

FILED
JUN 17 2013RICHARD W. WIEKING
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND
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3 UNITED STATES DISTRICT COURT
4 FOR THE NORTHERN DISTRICT OF CALIFORNIA
5 OAKLAND DIVISION
67 ARTERIS S.A.S.,
8 Plaintiff,
9 vs.
10 SONICS, INC.,
11 Defendant.

Case No: C 12-0434 SBA

ORDER

Docket 47, 79

12
13 Arteris S.A.S. ("Arteris") brings the instant patent infringement action against
14 Sonics, Inc. ("Sonics") alleging claims for infringement of U.S. Patent Nos. 7,574,629 and
15 7,769,027 (collectively, the "Arteris Patents"). Dkt. 1. Sonics has alleged nine
16 counterclaims against Arteris, including declaratory judgment counterclaims for non-
17 infringement and invalidity as to the Arteris Patents as well as counterclaims for
18 infringement of U.S. Patent Nos. 6,182,183, 7,266,786, 7,277,975, 6,961,834, 7,191,273,
19 6,816,814, and 7,299,155 (collectively, the "Sonics Patents"). Dkt. 24.20 The parties are presently before the Court on Arteris' motion for voluntary dismissal
21 of its patent claims without prejudice under Rule 41(a)(2) of the Federal Rules of Civil
22 Procedure, and for dismissal of Sonics' declaratory judgment counterclaims. Dkt. 79.
23 Sonics opposes the motion. Dkt. 88. Also before the Court is Arteris' motion for partial
24 stay with respect to all claims and defenses regarding the Sonics Patents. Dkt. 47. Sonics
25 opposes the motion. Dkt. 50. Having read and considered the papers filed in connection
26 with these matters and being fully informed, the Court hereby GRANTS Arteris' motion for
27 voluntary dismissal of its patent claims under Rule 41(a)(2) without prejudice, DENIES
28 Arteris' motion to dismiss Sonics' declaratory judgment counterclaims, SEVERES Sonics'

1 declaratory judgment counterclaims into a separate action, CONSOLIDATES the instant
2 action (i.e., Sonics' remaining counterclaims for infringement of the Sonics Patents) with
3 the related action, Sonics, Inc. v. Arteris, Inc., C 11-05311-SBA ("Sonics action"), and
4 DENIES as MOOT Arteris' motion for partial stay. The Court, in its discretion, finds these
5 matters suitable for resolution without oral argument. See Fed.R.Civ.P. 78(b); N.D. Cal.
6 Civ. L.R. 7-1(b).

7 **I. BACKGROUND**

8 On January 27, 2012, Arteris commenced the instant action against Sonics alleging
9 that the SonicsGN ("SGN") product infringes the Arteris Patents. Compl., Dkt. 1. The case
10 was subsequently reassigned to Judge Alsup on February 1, 2012. Dkt. 7. On March 2,
11 2012, Sonics filed an answer denying infringement and alleging two declaratory judgment
12 counterclaims for non-infringement and invalidity. See Answer, Dkt. 17. On March 23,
13 2012, Sonics filed an amended answer, adding seven counterclaims for infringement of the
14 Sonics Patents. Am. Answer, Dkt. 24.

15 On October 1, 2012, Arteris filed a motion to partially stay the instant action with
16 respect to the Sonics Patents pending completion of the United States Patent and
17 Trademark Office's ("PTO") reexamination of six of the seven Sonics Patents. See Dkt. 47.
18 On November 6, 2012, Judge Alsup issued an Order holding Arteris' motion to stay in
19 abeyance until November 29, 2012. Dkt. 61. On November 21, 2012, this Court issued an
20 Order relating the instant action with the Sonics action. Dkt. 71. In the related Sonics
21 action, Sonics accuses Arteris, Inc. of infringing the same seven patents it accuses Arteris
22 of infringing in this action.¹ See Dkt. 24; Sonics action, Dkt. 1.

