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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

REALTEK SEMICONDUCTOR
CORPORATION,

Plaintiff,

v.

LSI CORPORATION and AGERE SYSTEMS
LLC,

Defendant.

Case No. C-12-03451-RMW

**ORDER DENYING DEFENDANTS LSI
CORPORATION AND AGERE
SYSTEMS LLC'S MOTION FOR
CERTIFICATION UNDER 28 U.S.C. §
1292(B).**

[Re Docket No. 112]

On May 20, 2013, the court granted partial summary judgment for breach of contract in favor of plaintiff Realtek Semiconductor Corp. ("Realtek"). Dkt. No. 102 ("May 20 Order"). The court held that defendants LSI Corporation and Agere Systems LLC (collectively "defendants") breached their duty to the Institute of Electrical and Electronics Engineers ("IEEE") to offer a license under RAND terms for its declared standard essential patents by seeking injunctive relief at the International Trade Commission ("ITC") prior to offering Realtek any license with respect to the patents at issue. The court enjoined defendants from enforcing any exclusion order or injunctive relief that the ITC may issue in the ITC action. Defendants appealed the court's injunction to the Ninth Circuit, Appeal No. 13-16070, and now move to certify the partial summary judgment for

1 interlocutory appeal pursuant to 28 U.S.C. § 1292(b). For the reasons set forth below, the court
2 DENIES defendant's motion to certify.

3 4 **I. BACKGROUND**

5 Defendant Agere owns two patents, U.S. Patents Nos. 6,452,958 ("958 patent") and
6 6,707,867 ("867 patent") that it designated as essential to the Institute of Electronic Engineers'
7 ("IEEE") standard for wireless internet connectivity known as "WLAN," "Wi-Fi" or "802.11" (the
8 "802.11 standard").¹ As of 2001, Agere is a wholly owned subsidiary of LSI. Realtek is a
9 Taiwanese integrated circuit designer and supplier, including integrated circuits for WLAN
10 technology. Prior to the release of the 802.11 protocols at issue, in 2003 and 2004, Agere submitted
11 Letters of Assurance, as required by the IEEE Standards Board Bylaws, stating that it "is prepared
12 to grant a license to an unrestricted number of applicants on a worldwide, non-discriminatory basis
13 and on reasonable terms and conditions to comply with the [Proposed] IEEE Standard." Daire Decl.,
14 Ex. D (Dkt. No. 67-6) ("Letters of Assurance") (alteration in original).

15 **A. The correspondence and ITC dispute**

16 On March 7, 2012, several years after the release of the 802.11 protocols, a representative of
17 LSI contacted Realtek and asserted that Realtek products, as incorporated into certain third-party
18 devices, infringe, *inter alia*, the '958 and '867 patents. LSI's March letter did not offer a license, but
19 demanded Realtek to immediately cease and desist from its allegedly infringing activities. Less
20 than one week later, LSI filed a complaint with the ITC naming Realtek and others as respondents
21 and alleging, *inter alia*, that Realtek infringed the '958 and '867 patents. LSI sought: (1) a "limited
22 exclusion order" excluding the accused products from entry into the United States, and (2)
23 "permanent cease-and-desist orders" barring Realtek from, *inter alia*, importing the accused
24 products into the United States. Over a month after LSI instigated the ITC proceeding, Realtek
25 requested that LSI make the '958 and '867 patents available for a RAND license pursuant to
26 defendant's designation of these patents as essential to the IEEE 802.11 standard and their promise
27 in the Letters of Assurance.

28 ¹ For a more detailed description of the history of the 802.11 standard, see the court's Order Granting in Part and Denying in Part Mot. to Dismiss at 2, Dkt. No. 41.

