plaintiffs state, that a “lack of prejudice rebuts the presumption of laches.”

2 See id.

3 “Material prejudice to adverse parties resulting from the plaintiff’s delay is
4 essential to the laches defense.” Aukerman, 960 F.2d at 1033. “Such prejudice may
5 be either economic or evidentiary.” Id. “Evidentiary, or ‘defense’ prejudice, may
6 arise by reason of a defendant’s inability to present a full and fair defense on the
7 merits due to the loss of records, the death of a witness, or the unreliability of
8 memories of long past events, thereby undermining the court’s ability to judge the
9 facts.” Id. “Economic prejudice may arise where a defendant and possibly others
10 will suffer the loss of monetary investments or incur damages which likely would
11 have been prevented by earlier suit.” Id. “Prejudice may be shown by a change of
12 economic position flowing from actions taken or not taken by the patentee.” Aspex
13 Eyewear Inc. v. Clariti Eyewear, Inc., 605 F.3d 1305, 1312-13 (Fed. Cir. 2010)
14 (citing ABB Robotics, Inc. v. GMFanuc Robotics Corp., 52 F.3d 1062, 1065 (Fed.
15 Cir. 1995) (“[C]ases in which economic prejudice has been found lacking did not so
16 hold because of a lack of capital investments, but, rather, because the alleged
17 infringer failed to prove that their increased expenditures, i.e., on marketing and
18 development, were in any way related to actions taken by the patentee.”)).

19 Although “increasing sales . . . may constitute economic prejudice,” they alone are
20 not always sufficient to prove that prejudice. See ABB Robotics, 52 F.3d at 1062.

21 Defendant contends that it sustained both evidentiary and economic prejudice
22 as a result of Plaintiffs’ delay. For example, relying on Plaintiffs’ failure to respond
23 to the October 22, 2013 letter, Lakeland and Mr. Schaefer continued to
24 manufacture, market, and sell their truck tents, ultimately selling the entire truck-
25 tent business to Defendant. (Def.’s Mot. Ex. 15.) Defendant, in turn, continued to
26 “heavily” invest in and expand the truck-tent business, investing over \$320,000 in
27 the “overall Rightline business,” which includes truck tents, and increased its
28 vendors from 2 vendors in 2009 to 32 vendors in 2012. (Loren Decl. ¶¶ 6–9,

1 13–18.) Defendant also adds that it “has not had any reason to retain all documents
2 from 2008 and shortly thereafter,” and Lakeland and Mr. Schaefer have not retained
3 much of the documentation from 2003 “including but not limited to
4 contemporaneous notes, sketches, financial documents, invoices, bank transaction
5 information, cost of goods sold and expense information.” (Def.’s Mot. Ex. 15.)
6 Because the laches presumption applies here, prejudice is necessarily inferred,
7 absent rebuttal evidence. See Aukerman, 960 F.2d at 1037 (“With the [laches]
8 presumption, these facts [of unreasonable delay and prejudice] *must* be inferred,
9 absent rebuttal evidence.”). Consequently, the Court presumes that prejudice
10 resulted from the 8+ year delay, and now it is Plaintiffs’ burden to produce evidence
11 to rebut that presumption of prejudice. See Serdarevic, 532 F.3d at 1360-61.

12 Plaintiffs base their rebuttal on four grounds: (1) Defendant’s motion is based
13 on disputed facts, rendering summary judgment inappropriate; (2) Defendant did not
14 rely on Plaintiffs’ silence to its prejudice; (3) Defendant fails to establish economic
15 prejudice; and (4) Defendant fails to establish evidentiary prejudice. (Pls.’ Opp’n
16 9:5–14:15.) Plaintiffs provide evidence of Defendant’s Internet-domain registry and
17 Defendant’s “Responses and Objections to Plaintiffs’ First Set of Requests for
18 Production of Documents and Things.” (See Pls.’ Opp’n Exs. A, B.) However,
19 Plaintiffs do not actually cite either exhibit in their rebuttal arguments.

20 To begin, the Court reiterates that prejudice to Defendant as a result of
21 Plaintiffs’ 8+ year delay in bringing suit is presumed. See Aukerman, 960 F.2d at
22 1037. It is not Defendant’s responsibility, as Plaintiffs argue, to demonstrate
23 economic or evidentiary prejudice following the finding that Defendant is entitled to
24 the laches presumption. See id. Rather, it is Plaintiffs’ burden to produce evidence
25 rebutting the presumption of prejudice by showing that the evidence that they
26 produce creates a genuine issue of material fact. See id. Plaintiffs fail to fulfil their
27 burden.