23 On January 18, 2013, Arteris filed a motion for voluntary dismissal of its patent
24 claims without prejudice under Rule 41(a)(2) and for dismissal of Sonics' declaratory
25 judgment counterclaims. Dkt. 79. On February 1, 2013, Sonics filed an opposition. Dkt.
26

27
28 ¹ Both Arteris, Inc. and Arteris are wholly-owned subsidiaries of Arteris Holdings, Inc. See Sonics action, Dkt. 23.

1 88. A reply was filed on February 8, 2013. Dkt. 91. On that same day, this Court issued
2 an Order staying the related Sonics action pending the PTO's reexamination of six of the
3 seven Sonics Patents. See Sonics, Inc. v. Arteris, Inc., 2013 WL 503091 (N.D. Cal. 2013).

4 **II. DISCUSSION**

5 **A. Motion for Voluntary Dismissal**

6 Rule 41(a)(2) provides that: "an action may be dismissed at the plaintiff's request
7 only by court order, on terms that the court considers proper. If a defendant has pleaded a
8 counterclaim before being served with the plaintiff's motion to dismiss, the action may be
9 dismissed over the defendant's objection only if the counterclaim can remain pending for
10 independent adjudication. Unless the order states otherwise, a dismissal under this
11 paragraph (2) is without prejudice." Fed.R.Civ.P. 41(a)(2).

12 "[T]he decision to grant a voluntary dismissal under Rule 41(a)(2) is addressed to
13 the sound discretion of the District Court. . . ." Kern Oil Refining Co. v. Tenneco Oil Co.,
14 792 F.2d 1380, 1390 (9th Cir. 1986). "The purpose of the rule is to permit a plaintiff to
15 dismiss an action without prejudice so long as the defendant will not be prejudiced or
16 unfairly affected by dismissal." Stevedoring Servs. of Am. v. Armilla Intern. B.V., 889
17 F.2d 919, 921 (9th Cir. 1989) (citations omitted).

18 In resolving a motion for voluntary dismissal under Rule 41(a)(2), the Court must
19 make three separate determinations: (1) whether to allow dismissal; (2) whether the
20 dismissal should be with or without prejudice; and (3) what terms and conditions, if any,
21 should be imposed. Williams v. Peralta Community College Dist., 227 F.R.D. 538, 539
22 (N.D. Cal. 2005); Fraley v. Facebook, Inc., 2012 WL 893152, at *2 (N.D. Cal. 2012). "A
23 dismissal under Rule 41(a)(2) normally is without prejudice, as explicitly stated in that
24 rule." Smith v. Lenches, 263 F.3d 972, 976 (9th Cir. 2001). However, the district court
25 retains the discretion to dismiss an action with prejudice. See Hargis v. Foster, 312 F.3d
26 404, 407 (9th Cir. 2002).

27 **I. Whether to Allow Dismissal**

28 "A district court should grant a motion for voluntary dismissal under Rule 41(a)(2)

1 unless a defendant can show that it will suffer some plain legal prejudice as a result."
2 Smith, 263 F.3d at 975. "Legal prejudice" is defined as "prejudice to some legal interest,
3 some legal claim, some legal argument." Id. at 976 (quotation marks omitted). Uncertainty
4 because a dispute remains unresolved or because the threat of future litigation causes
5 uncertainty does not result in plain legal prejudice. Id. Also, plain legal prejudice does not
6 result because the defendant will be inconvenienced by having to defend in another forum
7 or where a plaintiff would gain a tactical advantage by that dismissal. Id.

8 Here, Sonics has not demonstrated that it will suffer some legal prejudice if Arteris'
9 patent claims are dismissed. Sonics has not shown that dismissal will result in prejudice to
10 some legal interest, some legal claim, or some legal argument. Indeed, Sonics does not
11 oppose dismissal of Arteris' claims, but instead argues that the claims should be dismissed
12 with prejudice. Accordingly, because Sonics' counterclaims can remain pending for
13 independent adjudication notwithstanding dismissal of the complaint, the Court finds that
14 dismissal is appropriate.

