IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

SINOTECHNIX LLC, *Plaintiff*, v. SAMSUNG DISPLAY CO., LTD., SAMSUNG ELECTRONICS CO., LTD., and SAMSUNG ELECTRONICS AMERICA, INC., *Defendants*.	§ § § § § § § § § § § §	No. 2:24-cv-00544-JRG **JURY TRIAL DEMANDED**

DEFENDANT SAMSUNG DISPLAY'S MOTION TO DISMISS PLAINTIFF'S CLAIMS AGAINST SAMSUNG DISPLAY PURSUANT TO FEDERAL RULE OF CIVIL PROCEDURE 12(B)(6)

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I. INTRODUCTION

This case presents an incredibly unique situation where the plaintiff, Sinotechnix LLC ("Sinotechnix"), accuses Samsung Display Co., Ltd. ("SDC") of patent infringement but ***fails in the Complaint to identify even a single product of SDC that is alleged to infringe***. Sinotechnix's infringement contentions likewise ***fail to provide a claim chart of any SDC products***. While SDC does not here seek sanctions, Sinotechnix's wholly unsupported allegations call into question whether Sinotechnix and its counsel conducted any pre-suit investigation to support the allegations against SDC and whether counsel complied with its Rule 11 obligations in filing suit against SDC.

Beyond its failure to properly identify any allegedly infringing SDC products, Sinotechnix also fails to specifically identify any allegedly infringing activity by SDC. Sinotechnix—whose only apparent business seems to be acquiring and asserting patents—interchangeably accuses three legally distinct Samsung entities, Samsung Electronics Co., Ltd. ("SEC"), Samsung Electronics America, Inc. ("SEA"), and Samsung Display Co., Ltd. ("SDC"), of direct and induced infringement of six different patents through the importation, distribution and sale of certain display products (*e.g.*, LCD televisions and computer monitors) in the United States. But, as prefaced in Sinotechnix's original Complaint, these entities are not involved in the same business or activities—SDC, a Korean company, develops and manufactures display panel components for use by many electronics companies in the manufacture of end-products, such as televisions and computer monitors, and at times makes and supplies such components to be incorporated into SEC or SEA end-products. *See* Dkt. 1 at ¶¶ 4-5. Though Sinotechnix accuses SDC of direct and induced infringement, it fails to adequately allege sufficient facts to show that any infringing activity by SDC takes place ***in the United States*** or any facts supporting induced infringement by SDC—something SDC pointed out in its Motion to Dismiss the original Complaint (Dkt. 33). In fact, the original Complaint ***does not even identify any SDC product.***

Tacitly acknowledging the fatal deficiencies in its original Complaint, Sinotechnix did not oppose SDC's motion, but instead filed a First Amended Complaint (Dkt. 41). Rather than address the deficiencies in its original Complaint, Sinotechnix's First Amended Complaint actually removes some of the more specific allegations and continues to improperly treat all three legally distinct Defendants as a single entity based on a nebulous and ill-defined agency theory. All of this is nothing more than a transparent attempt to persuade this Court to overlook its conclusory and deficient infringement allegations. The Court should not allow Sinotechnix to do so. Rather, because Sinotechnix's First Amended Complaint, like its original Complaint, fails to identify any SDC product alleged to infringe, and fails to plausibly plead facts that would support any of its allegations of direct and induced infringement as to SDC, those claims should be dismissed.

First, it is well-settled that, to state a claim for direct infringement, a plaintiff must point to activities that occur within the United States. *See* 35 U.S.C. § 271 (a). But here, Sinotechnix does not identify any allegedly infringing SDC product or plausibly allege that SDC itself conducts any infringing activities in the United States. At most, SDC is alleged to have some offices in the United States (even if true, not an act of infringement), to have made components ***outside the United States***, for use in televisions and computer monitors made (by a different party) ***outside the United States***, and later imported into the United States by a different party. Though Sinotechnix does allege SDC has imported allegedly infringing components, Sinotechnix has not provided any factual support for this allegation. Moreover, SDC completely exited the LCD business years before the Complaint was filed, and thus could not be alleged to presently be conducting any infringing activities, whether in the United States or not. Ultimately, Sinotechnix has not made ***any*** showing that ***any*** SDC product ever infringed its patents and, accordingly, Sinotechnix still fails to plausibly plead direct infringement as to SDC.

