

*IN THE SUPERIOR COURT OF THE STATE OF DELAWARE*

*IN AND FOR NEW CASTLE COUNTY*

REMBRANDT TECHNOLOGIES, L.P., )  
 )  
 ) Plaintiff, )  
 )  
 ) v. ) C.A. No. 07C-09-059-JRS  
 )  
 ) HARRIS CORPORATION, )  
 ) a Delaware corporation, )  
 )  
 ) Defendant. )

Date Submitted: February 20, 2009

Date Decided: May 22, 2009

*MEMORANDUM OPINION*

*Upon Reconsideration of Defendant's Motion To Stay,  
GRANTED.*

Collins J. Seitz, Jr., Esquire, Matthew F. Boyer, Esquire and Christos T. Adamopolous, Esquire, CONNOLLY BOVE LODGE & HUTZ, LLP, Wilmington, Delaware. Attorneys for Plaintiff.

Philip A. Rovner, Esquire and Sarah E. Diluzio, Esquire, POTTER ANDERSON & CORROON LLP, Wilmington, Delaware; Henry C. Bunsow, Esquire and Karin Kramer, Esquire, HOWREY LLP, San Francisco, California. Attorneys for Defendant.

*SLIGHTS, J.*

*I.*

This Court has nearly lost interest in this controversy ... not in a subjective sense but in an adjudicatory sense. Throughout the life of this litigation, the parties have used this action principally as a device to gain strategic advantages in related multi-district federal patent litigation. Positions taken here come and go with the changing tides of the federal litigation. For the reasons that follow, the Court will no longer countenance posturing here for advantage elsewhere. This action will be stayed pending further developments in the patent litigation.

*II.*<sup>1</sup>

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<sup>1</sup> The Court will not recite the factual background in this matter as it has already been discussed extensively in the Court's opinions on the parties' cross summary judgment motions and Harris' Motion to Compel. *See Rembrandt v. Harris*, 2009 WL 402332 (Del. Super.); *Rembrandt v. Harris*, 2008 WL 4824066 (Del. Super.). For purposes of this opinion, it is the procedural history of this and the related patent litigation that is most relevant.

The parties here, plaintiff, Rembrandt Technologies, L.P. (“Rembrandt”), and defendant, Harris Corporation (“Harris”), first squared off in United States District Court for the Middle District of Florida when Harris sought a declaration that Rembrandt owed it a license on U.S. Patent No. 5,243,627 (the “627 patent”). The action was dismissed on September 28, 2007, for lack of personal jurisdiction over Rembrandt.<sup>2</sup> In apparent anticipation of the dismissal, Rembrandt filed a preemptive action in this Court on September 7, 2007, seeking a declaration that it did not owe Harris a license on the ‘627 patent.<sup>3</sup> Harris sought a transfer of the action to the Court of Chancery on jurisdictional grounds and then, after the motion was denied,<sup>4</sup> pressed the Court for a prompt trial date.<sup>5</sup>

At the initial scheduling conference, the Court was advised that multi-district patent litigation (to which Harris is not a party) involving the ‘627 patent was ongoing in the United States District Court for the District of Delaware (the “MDL”).<sup>6</sup> The

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<sup>2</sup> *Harris Corp. v. Rembrandt Technologies, LP*, 2007 WL 2900246 (M.D. Florida).

<sup>3</sup> Def. Harris' Corp.'s Compl., D.I. 1 (September 7, 2007).

<sup>4</sup> *Rembrandt Tech., LP v. Harris Corp.*, 2007 WL 4237752 (Del. Super.).

<sup>5</sup> Office Conference, D.I. 71 (May 15, 2008); Order Regarding Case Schedule, D.I. 79 (June 1, 2008).

