

PUBLIC VERSION

UNITED STATES INTERNATIONAL TRADE COMMISSION

Washington, D.C.

In the Matter of

**CERTAIN WIND AND SOLAR-POWERED
LIGHT POSTS AND STREET LAMPS**

Inv. No. 337-TA-736

**ORDER NO. 13: DENYING RESPONDENTS' MOTION FOR SUMMARY
DETERMINATION OF INVALIDITY BASED ON DEFECTIVE
INVENTORSHIP; AND**

DENYING RESPONDENTS' MOTION FOR SANCTIONS

(May 11, 2011)

On April 5, 2011, Respondents Gus Power Incorporated (“Gus Power”); Efston Science, Inc.; The StressCrete Group (“StressCrete”); and King Luminaire, Inc. filed two related motions: (1) a motion for summary determination that the design patent asserted in this Investigation, U.S. Patent No. D610,732S (“the ’732 patent”), is invalid because it does not name the correct inventors (Motion Docket No. 736-007, the “Invalidity Motion”); and (2) a motion for sanctions against Complainants Duggal Dimensions LLC; Duggal Energy Solutions, LLC; and Duggal Visual Solutions, Inc. (collectively, “Duggal”) for seeking to enforce the ’732 patent while allegedly knowing the patent to be invalid (Motion Docket No. 736-006, the “Sanctions Motion”).

In support of their motions, Respondents argue that there is no factual dispute that the Duggal employees named on the ’732 patent—Ms. Lauren Ascani and Mr. Paul Daidone—did not invent the design depicted in the patent. (Invalidity Mot. Mem. (“IMM”) at 14, 24; Sanctions Mot. Mem. (“SMM”) at 12.) Respondents cite deposition testimony from Ms. Ascani, which

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Respondents construe as undisputed evidence that she did not know the origin of the specific design of the wind turbine, arm, and light fixture depicted in the '732 patent. (IMM at 18-19.)

Respondents also cite deposition testimony from Mr. Daidone, which Respondents construe as undisputed evidence that he did not contribute to the design of the wind turbine, the arm, or the light fixture depicted in the '732 patent. (*Id.* at 19-20.) Respondents argue that the inability of Ms. Ascani and Mr. Daidone to identify the origins of the design elements noted above is irrefutable proof that the '732 patent names the wrong inventors. (*Id.* at 23.)

Respondents further argue that “clear and convincing evidence” shows that the '732 patent is based on a design developed by personnel from Gus Power and its subcontractor StressCrete. (IMM at 8-9; SMM at 9, 12.) Respondents also appear to assert that other unnamed individuals contributed to the design in the '732 patent. (IMM at 23.) Respondents therefore contend that the evidence of record proves the '732 patent is invalid under 35 U.S.C. § 102(f) for failure to identify the proper inventors.

With respect to the Sanctions Motion, Respondents aver that five months before Duggal filed the Complaint in this Investigation, Gus Power wrote a letter to Duggal informing Duggal that the design illustrated in the '732 patent was conceived by Gus Power's employees. (SMM at 14.) Respondents argue that this letter put Duggal on notice that the '732 patent named the wrong inventors. (*Id.*) Respondents contend that after receiving the letter it was not objectively reasonable for Duggal to assert the '732 patent “given the clear defects in inventorship.” (*Id.* at 15.) Respondents therefore ask that Duggal and its attorneys be jointly liable for sanctions, that this Investigation be terminated, and that Respondents be reimbursed for their attorneys' fees and costs.

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(*Id.* at 17-18.)

On April 15, 2011, Duggal filed an opposition to Respondents' Invalidation Motion ("Invalidation Opposition" or "IO") and an opposition to Respondents' Sanctions Motion ("Sanctions Opposition" or "SO"). Duggal argues that it has "never waived" in its assertion that Ms. Ascani and Mr. Daidone invented the design embodied in the '732 patent. (IO at 12; SO at 16.) Duggal claims that Ms. Ascani testified at length regarding her efforts to design a wind and solar powered lamp post, and that both Ms. Ascani and Mr. Daidone testified about their collaboration to update Ms. Ascani's original design in order to reduce it to feasible practice. (IO at 12.) With respect to testimony that Ms. Ascani and Mr. Daidone did not themselves design some elements shown in the '732 patent figures, Duggal asserts that the disputed elements are from the prior art. (*Id.* at 12.)

Duggal admits it hired Gus Power to build the design that Ms. Ascani and Mr. Daidone conceived, but argues that neither Gus Power nor Gus Power's subcontractors contributed to the design. (IO at 13.) Duggal contends that a subcontractor in privity with Respondents, Mr. Darrel May, signed a letter acknowledging that Duggal owns the design Respondents were hired to build. (*Id.*; *id.*, Ex. 11.) Duggal asserts that Respondents' claims to inventorship are based on nothing more than uncorroborated and self-serving discovery responses, which do not constitute clear and convincing evidence. (IO at 13-14.) In view of the foregoing, Duggal argues, there are disputes of fact concerning inventorship that preclude summary determination.

