

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

CYPRESS SEMICONDUCTOR
CORPORATION,

Plaintiff,

v.

GSI TECHNOLOGY, INC.,

Defendant.

Case No. 13-cv-02013-JST

**ORDER GRANTING MOTION TO
STAY**

Re: ECF No. 118

Before the Court is Defendant GSI Technology, Inc.'s Motion for Partial Stay Pending Inter Partes Review. ECF No. 118. For the reasons discussed below, the Court will GRANT the motion.

I. BACKGROUND

Cypress filed this action in May 2013, alleging that GSI infringes several of its patents. ECF No. 1. In August 2013, the Court consolidated with this case a patent-infringement case between the same parties that was originally filed in the U.S. District Court for the District of Minnesota. ECF No. 24. The patents at issue in the consolidated case are U.S. Patent Nos. 9,967,861 ("861 Patent"); 7,142,477 ("477 Patent"); 6,651,134 ("134 Patent"); 6,609,839 ("839 Patent"); 6,292,403 ("403 Patent"); 6,385,128 ("128 Patent"); and 6,445,645 ("645 Patent"), which concern static random access memory technology for computers, telecommunication devices, and other electronic devices. ECF No. 96 at 1. Cypress filed its patent infringement contentions on September 13, 2013, and amended them on September 30, 2013. ECF No. 118-1 & Ex. C.

GSI petitioned for, and the Patent Trial and Appeal Board ("PTAB") instituted, inter partes review of the '839, '403, '128, and '645 Patents.¹

¹ PTAB declined review of the '861 Patent. See ECF No. 118 at 6.

1 Under the Leahy-Smith America Invents Act, codified at 35 U.S.C. § 311-19, a person
2 who is not the owner of a patent may file with the U.S. Patent and Trademark Office (“PTO”) a
3 petition to institute inter partes review of the patent in order to cancel as unpatentable one or more
4 claims of the patent. 35 U.S.C. § 311(a), (b). A petition for inter partes review will only be
5 granted if “there is a reasonable likelihood that the petitioner would prevail with respect to at least
6 1 of the claims challenged in the petition.” 35 U.S.C § 314(a).

7 The final determination in an inter partes review proceeding must be issued no later than
8 one year after the date on which the proceeding was instituted, unless the PTO extends the period
9 for an additional six months for “good cause shown.” Id. § 316(a)(11). If review results in a final
10 written decision under 35 U.S.C. § 318(a), neither the petitioner nor his privies may assert in a
11 civil action that the patent is invalid on any ground that the petitioner raised or could have raised
12 during that inter partes review. Id. § 315(e).

13 On November 4, 2013, GSI filed petitions for inter partes review of all the ’403 Patent
14 claims Cypress asserts against GSI here. ECF No. 118 at 5. On November 27, 2013, GSI filed
15 inter partes review petitions as to all the ’839 Patent claims Cypress asserts against GSI in this
16 case. Id. And on February 11, 2014, GSI filed petitions for inter partes review of all ’645 and
17 ’128 Patent claims Cypress has asserted against GSI here. Id. at 5-6. Based on the dates that
18 PTAB instituted review proceedings, final decisions on the petitions should be complete by April
19 16, 2015 for the ’403 and ’839 Patents, and by August 11, 2015 for the ’128 and ’645 Patents,
20 unless good cause is shown and review is extended by six months.

21 GSI initially filed its motion for partial stay on April 24, 2014, eight days after PTAB
22 instituted inter partes review of the ’403 and ’839 Patents. ECF No. 92; ECF No. 118-1, Exs. A,
23 D. The Court denied the motion without prejudice and granted GSI leave to file a renewed motion
24 by August 29, 2014. ECF No. 102. On July 29, 2014, the Court construed four terms of the ’134
25 and ’477 Patents. ECF No. 114.

26 Cypress concedes that the Court should grant a stay as to the ’128 and ’645 Patents, but
27 contests the stay with respect to the ’403 and ’839 Patents.² ECF No. 119 at 2. In any event, the

28 ² Because Cypress concedes that a stay is warranted as to the ’128 and ’645 Patents, this order

1 Court will proceed with litigation regarding the '861, '477, and '134 Patents, and in particular, on
2 October 28, 2014, the Court will hold a claim construction hearing with regard to the two claim
3 terms of the '861 Patent that the parties have already briefed.