<sup>6</sup> It is not entirely clear to the Court why Harris is not a party to the MDL. Thus far, at least, that question has not been material to any of the issues under consideration in this litigation. It was clear

Court expressed some concern that the related patent litigation could complicate this litigation procedurally and perhaps substantively, but the parties were of the view that this would not be the case. A trial date was set and a scheduling order entered.<sup>7</sup>

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from the outset of this case, however, that the determinations in the patent litigation regarding the validity and construction of the '627 patent would directly affect Harris, either favorably or adversely, depending on which way the rulings went.

<sup>7</sup>*Id.*

The Court first experienced the parties' strategy to seek an advantage in the patent litigation by rulings sought here when Rembrandt presented its first substantive discovery motion. Among other relief, Rembrandt sought an order compelling Harris to respond to a request for admission that, in essence, asked Harris to admit or deny that it and ostensibly others in the high definition television industry (including Harris customers that are defendants in the MDL) were infringing the '627 patent.<sup>8</sup> If Harris admitted infringement, then the admission could be used as evidence in the prosecution

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<sup>8</sup> Rembrandt's predecessor, AT&T, committed to certain members of the HDTV industry in a patent statement that it would "license [its] patents which relate to the ATSC Standard for HDTV, to the extent that the claims of such patents are directed toward and *are essential to the implementation of the Standard.*" Public Version of Declaration of Karin Kramer in Support of Def.'s Mot. For Apptial Summ. J., D.I. 109, at Ex. 9 (June 30, 2008). For purposes of this litigation, Rembrandt acknowledged that it was bound by AT&T's commitment, and both parties agreed that Harris' television products comply with the ATSC standard. The parties agreed that a finding of "essentiality" was tantamount to a finding of infringement of the '627 patent. They further agreed that, pursuant to the AT&T patent statement, the license was owed only if the '627 patent was essential to the implementation of the ATSC standard. *See Rembrandt v. Harris*, 2009 WL 402332 (Del. Super.).

of the patent litigation. If Harris denied infringement, then, based on the language of the commitment on which Harris' demand for the license was based, Rembrandt would not owe a license to Harris and this case would be over. The Court denied the motion.<sup>9</sup>

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<sup>9</sup> Pl.'s Motion to Compel, D.I. 40 (April 23, 2008); Def.'s Motion to Compel. D.I. 44 (April 28, 2008).

Next, in August, 2008, Harris filed a motion to compel in which it sought privileged information regarding Rembrandt's acquisition and evaluation of the '627 patent. Given that the only matter to be decided in this litigation, according to Harris, was the reasonable and non-discriminatory ("RAND") terms upon which Rembrandt's license should be granted, Harris struggled to articulate any need, much less substantial need, for this information in *this* litigation. The information, however, clearly would have been useful to the defendants in the MDL. The Court denied the motion.<sup>10</sup>

Also in August, 2008, the parties filed cross motions for summary judgment in which both parties called the question of whether Rembrandt was required to grant Harris a license to the '627 patent on RAND terms. Rembrandt sought summary judgment on Harris' counterclaim (in which Harris sought a declaration that it *was* entitled to a license) on the ground that the licensing dispute was not ripe for decision because Harris would not admit essentiality and the Court lacked subject matter jurisdiction to make this determination because it involved federal patent law. The Court likewise expressed concern that the controversy may not be ripe for determination, noting that "Delaware courts will not sanction the use of the Declaratory Judgment statute as a means of eliciting advisory opinions from the

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<sup>10</sup> *Rembrandt v. Harris*, 2008 WL 4824066 (Del. Super.).

court.”<sup>11</sup> Ultimately, however, as discussed below, the Court agreed with Harris that it could decide whether a license was owed by accepting as true Rembrandt’s

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<sup>11</sup> *Id.* at \*8 (internal citations omitted).



allegation of essentiality, which Harris did not deny, without actually deciding the issue.<sup>12</sup>

