

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK**

AMERICAN TECHNICAL CERAMICS CORP.
and AVX CORPORATION,

Plaintiffs,

V.

PRESIDIO COMPONENTS, INC.,

Defendant.

C.A. No.

JURY TRIAL DEMANDED

COMPLAINT

American Technical Ceramics (“ATC”) and AVX Corporation (“AVX”) (together “Plaintiffs”) for their Complaint against Presidio Components, Inc. (“Presidio” or “Defendant”) allege as follows:

NATURE OF THE ACTION

1. This action seeks a judgment declaring that Plaintiffs' 560L/T-2000 capacitor does not infringe U.S. Patent No. 6,816,356 (the "356 patent"), which arises under the Patent Laws of the United States and the Federal Declaratory Judgment Act.

PARTIES

2. ATC is a Delaware corporation having a place of business in Huntington Station, New York. It is a wholly-owned subsidiary of AVX.

3. AVX is a Delaware corporation having its principle place of business in Fountain Inn, South Carolina.

4. Plaintiffs make, sell, and offer for sale an ultra-broadband, multilayer ceramic capacitor marketed and sold as the “560L” or “T-2000” capacitor (hereinafter, the “560L”).

5. On information and belief, Presidio is a California corporation having its principal place of business in San Diego, California.

6. On information and belief, Presidio is the owner by assignment of the '356 patent, entitled "Integrated Broadband Ceramic Capacitor Array," which issued on November 9, 2014. A first Reexamination Certificate for the '356 patent was issued on September 13, 2011. The Patent and Trademark Office ("PTO") subsequently issued a second Reexamination Certificate on December 8, 2015. A copy of the '356 patent and the above-mentioned Reexamination Certificates are attached as Exhibit 1.

JURISDICTION AND VENUE

7. An actual controversy now exists between Plaintiffs and Presidio with respect to infringement of claims 1, 3, 5, 16, 18, 19, 35, 37, 39, 50, 52, and 53 of the '356 patent by Plaintiffs' 560L capacitor. This Court thus has proper subject matter jurisdiction over this dispute pursuant to *inter alia* 28 U.S.C. §§ 1331 and 1338(a) and 28 U.S.C. §§ 2201 and 2202.

8. This Court has personal jurisdiction over Presidio. On information and belief, Presidio regularly and continuously does and solicits business in this district either directly or through its authorized sales representatives. Presidio also specifically markets its products—including its own ultra-broadband, multilayer ceramic capacitors—to customers and potential customers in New York. For example, it has specific "design-in location codes" for customers in the Metro New York and Upstate New York areas.

9. Venue is proper pursuant to 28 U.S.C. §§ 1391(b), 1391(c) and 1400(b).

BACKGROUND FACTS

10. AVX is a manufacturer and supplier of electronic passive components and interconnect solutions. Since the late 1970s, it has been the world leader in the design and

manufacture of ceramic capacitors. AVX products are used throughout the world, in orbit, and beyond the solar system.

11. In or about 2007, AVX acquired ATC, which, itself, markets and sells various electronic components—including multilayer ceramic capacitors—for use in numerous markets, including wireless communications infrastructure, fiber optic, medical electronics, semiconductor manufacturing equipment, defense, aerospace, and satellite communications.

The 335 Case

12. In 2008, Presidio brought suit against ATC for infringement of the '356 patent in *Presidio Components, Inc. v. American Technical Ceramics Corp.*, C.A. No. 3:08-CV-00335-IEG-NLS (S.D. Cal.) (the “335 Case”).

13. The allegations in the 335 Case were directed to a capacitor that ATC marketed and sold as the “545L” capacitor.

14. The 545L capacitor was an ultra-broadband, multilayer ceramic capacitor with a conductive metal coating on its outer surface that formed external terminations. Between these external terminations was a gap of approximately 1 mil.

15. During the pendency of the 335 Case, Plaintiffs began making and selling a line of next-generation ultra-broadband, multilayer ceramic capacitors—the “550 series.” The 550 series (i.e., the 550L, 550Z, 550S, and 550U) was developed and manufactured by AVX and marketed and sold by ATC.

16. The capacitors within the 550 series have a fundamentally different internal structure and different electrical performance from the 545L—indeed, AVX is the owner of a patent relating to that novel design. Nevertheless, each of the multilayer ceramic capacitors in the 550 series has external terminations and a gap between those terminations. That gap is

several times greater than the gap in the 545L capacitor. For example, in the 550L capacitor, the gap is approximately 5 ± 2 mils.

