

1 products are Samsung Electronics Company, Ltd. (“Samsung”), Hynix Semiconductor, Inc.
2 (“Hynix”), Infineon Technologies North America Corporation (“Infineon”) and Micron,
3 accounting for more than 75% of worldwide DRAM sales.

4 Between 2001 and 2005, Mosaid filed and litigated patent infringement actions against
5 Samsung, Hynix and Infineon. Mosaid reached settlement Samsung and Hynix in 2005, and with
6 Infineon in 2006. As part of the *Infineon* settlement, the parties stipulated to vacatur of the claim
7 construction and summary judgment rulings, which were unfavorable to Mosaid at least in part.
8 The parties to the *Infineon* action filed a joint motion to vacate on July 24, 2006, which motion is
9 pending before this Court in a related action, *Infineon Technologies North America Corp. v.*
10 *Mosaid Technologies, Inc.*, C 02-5772 JF (RS).

11 On the same date the *Infineon* parties filed the joint motion to vacate, Micron filed the
12 instant declaratory judgment action against Mosaid and moved to intervene or in the alternative
13 to appear as *amicus curiae* in the *Infineon* action in order to oppose the motion to vacate. The
14 following day, on July 25, 2006, Mosaid filed a patent infringement suit against Micron in the
15 Eastern District of Texas. Mosaid also named as defendants two relatively small DRAM
16 manufacturers, ProMOS Technologies Inc. (“ProMOS”) and Powership Semiconductor
17 Corporation (“Powership”).

18 II. DISCUSSION

19 Under the Declaratory Judgment Act, a declaratory relief action may be brought to
20 resolve an “actual controversy.” 28 U.S.C. § 2201. “The purpose of the Act is to enable a person
21 who is reasonably at legal risk because of an unresolved dispute, to obtain judicial resolution of
22 that dispute without having to await the commencement of legal action by the other side.” *BP*
23 *Chemicals Ltd. v. Union Carbide Corp.*, 4 F.3d 975, 977 (Fed. Cir. 1993). The Federal Circuit
24 has developed a two-part test for determining whether jurisdiction exists under the Act: there
25 must be both (1) an explicit threat or other action by the patentee, which creates a reasonable
26 apprehension on the part of the declaratory plaintiff that it will face an infringement suit, and (2)
27 present activity which could constitute infringement or concrete steps taken with the intent to
28 conduct such activity.” *Id.* at 978. The test is applied to the facts existing when the declaratory

1 relief complaint is filed. *Arrowhead Industrial Water, Inc. v. Ecolochem, Inc.*, 846 F.2d 731, 736
2 (Fed. Cir. 1988).

3 Only the first prong is at issue here. In determining whether a patent holder's conduct is
4 sufficient to create a reasonable apprehension of suit, the Court must consider the totality of the
5 circumstances. *Id.* "If the circumstances warrant, a reasonable apprehension may be found in the
6 absence of *any* communication from the defendant to the plaintiff." *Id.* However, if the
7 defendant "has done nothing but obtain a patent," there is no basis for the reasonable
8 apprehension required by the test. *Id.*

9 While the Court initially was inclined to view Mosaid's history of litigating against other
10 DRAM manufacturers together with Mosaid's public statements sufficient to meet the first
11 prong, the Court concludes that Mosaid's conduct was not sufficient to give rise to a reasonable
12 apprehension of litigation against Micron. The undisputed evidence in the record demonstrates
13 that during the last four years, Mosaid has not made any direct threats or accusations of patent
14 infringement to Micron; has not made any such threats or accusations to third parties (for
15 example, Micron's customers); and has not made any public comments regarding infringement
16 by Micron. Micron argues that Mosaid's suits against other DRAM manufacturers and public
17 statements regarding its commitment to protect its patent rights nonetheless are sufficient to meet
18 the first prong of the test. After reviewing all of the authorities cited by the parties, and
19 conducting its own research, the Court has been unable to discover any case in which a
20 company's prosecution of its patent rights, combined with general statements to the market, were
21 held sufficient to give rise to jurisdiction under the Declaratory Relief Act.

22 Even if the Court were to find that Micron had established subject matter jurisdiction, the
23 Court would exercise its discretion to decline jurisdiction in this case. *See Wilton v. Seven Falls*
24 *Co.*, 515 U.S. 277, 282, (1995) (federal courts have "discretion in determining whether and when
25 to entertain an action under the Declaratory Judgment Act, even when the suit otherwise satisfies
26 subject matter jurisdictional prerequisites"). Factors to be considered in a court's decision
27 whether to exercise subject matter jurisdiction include the judicial goals of avoiding needless
28 determination of state law issues; discouraging litigants from filing declaratory actions as a

1 means of forum shopping; avoiding duplicative litigation. *Huth v. Hartford Ins. Co. of the*
2 *Midwest*, 298 F.3d 800, 803 (9th Cir. 2002).

3 As noted above, Mosaid has filed a patent infringement action against Micron and other
4 defendants in the Eastern District of Texas. Because Micron filed the instant declaratory relief
5 action before Mosaid filed the Texas action, the Court ordinarily would give Micron's choice of
6 forum great weight under the first to file rule. However, the existence of subject matter
7 jurisdiction over Micron's declaratory relief action is tenuous at best given the absence of any
8 direct or indirect threats of litigation by Mosaid. The question of Micron's infringement may be
9 fully litigated in Texas. Because it includes parties not named in the instant action, the Texas
10 action is broader than the instant declaratory relief action. Because the cases were filed only one
11 day apart, this Court is not any more invested in the issues than is the Texas Court. Under these
12 circumstances, for reasons of judicial economy and to avoid duplicate litigation, the Court
13 concludes that the Eastern District of Texas provides the better forum for litigation of the claims
14 between Micron and Mosaid.

15 Because the Court concludes that it lacks subject matter jurisdiction, and that it would
16 decline to exercise such jurisdiction even if it existed, the Court need not reach Mosaid's
17 alternative motion to transfer the instant action to the Eastern District of Texas.

18 **III. ORDER**

19 Defendant's motion to dismiss for lack of subject matter jurisdiction is GRANTED.

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24 DATED: 10/23/06

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27 JEREMY FOGEL
28 United States District Judge

1 This Order was served on the following persons:
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