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<sup>12</sup> *Rembrandt v. Harris*, 2009 WL 402332 (Del. Super.). For its part, Harris was adamant that this case was ripe for determination. Harris assured the Court: “Give us the terms of the license, Your Honor, and we will comply with them.” Tr. of Summ. J. Hr’g, D.I. 148, at 22 (Aug. 13, 2008). In making this commitment, Harris argued that the questions of whether the ‘627 patent was, in fact, essential to practice the ATSC standard, or whether Harris’ products actually infringe the ‘627 patent, were irrelevant to the Court’s determination of the RAND terms for the license. *See* Tr. of Summ. J. Hr’g, D.I. 148, at 25:12-25:21 (Aug. 13, 2008); Def. Harris Corp.’s Opp’n to Pl. Rembrandt Tech., LP’s Mot. for Partial Summ. J. and Dismissal of Countercls. for Lack of Jurisdiction, D.I. 136, at 5 (Aug. 11, 2008); Def. Harris Corp.’s Reply in Supp. of Mot. for Partial Summ. J., D.I. 142, at 7 (Aug. 4, 2008).

As the parties were prosecuting their cross motions in this case, the MDL was marching forward as well. Initially, fifteen separate actions involving nine Rembrandt patents were pending in three federal districts: the Eastern District of Texas, the District of Delaware, and the Southern District of New York.<sup>13</sup> On June 5, 2007, a magistrate judge in the Eastern District of Texas issued an opinion and order construing, *inter alia*, the claims of the '627 patent.<sup>14</sup> It appears that this *Markman* ruling construed the '627 patent in a manner that strongly suggested, at least, that Harris' products *did in fact infringe* the '627 patent. It is not surprising, therefore, that Harris was reluctant to acknowledge essentiality several months later in this litigation when confronted with Rembrandt's request for admission. By all appearances out of Texas, a finding of infringement was likely in the federal litigation.

Less than two weeks following the *Markman* ruling in Texas, the federal MDL panel determined that all fifteen pending actions involving the nine Rembrandt patents should be consolidated in the District of Delaware.<sup>15</sup> The Texas *Markman* ruling was appealed, but it never became a final order because it was vacated by the MDL judge

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<sup>13</sup> *In re Rembrandt Technologies, LP, Patent Litigation*, 493 F.Supp.2d 1367, 1368-69 (J.P.M.L. 2007).

<sup>14</sup> *Rembrandt v. Comcast*, 512 F.Supp.2d 749 (E.D. Texas 2007).

upon consolidation of the actions in Delaware.<sup>16</sup> At the time the parties' cross motions for summary judgment were presented to this Court, the *Markman* issue had been submitted for decision in the MDL. Both parties were keenly aware, however, that the only ruling construing the claims of the '627 patent thus far, albeit not a final order, was favorable to Rembrandt.

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<sup>15</sup> *In re Rembrandt Technologies, LP, Patent Litigation*, 493 F.Supp.2d 1367, 1369 (J.P.M.L. 2007).

<sup>16</sup> *Rembrandt Technologies, LP v. Comcast Corp., et al.*, C.A. No. 07-404 (GMS); MDL Docket No. 07-md-1848 (GMS) (D.Del. July 3, 2007) (Order vacating the Eastern District of Texas magistrate judge's claim construction order).

On October 31, 2008, this Court issued its decision on the cross motions for summary judgment. The Court concluded that “Rembrandt owes Harris a license to the ‘627 patent under RAND terms to the extent that the patent *is ‘essential’* to the implementation of the [ASTC Standard].”<sup>17</sup> In the absence of any conflicting determination in the MDL regarding essentiality, the Court determined that it could presume essentiality and set the RAND terms of the license in order “to resolve this limited aspect of the parties’ larger dispute in a manner *most efficient for the parties and the Court.*”<sup>18</sup> In order to avoid issuing an advisory or illusory opinion, the Court noted that its “declaratory judgment will include a provision that all royalties paid pursuant to the RAND license will not be subject to refund in the event that the license is collaterally attacked (either because the ‘627 patent is deemed invalid or otherwise).”<sup>19</sup>

Just one week later, on November 7, 2008, Chief Judge Sleet issued a *Markman* ruling construing the claims of the ‘627 patent in the MDL.<sup>20</sup> Contrary to the Texas

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<sup>17</sup> *Rembrandt v. Harris*, 2008 WL 4824066, at \*1 (Del. Super.) (emphasis added).