4 **II. LEGAL STANDARD**

5 “Courts have inherent power to manage their dockets and stay proceedings, including the
6 authority to order a stay pending conclusion of a PTO reexamination.” Ethicon, Inc. v. Quigg, 849
7 F.2d 1422, 1426-27 (Fed. Cir. 1988) (internal citations omitted). In determining whether to stay a
8 case pending review by the PTO, courts consider the following factors: (1) whether discovery in
9 the case is complete and whether a trial date has been set; (2) whether a stay would simplify the
10 issues in question and trial of the case; and (3) whether a stay would unduly prejudice or present a
11 clear tactical disadvantage to the non-moving party. Cygnus Telecomms. Tech., LLC, Patent
12 Litig., 285 F. Supp. 2d 1022, 1023 (N.D. Cal. 2005); see also Universal Elecs., Inc. v. Universal
13 Remote Control, Inc., 943 F. Supp. 2d 1028, 1030-31 (C.D. Cal. 2013) (applying the framework
14 applicable to motions to stay pending reexamination by the PTO to motions to stay pending the
15 newer inter partes review process). While case law supplies these general considerations, the
16 Court ultimately must decide whether to issue a stay on a case-by-case basis. Asetek Holdings,
17 Inc. v. Cooler Master Co., Ltd., No. 13-cv-00457-JST, 2014 WL 1350813, at *1 (N.D. Cal. Apr. 3,
18 2014).

19 **III. DISCUSSION**

20 **A. Stage of Proceedings**

21 The first factor—whether discovery is complete and whether a trial date has been set—
22 weighs in favor of a stay here. While litigation between these parties regarding the patents-in-suit
23 has been pending since 2011, no trial date and no other dates aside from the October 28, 2014
24 claim construction hearing date have been set. In addition, while the parties have engaged in some
25 discovery, the Court has not set dates for the close of fact or expert discovery, no depositions have
26 been taken or scheduled, little expert discovery has been conducted, claim construction has only

27 _____
28 addresses the possibility of staying the litigation only with respect to the '403 and '839 Patents,
except where otherwise noted.

1 occurred with respect to the patents that are not the subject of this motion, and no dispositive
2 motions have been scheduled or heard.

3 Cypress points to one of this Court’s prior orders, wherein the Court held that a stay is less
4 appropriate when litigation is in a later stage, because “much, if any of the effort that could have
5 been saved has already been expended.” Asetek, 2014 WL 1350813, at *4; see also ECF No. 119
6 at 3. Cypress correctly points out that, in this case, claim construction has already been fully
7 briefed, claim construction is complete as to two of the seven patents-in-suit, the parties have
8 exchanged numerous discovery documents, and this case will proceed as to the ’861, ’477, and
9 ’134 Patents. But this case is not in the same “late stage of the proceedings” that Asetek was,
10 where construction of all claims was complete, fact discovery was nearly complete, and expert
11 discovery was underway. 2014 WL 1350813, at *4.

12 **B. Simplification of the Issues and Trial of the Case**

13 This factor weighs in favor of a stay.

14 There is a significant possibility that inter partes review will simplify the infringement
15 issues for trial. See Asetek, 2014 WL 1350813, at *3 (“ordinarily, if any of the asserted claims are
16 canceled [by review] the ordeals of claim construction and trial will become unnecessary for those
17 claims.”) (citations and internal alterations omitted). This is true because: (1) all claims of the
18 ’128, ’645, ’403, and ’839 Patents have been asserted in the review proceedings; (2) inter partes
19 review is only granted where PTAB has identified a reasonable likelihood of overturning some
20 patent claims; (3) under the former, more lenient standard for granting inter partes reexamination,
21 in most instances, reexamination resolved at least some of the claims at issue, and 42% of the
22 time, all claims were cancelled or disclaimed, Evolutionary Intelligence, LLC v. Sprint Nextel
23 Corp., No. C-13-4513-RMW, 2014 WL 819277, at *3 (N.D. Cal. Feb. 28, 2014) (citing article);
24 and (4) as a result of inter partes review, GSI will be estopped from asserting certain defenses
25 before this Court, see 35 U.S.C. § 315(e).