Second, to state a claim for induced infringement, Sinotechnix was required to plead sufficient facts showing that SDC (1) knew of the asserted patents, (2) knew the alleged induced acts were infringing, and (3) had ***specific intent*** to induce a third party to infringe. *See* 35 U.S.C. § 271(b); *Commil USA, LLC v. Cisco Sys., Inc.,* 575 U.S. 632, 642 (2015); *Global-Tech Appliances, Inc. v. SEB S.A.*, 563 U.S. 754, 760-61 (2011). It did not (and cannot) do so. In fact, in addition to failing to identify any allegedly infringing SDC product, Sinotechnix fails to properly allege even ***one*** of these prongs with regard to any pre-suit induced infringement by SDC. For knowledge of the patents and of the alleged infringement, Sinotechnix in its original Complaint pointed to a letter it sent to ***SEA***—not ***SDC***—the day before the complaint was filed. Dkt. 1 at ¶¶ 18, 36, 53, 70, 86, 103. The original Complaint failed to allege SDC ever possessed any knowledge it was allegedly infringing the patents before this case was filed. In its First Amended Complaint, Sinotechnix relies on that same letter but, instead of shoring up its allegations to show why a letter to SEA should be deemed notice to SDC, Sinotechnix merely removes the allegations that the letter was sent to ***SEA*** only, replacing it with allegations that the letter was sent to the intentionally ambiguous "***Defendants***." Sinotechnix offers no explanation why the Court should ignore the admitted fact that the letter was sent only to SEA (not SDC), or why alleged knowledge by SEA should be imputed to SDC.

Similarly, Sinotechnix still fails to identify any activity ***by SDC*** that is alleged to induce a third party to infringe. Further, Sinotechnix still does not allege any facts showing that SDC is inducing present or ongoing infringement. Indeed, as SDC previously explained, Sinotechnix cannot make any such allegation since SDC exited the LCD business years ago. Accordingly, Sinotechnix's First Amended Complaint, like its original Complaint, categorically fails to plausibly allege that SDC ever induced a third party to infringe.

Third, recognizing the fatal holes in its direct and induced infringement claims against SDC, Sinotechnix continues to try to plug those holes with vague and unsupported allegations of an agency relationship. But, as SDC explained in its motion to dismiss the original Complaint, such an agency relationship must be affirmatively established. *Karl Rove & Co. v. Thornburgh*, 39 F.3d 1273, 1295–96 (5th Cir.1994). Sinotechnix does not allege any facts to support such a relationship and instead relies exclusively on legal conclusions. Its reliance on this unsupported theory, therefore, cannot satisfy the pleading requirement. *See Cunningham v. Lifestyles Dev., LLC*, No. 4:19-cv-00006, 2019 WL 4282039 at *4-5 (E.D. Tex. Aug. 8, 2019) (holding that because "Plaintiff's Complaint is completely devoid of any facts showing that RCI had control over any other defendant, agent, or caller," the "Plaintiff has failed to adequately plead that RCI had an agency relationship with any of the purported callers sufficient to establish vicarious liability" under the TCPA).

Despite filing an amended Complaint, none of Sinotechnix's amendments fix the glaring deficiencies SDC identified in the original Complaint. Sinotechnix's allegations remain bare and conclusory and, thus, are exactly the type of claims the *Iqbal/Twombly* pleading rules were designed to prevent. *See Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) ("Threadbare recitals of the elements of a cause of action, supported by mere conclusory statements, do not suffice."); *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 557 (2007); *NorthStar Sys. LLC v. Volkswagen AG*, 2023 WL 5723648, at *1 (E.D. Tex. Sept. 5, 2023). Accordingly, Sinotechnix's claims for direct and induced infringement against SDC should be dismissed. And because Sinotechnix has already had the opportunity to amend its complaint to address these deficiencies, the dismissal should be with prejudice.

II. FACTUAL BACKGROUND

A. The Asserted Patents and the Accused Products

In its original Complaint and First Amended Complaint, Sinotechnix asserts the same six patents: U.S. Patent Nos. 7,618,162 (the "'162 patent"), 7,748,873 (the "'873 patent"), 7,901,113 (the "'113 patent"), 7,951,626 (the "'626 patent"), 8,132,952 (the "'952 patent"), and 9,412,913 (the "'913 patent") (collectively, the "Asserted Patents"). *See* First Amended Compl. at Introduction. The Asserted Patents generally relate to light emitting diode ("LED") chips, light directing lenses for use with LED chips, and backlight panels made with such LED chips and/or lenses. *See id*. ¶¶ 27-31, 45-48, 62-66, 79-82, 95-98, 112-116.

The Accused Products are finished liquid crystal display ("LCD") television and computer monitor products[1] that incorporate backlight panels that themselves are alleged to infringe, or which include LED chips and/or lenses alleged to infringe. *Id.* ¶¶ 27, 45, 62, 79, 95, 112. These accused backlight panels are assembled with other components, such as an LCD display panel, television tuner, speakers, wireless interfaces, power supply and a housing, to form the finished LCD television and computer monitor end products that are alleged to infringe. Both the original Complaint and the First Amended Complaint include images showing that the Accused Products were made in Mexico in 2023 and 2024, but they do not show that any component was made by SDC. *Id.* ¶¶ 27, 45, 62, 79, 95, 112; *see also* Dkt. 1 at ¶¶ 21, 39, 66, 73, 69, 106.