17. ATC made Presidio aware of the existence of the 550 series of capacitors before the 335 Case concluded. For example, in November 2009, ATC went to Presidio with the 550L capacitor and asserted that it did not infringe. In addition, ATC and Presidio discussed the 550L capacitor in connection with a proposed settlement of the 335 Case.

18. Despite its knowledge of the product and the parties' communications, Presidio did not allege infringement by the 550L capacitor in the 335 Case. The case, therefore, was limited only to the 545L capacitor.

19. At trial, Presidio relied on the opinion of its technical expert to demonstrate that the 545L infringed the '356 patent. Presidio's expert opined that the 545L had external terminations that were "sufficiently close" to form fringe-effect capacitance as claimed by the patent. In reaching this conclusion, he relied on his analysis that found that the 545L capacitor's external contacts were "on the order of the same dimension" as their thickness.

20. In December 2009, a jury found that ATC's 545L capacitor infringed Claims 1, 2, 3, 4, 5, 16, 18, and 19 of the '356 patent.

21. In September 2013, ATC was permanently enjoined from making, using, selling, or offering for sale the 545L capacitor.

22. After the entry of the permanent injunction, ATC began marketing the 550 series of capacitors as an alternative to the 545L. While the 550L was a distinct product that previously had been offered for sale and sold into the marketplace, ATC believed that it could satisfy many of its 545L customers' requirements and demands. ATC thus ported customers from the 545L to the 550 series of capacitors. For example, on March 11, 2013, ATC notified its customers that

“[e]ffective immediately the 545L product line has been discontinued and has been replaced by the new 550L product.”

23. From 2010 through August 2014, Presidio never contacted AVX or ATC regarding alleged infringement of the 550 series.

24. During this time, Plaintiffs invested heavily in the 550 series. For example, Plaintiffs expended millions of dollars in research and development costs, including the purchase of new specialized equipment to make the product.

25. In addition, Plaintiffs devoted significant resources to its customers to ensure that their products and systems could utilize the 550 series. Because these products and systems were designed and qualified with the 550 series, another capacitor cannot readily be used as a “drop in” replacement.

The 2061 Case

26. On September 2, 2014, Presidio again brought suit against ATC for infringement of the '356 patent in *Presidio Components, Inc. v. American Technical Ceramics Corp.*, C.A. No. 3:14-CV-02061-H-BGS (S.D. Cal.) (the “2061 Case”).

27. This time Presidio’s allegations of infringement of the '356 patent were directed to ATC’s 550 series of capacitors. Although the gap between end termination in the 550 series of capacitor was significantly larger than the gap size between end terminations in ATC’s 545L capacitor, Presidio alleged that the terminations in ATC’s 550 series of capacitors were “sufficiently close” to form fringe-effect capacitance as claimed by the patent.

28. During 2015, Plaintiffs began making and selling a new capacitor—the 560L. The 560L is made by AVX and marketed and sold by ATC.

29. The 560L—like the 545L and the 550L capacitors Presidio previously accused of infringing the '356 patent—is an ultra-broadband, multilayer ceramic capacitor with external terminations. However, the gap between the terminations in the 560L is more than ten times greater than the 545L and at least twice as large as that of the 550 series of capacitors. The gap in the 560L is typically 12 mils.

30. In April 2015, ATC made Presidio aware of the existence of the 560L.

31. At or about that time, ATC also moved to add the 560L to the 2061 Case by way of a declaratory judgment counterclaim. Presidio opposed that motion, which the Court denied on May 18, 2015. As a result, the 2061 Case was limited only to the 550 series of capacitors.

32. The 550 series does not meet the gap/thickness test Presidio's expert used to demonstrate infringement in the 335 Case.

33. At trial, Presidio nevertheless relied on the opinion of the same technical expert to demonstrate that the 550 series infringed the '356 patent. Presidio's expert used a three-part analysis to conclude that the 550 series had external contacts "sufficiently close" to form fringe-effect capacitance.

34. In April 2016, a jury found that ATC's 550 series of capacitor infringed Claims 1, 3, 5, 16, 18, and 19 of the '356 patent.

