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2
3 UNITED STATES DISTRICT COURT
4 FOR THE NORTHERN DISTRICT OF CALIFORNIA
5 OAKLAND DIVISION

6 ZIPTRONIX, INC.,

7 Plaintiff,

8 vs.

9 OMNIVISION TECHNOLOGIES, INC.,
10 TAIWAN SEMICONDUCTOR
11 MANUFACTURING COMPANY LTD., and
12 TSMC NORTH AMERICA CORP.,

13 Defendants.

Case No: C 10-05525 SBA

**ORDER GRANTING MOTION
FOR SUMMARY JUDGMENT**

(REDACTED)

Docket 372

14 Plaintiff Ziptronix, Inc. (“Ziptronix”) brings the instant patent infringement action
15 against Defendants OmniVision Technologies, Inc. (“OmniVision”), Taiwan
16 Semiconductor Manufacturing Company, Ltd. (“TSMC Ltd.”), and TSMC North America
17 Corp. (“TSMC NA”) (collectively, “TSMC”), alleging infringement of nine patents¹
18 involving technology associated with the manufacture and structure of an image sensor
19 found in devices with photo-capturing capabilities, e.g., tablets and smartphones. The
20 parties are presently before the Court on TSMC’s motion for summary judgment. Ziptronix
21 opposes the motion. Having read and considered the papers filed in connection with this
22 matter and being fully informed, the Court hereby GRANTS TSMC’s motion, for the
23 reasons stated below. The Court, in its discretion, finds this matter suitable for resolution
24 without oral argument. See Fed.R.Civ.P. 78(b); N.D. Cal. Civ. L.R. 7-1(b).

25
26 ¹ The patents-in-suit are Unites States Patent Nos.: 7,387,944 (“the ‘944 Patent”),
27 7,335,572 (“the ‘572 Patent”), 7,553,744 (“the ‘744 Patent”), 7,037,755 (“the ‘755 Patent”),
28 6,864,585 (“the ‘585 Patent”), 7,807,549 (“the ‘549 Patent), 7,871,898 (“the ‘898 Patent”),
8,053,329 (“the ‘329 Patent”), and 8,153,505 (“the ‘505 Patent”) (collectively, “the patents-
in-suit”).

1 **I. BACKGROUND**²

2 Ziptronix is a North Carolina company with its principal place of business in North
3 Carolina. Ziptronix develops technologies concerning semiconductor integration processes,
4 and is the owner of patents covering technologies related to advanced semiconductor
5 processing. Specifically, Ziptronix owns patents directed to the bonding technology
6 essential to the fabrication of the accused products in this action - OmniVision's backside-
7 illuminated image sensors ("image sensors").³ Ziptronix also owns patents directed to the
8 structures of the image sensors themselves.

9 OmniVision is a Delaware corporation that is headquartered in Santa Clara,
10 California. OmniVision designs image sensor chips that are used in a variety of electronic
11 products, including tablets and smartphones. The image sensors are the "brains" behind the
12 imaging technology in these products. OmniVision secures the production of the image
13 sensors through several manufacturing partners in Asia, including TSMC Ltd.

14 TSMC Ltd. is a Taiwanese corporation that is headquartered in Hsinchu, Taiwan.
15 TSMC Ltd. manufactures semiconductor wafers ("wafers"), a component of the accused
16 image sensors. TSMC Ltd. serves as the "long-time foundry and process technology
17 partner"⁴ of OmniVision. In this capacity, TSMC Ltd. manufactures wafers on behalf of
18 OmniVision in Taiwan. After the wafers are manufactured, they are delivered to
19 OmniVision or one of its vendors in Taiwan. OmniVision or one of its customers then
20 arranges for additional components to be added to the wafers by several manufacturing
21 firms in Asia. After the manufacturing process is complete, the finished products (i.e., the
22 accused image sensors) are delivered to third-party fabricators in Asia for inclusion into

23
24 ² The parties are familiar with the facts of this case. As such, the Court will only
25 recite those facts that are relevant to resolving the instant motion. The Court finds the facts
26 set forth in this section to be undisputed.

27 ³ An image sensor is a device that captures and converts light into an electronic
28 signal.