<sup>18</sup> *Rembrandt v. Harris*, 2008 WL 4824066, at \*1 (Del. Super.) (emphasis added).

<sup>19</sup> *Id.* at \*8.

<sup>20</sup> *In re Rembrandt Technologies, LP Patent Litigation*, 2008 WL 5773627 (D.Del.) (Order Construing the Terms of U.S. Patent No. 5,243,627).

ruling, the MDL *Markman* ruling apparently construed the '627 patent in a manner that suggested either invalidity or non-infringement.<sup>21</sup> This ruling has caused both Rembrandt and Harris to take an abrupt and remarkable about-face from the positions they had taken during the summary judgment proceedings.

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<sup>21</sup> See Tr. of Discovery Hr'g, D.I. 186, at 17:10-12 (Jan. 26, 2009) ("And the only court that has looked at [the infringement] issue so far is Judge Sleet, and he said our products don't infringe."); Def. Harris Corp.'s Mot. to Stay, D.I. 168, at 1 (Dec. 23, 2008) (informing the Court that, as a result of the *Markman* ruling, "[t]he MDL parties...are working on a stipulated judgment of non-infringement."). Rembrandt has not questioned Harris' representations to the Court.

By letter dated November 24, 2008, Harris advised the Court of the *Markman* ruling in the MDL. Despite its previous representations to the Court that the validity or infringement of the '627 patent was irrelevant to this case,<sup>22</sup> Harris now reserved the right to argue that “the '627 patent supporting such a license is invalid, unenforceable or not infringed, and therefore no payments are due under the license.”<sup>23</sup> Accordingly, Harris suggested that the Court should stay the declaratory judgment proceedings “pending the resolution of the issues raised by the [*Markman* ruling].”<sup>24</sup> Finally, in response to an inquiry posed by the Court, Harris stated that in the event the matter did proceed to trial, and it was ordered to pay royalties to Rembrandt under the RAND license terms set by the Court, it would not seek to recoup royalties it had already paid should the license later be subject to collateral attack.

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<sup>22</sup> Def. Harris Corp.'s Reply in Support of Motion for Partial Summary Judgment, D.I. 142, at 5 (August 11, 2008) (noting “the irrelevance of infringement and validity determinations to a dispute over RAND terms.”).

<sup>23</sup> Def. Harris Corp.'s Letter to the Ct., D.I. 198 (Nov. 24, 2008).

<sup>24</sup> *Id.*

On December 1, 2008, Rembrandt responded to Harris' November 24 letter. Rembrandt first took issue with the notion that invalidity or infringement of the '627 patent had anything to do with this licensing dispute, notwithstanding its earlier effort to extract an admission of essentiality from Harris. And, although it had previously taken the view that this matter was not ripe for decision, Rembrandt now argued that a determination of validity and infringement of the '627 patent was not required prior to trial in this matter "because any judgment entered by this Court for licensing fees paid or payable prior to a successful collateral attack will be enforceable."<sup>25</sup> Accordingly, Rembrandt opposed the stay suggested by Harris and argued that the Court's declaratory judgment could award on a non-refundable basis any royalties owed by Harris that had been accruing and were continuing to accrue up until a final determination of validity or infringement (one way or the other) is made in the MDL.

Harris responded to Rembrandt's letter on December 2, 2008, again urging the Court to stay this litigation until the *Markman* ruling was finalized through appeal in the MDL. Harris argued that, contrary to its previous representations, absent infringement of the '627 patent, "there is no need for the parties to continue to litigate

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<sup>25</sup> Pl. Rembrandt's Letter to the Ct., D.I. 200 (Dec. 1, 2008).

the license terms and no need for this Court to use its resources to determine them.”<sup>26</sup>

Harris further argued that, while it would be unable to recoup royalties paid after the Court issues the license, it “has never argued, nor would it, that infringement and validity are irrelevant to whether it has an ultimate obligation to pay royalties.”<sup>27</sup>

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<sup>26</sup> Def. Harris Corp.’s Letter to the Ct., D.I. 202 (Dec. 2, 2008).