B. SDC Is A Foreign Corporation With No United States Presence That Exited The Relevant Business Years Ago

As Sinotechnix acknowledges in both the original and amended Complaints, "SDC is a

[1] The Complaint identifies Model Nos. BE43T-H, QN32Q60CAF, QN43Q60CAF, QN55Q70CAF, QN65Q70CAF, QN55QN85CAF, QN65Q80CAF, QN65QN90CAF, S27CM801UN, S32CM703UN, UN43TU7000F, UN43CU8000F, UN58CU7000F, UN65CU8000F, and UN75TU690TF.

Korean corporation … with its principal place of business located … in the Republic of Korea." First Amended Compl. ¶ 5; Dkt. 1 at ¶ 5. And Sinotechnix further relies on the fact that SDC has no United States presence to establish venue in this district under 28 U.S.C. § 1391(c)(3). First Amended Compl. ¶ 16. While Sinotechnix in its First Amended Complaint alleges for the first time that SDC "has maintained sales and research and development offices in the United States," those facilities actually belong to Samsung Semiconductor Inc. ("SSI")—a sales affiliate of SDC based in California that is responsible for United States marketing of Samsung-branded non-consumer technology solutions, including SDC's display products.[2] *Id*. ¶ 5. SDC does not have any offices in the United States and the facilities listed on the SDC website as the "sales network" are not SDC offices. Rather, they are a network of affiliate companies that partner with SDC as sales or marketing affiliates in the relevant region.

SDC is a separate legal entity from both SEC and SEA (and SSI) and engages in different business activities. First Amended Compl. ¶¶ 2-4. Specifically, as generally admitted in the Complaint, SDC develops and manufactures certain components, such as display panels, for use in the manufacture of television and computer monitor end-products (among others). *See id*. ¶ 6.[3] SDC makes and supplies such components to be incorporated into SEC or SEA end-products, *see id*., but also makes and supplies such components to competitors of SEC and SEA.[4] By the time the Complaint was filed, SDC had long since exited the business of supplying components for

[2] Each of "3655 N 1st St San Jose, CA 95134, USA" and "1261 3rd Ave, Suite E, Chula Vista, CA 91911, USA" are offices of SSI, as indicated on SSI's website. https://semiconductor.samsung.com/us/support/contact-info/global-network/americas/ They are not offices of Samsung Display, which has no offices in the United States.

[3] *See also* https://www.samsungdisplay.com/eng/intro/company-overview.jsp

[4] *See, e.g.*, https://www.flatpanelshd.com/news.php?subaction=showfull&id=1641308401

LCD display products (*i.e.*, the products accused of infringement in this case),[5] to focus on display panels using different technology not relevant to the present case.[6]

III. STATEMENT OF THE ISSUES PRESENTED

Whether, under Rule 12(b)(6), the Court should dismiss with prejudice Sinotechnix's claims for direct and induced infringement of the Asserted Patents for failure to state a claim upon which relief can be granted.

IV. ARGUMENT

To satisfy Rule 12(b)(6), a complaint must state "enough facts to state a claim to relief is plausible on its face." *Bell Atl. Corp. v. Twombly,* 550 U.S. at 570. Merely reciting the legal requirements of a claim and providing "conclusory statements" without factual support is insufficient. *Iqbal*, 556 U.S. at 678; *Arnold v. Williams*, 979 F.3d 262, 266 (5th Cir. 2020) ("[C]ourt … [will] 'not accept as true conclusory allegations, unwarranted factual inferences, or legal conclusions.'"). Despite already amending its complaint in response to SDC's first motion to dismiss, Sinotechnix's direct and induced infringement claims against SDC still do not come close to meeting this standard and should be dismissed.

A. Sinotechnix's Amended Direct Infringement Claims Still Fail to Allege Sufficient Facts to Show SDC Performed or Is Performing Any Allegedly Infringing Acts in the United States.

To plead direct infringement, a plaintiff must point to activities that occur within the United States. *See* 35 U.S.C. § 271 (a) ("[W]hoever without authority makes, uses, offers to sell, or sells any patented invention, ***within the United States, or imports into the United States*** any patented invention during the term of the patent therefore, infringes the patent.") (emphasis added); *See Microsoft Corp. v. AT & T Corp*., 550 U.S. 437 (2007) ("It is the general rule under United States

[5] *See* https://www.koreaherald.com/view.php?ud=20220530000673
[6] *See* https://www.samsungdisplay.com/eng/intro/company-overview.jsp

patent law that no infringement occurs when a patented product is made and sold in another country."). Sinotechnix still has not done so for SDC.

