

The Honorable Richard A. Jones

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IN THE UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

<b>MICROSOFT CORPORATION,</b>	)	Civ. Act. 2:11-cv-00485
	)	
Plaintiff,	)	<b>HON HAI PRECISION INDUSTRY</b>
	)	<b>CO., LTD., FOXCONN</b>
v.	)	<b>INTERNATIONAL HOLDINGS</b>
	)	<b>LTD., FOXCONN ELECTRONICS,</b>
<b>BARNES &amp; NOBLE, INC.,</b>	)	<b>INC., AND FOXCONN PRECISION</b>
<b>BARNESANDNOBLE.COM LLC, HON HAI</b>	)	<b>COMPONENT (SHEN ZHEN) CO.,</b>
<b>PRECISION INDUSTRY CO., LTD.,</b>	)	<b>LTD.'S MOTION TO STAY</b>
<b>FOXCONN INTERNATIONAL HOLDINGS</b>	)	
<b>LTD., FOXCONN ELECTRONICS, INC.,</b>	)	<b>NOTE ON MOTION CALENDAR:</b>
<b>FOXCONN PRECISION COMPONENT</b>	)	<b>JUNE 3, 2011</b>
<b>(SHENZHEN) CO. LTD., and INVENTEC</b>	)	
<b>CORPORATION,</b>	)	
	)	
Defendants.	)	
	)	
	)	
	)	

Hon Hai Precision Industry Co., Ltd., Foxconn International Holdings Ltd., Foxconn Electronics, Inc. and Foxconn Precision Component (Shen Zhen) Co., Ltd. (collectively, the "Foxconn Defendants"), by and through their undersigned counsel, make this limited appearance solely for the purpose of moving to stay this action pursuant to 28 U.S.C. § 1659 pending resolution of concurrent proceedings before the United States International Trade Commission ("ITC") involving the same parties and patents involved in the instant action.

**I. INTRODUCTION**

Under 28 U.S.C. § 1659(a), upon a motion to stay by a party who also is named as a respondent in an ITC investigation, a district court action involving the same patent infringement

1 claims as the ITC investigation must be stayed. Recently, the ITC instituted an investigation  
2 based on a complaint filed by the Plaintiff herein, Microsoft Corporation (“Microsoft”) against the  
3 very same list of companies that Microsoft has named as Defendants herein, including (but not  
4 limited to) the Foxconn Defendants. Microsoft’s ITC complaint alleges infringement of U.S.  
5 Patent Nos. 5,778,372, 5,889,522, 6,339,780, 6,891,551, and 6,957,233 (the “patents-in-suit”), the  
6 same patents that Plaintiff asserts in Counts I, II, III, IV and V of this case. Accordingly, because  
7 the Foxconn Defendants face the same patent claims in the ITC as they do in this Court, their  
8 motion to stay Microsoft’s claims against them in this Court must be granted.<sup>1</sup>

9 By making a limited appearance for the purpose of filing this motion to stay, the Foxconn  
10 Defendants, who have not yet been served with process in this action, do not waive any service of  
11 process to which they are entitled, nor do they waive any grounds they might otherwise have for  
12 dismissal of this action pursuant to Federal Rule of Civil Procedure 12, including lack of personal  
13 jurisdiction.

## 14 **II. BACKGROUND**

15 On March 21, 2011, Microsoft filed the instant action, alleging infringement by  
16 Defendants (including, but not limited to, the Foxconn Defendants) of the patents-in-suit. Also on  
17 March 21, 2011, Microsoft filed a Verified Complaint in the ITC requesting that the ITC institute  
18 an investigation against the same list of companies as are Defendants in this action alleging unfair  
19 importation of certain E-reader products accused of infringing the patents-in-suit. *Declaration of*  
20 *Inchan A. Kwon* (“*Kwon Decl.*”), Exhibit A (Verified Complaint of Microsoft Corporation under  
21 Section 337 of the Tariff Act of 1930, as Amended). On April 8, 2011, Microsoft filed an  
22 Amended Verified Complaint in the ITC, with additional exhibits and with amendments to the  
23 language of certain paragraphs. *Kwon Decl.*, Exhibit B (Verified Amended Complaint of  
24 Microsoft Corporation under Section 337 of the Tariff Act of 1930, as Amended). On April 25,  
25 2011, the ITC instituted the investigation (Inv. No. 337-TA-769). *Kwon Decl.*, Exhibit C (*Federal*

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27 <sup>1</sup> The Foxconn Defendants understand that the remaining Defendants are filing motions to stay as  
28 well. If so, a stay of the entire action would be appropriate.

1 Register Notice of Institution of Investigation). While a procedural schedule has yet to be set in  
2 the ITC investigation, the Administrative Law Judge has scheduled a preliminary conference with  
3 the parties for June 2, 2011. *Kwon Decl.*, Exhibit D (Order No. 2: Notice of Ground Rules and  
4 Order Setting Date for Submission of Discovery Statements and Date for Preliminary  
5 Conference).

### 6 **III. ARGUMENT**

#### 7 **A. Pursuant To Statute, Microsoft's Claims Against the Foxconn Defendants** 8 **Must Be Stayed**

9 Upon timely request of a party to a civil action which is also a party to a section 337 ITC  
10 proceeding, 28 U.S.C. § 1659(a) mandates a stay if the civil action involves the same issues raised  
11 in the ITC proceeding:

12 In a civil action involving parties that are also parties to a proceeding  
13 before the United States International Trade Commission under section  
14 337 of the Tariff Act of 1930, at the request of a party to the civil action  
15 that is also a respondent in the proceeding before the Commission, the  
16 district court shall stay, until the determination of the Commission  
17 becomes final, proceedings in the civil action with respect to any claim  
18 that involves the same issues involved in the proceeding before the  
19 Commission, but only if such request is made within - (1) 30 days after the  
20 party is named as a respondent in the proceeding before the Commission,  
21 or (2) 30 days after the district court action is filed, whichever is later.