Duggal also opposes the Sanctions Motion. Duggal argues that the fact that Respondents sent a pre-suit letter alleging incorrect inventorship does not prove that Duggal failed to conduct a

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reasonable investigation before filing suit. (*Id.* at 17.) Duggal contends that the inventorship claims in Respondents' letter, like the claims in the motions at issue here, are uncorroborated and therefore deficient as a matter of law. (*Id.* at 13-14.) Duggal asserts that, at most, Respondents have presented a disputed issue of fact as to inventorship. (*Id.* at 17.) Duggal argues that the record contains no evidence that Duggal made false or frivolous statements to the Patent Office or the Commission, and therefore sanctions are not warranted. (*Id.*)

On April 15, 2011, the Commission Investigative Staff ("Staff") filed a combined response opposing both Respondents' Invalidity and Sanctions Motions ("Staff Resp."). (Staff Resp. at 7.) Staff asserts that initial design drawings admittedly prepared by Ms. Ascani and Mr. Daidone represent the conception of the design claimed in the '732 patent. (*Id.* at 6.) Staff contends that these drawings show genuine issues of material fact as to whether Respondents' employees contributed to the invention. (*Id.* at 6-7.) Staff therefore concludes that summary determination on inventorship would be inappropriate. (*Id.* at 7.) Staff further argues that because Respondents have not clearly demonstrated that they contributed to the conception of the patented design, Respondents have not established that Duggal's Complaint is objectively unreasonable. (*Id.*) Accordingly, Staff opposes sanctions against Duggal. (*Id.*)

On April 22, 2011, Respondents filed a motion seeking leave, which is hereby DENIED, to file a reply in support of their Invalidity Motion. (Motion Docket No. 736-012.) Duggal opposed the motion on May 2, 2011.

On April 29, 2011, Respondents filed a motion seeking leave, which is hereby DENIED, to file a reply in support of their Sanctions Motion. (Motion Docket No. 736-013.) Duggal opposed

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the motion on May 10, 2011.

No other responses to the motion have been received.

Based on a review of the motion papers and responses thereto, the Administrative Law Judge finds as follows.

The Commission Rules permit a party to “move with any necessary supporting affidavits for a summary determination in its favor upon all or any part of the issues to be determined in the investigation.” 19 C.F.R. § 210.18(a). Summary determination “shall be rendered if pleadings and any depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a summary determination as a matter of law.” 19 C.F.R. § 210.18(b). Summary determination under Commission Rule 210.18 is analogous to summary judgment under Federal Rule of Civil Procedure 56. *See Certain Asian-Style Kamaboko Fish Cakes*, Inv. No. 337-TA-378, Order No. 15 at 3 (U.S.I.T.C., May 21, 1996) (unreviewed initial determination).

The moving party bears the initial burden of establishing that there is an absence of a genuine issue of material fact and that it is entitled to judgment as a matter of law. *Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986). When such an initial showing is established, the burden shifts to the opposing party, who “must set forth specific facts showing that there is a genuine issue for trial.” *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 256 (1986). To avoid summary judgment, the non-moving party must produce evidence of sufficient caliber to support judgment in its favor. *See Anderson*, 477 U.S. at 252. Such evidence must be real and substantial, not merely colorable. *Id.* at 249-50; *Matsushita Elec. Indus. v. Zenith Radio Corp.*, 475 U.S. 574, 586 (1986) (“[The

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non-moving party] must do more than simply show that there is some metaphysical doubt as to the material facts.”). If the responding party fails to make such a showing, the moving party is then entitled to judgment as a matter of law. *See Celotex*, 477 U.S. at 325.

When ruling on a motion for summary judgment, courts must examine all the evidence in the light most favorable to the non-moving party. *Anderson*, 477 U.S. at 255. All “justifiable inferences” are to be drawn in the non-moving party’s favor. *Id.*

Here, Respondents claim that there is no genuine dispute that Ms. Ascani and Mr. Daidone did not conceive of the invention shown in the ’732 patent. (IMM at 14.) However, Ms. Ascani testified that she is one of the inventors of the design in the ’732 patent and that she contributed to the “beginning aesthetics” of that design:

Q. And you are one of the inventors on this patent [the ’732 patent]?

A. Yes, I am.

Q. Can you tell me what you contributed to the design shown in this patent?

A. Mainly, the beginning aesthetics in order for them to go ahead and start to actually engineer the light post.

A. When you say the “beginning aesthetics,” what do you mean?

Q. Pretty much the look of the arm. That was very important, and just the overall feel of the light post.

(Ascani Depo. at 10:22-11:12.) Daidone also testified that he is a correctly named inventor and he described his contribution to the design in the ’732 patent:

Q. And you are an inventor on this patent, correct?

A. Correct.

Q. Can you tell me generally what you contributed to the design shown in this patent?

A. My contribution to the design on this patent is the placing and position of the solar panel on the arm -- well, more the type of solar panel and the way it was -- the way to mount it on the arm, to be more clear.