<sup>27</sup> *Id.*



On December 9, 2008, again by letter, Harris notified the Court that it was changing its position regarding its ability to recoup royalties paid as a result of the license ordered by the Court.<sup>28</sup> Harris pointed to *Broadcom Corp. v. Qualcomm, Inc.*,<sup>29</sup> a case that Harris believed indicated a shift in the law and granted those similarly situated to Harris the right to recoup royalties if the license ultimately is set aside. While Harris did not explicitly say so, it was clear to the Court that Harris now intended to attempt to recoup any royalties it was ordered to pay under the license in the event the '627 patent is determined to be either invalid or not infringed. If successful in this effort, the trial of this case would have been nothing but an exercise.

Rembrandt responded to Harris' latest change in position on December 11, 2008.<sup>30</sup> Rembrandt disagreed with Harris' reading of *Broadcom*, and noted significant respects in which it believed that case should be distinguished from this declaratory judgment action. Furthermore, Rembrandt read *Broadcom* as affirming the general rule that "in the absence of fraud, a licensee may not recover royalties

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<sup>28</sup> Def. Harris Corp.'s Letter to the Ct., D.I. 203 (Dec. 9, 2008).

<sup>29</sup> *Broadcom Corp. v. Qualcomm Inc.*, 585 F.Supp.2d. 1187 (C.D.Cal. 2008).

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<sup>30</sup> Pl. Rembrandt's Letter to the Ct., D.I. 205 (Dec. 11, 2009).

previously paid, even if the patent is subsequently declared invalid...”<sup>31</sup> because “patent laws should not allow private parties to reverse a contractual decision made in hindsight.”<sup>32</sup>

On December 23, 2008, Harris formalized its application to stay the litigation by motion.<sup>33</sup> In addition to information and arguments already supplied, Harris advised the Court that in the wake of the recent *Markman* ruling, the parties in the MDL “have ‘postponed’ their case on the ‘627 patent and are working on a stipulated judgment of non-infringement consistent with Judge Sleet’s *Markman* ruling.”<sup>34</sup> According to Harris, “[u]nless Judge Sleet’s ruling is reversed, determining license terms is [now] pointless because neither Harris nor its customers require a license to

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<sup>31</sup> Pl. Rembrandt’s Letter to the Ct., D.I. 205 (Dec. 11, 2009) (quoting *Broadcom*, 585 F.Supp.2d 1192).

<sup>32</sup> *Id.* (quoting *Broadcom*, 585 F.Supp.2d 1195).

<sup>33</sup> Def. Harris Corp.’s Mot. to Stay, D.I. 168 (December 23, 2008).

<sup>34</sup> *Id.* at 1.

the '627 patent.”<sup>35</sup> Rembrandt opposed Harris' motion on the grounds that Judge Sleet's *Markman* ruling has “far from settled” the question of whether Harris'

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<sup>35</sup> *Id.* at 2.

products do, in fact, infringe the '627 patent.<sup>36</sup> Moreover, pointing to this Court's decision on the parties' cross summary judgment motions, Rembrandt argued that "the issue of essentiality (*i.e.* infringement) on the merits is not relevant to this contract action."<sup>37</sup>

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<sup>36</sup> Pl. Rembrandt Tech.'s Opp'n to Def. Harris Corp.'s Motion to Stay, D.I. 172., at 1 (Dec. 29, 2008).