26 Cypress contends that granting a stay as to the ’403 and ’839 Patents will result in
27 overlapping and duplicative discovery in the form of multiple depositions of the same parties, as
28 the inventors of the ’403 and ’839 Patents (which are potentially subject to a stay) are the same as

1 the inventors of the '134 and '477 Patents (with respect to which the Court will proceed despite
2 the stay). ECF No. 119 at 9-10. And this Court has noted that duplicative discovery resulting
3 from overlapping patent technology supports the denial of a stay where the duplication would not
4 simplify the issues and trial of the case. See Asetek, 2014 WL 1350813, at *3-4. But GSI makes
5 a good case that this factor is neutral at best, because Cypress has already conceded that a partial
6 stay should be granted. Moreover, no matter which version of a stay the Court grants, there is a
7 risk of duplicative discovery because all of the patents subject to a potential stay overlap. See
8 ECF No. 120 at 2-4. So long as the case proceeds in part and is stayed in part, the parties risk
9 duplication as a result of overlapping patents, witnesses, and issues.³

10 **C. Prejudice and Disadvantage**

11 This factor is neutral.

12 With respect to motions for stays pending PTO reexamination of patents, the Court has
13 used four sub-factors to evaluate prejudice and tactical disadvantage. This Court previously
14 adopted a set of four sub-factors from the District of Delaware to determine whether a party would
15 suffer undue prejudice or tactical disadvantage from a stay pending patent reexamination, see
16 Asetek, 2014 WL 1350813 at *4 (citing Ever Win Int'l Corp. v. Radioshack Corp., 902 F. Supp.
17 2d 503, 508 (D. Del. 2012), and the Court believes it appropriate to apply the same sub-factors to
18 the evaluation of a motion to stay based on the filing of a petition for inter partes review. Cf.
19 Universal Elecs., 943 F. Supp. 2d at 1030-31 (applying the framework applicable to motions to
20 stay pending reexamination by the PTO to motions to stay pending inter partes review). The four
21 factors are: (1) the timing of the petition for review; (2) the timing of the request for the stay; (3)
22 the status of review proceedings; and (4) the relationship of the parties. Asetek, 2014 WL
23 1350813, at *4.

24 **1. Timing of the inter partes petitions**

25 With respect to the timing of the inter partes review petitions, Cypress correctly notes that
26 GSI filed its petitions more than six months after it filed its complaint. ECF No. 119 at 13. But

27 _____
28 ³ The Court will decline Cypress' invitation to predict the outcome of the inter partes review process as a predicate to evaluating GSI's request for a stay. See ECF No. 119 at 6-8.

1 GSI contends that it waited to file its petitions until it received Cypress' infringement contentions,
2 which identified the claims Cypress would actually assert in this litigation. ECF No. 118 at 14.
3 Other courts have found that waiting until after receiving infringement contentions to analyze the
4 claims alleged and then filing petitions for review does not cause undue prejudice. See
5 Evolutionary Intelligence, LLC v. Apple, Inc., No. C 13-04201 WHA, 2014 WL 93954 (N.D. Cal.
6 Jan. 9, 2014); Evolutionary Intelligence LLC v. Yelp Inc, No. C-13-03587 DMR, 2013 WL
7 6672451, at *9 (N.D. Cal. Dec. 18, 2013); Ho Keung Tse v. Apple, Inc., No. C 06-06573 SBA,
8 2007 WL 2904279, at *4 (N.D. Cal. Oct. 4, 2007). Moreover, Cypress has not indicated any other
9 way in which GSI's timing in filing the inter partes review petitions has allowed GSI to gain an
10 unfair tactical advantage in these proceedings. This Court has also previously found that,
11 "[p]rovided an accused infringer is diligent, delay due to preparing an [inter partes review]
12 petition, ascertaining the plaintiff's theories of infringement, or otherwise researching the patents
13 that have been asserted in an action does not unduly prejudice the patent owner." Asetek, 2014
14 WL 1350813, at *5. The Court makes the same finding here.

15 GSI filed its first petitions for inter partes review less than two months after the initial
16 infringement contentions were filed, filed its second petition for review less than three months
17 after contentions were filed, and filed its final petitions less than five months after the initial
18 contentions were filed. ECF No. 118 at 14. Also, GSI filed its petitions well within the one-year
19 statutory limit. See Asetek, 2014 WL 1350813, at *4 ("Delay alone [within the statutory deadline]
20 does not usually constitute undue prejudice because parties having protection under the patent
21 statutory framework may not complain of the rights afforded to others by that same statutory
22 framework.") (citations and internal quotations omitted).

23 The Court finds that the timing of GSI's petitions for review did not prejudice Cypress.

24 **2. Timing of stay request and status of inter partes proceedings**

25 As for the timing of GSI's request for the stay, Cypress concedes that "GSI moved for a
26 stay of the litigation promptly after institution of [inter partes review]." ECF No. 119 at 14. With
27 regard to the status of inter partes review proceedings, both are well underway, having been
28 instituted in April 2014 and August 2014, and both should also be resolved by the end of 2015,

1 absent a good-cause extension. The PTAB is likely to issue its final written decision as to the '403
2 and '839 Patents by April 16, 2015. Thus, both of these sub-factors weigh against a finding of
3 undue prejudice.