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(Daidone Depo. at 18:20-19:4.)

The record also contains drawings which Respondents admit were prepared by Ms. Ascani and Mr. Daidone before the patent was filed. (*See IMM* at 5-6, 8.) When Mr. Daidone was asked whether there were differences between his initial drawing and the design in the '732 patent, he succinctly testified, "In concept, no." (Daidone Depo. at 65:26-29.) Further, Respondents themselves admit Ms. Ascani and Mr. Daidone's drawings show "initial concepts." (*See id.* at 6.) "Initial concepts" are highly material to the issue of inventorship because "[d]etermining 'inventorship' is nothing more than determining who conceived the subject matter at issue." *Sewall v. Walters*, 21 F.3d 411, 415 (Fed. Cir. 1994).

For the purposes of this motion, the "initial concepts" shown in drawings and described in testimony from Ms. Ascani and Mr. Daidone must be examined in the light most favorable to Duggal, the non-moving party. *See Anderson*, 477 U.S. at 255. When the record is examined in that light, the Administrative Law Judge finds that the drawings and testimony could support an inference that Ms. Ascani and Mr. Daidone conceived the invention shown in the '732 patent.¹ Thus, the Administrative Law Judge does not agree with Respondents' assertion that there is an "undisputed record" showing that Ms. Ascani and Mr. Daidone "did not create the design claimed in the '732 patent." (*See IMM* at 20.)

Further, Duggal has shown disputed facts about Respondents' alleged contributions to the patented design. For example, on September 8, 2008, Mr. May—a person in privity with Respondents and alleged by Respondents to be a true inventor—signed an agreement stating that

¹ The Administrative Law Judge notes that construing the evidence in favor of the non-moving party to resolve the present motion does not amount to a decision on the merits of Respondents' invalidity defense. The Administrative Law Judge will reserve judgment on that defense until after all parties have had an opportunity to present evidence at the evidentiary hearing.

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the design in Ms. Ascani's "Conceptual Drawing" belonged to Duggal:

Vendor [May's company] understands that LUMISOLAIR is the Client's [Duggal's] proprietary design. The LUMISOLAIR design includes: curved lamp arm (outrigger) known as LUMISOLAIR 2 that employs radius PV film located on the upper radius of the arm and provides six square feet of PV surface area. The arm also houses a flat LED lamp pad located at the end of the outrigger. Please refer to Conceptual Drawing, Duggal Interactive, designer: Lauren Ascani, July 24, 2008.

(IO, Ex. 11.) Thus, there is a genuine dispute of material fact as to whether Respondents' personnel contributed to the design in the '732 patent.

Based on the foregoing and other evidence cited by Duggal and Staff in opposition to the Invalidation Motion, the Administrative Law Judge finds that there exist genuine issues of material fact about who invented the design shown in the '732 patent. Therefore, the Administrative Law Judge finds that Respondents' Invalidation Motion (Motion Docket No. 736-007) should be DENIED.

Turning to the Sanctions Motion, Commission Rule 210.4(c) provides, in relevant part, that every paper presented to the Commission by an attorney constitutes a certification that, to the best of the attorney's knowledge after a reasonable inquiry:

(1) it is not being presented for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of the investigation or related proceeding;

(2) the claims, defenses and other legal contentions therein are warranted by existing law or by a nonfrivolous argument for the extension, modification, or reversal of existing law or the establishment of new law;

(3) the allegations and other factual contentions have evidentiary support or, if specifically so identified, are likely to have evidentiary support after a reasonable opportunity for further investigation or discovery; and

(4) the denials of factual contentions are warranted on the evidence or, if specifically so identified, are reasonably based on a lack of information or belief.

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19 C.F.R. § 210.4(c).

The burden of proving a violation of paragraph (c) rests with the party moving for sanctions. *See Certain Self-inflating Mattresses*, Inv. No. 337-TA-302, Recommended Determination (U.S.I.T.C., Dec. 24, 1990). In determining whether paragraph (c) has been violated, an administrative law judge will consider “whether the representation or disputed portion thereof was objectively reasonable under the circumstances.” 19 C.F.R. § 210.4(d); *see also Certain Salinomycin Biomass and Preparations Containing Same*, Inv. No. 337-TA-370, Recommended Determination Concerning Respondents’ Motion for Sanctions (U.S.I.T.C., May 14, 1997). Where allegations are supported by objectively reasonable evidence at the time the allegations are made, sanctions should not be imposed. *See Certain Starter Kill Vehicle Security Systems*, Inv. No. 337-TA-379, Order No. 12 (U.S.I.T.C., March 5, 1996) (denying motion for sanctions).