⁴ According to TSMC, it pioneered the "foundry" model, whereby customers
approach TSMC Ltd. with a chip design and rely on TSMC Ltd. to manufacture the design
in silicon wafers.

1 end-user applications such as tablets and smartphones. According to Ziptronix, the end-
2 user applications are then imported into the United States by OmniVision’s customers and
3 sold in the United States.

4 TSMC NA, a subsidiary of TSMC Ltd., is a corporation headquartered in San Jose,
5 California. TSMC NA facilitates sales of TSMC Ltd.’s wafers between TSMC Ltd. and its
6 customers in the United States, including OmniVision. TSMC NA also performs certain
7 marketing, customer service, and administrative functions in the United States for TSMC
8 Ltd.

9 Ziptronix accuses TSMC Ltd. and TSMC NA of engaging in acts of direct and
10 indirect infringement. The acts of direct infringement include TSMC Ltd.’s and/or TSMC
11 NA’s sale of the image sensors and/or the wafers used in the image sensors within the
12 United States. The acts of indirect infringement include TSMC Ltd.’s and/or TSMC NA’s
13 induced infringement in the form of actively and knowingly encouraging OmniVision to
14 directly infringe the patents-in-suit.⁵ The acts of indirect infringement also include TSMC
15 Ltd.’s induced infringement in the form of actively and knowingly encouraging TSMC NA
16 to directly infringe the patents-in-suit.

17 **II. LEGAL STANDARD**

18 “A party may move for summary judgment, identifying each claim . . . or the part of
19 each claim . . . on which summary judgment is sought. The court shall grant summary
20 judgment if the movant shows that there is no genuine dispute as to any material fact and
21 the movant is entitled to judgment as a matter of law.” Fed.R.Civ.P. 56(a). Once the
22 moving party has met its burden, the burden shifts to the nonmoving party to designate
23 specific facts showing a genuine issue for trial. Celotex Corp. v. Catrett, 477 U.S. 317, 324

24 _____
25 ⁵ Ziptronix accuses OmniVision of directly infringing the patents-in-suit by making,
26 using, offering to sell, selling, and/or importing the accused image sensors and/or the
27 wafers used in the image sensors into the United States. Ziptronix also accuses
28 OmniVision of inducing infringement of the patents-in-suit by actively and knowingly
encouraging third party Original Equipment Manufacturers, Value Added Resellers, and
Distributors to use, offer to sell, sell, and/or import the accused image sensors and/or the
wafers used in the image sensors into the United States.

1 (1986); see Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 256 (1986) (“a party opposing a
2 properly supported motion for summary judgment may not rest upon mere allegations or
3 denials of his pleading, but must set forth specific facts showing that there is a genuine
4 issue for trial.”). To carry its burden, the nonmoving party must show more than the mere
5 existence of a scintilla of evidence, Anderson, 477 U.S. at 252, and “do more than simply
6 show that there is some metaphysical doubt as to the material facts.” Matsushita Elec.
7 Indus. Co., Ltd. v. Zenith Radio Corp., 475 U.S. 574, 586 (1986). In fact, the nonmoving
8 party must come forward with affirmative evidence from which a jury could reasonably
9 render a verdict in its favor. Anderson, 477 U.S. at 252, 257. In determining whether a
10 jury could reasonably render a verdict in the nonmoving party’s favor, the evidence of the
11 nonmoving party is to be believed, and all justifiable inferences are to be drawn in its favor.
12 Id. at 255.

13 **III. DISCUSSION**

14 The instant motion implicates the presumption against extraterritoriality, i.e., the
15 presumption that United States patent law does not operate outside the United States to
16 prohibit infringement abroad. TSMC contends that summary judgment is appropriate
17 because neither TSMC Ltd. nor TSMC NA has committed or induced any infringing acts
18 “within the United States.” Ziptronix disagrees, arguing that relevant acts of TSMC Ltd.
19 and TSMC NA are “clearly” encompassed within the scope of United States patent law.

20 **A. Direct Infringement**

21 Because it is undisputed that neither TSMC Ltd. nor TSMC NA make, use, or
22 import into the United States the accused image sensors or the wafers used in the image
23 sensors, the question before the Court with respect to TSMC Ltd.’s and TSMC NA’s direct
24 infringement liability is whether the transactions between the TSMC entities and
25 OmniVision constitute sales or offers to sell “within the United States.”