4 **3. Relationship of the parties**

5 The parties' relationship weighs against a stay, because the parties compete directly in the
6 static random access memory market. As this Court has stated: "Courts recognize that, when the
7 parties are direct competitors, the risk of prejudice is higher to the non-moving party than it would
8 be otherwise." Asetek, 2014 WL 1350813, at *5 (citations omitted). Cypress argues that it will be
9 prejudiced by a stay because, "[w]hile the case is partially stayed, GSI would be able to continue
10 to use Cypress's patented inventions to take sales away from Cypress." ECF No. 119 at 11.
11 Cypress argues that GSI is targeting its customers by providing lower-priced replacements for
12 Cypress parts, and thus "not only is Cypress losing profits to GSI in this way, but GSI's lower-
13 priced products have driven down prices in the market for those sales Cypress does make." Id.

14 But these allegations are not supported by any evidence. Cypress has provided a chart
15 produced by GSI, which allegedly shows that GSI's sales representatives instruct potential
16 customers on how to replace particular Cypress parts with particular GSI ones. There is no
17 evidence, however, that customers have in fact purchased allegedly infringing GSI parts when
18 they would otherwise have purchased Cypress parts, or that Cypress has lost any market share to
19 GSI. In other words, there is no evidence of competitive injury.

20 As GSI notes, even the case law Cypress cites requires evidence to substantiate an
21 argument that direct competition will result in prejudice to the non-moving party. ECF No. 120 at
22 12-13 (citing Robert Bosch Healthcare Sys., Inc. v. Cardiocam, LLC, No. C-14-1575-EMC, 2014
23 WL 3107447, at *5-6 (N.D. Cal. July 3, 2014); Sonics, Inc. v. Arteris, Inc., No. C 11-05311 SBA,
24 2013 WL 503091, at *4 (N.D. Cal. Feb. 8, 2013); and Nanometrics, Inc. v. Nova Measuring
25 Instruments, Ltd., No. C 06-2252 SBA, 2007 WL 627920 (N.D. Cal. Feb. 26, 2007), among other
26 cases). This Court has also required evidence of direct-competition prejudice. Asetek, 2014 WL
27 1350813, at *5 (finding that without more evidence than the declaration of the Plaintiff's CEO
28 tending to show that the plaintiff would suffer prejudice as a result of a stay due to the parties')

1 status as direct competitors, “a stay could produce undue prejudice, although the degree of
2 prejudice is hard to estimate on this record.”). As in Asetek, while the Court can assume that
3 Cypress will suffer some prejudice as a result of a stay due to the parties’ status as competitors, the
4 Court cannot assess the degree of prejudice without at least some probative evidence on the point.

5 Finally, having conceded that a stay is appropriate as to at least some patents, Cypress is
6 hard-pressed to argue that it will suffer unfair competitive injury if the stay is extended to others.
7 To make the argument successfully would require showing how the latter stay imposes
8 competitive harm while the former stay does not, and Cypress has not made that showing.

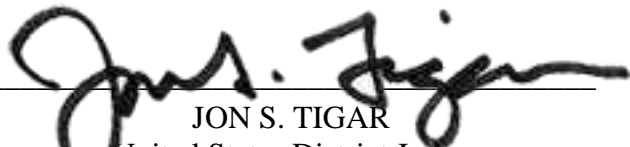
9 In sum, three of the four prejudice sub-factors weigh in favor of a stay, and the fourth
10 weighs against a stay, although not strongly. Balancing the result of the prejudice analysis against
11 the two other factors that weigh somewhat in favor of a stay—simplification of the issues and the
12 stage of the case—the Court finds that a stay as to all of the patents at issue is warranted.

13 **IV. CONCLUSION**

14 For the foregoing reasons, the Court GRANTS the motion to stay with respect to the ’128,
15 ’645, ’403, and ’839 Patents. The parties shall file a joint status report within seven days of the
16 PTAB issuing its final decisions on all of the petitions for inter partes review challenging the
17 patents in suit, informing the Court of PTAB’s decisions. The same report shall also request the
18 setting of a status conference and shall propose a schedule for the remainder of the case. In
19 addition, every 90 days the parties shall file a joint status report advising as to the status of the
20 inter partes review proceedings.

21 **IT IS SO ORDERED.**

22 Dated: October 7, 2014

23 
24 JON S. TIGAR
25 United States District Judge

26
27
28