Despite amending its Complaint in response to the various deficiencies identified in SDC's first motion to dismiss, Sinotechnix still fails to specifically allege that ***SDC*** conducts ***any*** activities ***in the United States***, let alone activities alleged to infringe. As laid out above, the United States offices Sinotechnix identifies as belonging to SDC actually belong to SSI—a separate entity from SDC. *See* First Amended Compl. ¶ 5. But even if they were SDC offices, as alleged in the First Amended Complaint, merely having facilities in the United States is not sufficient to show direct infringement unless those facilities made, used, sold or imported the accused products—and Sinotechnix does not (and cannot) make any specific allegations of such activities at these facilities. *See id*.

The only allegedly infringing activities by any of the named defendants that are said to take place in the United States are "importing, distributing, and selling" the Accused Products. First Amended Compl. ¶¶ 7-12. But Sinotechnix does not adequately allege that SDC conducts any of these allegedly infringing activities, or any other activities, in the United States. ***First***, Sinotechnix now points to alleged importation records that supposedly "confirm that SDC has shipped substantial numbers of 'LCD Panels' into the United States during the relevant time period." *Id.* ¶ 8. But, tellingly, Sinotechnix does not submit any importation record as an exhibit or even identify a specific accused product alleged to be reflected in those records. ***Indeed, the First Amended Complaint does not identify a single product imported (or distributed or sold) by SDC in the United States that is alleged to infringe***.

Second, contrary to the blatant mischaracterization by Sinotechnix, the declaration from the *Nanoco* litigation does ***not*** establish that "SDC provided LCD Panels into the United States,"

or conducted any relevant activities in the United States. First Amended Compl. ¶ 9. The *Nanoco* declaration states only that SDC has been supplying LCD products to SEC (a Korean company) "from at least more than 6 years ago to the present time [*i.e.*, September 11. 2020]," two years before SDC exited the LCD business. *Nanoco Technologies LTD v. Samsung Electronics*, Case No. 2:20- cv-38, at Dkt. No. 37-1 (E.D. Tex. 2020) ("*Nanoco* Decl."); First Amended Compl. ¶ 9. Nowhere does this declaration state that SDC imported, distributed, or sold any LCD products, or any portion of any accused product, ***within the United States***. Unsupported allegations about importation of allegedly infringing components, without more (such as pointing to the alleged importation records or identifying any specific product), is not enough to show direct infringement.

Third, as admitted by the First Amended Complaint and supported by the *Nanoco* declaration, SDC is only alleged to have "made and supplied [allegedly] infringing displays [*i.e.*, LCD backlight components] incorporated into the accused products [*i.e.*, finished LCD televisions and computer monitors] made and supplied by SEC and SEA." *Id.* ¶ 6; *Nanoco* Decl. ("SDC manufactures LCD display panels and modules ('LCD products') and does not produce end-user products such as TVs or monitors."). But even accepting Sinotechnix's incorrect allegations as true for purposes of this motion,[7] neither the final Accused Products nor the backlight panels alleged to be (but not actually) supplied by SDC for inclusion in such products are alleged to be

[7] Sinotechnix ***cannot*** allege any factual basis for its contention that SDC supplied the alleged infringing backlight panel for any of the products in the Complaint because SDC did not supply them. As noted above (Section II.B), SDC exited the business relevant to Sinotechnix's allegations more than two years ago in 2022. The example Accused Products compared to the Asserted Patents in the images of the Complaint were made (outside the United States) ***after this date***. *See* Compl. ¶¶ 27 (image showing manufacture date of "November 2023"), 45 (image showing manufacture date of "January 2024"), 62 (image showing manufacture date of "January 2024"), 79 (image showing manufacture date of "November 2023"), 95 (image showing manufacture date of "November 2023"), 112 (image showing manufacture date of "October 2023"). Accordingly, none of the example backlight panels in these Accused Products could have been made by SDC and Sinotechnix does not allege any factual bases for claiming SDC did so for any of the Accused Products.

made in the United States; to the contrary, the Complaint itself establishes they are made outside the United States. *See id*. ¶¶ 27 (image showing "Made in Mexico" label), 45 (image showing "Made in Mexico" label), 62 (image showing "Made in Mexico" label), 79 (image showing "Made in Mexico" label), 95 (image showing "Made in Mexico" label), 112 (image showing "Made in Mexico" label). Thus, according to the allegations of the Complaint, SDC is only specifically accused of making components ***outside the United States*** for inclusion in finished products made by a different party ***outside the United States***. This falls far short of alleging direct infringement by SDC.