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1 Starting with evidentiary prejudice, the entirety of Plaintiffs' rebuttal
2 argument is as follows:

3 Evidentiary prejudice amounts from an inability to present a
4 full and fair defense, essentially handicapping the court from
5 making a judgment based on all the facts. Rightline has not
6 specifically identified any records which have been
7 destroyed since 2008 and are necessary to Rightline's
8 defense. Rightline has not alleged that any key witnesses
9 have died, or that they no longer remember essential facts.
10 Rightline simply states that it "has not had any reason to
11 retain all documents form [sic] 2008 and shortly thereafter."
12 Conclusory statements are not sufficient to demonstrate
13 evidentiary prejudice. Rightline's insufficient showing fails
14 to establish that Rightline suffered evidentiary prejudice.
15 (Pls.' Opp'n 13:17-14:7 (citations omitted).) It is apparent that Plaintiffs proceed
16 with their argument under the false premise that Defendant carries some burden to
17 demonstrate evidentiary prejudice. However, Plaintiffs are mistaken. Defendant
18 does not carry any such a burden, and prejudice is presumed because of Plaintiffs'
19 8+ year delay. See Aukerman, 960 F.2d at 1037. Regardless, and contrary to
20 Plaintiffs' argument, Defendant does identify evidence to support its position that it
21 sustained evidentiary prejudice. (See Def.'s Mot. Ex. 15.)

22 More importantly, Plaintiffs fail to produce or identify any evidence that
23 creates a genuine issue of material fact as to evidentiary prejudice. See id. at 1033.
24 Plaintiffs do not direct the Court to a single shred of evidence. (See Pls.' Opp'n
25 13:17-14:7.) Therefore, Plaintiffs fail to rebut the presumption of laches, which is
26 enough for the Court to conclude that summary judgment is appropriate and the
27 doctrine of laches bars Plaintiffs' patent-infringement claim. See Serdarevic, 532
28 F.3d at 1360-61 (affirming district court's conclusion that the plaintiff failed to meet
her burden of production on evidentiary prejudice, and, as a result, the district court
did not reach the issue of economic prejudice).

Though the Court need not continue to its analysis of economic prejudice, it
will nonetheless address Plaintiffs' attempt to rebut the presumption of economic
prejudice, which ultimately suffers from the same failure to produce evidence as
with evidentiary prejudice. Defendant provides evidence that it "heavily" invested

1 in and expanded its truck-tent business, the most prominent being Defendant's
2 purchase of Lakeland's assets. (See, e.g., Def.'s Mot. Ex. 15; Loren Decl. ¶¶ 6–9,
3 13–18.) Rather than producing evidence to rebut the presumption of economic
4 prejudice, Plaintiffs only present an alternative interpretation of Defendant's
5 evidence: "Rightline . . . did not rely on Plaintiffs' silence. Rather, Rightline relied
6 on its own investigation before the purchase as well as non-infringement opinions
7 obtained *after* Lakeland Enterprises was purchased." (Pls.' Opp'n 11:17–21
8 (emphasis in original).) Foremost, reliance is not an element of the laches defense.
9 See Aukerman, 960 F.2d at 1032. Thus, even if Plaintiffs' contention is true, it is
10 irrelevant to this analysis because it does not address the presumed economic
11 prejudice. See id.

12 Moving on, like Plaintiffs' inability to rebut evidentiary prejudice, Plaintiffs
13 again fail to produce or identify evidence that creates a genuine issue of material
14 fact as to economic prejudice. See id. at 1033. Plaintiffs reference an "Ex. B, at p.
15 13" to support the proposition that "Mr. Evans provided Cabela's with 'a document
16 stating how or why its tent did not infringe any of the vehicle tent patents in
17 existence,'" but Exhibit B attached to Plaintiffs' opposition brief does not contain
18 that quote. (See Pls.' Opp'n Ex. B.) And it is not the Court's duty to scour the
19 record to find the source of that quotation. See Keenan, 91 F.3d at 1279. Even if
20 supported by evidence, Plaintiffs' proposition is ultimately irrelevant to rebutting
21 the economic-prejudice presumption.

22 In sum, based on the undisputed facts, Defendant is entitled to the laches
23 presumption, which Plaintiffs fail to rebut. See Aukerman, 960 F.2d at 1037.
24 Plaintiffs fail to satisfy their burden of production to show that there is a genuine
25 issue of material fact as to evidentiary and economic prejudice. See id. Therefore,
26 their patent-infringement claim is barred by the doctrine of laches. See Serdarevic,
27 532 F.3d at 1360-61.

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B. Equitable Estoppel


Equitable estoppel is a defense addressed to the “sound discretion of the trial court.” Aukerman, 960 F.2d at 1041 (citing Jamesbury, 839 F.2d at 1553). “Where equitable estoppel is established, all relief on a claim may be barred.” Id. It is neither “limited to a particular factual situation nor subject to resolution by simple or hard and fast rules.” Id. Because Defendant establishes above that it is entitled to the laches presumption, which Plaintiffs fail to rebut, Plaintiffs’ patent-infringement claim is barred. Consequently, the Court need not address the Defendant’s equitable-estoppel defense.

CONCLUSION

In light of the foregoing, the Court **DENIES** Plaintiffs’ motion for partial summary judgment, and **GRANTS** Defendant’s cross-motion for partial summary judgment. Specifically, the Court concludes that Plaintiffs’ patent-infringement claim is barred by the doctrine of laches. See Aukerman, 960 F.2d at 1037.

IT IS SO ORDERED.

DATED: October 2, 2013


IRMA E. GONZALEZ
United States District Judge