<sup>37</sup> Pl. Rembrandt Tech.'s Opp'n to Def. Harris Corp.'s Motion to Stay, D.I. 172, at 1 (Dec. 29, 2008). In addition, Rembrandt pointed to the "have your cake and eat it, too" nature of Harris' strategic decision to file a motion to stay, as opposed to a motion to dismiss, this litigation. Harris already has obtained a decision from this Court that Rembrandt owes it a license. It now argues that this case should be stayed pending a final determination of essentiality in the federal litigation. According to Rembrandt, if the Court determines that this case is not to proceed to trial, dismissal, rather than a stay of this litigation, would force Harris to "assume the risk of infringement if Judge Sleet's [*Markman*] ruling is reversed. Simply put, the very uncertainty over patent infringement that originally motivated Harris to demand a license still exists." Pl.'s Opp'n to Def. Harris Corp.'s Mot. to Stay, D.I. 172, at 2 (Dec. 29, 2008). To remove that uncertainty by staying the litigation would, according to Rembrandt, be tantamount to giving Harris an unjustified insurance policy. Tr. of Discovery Hr'g, D.I. 186. At 25:18-27:18 (Jan. 26, 2009).

The Court heard oral argument on several motions, including the motion to stay, on January 26, 2009. At the beginning of the hearing, the Court noted the “many contradictions in the positions ... the parties have taken with respect to their

view regarding whether the litigation should proceed and, if so, at what pace.”<sup>38</sup>

Indeed, as discussed above, at times Harris has pushed aggressively for this litigation to move forward, while Rembrandt believed that it was not ripe for disposition. As the litigation has proceeded in the MDL, however, the parties have traded positions.

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<sup>38</sup> Tr. of Discovery Hr'g, D.I. 186, at 3:14-18 (Jan. 26, 2009). This is not the first time the Court has noted its concern about its ability to make a decision that will meaningfully resolve this case. Specifically, the Court has stated:

To some extent, the Court finds itself in the role of unwitting pawn in the larger dispute that exists between Rembrandt and Harris and Rembrandt and other members of the HDTV industry. It is difficult to discern who, as between Harris and Rembrandt, is “gaming” the Court more. Both have cried foul. At the end of the day, in the Court’s mind, the penalties offset. The Court is willing to help the parties resolve this limited aspect of their larger dispute, but only to the extent that the resolution is real and results from a meaningful use of the Court’s (and the litigants’) time and energy.

*Rembrandt v. Harris*, 2008 WL 4824066, at \*7 (Del. Super).

Harris, having observed the defendants gain the advantage in the MDL, now urges the Court to stay the litigation while Rembrandt, having apparently lost the advantage in the MDL, urges the Court to push forward here. Nevertheless, at oral argument, the Court stated that it had “reviewed the motion to stay, and that motion, *at least for now*, is denied.”<sup>39</sup>

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<sup>39</sup> Tr. of Discovery Hr'g, D.I. 186, at 3:12-13 (Jan. 26, 2009).



Most recently, the parties presented motions to compel and *in limine* seeking a determination of whether Harris must produce, and this Court can consider, evidence regarding specific Harris products that might infringe the '627 patent such that a license is required for their continued sale, use or production.<sup>40</sup> Not surprisingly, Rembrandt took the position that such evidence was discoverable and admissible; Harris disagreed. The contrary positions on this fundamental evidentiary question, and the turbulent history of this litigation, have caused the Court to revisit the stay issue.

### *III.*

As a rule, Delaware courts “will ordinarily stay their own processes in deference to the processes of another court where an action between the same parties was first filed in that other court and that court is capable of giving full and prompt relief to the parties.”<sup>41</sup> “[T]he power to grant a stay” is soundly within the court’s discretion and “may be properly asserted on the ground that another action is pending in a different

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<sup>40</sup> See Pl.’s Mot. to Compel, D.I. 169, (Dec. 24, 2008); Def. Harris Corp.’s Mot. *in Limine* to Exclude Product Information from the Trial of this Action, D.I. 190 (Feb. 20, 2009); Pl.’s Opening Br. Regarding the Mot. *in Limine*, D.I. 191 (Feb. 20, 2009).