26 An act of direct patent infringement occurs when an entity “without authority . . .
27 offers to sell, or sells any patented invention, within the United States . . .” 35 U.S.C. §
28 271(a). An act of direct infringement also occurs when an entity “without authority . . .

1 offers to sell, [or] sells . . . within the United States a product which is made by a process
2 patented in the United States . . .” 35 U.S.C. § 271(g). “It is axiomatic that U.S. patent law
3 does not operate extraterritorially to prohibit infringement abroad.” Power Integrations v.
4 Fairchild Semiconductor Int’l, 711 F.3d 1348, 1371 (Fed. Cir. 2013) (“foreign exploitation
5 of a patented invention . . . is not infringement at all”). The “general rule under United
6 States patent law is that no infringement occurs when a patented product is made and sold
7 in another country.” Microsoft Corp. v. AT & T Corp., 550 U.S. 437, 441 (2007).
8 “[F]oreign law alone, not United States law, currently governs the manufacture and sale of
9 components of patented inventions in foreign countries.” Id. at 456. “The presumption that
10 United States law governs domestically but does not rule the world applies with particular
11 force in patent law.” Id. at 454-455.

12 It is well established that direct infringement liability is “limited to infringing
13 activities that occur within the United States.” MEMC Elec. Materials, Inc. v. Mitsubishi
14 Materials Silicon Corp., 420 F.3d 1369, 1375 (Fed. Cir. 2005). “Mere knowledge that a
15 product sold overseas will ultimately be imported into the United States is insufficient to
16 establish liability under section 271(a).” Id. at 1377. Whether activities in the United
17 States are sufficient to establish an “offer to sell” or “sale” within the meaning of § 271(a)
18 may be resolved on summary judgment. Id. at 1375-1377 (affirming summary judgment of
19 no direct infringement for product sales in Japan).

20 In determining the location of a “sale” under § 271(a), the location of negotiation
21 and contracting does not control; courts may also consider “other factors such as the place
22 of performance.” Transocean Offshore Deepwater Drilling, Inc. v. Maersk Contractors
23 USA, Inc., 617 F.3d 1296, 1310 (Fed. Cir. 2010); see MEMC, 420 F.3d at 1377 (“[T]he
24 criterion for determining the location of a “sale” under section 271(a) is not necessarily
25 where legal title passes, because the ‘more familiar places of contracting and performance’
26 may take precedence over the passage of legal title.”). “An offer to sell is a distinct act of
27 infringement separate from an actual sale. An offer to sell differs from a sale in that an
28 offer to sell need not be accepted to constitute an act of infringement.” Transocean, 617

1 F.3d at 1308; see Cybiotronics, Ltd. v. Golden Source Electronics Ltd., 130 F.Supp.2d
2 1152, 1171 (C.D. Cal. 2001) (an “offer to sell” is an attempted sale; the “offer to sell”
3 language found in § 271(a) merely allows a plaintiff to seek liability for activity that does
4 not constitute a “sale”). “In order for an offer to sell to constitute infringement, the offer
5 must be to sell a patented invention within the United States. The focus should not be on
6 the location of the offer, but rather the location of the future sale that would occur pursuant
7 to the offer.” Id. at 1309. “[T]he location of the contemplated sale controls whether there
8 is an offer to sell within the United States.” Id. (determining that an offer which was made
9 in Norway by a U.S. company to sell a patented invention to another U.S. company for
10 delivery and use in the U.S. constitutes an offer to sell within the U.S. under § 271(a)).

11 The relevant facts related to TSMC Ltd.’s and TSMC NA’s direct infringement
12 liability are largely undisputed. TSMC Ltd., a Taiwan company, manufactures the accused
13 wafers for OmniVision, a California corporation. The manufacture of the wafers originates
14 when TSMC Ltd. supplies TSMC NA with price quotations that are forwarded by TSMC
15 NA to TSMC Ltd.’s customers such as OmniVision.⁶ If OmniVision agrees to the terms of
16 the price quotations, one of its foreign subsidiaries sends a purchase order to TSMC NA.
17 TSMC NA then enters the purchase order into its computer system, which transmits the
18 relevant product number, quantity, and price to TSMC Ltd. After receiving a purchase
19 order from TSMC NA, TSMC Ltd. manufactures the wafers in Taiwan. When the wafers
20 are ready for pick-up, TSMC NA sends an invoice to OmniVision’s foreign subsidiary
21 “C/O OmniVision,” giving it [REDACTED] days to pay. OmniVision’s foreign subsidiary pays TSMC
22 NA electronically in the United States, and then TSMC NA transfers [REDACTED] of that amount to
23 TSMC Ltd. in Taiwan. TSMC NA retains the remaining [REDACTED].⁷

