UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

**CIVIL MINUTES - GENERAL**

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| Case No. | SA CV 24-00415 JVS-JDE | Date | September 27, 2024 |
| Title | Kolon Industries, Inc. v. Hyosung Advanced Materials Corp. and Hysoung USA, Inc. | | |

Present: The Honorable **James V. Selna, U.S. District Court Judge**

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|---|---|
| Elsa Vargas | Not Present |
| Deputy Clerk | Court Reporter |
| Attorneys Present for Plaintiffs: | Attorneys Present for Defendants: |
| Not Present | Not Present |

**Proceedings:** **[IN CHAMBERS] Order Granting Motions to Dismiss [Dkt. Nos. 70 and 72]**

Both Hyosung Advanced Materials Corp. and Hyosung USA, Inc. (together, "Hyosung Defendants") filed a motion to dismiss Plaintiff Kolon Industries, Inc.'s ("Kolon") second amended complaint. See "SAC," Dkt. No. 66. Defendant Hyosung USA, Inc. ("Hyosung USA") filed a motion to dismiss Kolon's claims for direct, induced, contributory, and willful infringement, and pre-suit damages. Memorandum in Support of Hyosung USA's Motion ("Hyosung USA Memo"), Dkt. No. 71. Kolon filed an opposition. "Hyosung USA Opp'n," Dkt. No. 74. Hyosung USA filed a reply. "Hyosung USA Reply," Dkt No. 76. Defendant Hyosung Advanced Materials Corp. ("Hyosung Advanced") filed its own motion to dismiss on the same grounds. Memorandum in Support of Hyosung Advanced's Motion ("Hyosung Advanced Memo"), Dkt. No. 73. Kolon filed an opposition. "Hyosung Advanced Opp'n," Dkt. No. 75. Hyosung advanced filed a Reply. "Hyosung Advanced Reply, Dkt No. 77.

For the following reasons, the Court **GRANTS** the Hyosung Defendants' motions and dismisses the SAC without prejudice.

## I. BACKGROUND

The Court summarized prior filings and Kolon's allegations in its prior order. See Order, Dkt. No. 65 § I. The Court incorporates that discussion by reference here.

In the first amended complaint ("FAC"), Kolon alleged that the Hyosung Defendants "work together to develop, manufacture, offer for sale, and/or sell, import, or otherwise

provide infringing products in the United States." FAC ¶ 29. Kolon identified the Hyosung Defendants' "two-ply HTC composed of one ply of aramid and one ply of nylon" as the accused product. FAC ¶¶ 42 and 97. In the previous order, the Court held that "[e]ven though Kolon's pleadings plausibly show that the depicted product meets the limitations of the asserted claims," Kolon did not sufficiently allege that the depicted product belonged to the Hyosung Defendants and was imported into the United States. Order, Dkt. No. 65 at 7-8. Accordingly, the Court dismissed the complaint for failing to state a claim for direct infringement and declined to evaluate the claims for indirect infringement, willfulness, and pre-suit damages. Id. at 9. The Court allowed Kolon to amend its complaint to allege at least that "(1) the depicted product is in fact a picture of the Hyosung Defendants' allegedly infringing HTC product, and (2) that the depicted product was made, sold, offered for sale, or imported into the United States during the relevant time period." Id. at 7.

In its second amended complaint ("SAC"), Kolon alleges that the depicted product originates from the Hyosung Defendants and that they import the accused product by selling it to tire manufacturers who incorporate it into tires bound for the United States. SAC ¶¶ 36, 43-45, and 50-52. Kolon also renews its allegations of induced, contributory and willful infringement. Id. ¶¶ 121-123, 138-140, and 153-155. Kolon alleges that the Hyosung Defendants knew of the Asserted Patents at least as early as February 4, 2021, when Kolon sent a letter to Hyosung Advanced identifying the Asserted Patents. Id. ¶ 72-84. Hyosung Advanced acknowledged receipt of the letter on March 10, 2021. Id. Kolon further alleges that Hyosung Advanced informed Hyosung USA about the contents of the letter. Id. ¶ 74.

