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E-Filed 2/5/07

NOT FOR CITATION
IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

INFINEON TECHNOLOGIES NORTH AMERICA CORPORATION,

Plaintiff,

v.

MOSAID TECHNOLOGIES, INC.,

Defendant.

Case Number C 02-5772 JF (RS)

ORDER DENYING JOINT MOTION TO VACATE

[re: doc. no. 110]

Plaintiff Infineon Technologies North America Corporation (“Infineon”) and Defendant Mosaid Technologies, Inc. (“Mosaid”) jointly move to vacate the judgment and all rulings in this action pursuant to the parties’ settlement agreement. Non-parties Micron Technology, Inc. (“Micron”) and ProMOS Technologies Inc. (“ProMOS”), appearing as *amici curiae*, oppose the motion. The Court has considered the briefing submitted by the parties and *amici*, as well as the oral arguments presented at the hearing on February 2, 2007. For the reasons discussed below, the motion will be denied.

I. BACKGROUND

Mosaid is in the business of acquiring patents in order to obtain revenue by licensing such patents or litigating alleged infringement of such patents. Mosaid owns several patents in the

1 area of dynamic random access memory (“DRAM”). The four largest manufacturers of DRAM
2 products are Samsung Electronics Company, Ltd. (“Samsung”), Hynix Semiconductor, Inc.
3 (“Hynix”), Infineon and Micron, accounting for more than 75% of worldwide DRAM sales.
4 ProMOS is a smaller DRAM manufacturer.

5 Mosaid filed a patent infringement suit against Samsung in the District of New Jersey in
6 September 2001. Infineon thereafter filed a declaratory judgment action against Mosaid in this
7 Court in December 2002, seeking declarations that the same DRAM patents asserted against
8 Samsung were invalid, unenforceable and/or not infringed by Infineon. Mosaid counterclaimed
9 against Infineon, alleging infringement of the subject patents. The Judicial Panel on Multidistrict
10 Litigation consolidated the *Samsung* and *Infineon* cases in the District of New Jersey for pretrial
11 proceedings, including claim construction. District Judge Martini issued a claim construction
12 order construing thirty disputed claim terms, along with a sixty-nine page opinion explaining the
13 bases for his rulings. The claim construction opinion is unfavorable to Mosaid in at least some
14 respects.

15 On January 18, 2005, Mosaid announced that it had settled with Samsung. On the same
16 date, Mosaid filed suit against Hynix in the Eastern District of Texas. Shortly thereafter, Hynix
17 settled and took a license from Mosaid.

18 The *Infineon* action continued, and on April 1, 2005, Judge Martini granted Infineon’s
19 motion for summary judgment of non-infringement as to several of the patents in suit in a
20 published, fifty-nine page opinion. Five days later, Mosaid filed a second patent infringement
21 action against Infineon in the Eastern District of Texas, alleging infringement of other patents.
22 The MDL panel subsequently transferred the first *Infineon* action back to this Court. In October
23 2005, this Court approved a stipulation certifying Judge Martini’s non-infringement order as a
24 final judgment pursuant to Federal Rule of Civil Procedure 54(b), thus permitting Mosaid to file
25 an immediate appeal of Judge Martini’s order, and stayed the remainder of the case.

26 At a June 9, 2006 status conference, Mosaid advised this Court that the *Infineon* case was
27 settling and that the parties would be making a joint request to vacate all of Judge Martini’s
28 rulings as part of that settlement. Based upon the parties’ representation that there were no

1 collateral proceedings that would be affected by the requested vacatur, this Court asked the
2 parties to submit a proposed order vacating Judge Martini's rulings. At that point, Mosaid's
3 appeal was still pending in the Federal Circuit; the parties jointly sought and obtained remand to
4 this Court.

5 On July 24, 2006, Mosaid and Infineon filed a joint motion to vacate Judge Martini's
6 rulings. On the same date, Micron filed a declaratory judgment action against Mosaid in this
7 Court, Case No. C 06-4496 JF (RS), and moved to intervene or in the alternative to appear as
8 *amicus curiae* in the *Infineon* action in order to oppose the motion to vacate. The following day,
9 on July 25, 2006, Mosaid filed a patent infringement suit against Micron in the Eastern District
10 of Texas. Mosaid also named as defendants two relatively small DRAM manufacturers,
11 ProMOS and Powership Semiconductor Corporation ("Powership").

12 On September 8, 2006, ProMOS filed a motion for leave to intervene or in the alternative
13 to appear as *amicus curiae* in the *Infineon* action in order to oppose the parties' joint motion to
14 vacate, and on September 20, 2006, ProMOS filed a declaratory relief action against Mosaid in
15 this Court, Case No. C 06-5788 JF (RS).