24 After the wafers are delivered to OmniVision or one of its vendors in Taiwan,

25 _____
26 ⁶ TSMC NA is only allowed to issue price quotations that comply with TSMC Ltd.’s
pricing guidelines. TSMC Ltd. must approve any deviations from its pricing guidance.

27 ⁷ California does not collect sales tax on such transactions because they are not
28 deemed to be sales in California. The Internal Revenue Service considers only [REDACTED]
[REDACTED] to be revenue of TSMC NA.

1 OmniVision or one of its customers arranges for additional components to be added to the
2 wafers by several different foreign entities in Asia.⁸ Once the additional manufacturing
3 steps are completed, OmniVision or one of its customers arranges for the finished image
4 sensors (i.e., the accused image sensors) to be delivered to third-party fabricators for
5 incorporation into end-user applications such as tablets and smartphones. Products
6 containing the accused image sensors are then imported into and sold in the United States.
7 It is undisputed that neither TSMC Ltd. nor TSMC NA imports the accused image sensors
8 and/or the wafers used in the image sensors into the United States. Further, there is no
9 evidence that TSMC Ltd. or TSMC NA directs any entity to import the accused products
10 into the United States.

11 Ziptronix contends that summary judgment is inappropriate because, at a minimum,
12 a triable issue of fact exists as to whether the accused wafers were sold within the United
13 States. According to Ziptronix, the act of contracting alone is sufficient to establish direct
14 liability for an infringing sale within the United States, and that all of the activities essential
15 to the establishment of a contract, including price quotations, purchase orders, invoices, and
16 wire payments originated within or were sent to the United States in consummation of the
17 agreements for the sale of the accused wafers.

18 As an initial matter, the Court notes that Ziptronix does not treat TSMC Ltd. and
19 TSMC NA as separate legal entities. Ziptronix presents no authority or legal analysis
20 establishing a basis for ignoring the corporate form. Ziptronix has not shown that it is
21 appropriate to pierce the corporate veil or to treat the TSMC entities as alter egos. That
22 aside, even accepting Ziptronix's position that the acts of TSMC NA and TSMC Ltd. can
23

24 ⁸ Neither TSMC entity performs any of the subsequent manufacturing steps.
25 OmniVision contracts with VisEra Technologies Company, Ltd. ("VisEra") to apply color
26 filters and microlens arrays to the wafers so that they can process light. OmniVision then
27 transfers the wafers to Xintec, Inc. ("Xintec"), which dices the wafers into chips and
28 packages them in plastic casing. OmniVision or one of its customers then arranges for the
chips to be transferred to a third firm for testing and circuit probing, and then to a fourth
firm that adds a lens and packages the product into a camera module. It is undisputed that
TSMC Ltd. is a minority shareholder in both VisEra and Xintec, and that both of these
companies are located in Taiwan.

1 be considered together in determining direct infringement liability, and that the TSMC
2 entities and OmniVision executed valid contracts in the United States for the “sale” of the
3 accused wafers, neither TSMC Ltd. nor TSMC NA is liable for direct infringement because
4 the accused wafers were not sold “within the United States.”