<sup>41</sup> *Texas Instruments, Inc. v. Tandy Corp.*, 1992 WL 103772, at \*3 (Del. Ch.) (citations omitted).

jurisdiction, even though not between the same parties and even though the issues are not identical in all respects, where that other action will probably settle

or greatly simplify the issues presented.”<sup>42</sup>

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<sup>42</sup> *Lanova Corp. v. Atlas Imperial Diesel Engine Co*, 64 A.2d 419, 420 (Del. Super. 1949). See also *Christiana Town Center, LLC v. New Castle County*, 2005 WL 2622706, at \*3 (Del.Ch.) (noting that “stays may also be granted in deference to another proceeding, even though the other proceeding is not between the same parties and the issues are not identical...if it will either resolve or greatly simplify the issues in the action to be stayed.”).

Harris' motion to stay requires the Court to consider whether final resolution of the *Markman* ruling in the MDL will "greatly simplify the issues [to be] presented here."<sup>43</sup> The Court is now convinced that it will. Staying this action will avoid "simultaneous, duplicative actions...[that if allowed to proceed simultaneously will] present[] the distinct possibility of not only inconsistent, but irreconcilable rulings."<sup>44</sup> For example, if it is finally determined in the MDL that the '627 patent is not, in fact, essential to the ATSC standard, that ruling would have a profound impact on the outcome of this litigation. The parties here have agreed that Harris' products practice the ATSC standard. Therefore, because Rembrandt is obligated under the AT&T patent statement to grant a license only to patents essential to the ATSC standard, it would not owe Harris a license, and Harris would not require a license, if the '627 patent was not essential to the standard. In that instance, the MDL ruling would be inconsistent with a decision of this Court in which it presumed that the '627 patent is essential to the ATSC standard, granted Harris a license to the '627 patent on RAND terms, and ordered Harris to pay royalties on their products because they practice the

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<sup>43</sup>*Id.*

<sup>44</sup> *E-Birchtree, LLC v. Enterprise Products Operating L.P.*, 2007 WL 914644, at \*3 (Del. Super.) (internal citations omitted).

ATSC standard. This risk of inconsistent rulings counsels in favor of granting a stay pending a final determination of the *Markman* ruling in the MDL.<sup>45</sup>

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<sup>45</sup> The Court is sensitive to Rembrandt's argument that Harris will receive an "option" if this Court orders a stay rather than a dismissal of this litigation because the Court already has determined that Rembrandt owes Harris a license. In the event the *Markman* ruling in the MDL is overturned, Rembrandt predicts that Harris will return to this litigation, and again push for an order setting the terms of the license. If, however, the *Markman* ruling is upheld, Rembrandt predicts that Harris will likely seek dismissal of this declaratory judgment action. Hence the "option" as described by Rembrandt - - in either event Harris is protected to Rembrandt's detriment. The Court shares Rembrandt's concern. To remedy this, the Court has considered vacating its decision on the parties' cross motions for summary judgment, especially given that both parties appear to have abandoned the positions they were advancing in their motions. Furthermore, the Court is no longer convinced

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that it may presume essentiality as a basis to determine that Rembrandt owes a license to Harris, particularly in light of the conflicting *Markman* rulings from Texas and Delaware. The Court is not satisfied, however, that it may vacate this order *sua sponte*. See *Sammons v. Doctors for Emergency Services*, 913 A.2d 519, 542 (Del. 2006) (noting that “Rule 60(b) contemplates relief only upon a party’s motion by permitting a party to seek relief from a final judgment, order, or proceeding.”). Rather, it appears that before the Court may vacate the order at this stage of the litigation, a party must seek relief from that order in accordance with DEL. SUPER. CT. CIV. R. 60(b). *Id.* at 543 (holding that “the trial judge abused her discretion when she dismissed the case under 60(b) *sua sponte*.”). The Court would look favorably upon a motion for relief from order under Rule 60(b) should either party file such a motion. See 12 MOORE’S FEDERAL PRACTICE 3d §60.48[2] (3d ed. 2009) (noting that “[w]hen courts grant relief under Rule 60(b)(6), they often explicitly note how the circumstances on which they base relief are “extraordinary” by showing how they fail to fall within the ambit of any *other* provision of Rule 60(b).”). See also *LeBlanc v. Cleveland*, 248 F.3d 95, 100-101 (2d Cir. 2001) (granting Rule 60(b) relief when the plaintiff otherwise would have no remedy.).