The Administrative Law Judge finds here that even if Duggal were aware of every adverse factual claim about inventorship that Respondents make in the two present motions Duggal still could have an objectively reasonable basis for concluding that Ms. Ascani and Mr. Daidone invented the design shown in the ’732 patent. The following circumstances support this conclusion.

First, the ’732 patent names Ms. Ascani and Mr. Daidone as the inventors, and the named inventors are presumed to be “the true and only inventors.” *See Gemstar-TV Guide Intern., Inc. v. International Trade Comm’n*, 383 F.3d 1352, 1381 (Fed. Cir. 2004). The presumption of true inventorship, like the presumption of patent validity generally, is pertinent when determining whether it is reasonable to assert the patent at the Commission. *See Certain Self-inflating*

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Mattresses, Inv. No. 337-TA-302, Recommended Determination, n. 41 (U.S.I.T.C., Dec. 24, 1990) (while clear and convincing evidence of invalidity should not be ignored, the presumption of patent validity “is a pertinent factor in determining whether a complainant had a reasonable basis in fact and in law to believe that the patent asserted was valid”).

Second, a factual investigation into the origins of the design in the '732 patent would have revealed the same information that Respondents discovered during their depositions of Ms. Ascani and Mr. Daidone: that they claim to be the true inventors and that both made drawings that they believe corroborate their claims of their inventorship. (*See, e.g.*, Ascani Depo. at 10:22-11:12, 27:7-30:14; Daidone Depo. at 18:20-19:4, 65:16-19.) Respondents do not contend that Ms. Ascani and Mr. Daidone were untruthful when providing this testimony. Therefore, the Administrative Law Judge finds that it would have been objectively reasonable to rely on this testimony from the named inventors.

Third, Duggal has objectively reasonable responses to Respondents' criticisms of the inventors' testimony. For example, to the extent that Ms. Ascani and Mr. Daidone testified that they did not know the origin of some elements shown in the '732 patent figures, their testimony does not necessarily mean that someone else conceived of the design as a whole. Such testimony could mean that the named inventors used some prior art elements in their design and were not familiar with the origin of those prior art elements. (*See* IO at 12.)

Fourth, Duggal has an objectively reasonable basis to doubt Respondents' claims of inventorship. Duggal possesses a signed writing from Respondents' subcontractor which acknowledges that Duggal owns the lamp post design prepared by Ms. Ascani. (IO, Ex. 11.)


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In view of the foregoing, the Administrative Law Judge finds that Respondents have failed to meet their burden to show that Duggal had no objectively reasonable basis for asserting the '732 patent. Accordingly, Respondents' Sanctions Motion (Motion Docket No. 736-006) should be DENIED.²

Within seven days of the date of this document, each party shall submit to the Office of the Administrative Law Judges a statement as to whether or not it seeks to have any portion of this document deleted from the public version. The parties' submissions may be made by facsimile and/or hard copy by the aforementioned date.

Any party seeking to have any portion of this document deleted from the public version thereof must submit to this office a copy of this document with red brackets clearly indicating any portion asserted to contain confidential business information. The parties' submissions concerning the public version of this document need not be filed with the Commission Secretary.

SO ORDERED.


E. James Gildea
Administrative Law Judge

² As noted previously with respect to the Invalidity Motion, the disposition of Respondents' Sanctions Motion does not amount to a decision on the merits of Respondents' invalidity defense. The fact that Duggal has taken an objectively reasonable position does not mean that position will or will not ultimately be meritorious. "Courts regularly reject reasonable legal positions in favor of other reasonable legal arguments." *Luken v. Int'l Yacht Council, Ltd.*, 581 F.Supp.2d 1226, 1240 (S.D. Fla. 2008). Indeed, litigation often occurs precisely because the facts and the law may be "susceptible to more than one reasonable interpretation." *See id.*

**IN THE MATTER OF CERTAIN WIND
AND SOLAR-POWERED LIGHT POSTS
AND STREET LAMPS**

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PUBLIC CERTIFICATE OF SERVICE

I, James R. Holbein, hereby certify that the attached **ORDER** has been served by hand upon the Commission Investigative Attorney, **Christopher G. Paulraj, Esq.**, and the following parties as indicated on May 25, 2011.



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**IN THE MATTER OF CERTAIN WIND
AND SOLAR-POWERED LIGHT POSTS
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PUBLIC CERTIFICATE OF SERVICE – PAGE TWO

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