5 It is undisputed that TSMC Ltd. manufactures and delivers the accused wafers in
6 Taiwan. Therefore, at most, the evidence shows that the TSMC entities engaged in conduct
7 amounting to domestic contracts for foreign sales—that is, contracts executed in the United
8 States but contemplating strictly foreign manufacture and delivery. Such conduct does not
9 constitute direct infringement because the accused wafers are manufactured and sold
10 outside the United States.⁹ “It is the general rule under United States patent law that no
11 infringement occurs when a patented product is made and sold in another country.”
12 Microsoft, 550 U.S. at 441; see Power Integrations, 711 F.3d at 1371-1372 (a patentee is
13 not entitled to damages for sales consummated in foreign markets; foreign exploitation of a
14 patented invention is not infringement at all). In light of the strong presumption that United
15 States patent law does not operate extraterritorially, the Court finds that the place of
16 manufacture and the location of the contemplated sales (i.e., Taiwan) are determinative of
17 direct infringement liability. See Transocean, 617 F.3d at 1309-1310; see also Ion, Inc. v.
18 Sercel, Inc., 2010 WL 3768110, at *4 (E.D. Tex. 2010) (applying Transocean and holding
19 that devices manufactured and distributed abroad fall outside the scope of U.S patent law
20 even though defendant quoted prices from its U.S. offices, orders were received in the U.S.,
21 and payment was received in the U.S. in U.S. dollars), aff’d, 464 Fed.Appx. 901 (Fed. Cir.

22 _____
23 ⁹ To the extent that the acts of TSMC Ltd. and/or TSMC NA constitute “offers to
24 sell” rather than “sales” of the accused wafers, such acts do not establish liability for direct
25 infringement because the sales contemplated by the offers were intended, and did, occur
26 outside the United States. See Transocean, 617 F.3d 1309 (“[T]he location of the
27 contemplated sale controls whether there is an offer to sell within the United States);
28 Semiconductor Energy Laboratory Co. Ltd. v. Chi Mei Optoelectronics Corp., 531
F.Supp.2d 1084, 1111 (N.D. Cal. 2007) (“In light of the strong presumption against
extraterritorial application, . . . an ‘offer of sale’ may constitute direct infringement only if
the contemplated sale is to take place within the United States.”); Cybiotronics, 130
F.Supp.2d at 1171 (“An ‘offer to sell’ made within the United States that contemplates a
sale of goods outside of the United States is not within the permissible scope of liability for
35 U.S.C. § 271(a).”).

1 2012); Quality Tubing, Inc. v. Precision Tube Holdings Corp., 75 F.Supp.2d 613, 625 (S.D.
2 Tex. 1999) (holding that the defendant, “as a matter of law, committed no act of
3 infringement under section 271(a) or (g) by contracting, in the United States, to
4 manufacture, sell, and deliver a product in Scotland and Norway, for use in Norway”).¹⁰

5 Ziptronix, for its part, has failed to demonstrate that the analysis in Transocean does
6 not control. In Transocean, two United States companies signed a contract in Norway for
7 the use of an accused oil rig that was built in Singapore. Transocean, 617 F.3d at 1307.
8 The agreement for the use of the rig specified that the “Operating Area” for the rig was the
9 U.S. Gulf of Mexico. Id. The Federal Circuit held that “a contract between two U.S.
10 companies for the sale of the patented invention with delivery and performance in the U.S.
11 constitutes a sale under § 271(a) as a matter of law.” Id. at 1310. In so holding, the Federal
12 Circuit rejected the notion that “the location of negotiation and contracting should control.”
13 Id. (noting that “[t]he fact that the offer was negotiated or a contract signed while the two
14 U.S. companies were abroad does not remove this case from statutory liability”). In light of
15 the logic of Transocean, the Court finds that neither TSMC Ltd. nor TSMC NA is liable for
16 direct infringement of the patents-in-suit. The accused wafers are manufactured and
17 delivered abroad in Taiwan. Even if the Court accepts Ziptronix’s position that the TSMC
18 entities and OmniVision negotiated and executed contracts for the sale of the accused
19 wafers in the United States, the contracts contemplated delivery and performance abroad.
20 Thus, under Transocean, the accused wafers are not sold “within the United States.”

21 To the extent Ziptronix contends that a triable issue of fact exists because the
22 accused image sensors containing the wafers are eventually incorporated into consumer
23 products for importation, sale and use in the United States, the Court disagrees. In support

24 ¹⁰ Ziptronix suggests that TSMC’s knowledge that the accused wafers will
25 eventually be incorporated into products that will be imported and sold in the United States
26 is relevant to the direct infringement inquiry. The Court disagrees. “Mere knowledge that
27 a product sold overseas will ultimately be imported into the United States is insufficient to
28 establish liability under section 271(a).” MEMC, 420 F.3d at 1377; see also Wing Shing
Products (BVI), Ltd. v. Simatelex Manufactory Co., Ltd., 479 F.Supp.2d 388, 405 (S.D.
N.Y. 2007) (the fact that party had knowledge that another party was importing allegedly
infringing goods into the United States does not create liability under § 271(a)).