35. On August 17, 2016, the district court entered a permanent injunction, enjoining "ATC and its officers, agents, servants, employees, and persons in active concert or participation with them during the period commencing ninety (90) days from the date of this Order from making, using, selling, or offering to sell in the United States, or importing into the United States: the 550L, 550Z, 550S, and 550U capacitors"

36. On September 19, 2016, the district court denied ATC's motion to stay the permanent injunction pending appeal. As a result, all proceedings before the district court have concluded. Absent a ruling to the contrary from the Court of Appeals for the Federal Circuit, the permanent injunction against the 550 series is set to enter on November 15, 2016.

37. Plaintiffs are currently preparing to invest heavily in the 560L capacitor as a replacement or alternative ultra-broadband, multilayer ceramic capacitor. For example, Plaintiffs are exploring whether the 560L can be manufactured in different case sizes so as to make, market, and sell a full line of ultra-broadband, multilayer ceramic capacitors (e.g., 560U, 560S, 560Z).

38. Much like they did with the 550 series vis-à-vis the 545L, Plaintiffs also expect to begin porting customers from the 550 series to the 560L as a result of the permanent injunction.

39. The transition of business to the 560L will again require significant expenditures by Plaintiffs. Among other things, Plaintiffs will devote resources to its customers to design-in the 560L to their products and systems.

40. Plaintiffs will also expend substantial goodwill in, yet again, presenting their customers with an alternative product that they believe in good faith is noninfringing.

41. All of these imminent expenditures and investments are threatened by Presidio's pattern of litigation conduct involving allegations of infringement of the '356 patent by Plaintiffs' ultra-broadband, multilayer ceramic capacitors with external terminations.

42. Most recently, after Presidio has now reviewed the specification sheet for the 560L capacitor and had access to physical samples of the 560L capacitor, Presidio stated in open court that the question of infringement by the 560L is an issue "for another day and another discussion." This case is filed for that day and discussion.

COUNT I
(Declaratory Judgment of Noninfringement)

43. Plaintiffs incorporate by reference paragraphs 1–42 above as though fully set forth herein.

44. Claim 1 of the '356 patent requires that the claimed capacitor have “a conductive second contact disposed externally on the dielectric body . . . being located sufficiently close to the first contact in an edge to edge relationship in such proximity as to form a first-fringe effect capacitance with the first contact that is capable of being determined by measurement in terms of a standard unit.”

45. All of claims 3, 5, 16, 18, and 19 depend from claim 1 and, therefore, include the same limitation recited above.

46. Claim 35 of the '356 patent similarly requires that the claimed capacitor have “a conductive second contact disposed externally on the dielectric body . . . being located sufficiently close to the first contact in an edge to edge relationship in such proximity as to form a first fringe-effect capacitance with the first contact that is capable of being determined by measurement in terms of a standard unit.”

47. All of claims 37, 39, 50, 52, and 53 depend from claim 35 and, therefore, include the same limitation.

48. The 560L capacitor does not have first and second external contacts located “sufficiently close” to form the required “fringe-effect capacitance . . . that is capable of being determined by measurement in terms of a standard unit.”

49. Plaintiffs have not and do not directly infringe or actively induce infringement of Claims 1, 3, 5, 16, 18, 19, 35, 37, 39, 50, 52 and 53 of the '356 patent.

50. Absent a Declaration that Claims 1, 3, 5, 16, 18, 19, 35, 37, 39, 50, 52 and 53 of the '356 patent are not infringed by Plaintiffs' 560L capacitor, Plaintiffs will face real and immediate harm or the threat of future harm caused by Presidio.

51. Declaratory relief is both appropriate and necessary to establish that Plaintiffs' 560L capacitor does not infringe the '356 patent and thus that the '356 patent cannot be asserted against Plaintiffs.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs request the Court to enter judgment for Plaintiffs and against Presidio as follows:

A. Declaring that Plaintiffs' 560L capacitor has not and does not infringe, and that Plaintiffs have not and are not actively inducing infringement of Claims 1, 3, 5, 16, 18, 19, 35, 37, 39, 50, 52 and 53 of the '356 patent by making, using, selling, offering for sale, or selling the 560L capacitor;

B. Awarding Plaintiffs all costs and fees, including reasonable attorneys' fees, incurred in connection with this action; and

C. Awarding such further relief as the Court may deem proper and just.

DEMAND FOR JURY TRIAL

Plaintiffs demand a jury trial for all issues deemed to be triable by a jury.

Dated: October 11, 2016

**MINTZ LEVIN COHN FERRIS
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