## II. LEGAL STANDARDS

The Court summarized the relevant legal standard in its prior order. See Order, Dkt. No. 65 § II. The Court incorporates that discussion by reference here.

## III. DISCUSSION

### A. Sufficiency of Direct Infringement Pleadings

In its prior order, the Court granted the Hyosung Defendants' motions in part because Kolon failed to allege that "the depicted product is in fact a picture of Hyosung's allegedly infringing HTC product." Order, Dkt. No. 65 at 7. Kolon amended its complaint to state that "the product depicted below in Picture 1 [a close-up picture of a two-ply aramid, nylon

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HTC] is in fact a picture of Hyosung's allegedly infringing product." SAC ¶ 35. Accepting as true all factual allegations, the Court finds this allegation sufficient. Still, the Court reminds attorneys of their obligations to perform reasonable inquiry under Rule 11:

> By presenting to the court a pleading . . . an attorney . . . certifies that to the best of the person's knowledge, information, and belief, formed after an inquiry reasonable under the circumstances: . . . (2) the factual contentions have evidentiary support or, if specifically so identified, will likely have evidentiary support after a reasonable opportunity for further investigation or discovery.

Fed. R. Civ. P. 11(b)(3).

1. Tire Manufacturers' Infringement

Kolon also sufficiently pleads infringement by Hankook and other tire manufacturers. The Court accepts as true that the Hyosung Defendants only sold three-ply aramid before Kolon invented evenly twisted two-ply and reports that the Hyosung Defendants now sell thinner HTCs. SAC ¶¶ 24 and 38. Thus, the Hyosung Defendants plausibly sell evenly twisted two-ply HTC to tire manufacturers in Korea. Their acquisition of "direct corders," machines used in the manufacture of two-ply HTC, further supports that inference. Id. ¶¶ 26, 46, and 135. Hankook plausibly integrates the evenly twisted two-ply HTC into its "evo" tire designed for electric vehicles, since that form of "HTC is . . . particularly suited for use in tires for electric vehicles," like the 2024 Kia EV9 and 2024 Hyundai Ioniq 6. Id. ¶¶ 12, 52 and 56. The evo tires and the electric vehicles equipped with the evo tires are "bound for . . . the United States" and "offered for sale and sold in the United States." Id. ¶¶ 37 and 51. For these reasons, the Court finds that Kolon adequately alleges that "the depicted HTC is in fact the same product incorporated into the tires sold in the United States." Order, Dkt. No. 65 at 8. Still, Hankook and the tire manufacturers are not defendants in this action. Accordingly, Kolon must plead indirect infringement to establish the Hyosung Defendants' liability for any of this activity.

False

2. The Hyosung Defendants' Infringement

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Kolon insufficiently pleads direct infringement under § 271(g) with respect to the ’663 and ’771 Patents and under § 271(a) with respect to the ’765 Patent. These claims concern making, using, offering to sell, selling, and importing the Accused Products.

To support these claims, Kolon offers only “[t]hreadbare recitals of the elements of a cause of action, supported by mere conclusory statements, [that] do not suffice.” Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009). For example, Kolon concludes that “Hyosung engages in manufacture of the Accused Product and imports the Accused Product into the United States . . . and offers to sell and/or sells the Accused Product in the United States.” SAC ¶ 47. *See also* Id. ¶ 49 (“Hyosung has imported samples of the Accused Product into the United States to promote the Accused Product . . . .”). Kolon pleads no facts providing context for these conclusions. The Court already found that the import records “do not show that the Hyosung Defendants imported HTC comprising aramid and nylon, as Kolon alleges.” Order, Dkt. No. 65 at 8. The Court also found that Kolon’s allegations concerning the ALKEX product insufficient. Id. No amendments from the SAC disturb these findings. Hyosung USA’s website, advertising “tire reinforcements,” also does not show an offer to sell the Accused Product. Accordingly, the Court **GRANTS** the Hyosung Defendants’ motions to dismiss as to direct infringement by the Hyosung Defendants.

Because Kolon does not adequately allege direct infringement by the Hyosung Defendants, Kolon must plead indirect infringement to proceed with the SAC. The Court discusses Kolon’s indirect infringement allegations below.