A stay of this litigation also would avoid the “duplication of time, effort and expense that would occur if judges, lawyers, parties and witnesses are simultaneously engaged in the adjudication of the same cause of action in two courts...”<sup>46</sup> As the Court and both parties have recognized, considerable time, effort, and expense has been expended by all involved in this dispute, and should the proceedings move forward, the Court has no doubt that considerable time, effort and expense will continue to be expended through trial and beyond. Moreover, “it is hardly an irrelevant consideration to a busy court that its work may quickly be rendered moot by relief granted in an already pending suit between the same parties,”<sup>47</sup> or, as in this case, between different parties. It is possible that the stipulated judgment of non infringement will become final in the MDL and either render these proceedings moot, or significantly limit the scope of the controversy.<sup>48</sup> In either event, the time, effort,

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<sup>46</sup> *Irvin Industries v. Gateway Industries*, 1978 WL 194996, at \*2 (Del. Super).

<sup>47</sup> *Texas Instruments, Inc. v. Tandy Corp.*, 1992 WL 103772, at \*6 (Del. Ch.).

<sup>48</sup> Harris has taken the position that it would not owe back royalties if the MDL *Markman* ruling is affirmed. Rembrandt, on the other hand, argues that royalties owed after the licensing obligation

and expense invested in this litigation by both the parties and the judicial system if the full scope of this dispute is litigated in a vacuum will have been for naught.

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arises but before the determination of non-infringement would still be due and owing.



Finally, one of the four requirements for declaratory judgment jurisdiction is ripeness.<sup>49</sup> This Court previously noted that if, due to developments in the patent litigation,

Harris also seeks to recoup license royalties it has paid to Rembrandt pursuant to declarations of this Court (made at Harris' [and Rembrandt's] request), then this Court's and the parties' time, energy and resources will have been entirely wasted by the pretrial proceedings and the trial that will follow in this case. Under this scenario, the parties would be returned to the *status quo ante* that existed before the Court's judgment....[The Court] would have resolved a purely "hypothetical dispute that was not ripe for decision. Common sense dictates that the Court not countenance such an outcome."<sup>50</sup>

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<sup>49</sup> *Schnick Inc. v. ACTWU*, 533 A.2d 1235, 1238 (Del.Ch. 1987) (noting that four prerequisites for an "actual controversy" that can be resolved by declaratory judgment are: "(1) It must be a controversy involving the rights or other legal relations of the party seeking declaratory relief; (2) it must be a controversy in which the claim of right or other legal interest is asserted against one who has an interest in contesting the claim; (3) the controversy must be between parties whose interests are real and adverse; (4) the issue involved in the controversy must be ripe for judicial determination.").

<sup>50</sup> *Rembrandt v. Harris*, 2008 WL 4824066, at \*8 (Del. Super.) (quoting *Stroud v. Milliken Enterprises, Inc.*, 552 A.2d 476, (Del. 1989) (holding that "[t]he law is well settled that our courts will not lend themselves to decide cases which have become moot, or to render advisory opinions"

As discussed above, Harris' December 9, 2008, letter appears to be a clear indication that if the Court should determine the RAND terms of the license and order Harris to pay royalties under those terms, Harris will seek to recoup royalties paid depending upon the outcome of the MDL. Therefore, to prevent this scenario from occurring, and in the interest of judicial economy, the Court will stay the litigation in this Court pending the final outcome of the *Markman* ruling in the MDL.

*IV.*

Based on the foregoing, Harris' Motion to Stay is hereby **GRANTED** pending the entry of a final order on the the *Markman* ruling in the MDL.

***IT IS SO ORDERED.***

Judge Joseph R. Slights, III

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and that a determination of ripeness is very much a "common sense evaluation").