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B. Procedural History

On June 29, 2012, Realtek filed the instant action asserting that defendants breached their RAND licensing obligations by initiating an ITC Section 337 action naming Realtek as a respondent before approaching Realtek with a RAND licensing offer. On May 20, 2013, this court granted partial summary judgment in favor of Realtek on its breach of contract claim and granted a conditional injunction preventing LSI from enforcing any exclusion order or injunctive relief with respect to the IEEE 802.11 standard-essential patents should the ITC grant said relief in the action before it. Order Granting Motion for Partial Summary Judgment, Dkt. No. 102 ("May 20 Order"). This court held that LSI breached their RAND licensing obligations to Realtek by failing to offer a license to the standard essential '958 and '867 patents before filing a Section 337 action at the ITC.

As of the issuance of this order, the ITC has not yet resolved the action before it. The May 20 Order's injunction is still conditional on the ITC's granting injunctive relief to LSI. LSI has appealed this court's injunction to the Ninth Circuit, and now moves this court to certify the grant of partial summary judgment for interlocutory appellate review pursuant to 28 U.S.C. § 1292(b).

II. PARTIES' ARGUMENTS

LSI argues that certification of the court's May 20 Order granting partial summary judgment for interlocutory appellate review is appropriate because: (1) the court's holding that LSI had an absolute duty to offer a RAND license before seeking to commence investigation in the ITC involves a controlling question of law; (2) there are substantial grounds for difference of opinion on this question based primarily on a recent case in the Western District of Wisconsin, *Apple, Inc. v. Motorola Mobility, Inc.*, 2012 WL 5416941 (W.D. Wi. Oct. 29, 2012); and (3) interlocutory appeal would materially advance the termination of the litigation by avoiding additional expense and delay. Defendants also argue that, because they already appealed the court's injunction pursuant to 28 U.S.C. § 1292(a)(1), certifying the issue of partial summary judgment pursuant to § 1292(b) would allow the Ninth Circuit to consolidate the appeals and provide a ruling on defendant's liability before the litigation of damages for breach of contract.

Realtek replies that certification of the breach of contract determination is inappropriate because: (1) contract interpretation is a mixed question of fact and law, which is inappropriate for

1 interlocutory appeal; (2) there is no substantial difference of opinion in this circuit, *see Microsoft*
2 *Corp. v. Motorola, Inc.*, 696 F.3d 872 (9th Cir. 2012), and the Wisconsin case is consistent with this
3 court's holding; and (3) certification would not materially advance the termination of litigation
4 because the breach of contract issue is inextricably bound with the court's conditional injunction
5 which is already before the Ninth Circuit, and the Ninth Circuit may decide not to hear the appeal if
6 it determines that it is premature.

7 III. ANALYSIS

8 Section 1292(b) provides, in part, that when a district judge believes that an otherwise non-
9 appealable order "involves a controlling question of law as to which there is substantial ground for
10 difference of opinion and that an immediate appeal from the order may materially advance the
11 ultimate termination of the litigation," the judge may certify the issue for interlocutory appeal, after
12 which the Circuit Court may, in its discretion, permit the appeal. 28 U.S.C. § 1292(b). Thus, in
13 order for the court to grant certification, there must be (1) a controlling question of law, (2)
14 substantial ground for difference of opinion in reference to that question, and (3) opportunity to
15 materially advance the ultimate termination of the litigation through an immediate appeal.

16 Section 1292(b) is not intended to provide a vehicle for difficult rulings to receive early
17 review, but rather to expedite litigation by permitting early appellate consideration of legal
18 questions which, "if decided in favor of the appellant, would end the lawsuit." *United States v.*
19 *Woodbury*, 263 F.2d 784, 787 (9th Cir. 1959) (For example, issues "relating to jurisdiction or a
20 statute of limitations which the district court has decided in a manner which keeps the litigation
21 alive but which, if answered differently on appeal, would terminate the case."). However, the Ninth
22 Circuit also recognizes that a case dispositive issue is not *required*. *Id.*; *In re Cement Antitrust Lit.*,
23 673 F.2d 1020, 1026 (9th Cir. 1982). Nevertheless, section 1292(b) certification is appropriate
24 "only in exceptional situations in which allowing an interlocutory appeal would avoid protracted
25 and expensive litigation." *In re Cement*, 673 F.2d at 1026. If a court finds that the requirements for
26 certification have been met, it may, but need not, exercise jurisdiction. *See Nat'l Fair Housing*
27 *Alliance et al. v. A.G. Spanos Const. Inc. et al.*, 2008 WL 5273335, at *1 (N.D. Ca. Dec. 16, 2008)
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1 ("Even if the Order meets the criteria for certification under § 1292(b), the court has discretion to
2 grant or deny certification, and its decision is unreviewable.").