1 of its position, Ziptronix relies on Lake Cherokee Hard Drive Technologies, L.L.C. v.
2 Marvell Semiconductor, Inc., 964 F.Supp.2d 653 (E.D. Tex. 2013). In that case, the district
3 court granted defendant’s motion for summary judgment “of no liability” with respect to
4 products shipped from outside the United States to customers located outside the United
5 States and which never reach the domestic United States market. Id. at 657-658. In doing
6 so, the court stated that even if it were to accept plaintiff’s position that the negotiation and
7 execution of a product supply agreement constituted a contract between two United States
8 companies, negotiated and executed within the United States amounting to a “sale,” it must,
9 under Transocean, reject plaintiff’s argument that such a sale occurred “within the United
10 States” because the product was both manufactured and delivered abroad. Id. The court,
11 however, denied summary judgment “with respect to accused products that ultimately reach
12 the United States market and compete domestically with the rights of the patent holder,”
13 finding that a genuine issue of material fact existed as to whether accused products
14 manufactured and delivered abroad but ultimately imported into the United States market
15 by downstream customers constituted an infringing sale under § 271(a). Id. at 658.

16 While the Court agrees with the district court in Lake Cherokee that summary
17 judgment was warranted under Transocean, the Court is not persuaded that the denial of
18 summary judgment was appropriate given the strong presumption that United States patent
19 law does not operate extraterritorially and the general rule that no infringement occurs
20 when a patented product is made and sold in another country. See France Telecom S.A. v.
21 Marvell Semiconductor Inc.,--- F.Supp.2d ----, 2014 WL 1478850, at *16-17 (N.D. Cal.
22 2014) (finding the district court’s denial of summary judgment in Lake Cherokee
23 unpersuasive; concluding that, since all sales of the accused chips happened abroad,
24 plaintiff is not entitled to damages because the chips may ultimately end up and be used in
25 the United States) (citing Power Integrations, 711 F.3d at 1371-1372); Morrison v. Nat’l
26 Australia Bank Ltd., 561U.S. 247, 266 (2010) (“But the presumption against extraterritorial
27 application would be a craven watchdog indeed if it retreated to its kennel whenever *some*
28 domestic activity is involved in the case.”) (emphasis in original).

1 **B. Indirect Infringement**

2 TSMC contends that summary judgment is appropriate on Ziptronix’s indirect
3 infringement claims because Ziptronix cannot establish that TSMC Ltd. actively induced
4 TSMC NA to engage in any act of direct infringement within the United States or that
5 either of the TSMC entities actively induced OmniVision to engage in any act of direct
6 infringement within the United States.

7 “Whoever actively induces infringement of a patent shall be liable as an infringer.”
8 35 U.S.C. § 271(b). “To prevail on inducement, the patentee must show, first that there has
9 been direct infringement, and second that the alleged infringer knowingly induced
10 infringement and possessed specific intent to encourage another’s infringement.” Kyocera
11 Wireless Corp. v. ITC, 545 F.3d 1340, 1353-1354 (Fed. Cir. 2008) (internal quotation
12 marks omitted). “While proof of intent is necessary, direct evidence is not required; rather,
13 circumstantial evidence may suffice.” Id. at 1306. Even indirect infringement, which can
14 encompass conduct occurring outside the United States, requires underlying direct
15 infringement in the United States. Power Integrations, 711 F.3d at 1371. United States
16 patent laws do not provide compensation for a defendant’s foreign exploitation of a
17 patented invention, which is not infringement at all. Id.