15 2. Whether Dismissal Should Be With or Without Prejudice

16 "Dismissal with prejudice may be appropriate where 'it would be inequitable or
17 prejudicial to defendant to allow plaintiff to refile the action.' " Williams, 227 F.R.D. at
18 539. In determining whether dismissal should be with or without prejudice courts may
19 consider the following factors: (1) the defendant's effort and expense in preparing for trial,
20 (2) excessive delay and lack of diligence on the part of the plaintiff in prosecuting the
21 action, and (3) insufficient explanation of the need to take a dismissal. See id.; Fraley,
22 2012 WL 893152, at *3.

23 The Court finds that Sonics has failed to demonstrate that dismissal with prejudice is
24 appropriate. With respect to Arteris' explanation for seeking dismissal, Arteris asserts that
25 it seeks to dismiss its patent claims because Sonics has failed to produce evidence of any
26 sales of the accused SGN product in the United States, and because Arteris is otherwise
27 unaware of any sales of the accused product in the United States. Pl.'s Mtn. at 2, 4; Shuler
28 Decl. ¶ 4. According to Arteris, "given the limited (or perhaps complete lack of any)

1 damages for [it] to potentially recover on its . . . patent infringement claims, it makes no
2 economic sense for the parties to proceed with the litigation." Pl.'s Mtn. at 2. In response,
3 Sonics has failed to demonstrate that Arteris has offered an insufficient explanation for
4 seeking dismissal such that dismissal with prejudice is warranted. Sonics does not contend
5 that it has produced evidence of sales of the SGN product in the United States. Nor has
6 Sonics submitted any evidence in connection with the instant motion demonstrating that the
7 SGN product has been sold in the United States. Instead, Sonics asserts that its "sales
8 efforts in the U.S. are significant." Def.'s Opp. at 6. Sonics further asserts that it is actively
9 engaged in the sales process throughout the United States, and its SGN product is currently
10 being evaluated by several U.S. companies. Id. at 3-4.²

11 With respect to "excessive delay and "lack of diligence," Sonics argues that Arteris
12 should have moved to dismiss its claims in May 2012 after Sonics responded to
13 interrogatories and requests for production of documents. Def.'s Opp. at 8-9. However,
14 Sonics has failed to show that its discovery responses included sales information regarding
15 the accused SGN product in the United States. In fact, Arteris has proffered evidence
16 demonstrating that Sonics failed to provide a substantive response to its discovery request
17 asking for information regarding the "sales volume, revenue, gross profits, net profits,
18 profit margin, and costs (including costs of sales) for each month beginning January 27,
19 2006" for the accused product. See Corbett Decl., Exh. A (responses to interrogatories
20 dated May 25, 2012). Further, while Sonics argues that Arteris rushed to file suit without
21 investigating the merits of its claims, Def.'s Opp. at 6, Sonics does not dispute Arteris'
22 contention that Sonics publicly announced that it was selling the accused product in the
23 United States. Indeed, Sonics admits that it announced its SGN product in September
24 2011, and that it has "been actively engaged in marketing and sales efforts for the SGN
25

26 ² According to Sonics, "[g]iven the highly configurable nature of [its] products,
27 including SGN, the sales cycle from initial customer contact and evaluation to a final
28 license can take anywhere from several months to years, depending on the nature of the
customer's product and the number of different configurations that the customer wishes to
build and test during evaluation." McMillan Decl. ¶ 3.

1 product to customers both inside and outside the United States" since that time. McMillan
2 Decl. ¶ 2.