22 “The purpose of § 1659 is to prevent separate proceedings on the same issues occurring at the  
23 same time.” *In re Princo Corp.*, 478 F.3d 1345, 1355 (Fed. Cir. 2007). This stay is automatic and  
24 non-discretionary. *See Lincoln Elec. Co. v. Atl. China Welding Consumables*, Nos. 1:09 CV 1844,  
25 1:09 CV 1858, 1:09 CV 1869, 1:09 CV 1886, 2010 U.S. Dist. LEXIS 2721, at \*5 (N.D. Ohio Jan.  
26 4, 2010) (noting that “a respondent in an ITC investigation is entitled to an automatic stay in  
27 parallel district court litigation as a matter of right with respect to any claim that involves the same  
28 issues involved in a proceeding before the ITC, until the ITC proceeding is completed. The stay is  
non-discretionary.”).

All counts in the instant action against the Foxconn Defendants must be stayed. First, this  
stay request is timely, as it is filed by the Foxconn Defendants within 30 days after they were

1 named as Respondents in the ITC proceeding on April 19, 2011. Second, the parties and patent  
2 claims are precisely the same. The patents asserted in the ITC proceeding by Microsoft against  
3 the Foxconn Defendants are the same patents asserted in the instant action by Microsoft against  
4 the Foxconn Defendants. *Compare* Dkt. #1 with *Kwon Decl.*, Exhibit B.

5 **B. The Filing of This Motion To Stay Is Not a Waiver of Service Nor of Any**  
6 **Challenges Available to the Foxconn Defendants Under Fed. R. Civ. P. 12**

7 28 U.S.C. § 1659(a) specifically requires that any motion to stay pursuant to that section  
8 must be filed “within - (1) 30 days after the party is named as a respondent in the proceeding  
9 before the Commission, or (2) 30 days after the district court action is filed, whichever is later.”  
10 Although the Foxconn Defendants have not yet been served with the Complaint in this action,  
11 counsel for the Foxconn Defendants could find no legal authority holding that lack of service  
12 alters the timing requirements of § 1659(a) as to the Foxconn Defendants. Therefore, the Foxconn  
13 Defendants are making a limited appearance in this action solely for the purpose of requesting a  
14 mandatory stay under § 1659(a). By such limited appearance, the Foxconn Defendants do not  
15 waive any service of process to which they are entitled, nor do they waive any jurisdictional or  
16 other challenges available to them under Fed. R. Civ. P. 12. *See Wright v. Yackley*, 459 F.2d 287,  
17 291 (9th Cir. 1972) (no waiver of personal jurisdiction as long as jurisdictional challenge timely  
18 asserted no later than any other Rule 12 defenses); *see also Ciolli v. Iravani*, 625 F. Supp. 2d 276,  
19 290-91 (E.D. Pa. 2009) (motion to stay does not seek affirmative relief and thus does not waive  
20 personal jurisdiction). Any such challenges will be asserted on or before the due date for the  
21 Foxconn Defendants to respond to the complaint in this action, whenever such date shall be  
22 established. *See Murphy Brothers, Inc. v. Michetti Pipe Stringing, Inc.*, 526 U.S. 344 (1999)  
23 (“[O]ne becomes a party officially, and is required to take action in that capacity, only upon  
24 service of a summons or other authority-asserting measure stating the time within which the party  
25 served must appear and defend.”).

1 **IV. REQUEST FOR JUDICIAL NOTICE OF EVIDENCE RELIED UPON BY THE**  
2 **FOXCONN DEFENDANTS**

3 Pursuant to Federal Rule of Evidence 201, the Foxconn Defendants hereby request that the  
4 Court take judicial notice of Exhibits A through D attached to the *Kwon Decl.*, which are all  
5 published or publicly-filed documents in connection with ITC Investigation No. 337-TA-769.

6 **V. CONCLUSION**

7 For the foregoing reasons, the Foxconn Defendants respectfully request that the claims  
8 against them be stayed in their entirety until the ITC's determination in ITC Investigation No.  
9 337-TA-769 becomes final.

10 Respectfully submitted,

11 Dated: May 19, 2011

**DORSEY & WHITNEY LLP**

12 /s/ Douglas F. Stewart

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25 *PRECISION COMPONENTS (SHEN ZHEN) CO.,*

*LTD., FOXCONN INTERNATIONAL HOLDINGS*

26 *LTD., AND HON HAI PRECISION INDUSTRY CO.,*

27 *LTD.*

**CERTIFICATE OF SERVICE**

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I, Douglas F. Stewart, certify that on May 19th, 2011, the foregoing HON HAI PRECISION INDUSTRY CO., LTD., FOXCONN INTERNATIONAL HOLDINGS LTD., FOXCONN ELECTRONICS, INC., AND FOXCONN PRECISION COMPONENT (SHEN ZHEN) CO., LTD.'S MOTION TO STAY, a PROPOSED ORDER, and the DECLARATION OF INCHAN A. KWON were filed with the Clerk of the Court using ECF Notification. Counsel were served by ECF Notification and/or via US Mail.

DATED this 19th day of May, 2011.

/s/Douglas F. Stewart \_\_\_\_\_  
Douglas F. Stewart