3 Whether or not this is a controlling question of law subject to substantial differing opinions
4 (although the court questions whether it is), the court concludes that certification is not justified
5 because defendants fail to satisfy the third criterion for certification. If this court's partial summary
6 judgment were accepted for interlocutory appeal, the Ninth Circuit's decision, no matter which party
7 prevailed, would most likely not materially advance the ultimate termination of the litigation.
8 Unless the Ninth Circuit were to review this court's breach of contract decision and reverse (i.e.,
9 conclude as a matter of law that LSI did not breach its RAND licensing obligations under the
10 Letters of Assurance),² this court would still have to resolve the liability and damages issues at the
11 trial, which is presently set for November. In event that the Ninth Circuit were to grant
12 interlocutory review of the breach of contract issue, defendants admit that this court would be
13 required to stay the present case pending the Ninth Circuit's decision on the breach of contract issue.
14 In exchange for staying (and delaying) the case in this court, the only damages determination that
15 could *potentially*, but is unlikely to, be avoided through certification is the determination of
16 damages that Realtek incurred in defending an unwarranted ITC action. The court would still have
17 to determine what constitutes a RAND royalty. The *possibility* of avoiding some liability³ does not
18 comport with the purpose of § 1292(b) certification, which is to be used only in "exceptional
19 circumstances" not present here. *See In re Cement*, 673 F.2d at 1026.

20 Further, the May 20 Order also made clear that the injunction would not go into effect unless
21 and until the ITC issued an exclusion order or injunctive relief with respect to the patents at issue.
22 May 20 Order 14 n.6 ("This preliminary injunction will only go into effect in the event that the ITC
23 grants an exclusion order or injunctive relief in favor of defendants. The ITC may, of course, still
24 analyze Realtek's claims and defenses independently, and may find no Section 337 violation in any
25 event. In that instance, this preliminary injunction will become moot."). Realtek filed a motion
26 with the circuit court to dismiss defendants' appeal of the injunction on the basis that the injunction

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28 ² Alternatively, the Ninth Circuit could vacate this court's grant of summary judgment and remanding for trial. In this case, the liability issues and damages issues at trial would remain unchanged.

³ The determination of what constitutes a reasonable royalty is still at play.

1 is conditional, and the Ninth Circuit has yet to rule on the appropriateness of that appeal. If the
2 Ninth Circuit declines to hear defendants' appeal of the injunction, certifying the partial summary
3 judgment on the breach of contract issue becomes wholly inappropriate⁴ and certainly will not
4 materially advance termination of litigation. If the Ninth Circuit does hear the appeal of the
5 injunction, the Ninth Circuit will review this court's summary judgment ruling on the breach of
6 contract issue to the extent it deems appropriate in the context of that appeal. The court declines to
7 certify the breach of contract determination for independent interlocutory review.

8 **IV. ORDER**

9 For the foregoing reasons, defendant's motion for certification pursuant to § 1292(b) is
10 DENIED.

11
12 Dated: July 12, 2013



13 RONALD M. WHYTE
14 United States District Judge

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⁴ At oral argument, LSI admitted that it would be satisfied by a conditional certification only in the event that the Ninth Circuit were to hear the appeal of the injunction.