3 With respect to Sonics' effort and expense in preparing for trial, Sonics argues that
4 dismissal with prejudice is appropriate because this case has been pending for over a year
5 and it has spent "hundreds of thousands of dollars" preparing for trial. Def.'s Opp. at 7-8.
6 Sonics, however, has not cited any evidence substantiating its claim that it has incurred
7 such costs. Nor is it apparent from the record that Sonics has incurred "hundreds of
8 thousands of dollars" in litigating this action. A review of the record reveals that while the
9 parties have submitted claims construction briefing,³ there has not been significant progress
10 in this case. Currently, there is no *Markman* hearing scheduled, no dispositive motions
11 have been filed and no trial date is set. See Burnette v. Godshall, 828 F.Supp. 1439, 1444
12 (N.D. Cal. 1993) ("it weighs in Plaintiff's favor that the trial has not yet started and no
13 pretrial motions were pending at the time the dismissal motion was filed."). Though
14 discovery has commenced, it is still within the early stages and a discovery cut-off date has
15 not yet been established. Indeed, Sonics does not dispute Arteris' contention that only three
16 depositions have been taken, and that each deposition was noticed in the instant action as
17 well as in the related Sonics action. Nor does Sonics dispute Arteris' contention that this
18 deposition testimony can be used in the related Sonics action. Instead, Sonics generally
19 asserts that it has provided detailed invalidity contentions, "served and responded to
20 numerous discovery requests,"⁴ including producing over 2,000 pages of code, retained
21 experts, and traveled to Europe to depose one of the inventors of Plaintiff's Patents." Def.'s
22 Opp. at 7-8.

23 Finally, to the extent Sonics argues that Arteris' claims should be dismissed with
24 prejudice because Arteris' motion for voluntary dismissal is an attempt to avoid an adverse
25

26 ³ It is undisputed that of the six terms briefed for claim construction, only two of the
27 terms concern the Arteris Patents. Pl.'s Mtn. at 6; Def.'s Opp. at 9.

28 ⁴ According to Arteris, Sonics has only responded to seven interrogatories and has
only served ten interrogatories. Corbett Decl. ¶¶ 2-3.

1 ruling on its claims, Def.'s Opp. at 9, the Court rejects this argument. While Sonics admits
2 that it has not filed a motion for summary judgment, it nonetheless asserts that it explained
3 in its *Markman* papers that summary judgment on the Arteris Patents was appropriate and
4 imminent. *Id.* Sonics offers no further explanation or analysis in support of this conclusory
5 assertion. As such, Sonics has failed to demonstrate that dismissal with prejudice is
6 appropriate. See *Indep. Towers of Wash. v. Wash.*, 350 F.3d 925, 929 (9th Cir. 2003)
7 ("Our adversarial system relies on the advocates to inform the discussion and raise the
8 issues to the court.").

9 In sum, taking into account the lack of legal prejudice, the relatively early stage of
10 the proceedings, and Arteris' reason for dismissing its claims, the Court concludes that
11 dismissal of Arteris' patent claims without prejudice is appropriate. Sonics has failed to
12 demonstrate that dismissal with prejudice is appropriate.

13 3. Terms and Conditions of Dismissal

14 "Rule 41(a)(2) exists chiefly for the defendant's protection." *Co-Investor, AG v.*
15 *Fonjax, Inc.*, 2010 WL 1292767, at * 3 (N.D. Cal. 2010) (Armstrong, J.). To that end, the
16 court can condition a dismissal upon the payment of "appropriate costs and attorney fees."
17 *Westland Water Dist. v. United States*, 100 F.3d 94, 97 (9th Cir. 1996). The court's
18 imposition of fees and costs is discretionary. *Id.* A defendant is only entitled to recover
19 "attorneys' fees or costs for work which is not useful in continuing litigation between the
20 parties." *Koch v. Hankins*, 8 F.3d 650, 652 (9th Cir. 1993). As discussed below, because
21 Sonics' counterclaims for non-infringement and invalidity as to the Arteris Patents remain
22 pending before this Court, the Court makes no award of attorneys' fees and costs. Sonics
23 has not identified any costs or attorneys' fees for work that cannot be used in the continuing
24 litigation.

