

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

MOSAID TECHNOLOGIES, INC.,	§	
	§	
Plaintiff,	§	
	§	
v.	§	Civil Action No. 2:06-CV-302-DF
	§	
MICRON TECHNOLOGY, INC.,	§	
POWERCHIP SEMICONDUCTOR CORP.,	§	
AND PROMOS TECHNOLOGIES, INC. and	§	
MOSEL VITELIC, INC.	§	
	§	
Defendants.	§	

**DEFENDANTS POWERCHIP, PROMOS AND MOSEL VITELIC’S MOTION TO STAY
PROCEEDINGS AS TO POWERCHIP, PROMOS AND MOSEL VITELIC, AND TO
JOIN IN MICRON’S MOTION TO STAY PROCEEDINGS PENDING A DECISION BY
THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT**

Defendants and counterclaimants Powerchip Semiconductor Corporation (“PSC”), ProMOS Technologies (“ProMOS”), and Mosel Vitelic, Inc. (“Mosel”) jointly file this motion to stay proceedings and to join in co-defendant and counterclaimant Micron Technologies, Inc.’s (“Micron”) Motion to Stay Proceedings Pending a Decision by the United States Court of Appeals for the Federal Circuit. (D.I. 92).

Anticipating that the Federal Circuit will reverse the dismissal of a substantially similar declaratory judgment action filed by Micron in the Northern District of California, Micron urges that the first-to-file rule would dictate that the present proceedings in the Eastern District of Texas, which were filed subsequent to the Micron action, should be stayed. Due to the substantial overlap of the issues involved in Micron’s earlier filed declaratory judgment action and the present action, the first-to-file rule would dictate that Micron’s declaratory judgment action should proceed in the Northern District of California. Moreover, because the first-to-file rule applies, the Northern District of California is the proper Court to determine whether it is the

appropriate forum in which both this action and Micron's action should proceed. In light of these circumstances, a stay of these proceedings should be imposed at least pending the Federal Circuit's decision on Micron's appeal.

I. BACKGROUND

Plaintiff Mosaid Technologies, Inc. ("MOSAID") owns several patents in the area of dynamic random access memory ("DRAM"). MOSAID filed and litigated patent infringement actions against Samsung Electronics Company, Ltd. ("Samsung") in the District of New Jersey in 2001, Infineon Technologies North America Corporation ("Infineon") in the Northern District of California in 2002, and Hynix Semiconductor, Inc. ("Hynix") in the Eastern District of Texas in 2005. All of these actions involved the same or related patents pertaining to DRAM technology as have been asserted in the present action.

The Hynix litigation settled in 2005 shortly after filing. With respect to the Infineon and Samsung cases, the Judicial Panel for Multidistrict Litigation consolidated the Infineon case for pretrial proceedings with the earlier filed Samsung action in New Jersey because of the complexity of the technology and the need to avoid duplicative consideration of related factual and legal questions. Samsung and MOSAID settled in 2005. After the New Jersey court had issued its claim construction and summary judgment rulings with respect to the Infineon action, it was returned to California. The Infineon action then settled, and, as part of that settlement, the parties stipulated to vacatur of the claim construction and summary judgment rulings. A joint motion to that effect was filed on July 24, 2006.

On that same day, Micron filed its declaratory judgment action in the Northern District of California. Due to the similarities between the earlier-filed Infineon case and Micron's declaratory judgment action, Micron's action was found to be a related case and was assigned to

the same judge who was presiding over the Infineon action. The day after Micron filed its declaratory judgment action, MOSAID filed the present action in the Eastern District of Texas asserting infringement of substantially the same patents at issue in Micron's action. Although the Micron action was the earlier-filed case, it was never allowed to proceed as it was dismissed for lack of subject matter jurisdiction based on the "reasonable apprehension of suit" test. Micron appealed the Northern District of California's dismissal of its action to the Federal Circuit.