Lastly, the SDC website captures that are newly cited in the First Amended Complaint do nothing to support Sinotechnix's allegations. The webpages—with a publication date of October 18, 2021—are part of a series of educational material called "Learn Display" and only provide a general technology tutorial for LCD components of the type accused of infringement in this case. *See* First Amended Compl. ¶ 10. They do not purport to illustrate any specific SDC product, and tellingly Sinotechnix does not even attempt to map the claims of any of the patents to these webpages. Furthermore, contrary to Sinotechnix's conclusory statements, these webpages say nothing about any product being imported into the United States by SDC.

Ultimately, instead of addressing the deficiencies SDC identified in the original Complaint and/or identifying any specific allegedly infringing SDC products or activities in the United States, Sinotechnix's First Amended Complaint continues to offer vague, unsupported and easily-rebutted allegations about SDC's alleged direct infringement and, in an attempt to obfuscate these weaknesses, continues to indiscriminately lump SDC together with SEA and SEC under the catch-all term "Defendants." This is disingenuous at best.

Because Sinotechnix fails to allege or plead facts sufficient to show past or ongoing direct infringement by SDC, ***or to even identify a single SDC product that is alleged to infringe***, it fails to meet the minimum requirement that a complaint "place the alleged infringer 'on notice of what activity . . . is being accused of infringement.'" *Lifetime Indus., Inc. v. Trim-Lok, Inc.*, 869 F.3d 1372, 1379 (Fed. Cir. 2017) (internal citation omitted); *Core Wireless Licensing S.A.R.L. v. Apple Inc.*, No. 6:14-cv-752-JRG-JDL, 2015 WL 4910427, at *3 (E.D. Tex. Aug. 14, 2015) (patentee must plead "facts sufficient to place the alleged infringer on notice as to what he must defend."). As a result, the claims for past and ongoing direct infringement as to SDC should be dismissed.

B. Sinotechnix Fails To Allege Sufficient Facts to Support Pre-Suit or Ongoing Induced Infringement By SDC.

To state a claim for induced infringement, Sinotechnix was required to plead facts showing that Samsung Display (1) knew of the asserted patents, (2) knew the induced acts were infringing, and (3) had ***specific intent*** to induce a third party to infringe. *See* 35 U.S.C. § 271(b); *Commil USA, LLC v. Cisco Sys., Inc.,* 575 U.S. 632, 642 (2015); *Global-Tech Appliances, Inc. v. SEB S.A.*, 563 U.S. 754, 760-61 (2011). "Specific intent" requires not only knowledge of the asserted patents, but also an intent to cause the allegedly infringing acts with "knowledge that the induced acts constitute patent infringement." *Global-Tech*, 563 U.S. at 765-66. Sinotechnix still fails to meet these requirements for both pre-suit and ongoing induced infringement.

1. Sinotechnix's Allegations of Pre-Suit Induced Infringement By SDC Are Insufficient.

For its claims for pre-suit induced infringement against SDC, Sinotechnix still fails to plead facts sufficient to support any one of the three required prongs, let alone all three.

First, Sinotechnix fails to plead any facts that would plausibly support an allegation that ***SDC*** knew of any of the Asserted Patents prior to its receipt of the Complaint. *See Dialect LLC v. Bank of America, N.A.*, Case No. 2:24-CV-00207-JRG, Dkt. 57 at 6-7 (E.D. Tex. Dec. 4, 2024)

("Without the actual knowledge that the complaint provides, these [willful, induced, and contributory infringement] theories rely upon a plausible, constructive showing that there existed a level of knowledge and understanding adequate to cause a reasonable person to question their continued use of the plaintiff's invention. While each case has unique facts, such a level of knowledge and understanding is required."). The law is clear: SDC cannot be liable for induced infringement based on conduct that occurred before its knowledge of the patents-in-suit. *See, e.g., Tierra Intelectual Borinquen, Inc. v. ASUS Comp. Int'l, Inc.*, No. 2:13-cv-44-JRG, 2014 WL 1233040 at *2 (E.D. Tex. Mar. 24, 2014); *CyboEnergy, Inc. v. Hoymiles Power Elecs. USA, Inc.*, NO. 2:23-CV-00311-JRG, 2024 WL 1219725 at *6 (E.D. Tex. Mar. 20, 2024) (dismissing pre-suit indirect infringement claims for lack of pre-suit knowledge); *Corydoras Techs., LLC v. Apple Inc., et al.*, No. 2:16-cv-00538-JRG, 2016 WL 9242435 at *2-3 (E.D. Tex. Nov. 23, 2016) (dismissing claims of pre-suit indirect infringement where "no allegation [of] pre-suit knowledge of the patents-in-suit" was made).