25 B. Motion to Dismiss Sonics' Declaratory Judgment Counterclaims

26 Arteris contends that Sonics' declaratory judgment counterclaims for non-
27 infringement and invalidity should be dismissed on the ground that the Court lacks subject
28 matter jurisdiction over these claims because there is no immediacy of a substantial

1 controversy between the parties. See Pl.'s Mtn. at 6-7. In addition, Arteris argues that,
2 even assuming subject matter jurisdiction exists under the Declaratory Relief Act, the Court
3 should exercise its discretion and dismiss Sonics' declaratory judgment counterclaims
4 because adjudication of these counterclaims would ask the Court to provide an advisory
5 opinion and would "require needless, costly litigation." Id. at 7.

6 **1. Declaratory Judgment Jurisdiction**

7 Article III of the United States Constitution restricts federal judicial power to the
8 adjudication of "Cases" or "Controversies." U.S. Const. art. III, § 2. The Declaratory
9 Judgment Act provides: "[i]n a case of actual controversy within its jurisdiction . . . any
10 court of the United States, upon the filing of an appropriate pleading, may declare the rights
11 and other legal relations of any interested party seeking such declaration, whether or not
12 further relief is or could be sought." 28 U.S.C. § 2201(a). Subject matter jurisdiction in a
13 declaratory judgment action thus depends on the existence of "a substantial controversy,
14 between the parties having adverse legal interests, of sufficient immediacy and reality to
15 warrant the issuance of declaratory judgment." MedImmune, Inc. v. Genentech, Inc., 549
16 U.S. 118, 127 (2007). "The controversy must be definite and concrete, touching the legal
17 relations of parties having adverse legal interests." Aetna Life Ins. Co. of Hartford, Conn.
18 v. Haworth, 300 U.S. 227, 240-241 (1937); see also Prasco, LLC v. Medicis Pharm. Corp.,
19 537 F.3d 1329, 1339 (Fed. Cir. 2008) ("[A] case or controversy must be based on a real and
20 immediate injury or threat of future injury that is caused by the defendants—an objective
21 standard that cannot be met by a purely subjective or speculative fear of future harm.").

22 The party claiming declaratory judgment jurisdiction has the burden of establishing
23 that such jurisdiction existed at the time the claim for declaratory relief was filed and that it
24 has continued since. See Steffel v. Thompson, 415 U.S. 452, 459 n. 10 (1974). "If . . . a
25 party has actually been charged with infringement of the patent, there is, necessarily, a case
26 or controversy adequate to support jurisdiction" at that time. Cardinal Chem. Co. v.
27 Morton Int'l, Inc., 508 U.S. 83, 96 (1993). Further, "once that burden has been met courts
28 are entitled to presume, absent further information, that jurisdiction continues." Id. at 98.

1 Here, because Arteris' patent claims were pending at the time Sonics filed its non-
2 infringement and invalidity counterclaims, a case or controversy existed when the
3 counterclaims were filed. Thus, the question is whether jurisdiction continues following
4 the dismissal of Arteris' patent claims. As the party asserting declaratory judgment
5 jurisdiction, Sonics bears the burden of establishing the reality and immediacy of its
6 exposure to liability. In this regard, Sonics argues that the Court has subject matter
7 jurisdiction over its counterclaims because it continues to make and offer to sell the accused
8 SGN product in the United States, and Arteris has refused to offer Sonics a covenant not to
9 sue. Def.'s Opp. at 11-12; see McMillan Decl. ¶¶ 2-3, 5. According to Sonics, it is actively
10 engaged in marketing and sales efforts for the SGN product in the United States, and is
11 currently in confidential evaluation studies with several companies regarding the issuance
12 of licenses to use the SGN product. See McMillan Decl. ¶¶ 2-3.