While Micron's appeal was pending, the Supreme Court in *MedImmune, Inc. v. Genentech, Inc.*, 127 S. Ct. 764 (2007), and the Federal Circuit in *SanDisk Corp. v. STMicroelectronics, Inc.*, ___ F.3d ___ (Fed. Cir. 2007) and *Teva Pharmaceuticals USA, Inc. v. Novartis Pharmaceuticals Corp.*, ___ F.3d ___ (Fed. Cir. 2007), rejected the "reasonable apprehension of suit" test. In anticipation that these decisions will result in the Federal Circuit's reversal of the district court's decision to dismiss Micron's earlier-filed declaratory judgment action and remand of that case back to the Northern District of California, Micron has filed in this Court its Motion to Stay Proceedings. Micron argues that an appropriate application of the "first-to-file" rule will result in its declaratory action proceeding in the Northern District of California. PSC, ProMOS, and Mosel agree.

Given that Micron's earlier-filed declaratory judgment action most likely will proceed in the Northern District of California, the first-to-file rule also dictates that that district is also the appropriate court to decide in which forum the present action should proceed. Both actions involve the same DRAM technology and have a substantial overlap of patents. If both actions are allowed to proceed in parallel, consideration of the complex and fact-intensive claims and technology at issue here will result in litigation of the same or very closely related issues in

different forums at the same time, wasting both Court and party resources and creating substantial risk of inconsistent rulings and judgments. Accordingly, this Court should stay the proceedings in this district at least pending the outcome of the Federal Circuit's decision in the Micron appeal.

II. ARGUMENT

A. TO AVOID DUPLICATIVE LITIGATION AND THE POSSIBILITY OF INCONSISTENT RULINGS, THESE PROCEEDINGS SHOULD BE STAYED.

“The general principle in the interrelation of federal district courts is to avoid duplicative litigation.” *California Security Co-op, Inc. v. Multimedia Cablevision, Inc.*, 897 F. Supp. 316, 317 (E.D. Tex. 1995). Thus, when multiple cases involving substantially overlapping issues are filed, “the court initially seized of a controversy should be the one to decide whether it will try the case.” *Nat'l Instruments Corp. v. Softwire Tech., LLC*, 2003 U.S. Dist. LEXIS 26952 *2 (E.D. Tex. May 9, 2003) quoting *Mann Mfg., Inc. v. Hortex, Inc.*, 439 F.2d 403, 407 (5th Cir. 1971). In deciding whether to apply the first-to-file rule, the Court must resolve two questions: 1) are the two pending actions so duplicative or do they involve such substantially similar issues that one court should decide the subject matter of both actions, and if so, 2) which of the two courts should take the case. *Id.*

1. When “Substantial Overlap” Is Present, A Stay Or Dismissal Of A Subsequently-Filed Case Is Appropriate.

When deciding whether the two actions are duplicative, the first-to-file rule does not require that cases be identical. Rather, the crucial inquiry is one of “substantial overlap.” *Save Power Ltd v. Syntek Finance Corp.*, 121 F.3d 947, 950 (5th Cir. 1997); *see also Mann Mfg.*, 439 F.2d at 408 n.6. (noting that “regardless of whether or not the suits here are identical, if they overlap on the substantive issues, the cases would be required to be consolidated in . . . the jurisdiction first seized of the issues.”). In determining whether “substantial overlap” is present,

neither complete identity of issues nor complete identity of parties is required. *Save Power*, 121 F.3d at 951; *see also West Gulf Maritime Assoc. v. ILA Deep Sea Local 24*, 751 F.2d 721, 731 n.5 (5th Cir. 1985) (noting that incomplete identity of parties does not mandate that two “essentially identical” actions remain pending simultaneously where complete relief was nevertheless available in one forum and the missing parties probably could be made parties to the action in that forum).

Here, substantial overlap between the Micron action and the present action exists. The Micron action involves fourteen patents relating to DRAM technology. The Texas action involves eight of the same patents and the remaining patents are in the same patent families as the patents at issue in the Micron action. Should both cases proceed in parallel, this Court and the Northern District of California would be faced with essentially identical issues, particularly with respect to claim construction and invalidity. Not only would this be a waste of judicial resources, but the impact on the resources of all parties would also be severe as the parties would be forced to engage in duplicative discovery and proceedings.