For five of the Asserted Patents (the '162, '626, '952, '873, and '913 patents), Sinotechnix cites absolutely no basis for any pre-suit knowledge by SDC. In its original Complaint, Sinotechnix pointed only to a letter it sent to ***SEA*** on July 16, 2024. *See* Dkt. 1 at ¶¶ 18, 36, 53, 70, 86, 103. But Sinotechnix did not, and cannot, allege any facts to establish that a letter to ***SEA*** constitutes notice of the patents or of infringement to ***SDC,*** particularly where SDC exited the LCD business in 2022, two years before the letter was sent. The cases cited by Sinotechnix are readily distinguishable and do not support notice to SDC.[8] Rather than affirmatively addressing this fatal

[8] Unlike in *Nat'l Inst. for Strategic Tech. Acquisition & Commercialization v. Nissan of N. Am.*, (1) SDC is not a customer of SEC and (2) SEA, who received the letter regarding infringement the day before the original Complaint was filed, is not a parent of SDC. *See Nat'l Inst. for Strategic Tech. Acquisition & Commercialization v. Nissan of N. Am.*, No. 11-11039, 2012 U.S. Dist. LEXIS 117941, at *14 (E.D. Mich. Aug. 21, 2012); Compl. ¶ 42. Similarly, unlike in *ACQIS LLC v.*

deficiency in its First Amended Complaint, Sinotechnix instead tries to obfuscate the problem by lumping all three defendants together and making the unsupported allegation that the single letter somehow provided notice to all three "Defendants." First Amended Compl. ¶¶24, 42, 59, 76, 92, 109. In doing so, Sinotechnix purposefully omits a fact it previously admitted (that this letter was sent to ***SEA***), and does not explain why a letter to SEA should be deemed notice to SDC. Tellingly, Sinotechnix did not include this letter as an exhibit to the First Amended Complaint.

Sinotechnix additionally alleges that the '873 patent was "identified ***to SEC***" during the prosecution of SEC's patent application no. 14/805,444. First Amended Compl. ¶ 42. But Sinotechnix does not allege any facts supporting that a patent cited by the examiner in the prosecution of a patent application filed by SEC would be known or constitute notice of anything to SDC. *See ZitoVault, LLC v. Int'l Bus. Machs. Corp.*, 2018 WL 2971131, at *3 (N.D. Tex. Mar. 29, 2018) ('Knowledge of a patent by a parent corporation is not necessarily imputed to its subsidiary.")

For the remaining patent (the '113 patent), Sinotechnix alleges the mere fact that the patent was cited during the prosecution of SDC patent application no. 13/571,140 more than a decade ago, and was cited in application no. 14/060,851 almost ten years ago, reaches the threshold of actual knowledge of that patent. Assuming *arguendo* such citation is legally sufficient to support pre-suit knowledge of the patent (something SDC does not concede), there are no factual allegations sufficient to support the other two prongs for the '113 patent, or ***any*** of the patents. *See, e.g.*, *Billjco, LLC v. Apple Inc.*, 583 F.Supp. 3d 769, 775, 777-778 (W.D. Tex. 2022) (finding no knowledge of the alleged infringement sufficient to support pre-suit indirect infringement

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Lenovo Grp. Ltd., the notice letter was not sent to the CEO of the parent company (e.g. SEC)—again, it was sent to SEA, a United States subsidiary with no parent relationship to SDC, one day before the original Complaint was filed. *See ACQIS LLC v. Lenovo Grp. Ltd.*, No. 6:20-CV-00967-ADA, 2022 WL 2705269, at *6–7 (W.D. Tex. July 12, 2022); First Amended Compl. ¶ 42.

despite the asserted patents being cited in the prosecution of the accused infringer's own patent applications).

Second, Sinotechnix fails to allege any facts demonstrating, or even suggesting, that SDC had pre-suit knowledge that its activities might be alleged to infringe any of the asserted patents. As noted above, induced infringement requires "knowledge of the patent in suit ***and knowledge of patent infringement***." *Commil USA, LLC v. Cisco Sys., Inc*., 575 U.S. 632, 639 (2015) (emphasis added); *see also DSU Med. Corp. v. JMS Co.,* 471 F.3d 1293, 1306 (Fed. Cir. 2006) (holding the "alleged infringer must be shown ... to have *knowingly* induced infringement . . . not merely knowingly induced the *acts* that constitute direct infringement) (emphasis in original) (internal citation omitted); *Caterpillar Prodotti Stradali S.R.L. v. Int'l Trade Comm'n*, 847 F. App'x 893, 898 (Fed. Cir. 2021) ("Induced infringement requires proof of two types of knowledge by the alleged inducer: knowledge of the patent in question ***and knowledge that the induced acts infringe the patent***.") (emphasis added). Like the original Complaint, the First Amended Complaint is devoid of any facts supporting that SDC was aware or was ever informed that any of its products or actions were allegedly infringing any of the asserted patents before the filing of the Complaint. *See Network Sys. Techs., LLC v. Qualcomm Inc.,* No. 1:22-CV-01331, 2023 WL 11833572 (W.D. Tex. July 21, 2023) (holding a mere statement that a defendant "had actual knowledge of [their] customers' and/or end users' direct infringement at least by virtue of their sales, instruction, and /or otherwise promotion of [the accused] products" was not enough to show actual knowledge of infringement). Indeed, even now, the First Amended Complaint fails to specifically identify any allegedly infringing SDC product. The First Amended Complaint, thus, fails to allege facts supporting the second requirement of pre-suit induced infringement and this provides an independent reason why the pre-suit induced infringement claims should be dismissed.