13 The Court finds that Sonics has shown that there is a substantial controversy
14 between the parties of sufficient immediacy and reality to warrant a declaratory judgment
15 on its counterclaims for non-infringement and invalidity. Arteris' motion for voluntary
16 dismissal without prejudice is not accompanied with a covenant not to sue for infringement
17 of the Arteris Patents based upon Sonics making, using, offering for sale and/or selling the
18 accused SGN product in the United States.⁵ Therefore, the dismissal of Arteris' patent
19 claims does not divest the Court of jurisdiction over Sonics' counterclaims because Sonics
20 is presently engaged in activity that places it at risk of a claim for infringement by Arteris.
21 See 35 U.S.C. § 271(a) ("whoever without authority makes, uses, offers to sell, or sells any
22 patented invention, within the United States . . . infringes the patent"); see Cat Tech LLC v.
23 TubeMaster, Inc., 528 F.3d 871, 881 (Fed. Cir. 2008) (a party may obtain a declaratory
24 judgment where it is engaged in present activity which could constitute infringement or has
25 taken concrete steps with the intent to conduct such activity).

26
27 ⁵ The complaint alleges that Sonics has infringed the Arteris Patents by "making,
28 using, offering for sale and/or selling within the United States products, including . . . its
SGN product . . ." Compl. ¶¶ 10, 16.

1
2 **2. District Court Discretion**

3 District courts have discretion in determining whether and when to entertain an
4 action under the Declaratory Judgment Act, even when the suit otherwise satisfies subject
5 matter jurisdiction. Wilton v. Seven Falls Co., 515 U.S. 277, 282 (1995); see MedImmune,
6 549 U.S. at 136 ("The Declaratory Judgment Act provides that a court 'may declare the
7 rights and other legal relations of any interested party,' not that it must do so. This text has
8 long been understood to confer on federal courts unique and substantial discretion in
9 deciding whether to declare the rights of litigants."). In exercising its discretion, "[t]he
10 court must make a reasoned judgment whether the investment of time and resources will be
11 worthwhile." Serco Servs. Co., L.P. v. Kelley Co., Inc., 51 F.3d 1037, 1039 (Fed. Cir.
12 1995).

13 In deciding whether to entertain a declaratory judgment request, a court must
14 determine whether resolving the case serves the objectives for which the Declaratory
15 Judgment Act was created. Cat Tech, 528 F.3d at 883. The Declaratory Judgment Act was
16 intended "to prevent avoidable damages from being incurred by a person uncertain of his
17 rights and threatened with damage by delayed adjudication." Id. at 878-879. Declaratory
18 relief is appropriate: "(1) when the judgment will serve a useful purpose in clarifying and
19 settling the legal relations in issue, and (2) when it will terminate and afford relief from the
20 uncertainty, insecurity, and controversy giving rise to the proceeding." McGraw-Edison
21 Co. v. Preformed Line Products Co., 362 F.2d 339, 342 (9th Cir. 1966). The purpose of the
22 Declaratory Judgment Act is to afford an added remedy to one who is uncertain of his
23 rights and who desires an early adjudication thereof without having to wait until his
24 adversary should decide to bring suit, and to act at his peril in the interim. Id.; see
25 Fresenius Medical Care Holdings, Inc. v. Baxter Intern., Inc., 2006 WL 1646110, at *1
26 (N.D. Cal. 2006) (Armstrong, J.) ("The Federal Circuit has explained that the purpose of
27 declaratory judgment actions in patent cases is 'to provide the allegedly infringing party
28 relief from uncertainty and delay regarding its legal rights.' ") (citing Goodyear Tire &
Rubber Co. v. Releasomers, Inc., 824 F.2d 953, 956 (Fed. Cir. 1987)); Arrowhead Indus.

1 Water, Inc. v. Ecolochem, Inc., 846 F.2d 731, 735 (Fed. Cir. 1988) ("After the [Declaratory
2 Judgment] Act, those competitors were no longer restricted to an *in terrorem* choice
3 between the incurrence of a growing potential liability for patent infringement and
4 abandonment of their enterprises; they could clear the air by suing for a judgment that
5 would settle the conflict of interests.").