Significantly, it was precisely because of these concerns for the courts’ and the parties’ resources, coupled with the overlap of the extremely technical and complex legal and factual issues, that the Judicial Panel for Multidistrict Litigation had consolidated the Infineon action (an action that the Northern District of California deemed related to the Micron declaratory judgment action) with the Samsung action for pretrial proceedings in New Jersey. In the Order consolidating the cases, the Panel stated:

At issue in both of the actions are the same seven complex patents, which purportedly relate to circuitry used in dynamic random access memory chips. Both actions can thus be expected to share factual and legal questions concerning such matters as patent validity, prior art, obviousness and interpretation of various claims of the patents. Centralization under Section 1407 is necessary in order to eliminate duplicative discovery; prevent inconsistent pretrial rulings, especially

with respect to time-consuming and complex matters of claims construction; and conserve the resources of the parties, their counsel and the judiciary.

September 15, 2003 JPML Order, Ex. A.

The situation here is no different and no different conclusion should be reached. The patents in both actions all are in the same patent families, and eight of the patents at issue are identical. As such, there is substantial overlap on the substantive issues, and allowing these actions to proceed in parallel would waste both judicial and party resources, and create the risk of inconsistent rulings.

2. The Northern District Of California Should Decide Where Both Actions Should Proceed.

If substantial overlap is present between actions filed in different districts, the next inquiry is which of the two courts should take the case. In accordance with the principles underlying the first-to-file rule, “once the likelihood of a substantial overlap between two actions has been demonstrated, it is no longer up to the second court [the court of the later-filed action] to resolve the question of whether both courts should be allowed to proceed.” *California Security Co-Op, Inc. v. Multimedia Cablevision, Inc.*, 897 F. Supp. 316, 318 (E.D. Tex. 1995); *see also Save Power*, 121 F.3d at 950; *Mann Mfg.*, 439 F.2d at 407 (stating that “the court initially seized of a controversy should be the one to decide whether it will try the case”). Thus, the Northern District of California, on remand, will be the court responsible for determining where the overlapping cases should be resolved. As such, any ruling by this Court on the appropriateness of one forum or another will not be binding on the Northern District of California. To avoid this waste of judicial resources, a stay of this case as to all defendants should be imposed.

3. To Conserve Resources And Prevent Inconsistent Results, The Proceedings Against PSC, ProMOS and Mosel Should Be Transferred To And Consolidated With the Micron Action Upon Its Remand To The Northern District of California.

For the reasons discussed above, the proceedings against PSC, ProMOS and Mosel in this Court have substantial overlap with the Micron declaratory judgment action with respect to the underlying substantive issues. As such, considerable judicial and party resources will be wasted if MOSAID's claims against PSC, ProMOS and Mosel are allowed to proceed in this Court in parallel with MOSAID's claims against Micron in the Northern District of California. To prevent these duplicative efforts and the risk of inconsistent results in two substantially similar actions, PSC, ProMOS and Mosel intend to move to transfer this action and/or consolidate MOSAID's claims against them with the Micron action upon its remand to the Northern District of California. Thus, this reason also provides substantial support for staying these proceedings as to all Defendants at least pending the decision by the Federal Circuit in Micron's appeal.

III. CONCLUSION

To avoid the duplicative expenditure of judicial and party resources and the possibility of inconsistent rulings, PSC, ProMOS, and Mosel respectfully request that proceedings in this case be stayed as to all Defendants at least pending a decision by the Federal Circuit in Micron's appeal.

Respectfully submitted,

Date: May 11, 2007

/s/ Dan C. Hu

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CERTIFICATE OF SERVICE

I hereby certify that, on this 11th day of May 2007, all counsel of record who are deemed to 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).

/s/ Dan C. Hu

Dan C. Hu

CERTIFICATE OF CONFERENCE

Counsel for PSC, ProMOS and Mosel have conferred with Plaintiff's counsel and Plaintiff's counsel is opposed to this motion.

/s/ Dan C. Hu

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