Third, Sinotechnix still fails to allege ***any*** facts whatsoever showing ***SDC*** specifically intended to induce infringement. Instead, Sinotechnix merely parrots the legal standard, which is insufficient. *See Traxcell Techs., LLC v. Verizon Wireless Pers. Commc'ns, LP,* No. 6:20-CV-01175-ADA, 2022 WL 299732 at *1 (W.D. Tex. Jan. 31, 2022) ("an inducement claim cannot simply recite the legal conclusion that Defendants acted with specific intent") (internal citation omitted); *Addiction & Detoxification Inst. L.L.C. v. Carpenter*, 620 F. App'x 934, 938 (Fed. Cir. 2015) (affirming dismissal of indirect infringement where "the First Amended Complaint simply recites the legal conclusion that Defendants acted with specific intent").

Here, Sinotechnix states only that "SDC induces and has induced the importation and sale of infringing display modules by manufacturers of consumer products (e.g., televisions)." First Amended Compl. ¶ 32, 49, 67, 83, 100, 117. It provides no factual allegation to support any specific intent by SDC with regard to the importation of the end products accused of infringement. To distract from this, Sinotechnix again improperly and indiscriminately lumps together all three of SEC, SEA, and SDC to allege generally that ***"Defendants"*** induce infringement by "encouraging the use of those [Accused Products (i.e., the finished, product TVs and monitors)] via marketing and by providing support for the use of those products." *Id*. ¶¶ 33, 50, 68, 84, 101, 118. But there are still no specific factual allegations that ***SDC*** (as opposed to SEC and/or SEA) engages in any marketing or support activities with regard to the Accused Products, beyond the above language parroting the legal standard. Sinotechnix similarly lumps SEC and SDC together to allege "SEC and/or SDC specifically intended for SEA to import and sell the []Accused Products." *Id.* But, as laid out above, SDC ***makes components*** (outside the US) for televisions (also made outside the US).

However, even if Sinotechnix's allegations are taken as true for the purpose of this motion,

simply providing marketing materials and instructions to customers (as SEC and SEA are alleged to do) is still insufficient to plausibly plead specific intent. *See H. Lundbeck A/S v. Lupin Ltd.*, 87 F.4th 1361, 1370 (Fed. Cir. 2023) (for inducement, "instructions … must 'evidence intent to encourage infringement'"). As laid out above, Sinotechnix has not alleged facts showing SDC was aware of any potential patent infringement before the Complaint was filed. Nor does Sinotechnix identify any product (components) or activity by SDC relating to the alleged "marketing" or "support," or explain how any such activity demonstrates an affirmative intent to infringe. *See Core Wireless*, 2015 WL 4910427, at *4 ("generic allegations that an alleged infringer provides instructional materials along with the accused products, without more, are insufficient to create a reasonable inference of specific intent for the purposes of an induced infringement claim."); *U.S. Ethernet Innovations, LLC v. Cirrus Logic, Inc.*, No. 6:12cv366 MHS–JDL, 2013 WL 8482270 at *4 (E.D. Tex. March 6, 2013) ("USEI's allegations that Yamaha 'supplies' infringing systems and components and provides 'instructions' to its customers who allegedly infringe do not create a reasonable inference of inducement").

Sinotechnix's continued failure to plausibly allege specific intent despite having the opportunity to amend its Complaint in view of SDC's original motion requires dismissal. *See Iqbal*, 556 U.S. at 678; *Stragent, LLC v. BMW of N. Am., LLC*, 2017 WL 2821697, at *7 (E.D. Tex. Mar. 3, 2017), report & recommendation adopted, 2017 WL 2832613 (E.D. Tex. Mar. 27, 2017) (dismissing indirect infringement claims, including inducement, for failure "to allege any facts sufficient to support a reasonable inference that Defendants specifically intended any third party to infringe").