6 Here, the Court exercises its discretion to entertain the declaratory judgment
7 counterclaims alleged by Sonics. The Court finds that resolving these counterclaims serves
8 the objectives of the Declaratory Judgment Act. A declaratory judgment will provide
9 Sonics relief from uncertainty and delay regarding its legal rights as to the Arteris Patents.
10 Absent a declaratory judgment, Sonics will be in the position of pursuing arguably illegal
11 behavior or abandoning that which it claims a right to do, i.e., manufacture and sell the
12 SGN product. This is the type of " 'dilemma that it was the very purpose of the Declaratory
13 Judgment Act to ameliorate.' " See Cat Tech, 528 F.3d at 883-884.

14 **C. Severance and Consolidation of Sonics' Counterclaims**

15 **1. Severance of Sonics' Non-Infringement and Invalidity**
16 **Counterclaims**

17 On motion or on its own, the court may at any time, on just terms . . . sever any
18 claim against a party." Fed.R.Civ.P. 21. Severance refers to the process of dividing a case
19 containing multiple claims into "separate actions" and it is governed by Rule 21. Acevedo-
20 Garcia v. Monroig, 351 F.3d 547, 558 (1st Cir. 2003); see Gaffney v. Riverboat Services of
21 Indiana, Inc., 451 F.3d 424, 442 (7th Cir. 2006) (severance under Rule 21 creates two
22 separate actions where previously there was one). When determining whether severance is
23 appropriate under Rule 21, a court may consider the convenience of the parties, avoiding
24 prejudice, promoting expedition and economy, and the "separability of law and logic." See
25 Gaston v. Gottesman, 2007 WL 1114014, at *3 (N.D. Cal. 2007).

26 Here, the Court concludes that there are two sets of distinct and separate
27 counterclaims pending in this action. The first set includes Sonics' declaratory judgment
28 counterclaims against Arteris for non-infringement and invalidity as to the Arteris Patents,

1 while the second set includes Sonics' seven counterclaims against Arteris for infringement
2 of the Sonics Patents. The Court finds that the most efficient approach to resolving these
3 claims is to sever Sonics' declaratory judgment counterclaims as to the Arteris Patents into
4 a separate action and to consolidate the remaining patent infringement counterclaims as to
5 the Sonics Patents into the related Sonics action. Severance of Sonics' non-infringement
6 and invalidity declaratory judgment counterclaims will serve the ends of justice and further
7 the prompt and efficient resolution of those claims as well as facilitate the orderly and
8 efficient disposition of this litigation. Accordingly, Sonics' declaratory judgment
9 counterclaims for non-infringement and invalidity of the Arteris Patents are hereby severed
10 from this action.

11 2. **Consolidation of Sonics' Patent Infringement Counterclaims**

12 "If actions before the court involve a common question of law or fact, the court may:
13 (1) join for hearing or trial any or all matters at issue in the actions; (2) consolidate the
14 actions; or (3) issue any other orders to avoid unnecessary cost or delay." Fed.R.Civ.P.
15 42(a)(2). District courts have broad discretion broad under this rule. See Investors
16 Research Co. v. United States Dist. Ct. for Cent. Dist. of California, 877 F.2d 777, 777 (9th
17 Cir. 1989).

18 The only remaining claims in the instant action are Sonics' seven counterclaims
19 against Arteris for infringement of the Sonics Patents. It is undisputed that Sonics has
20 asserted that Arteris, Inc. has infringed the same seven patents in the related Sonics action.
21 In its motion for voluntary dismissal, Arteris states that it "does not and will not object to
22 consolidating the two related actions such that Sonics' patent infringement claims as they
23 relate to the seven asserted Sonics' patents may proceed together against both Arteris, Inc.
24 and Arteris. . . ." Pl.'s Mtn. at 8. While Sonics did not respond to Arteris' statement in its
25 opposition, Sonics has previously stated that the seven patent infringement counterclaims
26 alleged in the instant action "assert infringement of the same seven patents and accused
27 products asserted in [the related Sonics action]." Sonics action, Dkt. 73. According to
28 Sonics, "[t]he patents and claims asserted against the two Arteris entities are . . . identical."