16 This Court subsequently dismissed Micron's declaratory relief action for lack of subject
17 matter jurisdiction. ProMOS voluntarily dismissed its declaratory relief action without prejudice.
18 On October 23, 2006, the Court denied the motions of Micron and ProMOS to intervene in this
19 action, but granted them leave to appear as *amici curiae*. The Court also requested supplemental
20 briefing on the joint motion to vacate after concluding that the potential collateral estoppel effect
21 of Judge Martini's rulings must be considered in determining the equities of vacatur.

22 II. DISCUSSION

23 The parties have done an excellent job of briefing the potential preclusive effect of Judge
24 Martini's rulings. As the Court stated at the hearing, the Court need not – and indeed will not –
25 made a determination as to the preclusive effect of Judge Martini's rulings in the context of
26 deciding the motion to vacate. However, the potential effect of Judge Martini's rulings with
27 respect to future litigation is a factor that must be weighed in considering the equities of vacating
28 the judgment in this case.

1 Mosaid contends that the Federal Circuit's decision decision in *Phillips v. AWH Corp.*,
2 415 F.3d 1303 (Fed. Cir. 2005) (en banc) constitutes an intervening change in law occurring *after*
3 Judge Martini's claim construction ruling. *Phillips* held that a prior line of cases addressing
4 claim construction, *Texas Digital Systems, Inc. v. Telegenix, Inc.*, 308 F.3d 1193 (Fed. Cir. 2002)
5 and its progeny, placed too much reliance on extrinsic sources such as dictionaries, treatises and
6 encyclopedias and too little reliance on intrinsic sources such as the specification and prosecution
7 history. Mosaid points out that Judge Martini's claim construction ruling cites *Texas Digital*
8 eight times and that the claim construction clearly was performed using an approach that no
9 longer is good law. Under these circumstances, Mosaid argues that Judge Martini's claim
10 construction should not be given any preclusive effect whatsoever.

11 Micron and ProMOS argue that *Phillips* does not constitute an intervening change in law,
12 because although *Phillips* was decided after Judge Martini's claim construction and summary
13 judgment rulings, it was decided before Mosaid filed its motion for entry of judgment pursuant to
14 Rule 54(b), before entry of judgment, and before the appellate process was completed. Micron
15 and ProMOS cite *Hartley v. Mentor Corp.*, 869 F.2d 1469 (Fed. Cir. 1989), for the proposition
16 that a party cannot relitigate a prior ruling due to an intervening change in law if the party had an
17 opportunity to correct the error occasioned by the change in law in the original proceedings.
18 Micron and ProMOS argue that Mosaid could have sought reconsideration based on *Phillips*
19 before seeking entry of judgment and could have litigated *Phillips* in the Federal Circuit had
20 Mosaid not abandoned its appeal.

21 Micron and ProMOS also suggest that *Phillips* was a subtle evolution of claim
22 construction law rather than the drastic change asserted by Mosaid and that, in any event, the
23 *Texas Digital/Phillips* question has no relevance to a number of terms that Judge Martini
24 construed. Micron and ProMOS also argue that even if the claim construction order should not
25 be given preclusive effect, Judge Martini made factual determinations in his summary judgment
26 ruling that have nothing to do with claim construction and should be entitled to preclusive effect.
27 For example, Judge Martini concluded that Mosaid did not mark its products during a particular
28 time frame.

1 Finally, ProMOS points out that some defendants in the pending Texas action are not
2 represented here, and that it would be unfair to vacate Judge Martini's rulings to the prejudice of
3 parties not represented in the instant proceedings.

4 After reviewing the parties' arguments and the record in this case, this Court concludes
5 that some or all of Judge Martini's rulings *may* be entitled to preclusive effect. Under these
6 circumstances, the equities weigh against vacatur. *See National Union Fire Ins. Co. v. Seafirst*
7 *Corp.*, 891 F.2d 762, 769 (9th Cir. 1989) (holding that "[t]o the extent there may be preclusive
8 effect, [a party] should not be able to avoid those effects through settlement and dismissal of the
9 appeal"). After considering all of the circumstances, the Court concludes that the issue of
10 collateral estoppel most properly should be raised and determined in the pending Texas action.
11 Accordingly, the Court will deny the joint motion to vacate. Nothing in this order is intended to
12 suggest or express the Court's opinion as to how the issue of collateral estoppel ultimately should
13 be determined in the Texas action

14 **ORDER**

15 The joint motion to vacate is DENIED.

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22 DATED: 2/5/07

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25 JEREMY FOGEL
26 United States District Judge
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