2. Sinotechnix Does Not, And Cannot, Allege Any Ongoing Induced Infringement By SDC.

The First Amended Complaint likewise does not, ***and cannot***, allege any post-complaint

activities by SDC that could even arguably constitute ongoing induced infringement. While the First Amended Complaint may be argued to satisfy the first requirement for post-complaint induced infringement (*i.e.*, knowledge of the asserted patents), it fails to satisfy the second and third prongs (*i.e.*, knowledge that the induced acts were infringing, and specific intent to induce a third party to infringe) for any current or ongoing activities by SDC. As discussed above (Section IV.A), Sinotechnix does not allege any facts to support its allegation that SDC supplied the allegedly infringing backlight panels for the Accused Products in the First Amended Complaint. Furthermore, Sinotechnix cannot make any factual allegation that SDC is supplying infringing backlight panels since SDC exited the relevant business two years ago in 2022.[9] Sinotechnix, thus, fails to show the second and third requirements of induced infringement because it ***does not and cannot allege any component currently supplied by SDC infringes any of the Asserted Patents.*** Sinotechnix's claims for ongoing induced infringement must, therefore, be dismissed.

C. Sinotechnix's Agency Allegations Are Unsupported Legal Conclusions and Do Not Save Its Deficient Pleadings.

Recognizing the many flaws in its allegations against SDC, Sinotechnix tries to save its claims based on the premise that SDC is liable for the conduct of SEC and/or SEA under an agency theory. But Sinotechnix's agency theory is based on nothing more than conclusory and speculative statements about the relationships between SEC, SEA, and SDC. *See, e.g.*, Compl. ¶¶ 12 ("SEC, SDC, and SEA, along with other foreign and U.S.-based subsidiaries (which act as part of a global network of overseas sales and manufacturing subsidiaries on behalf of SEC) have operated as agents of one another and vicariously as parts of the same business group to work in concert together"), 26 ("SEC, SDC, and SEA are essentially the same company").

Agency is a legal relationship wherein an agent is authorized to act for and on behalf of the

[9] *See* footnote 7, above.

principal, and subject to the principal's control. *See Lubbock Feed Lots, Inc. v. Iowa Beef Processors, Inc*., 630 F.2d 250, 269 (5th Cir.1980) (citations omitted). An agency relationship "requires both the principal's control over the agent and both parties' consent to the agent's acting on the principal's behalf." *Christiana Tr. v. Riddle*, 911 F.3d 799, 803 (5th Cir. 2018) (citing *Meyer v. Holley*, 537 U.S. 280, 286 (2003)). An agency relationship must be affirmatively established—it may not be presumed. *Karl Rove & Co. v. Thornburgh*, 39 F.3d 1273, 1295–96 (5th Cir. 1994). Sinotechnix has not pled any facts to support its agency theory and its conclusory and speculative allegations should thus be given no weight.

While it is true that SDC, SEC, and SEA are related companies with SEC having ownership interests in SEA and SDC, mere business relationships do not automatically create an agency relationship. *See Cunningham*, 2019 WL 4282039 at *4 ("Although Plaintiff alleges a business relationship between Defendant Lifestyles and RCI, Plaintiff does not allege facts supporting an inference that RCI instructed other Defendants . . . or show that these entities were in fact acting at the directive or on behalf of RCI."). Sinotechnix does not clearly allege the identity of the principal or the agents or explain how any of SEC, SDC, or SEA control one another. And, in any case, "merely stating that an entity is an agent does not get a litigant across the goal line." *Davis v. Centurylink, Inc*., No. 3:22-CV-00038, 2023 WL 2145535 at *3 (S.D. Tex. Feb. 21, 2023), *report and recommendation adopted*, No. 3:22-CV-00038, 2023 WL 2401697 (S.D. Tex. Mar. 8, 2023); *see also Schakosky v. Client Servs., Inc*., 634 F. Supp. 2d 732, 736 (E.D. Tex. 2007) (dismissing agency-theory claims as insufficiently pled because the plaintiff did not "allege any facts to demonstrate Citibank expressly controlled CSI or that CSI had apparent authority to act on Citibank's behalf").

Because Sinotechnix cannot simply allege an agency relationship without clearly

identifying the agent and principal, and without alleging facts to support the principal's right to control the agent's actions, its agency theory fails to save its direct and indirect infringement claims.

V. CONCLUSION

For the foregoing reasons, SDC respectfully requests that the Court dismiss with prejudice Sinotechnix's claims for direct and induced infringement against SDC.

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CERTIFICATE OF SERVICE

I hereby certify that all counsel of record who have consented to electronic service are being served with a copy of this document via the Court's CM/ECF system per Local Rule CV-5(a)(3) on December 27, 2024.

/s/ Ryan Yagura
Ryan Yagura