1 Id.

2 The Court finds that consolidation of the remaining patent infringement
3 counterclaims into the related Sonics action is appropriate. These claims share common
4 questions of law and fact. Resolving the common questions in one consolidated case will
5 serve the interests of judicial convenience and economy as well as conserve the resources
6 of the parties. Both cases involve similar parties, the same accused products, the same
7 technology, and allege infringement of the same seven patents. Allowing these cases to
8 proceed on a parallel track would result in duplicative proceedings and filings and would be
9 unduly burdensome on both the parties and the Court. In light of the substantial similarity
10 of the two actions, the Court concludes that consolidation will not result in any undue
11 delay, confusion, or prejudice. Accordingly, Arteris S.A.S. v. Sonics, Inc., C 12-00434-
12 SBA and the related Sonics action, i.e., Sonics, Inc. v. Arteris, Inc., C 11-05311-SBA, are
13 hereby consolidated for all purposes into one action.

14 **III. CONCLUSION**

15 For the reasons stated above, IT IS HEREBY ORDERED THAT:

- 16 1. Arteris' motion for voluntary dismissal of its patent claims without prejudice
17 under Rule 41(a)(2) is GRANTED.
- 18 2. Arteris' motion to dismiss Sonics' declaratory judgment counterclaims for
19 non-infringement and invalidity as to the Arteris Patents is DENIED.
- 20 3. Sonics' declaratory judgment counterclaims for non-infringement and
21 invalidity as to the Arteris Patents are SEVERED. The Clerk of the Court shall assign a
22 new case number for the severed claims. The new case shall be assigned to the
23 undersigned and opened with this Order. The Clerk shall file the operative pleadings in the
24 instant action in the new case, including: Docket 1 - Complaint for Patent Infringement;
25 Docket 24 - Defendant Sonics, Inc's First Amended Answer to Arteris, S.A.S.'s Complaint
26 for Patent Infringement and Counterclaims; and Docket 28 - Plaintiff and Counter-
27 Defendant Arteris S.A.S.'s Answer to Defendant and Counterclaimant Sonics, Inc.'s
28 Counterclaims. Sonics shall file a second amended answer and counterclaims within

1 fourteen (14) days from the date this Order is filed. Absent leave of Court, the second
2 amended answer and counterclaims shall only allege declaratory judgment counterclaims
3 for non-infringement and invalidity as to the Arteris Patents.

4 A Case Management Conference in the new case is scheduled for **July 11, 2013 at**
5 **2:30 p.m.** Prior to the date scheduled for the conference, the parties shall meet and confer
6 and prepare a joint Case Management Conference Statement. Arteris is responsible for
7 filing the joint statement no less than seven (7) days prior to the conference date. The joint
8 statement shall comply with the Standing Order for All Judges of the Northern District of
9 California and the Standing Orders of this Court. Arteris is responsible for setting up the
10 conference call, and on the specified date and time, shall call (510) 637-3559 with all
11 parties on the line.

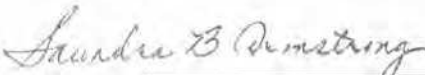
12 4. Arteris S.A.S. v. Sonics, Inc., C 12-00434-SBA and Sonics, Inc. v. Arteris,
13 Inc., C 11-05311-SBA are hereby consolidated for all purposes into one action. All future
14 filings shall be filed under the caption and case number Sonics, Inc. v. Arteris, Inc., C 11-
15 05311-SBA. Sonics shall file a consolidated amended complaint within thirty (30) days
16 from the date this Order is filed. Because the related Sonics action is stayed pending
17 reexamination of six of the seven Sonics Patents, Arteris and Arteris, Inc. shall file a
18 response to the consolidated amended complaint in accordance with Rule 12 of the Federal
19 Rules of Civil Procedure within thirty (30) days from the date the stay is lifted.

20 5. Arteris' motion for partial stay pending reexamination is DENIED as MOOT.

21 6. The Clerk shall close the file and terminate all pending matters.

22 IT IS SO ORDERED.

23 Dated: 4/17/13


24 SAUNDRA BROWN ARMSTRONG
25 United States District Judge
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