B. Indirect Infringement, Willfulness, and Pre-Suit Damages

Claims for indirect infringement require knowledge of infringement. For induced infringement, “a complaint must plead facts plausibly showing that the accused infringer . . . knew that the [other party]’s acts constituted infringement.’” Nalco Co. v. Chem-Mod, LLC., 883 F.3d 1337 (Fed. Cir. 2018) (quoting Lifetime Indus., Inc. v. Trim–Lok, Inc., 869 F.3d 1372, 1379 (Fed. Cir. 2017)). Contributory infringement also “requires knowledge of the patent in suit and knowledge of patent infringement.” Nalco, 883 F.3d at 1356 (quoting Commil USA, LLC v. Cisco Sys., Inc., 135 S. Ct. 1920, 1926 (2015)). Willful infringement requires both knowledge of the asserted patent and deliberate or intentional infringement. Ironburg Inventions Ltd. v. Valve Corp., 64 F.4th 1274, 1296 (Fed. Cir. 2023).

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Pre-suit letters establishing knowledge of infringement "must communicate a charge of infringement of specific patents by a specific product or group of products." Funai Elec. Co. v. Daewoo Elecs. Corp., 616 F.3d 1357, 1373 (Fed. Cir. 2010) (citing Amsted Indus. Inc. v. Buckeye Steel Castings Co., 24 F.3d 178, 187 (Fed. Cir. 1994)). Here, Kolon fails to allege that the Hyosung Defendants knew of their infringement. The letter Kolon relies on lists the Asserted Patents but does not identify any accused products. SAC ¶¶ 72-73; see also Letter, Dkt. No. 66-5. This is not sufficient. Lifetime Industries Inc. v. Trim-Lok, Inc., 869 F.3d 1372, 1380 (Fed. Cir. 2017) (finding actual knowledge where plaintiff "had knowledge of the [] patent, its scope, and the products covered thereby.")

Kolon also alleges that Hyosung Advanced knew of its infringement when it challenged the validity of the '731 Patent's Korean counterpart and when the U.S. examiner cited the '663 Patent as prior art during Hyosung Advanced's prosecution of two-ply HTC patents. SAC ¶¶ 75-79. These allegations are also not sufficient. Participation in this proceedings, alone, does not establish that Hyosung Advanced knew which of its products infringed the '731 and '663 Patents.

Though the legal standards for willful infringement and pre-suit damages differ from the standards for indirect infringement, Kolon's pleadings fail for the same reasons stated above. "Pursuant to 35 U.S.C. § 287(a), a patentee who sells a patented article must mark his articles or notify infringers of his patent in order to recover damages." Arctic Cat Inc. v. Bombardier Recreational Prods. Inc., 876 F.3d 1350, 1365 (Fed. Cir. 2017). Kolon alleges it notified the Hyosung Defendants of their infringement through the letter, discussed above. SAC ¶ 158. Again, without identify products in connection with the asserted patents, the letter is not sufficient to support either Kolon's willful infringement or pre-suit damages claims. "Actual notice requires the affirmative communication of a specific charge of infringement by a specific accused product or device." Amsted Indus. Inc. v. Buckeye Steel Castings Co., 24 F.3d 178, 187 (Fed. Cir. 1994); see also Seoul Semiconductor Co., Ltd. et al v. Feit Elec. Co., Inc., No. CV 22-05097-AB, 2023 WL 2629881, at *2 (C.D. Cal. Feb. 8, 2023).

For the foregoing reasons, the Court **GRANTS** the Hyosung Defendant's motions to dismiss as to indirect and willful infringement and pre-suit damages.

## IV. CONCLUSION

The Court **GRANTS** the Hyosung Defendants' motion and dismisses the SAC without prejudice. The Court did not previously evaluate the sufficiency of Kolon's indirect and willful infringement claims. At this stage, amendment does not appear futile. Leave to amend is therefore proper given the liberal policy in favor of amendment. Kolon shall file a third amended complaint within 14 days of this Order.

**IT IS SO ORDERED.**