18 The Court finds that Ziptronix has failed to demonstrate that there has been any
19 underlying act of direct infringement within the United States to withstand TSMC’s motion
20 for summary judgment. The operative complaint alleges that TSMC Ltd. and/or TSMC NA
21 indirectly infringed the patents-in-suit by actively and knowingly encouraging (i.e.,
22 inducing) OmniVision to use, offer to sell, sell, and/or import the accused image sensors
23 and/or the wafers used in the image sensors into the United States. The operative complaint
24 further alleges that TSMC Ltd. indirectly infringed the patents-in-suit by actively and
25 knowingly encouraging (i.e., inducing) TSMC NA to use, offer to sell, sell, and/or import
26 the accused image sensors and/or the wafers used in image sensors into the United States.

27 Because the Court has determined that TSMC NA is not liable for direct
28 infringement, summary judgment is appropriate with respect to Ziptronix’s claims for

1 indirect infringement predicated on TSMC Ltd.’s alleged inducement of TSMC NA’s direct
2 infringement. As for Ziptronix’s remaining indirect infringement claims, Ziptronix has
3 failed to demonstrate that either TSMC Ltd. or TSMC NA actively induced any act of
4 direct infringement on the part of OmniVision within the United States. Ziptronix has not
5 cited to particular evidence in the record from which a jury could render a verdict in its
6 favor. While Ziptronix contends that OmniVision has engaged in infringing activity
7 “related to actively marketing and selling the accused image sensors to third-party
8 customers within the United States, Ziptronix has not cited any evidence in the record
9 demonstrating that OmniVision uses, offers to sell, or sells the accused image sensors
10 within the United States. Nor has Ziptronix cited any evidence demonstrating that
11 OmniVision imports the accused image sensors into the United States.

12 In support of its assertion that OmniVision “engages” in activity “related to” selling
13 the accused image sensors to third-party customers in the United States, Ziptronix directs
14 the Court to evidence showing that OmniVision has a [REDACTED]
15 [REDACTED] wherein OmniVision has agreed to [REDACTED]
16 [REDACTED] This evidence does not
17 establish direct infringement within the United States. At most, it establishes that two
18 United States companies [REDACTED] in the United
19 States [REDACTED] of image sensors abroad. As discussed above, such
20 conduct does not constitute a sale “within the United States” amounting to direct
21 infringement. See Transocean, 617 F.3d at 1309-1310. No infringement occurs when a
22 patented product is made and sold in another country. Microsoft, 550 U.S. at 441; see
23 Power Integrations, 711 F.3d at 1371-1372.¹¹

24 _____
25 ¹¹ In its reply brief, TSMC argues that TSMC Ltd. could not have induced
26 infringement by TSMC NA because neither TSMC entity knows of alleged United States
27 sales by OmniVision. TSMC further argues that TSMC NA could not have formed the
28 requisite specific intent to induce infringement because it lacks knowledge of the accused
manufacturing process, and therefore could not have had knowledge that the induced acts
constitute patent infringement. However, because these arguments were not specifically
and distinctly raised in TSMC’s moving papers, the Court disregards them. Dream Games
of Ariz., Inc. v. PC Onsite, 561 F.3d 983, 995 (9th Cir. 2009).

1 Finally, to the extent Ziptronix attempts to argue that TSMC Ltd. and/or TSMC NA
2 is liable for indirect infringement for inducing infringement by OmniVision's customers,
3 the Court rejects this argument. The operative complaint does not allege this theory of
4 liability. As such, it is not properly before the Court. A plaintiff cannot raise a claim for
5 the first time in response to a motion for summary judgment. Paralyzed Veterans of
6 America v. McPherson, 2008 WL 4183981, at *10 (N.D. Cal. 2008) (Armstrong, J.).

7 **IV. CONCLUSION**


8 For the reasons stated above, IT IS HEREBY ORDERED THAT:

9 1. TSMC's motion for summary judgment is GRANTED. Because this Order
10 may contain information within the scope of the parties' protective order, this Order shall
11 remain under seal pending further Order of the Court. By no later than October 16, 2014,
12 the parties shall jointly advise the Court which facts, if any, they contend should be
13 redacted from the public version of this ruling. To the extent any party seeks redaction of
14 any portion of the Court's ruling, such party shall provide the Court with the legal authority
15 for such request and a proposed redacted order for public disclosure.

16 2. This Order terminates Docket 372.

17 IT IS SO ORDERED.

18 Dated: October 21, 2014

19 
20 SAUNDRA BROWN ARMSTRONG
21 United States District Judge
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