UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

LAM RESEARCH CORPORATION,

Plaintiff,

v.

DANIEL L. FLAMM, et al.,

Defendants.

DANIEL L. FLAMM,

Plaintiff,

v.

GLOBAL FOUNDRIES U.S. INC.,

Defendant.

DANIEL L. FLAMM,

Plaintiff,

v.

INTEL CORPORATION,

Defendant.

DANIEL L. FLAMM,

Plaintiff,

v.

MAXIM INTEGRATED PRODUCTS, INC.,

Defendant.

Case No. 15-cv-01277-BLF
Related Case Nos. 16-cv-01578-BLF; 16-cv-01579-BLF; 16-cv-01580-BLF; 16-cv-01581-BLF; 16-cv-02252-BLF

ORDER (1) CONDITIONALLY GRANTING JOINT MOTION TO STAY PROCEEDINGS (2) DENYING WITHOUT PREJUDICE MOTION TO DISMISS

[RE: ECF 134]

DANIEL L. FLAMM,

Plaintiff,

v.

MICRON TECHNOLOGY, INC.,

Defendant.

DANIEL L. FLAMM,

Plaintiff,

v.

SAMSUNG ELECTRONICS CO LTD, et al.,

Defendants.

The above-captioned patent infringement actions involve the patent holder, Dr. Daniel L. Dr. Flamm ("Dr. Flamm") who owns patents relating to methods used in the fabrication of semiconductors; the manufacturer, Lam Research Corporation ("Lam") who makes and sells semiconductor fabrication equipment; and a number of Lam's customers including, GLOBALFOUNDRIES U.S. Inc. ("GLOBALFOUNDRIES"), Intel Corporation ("Intel"), Maxim Integrated Products, Inc. ("Maxim"), Micron Technology, Inc. ("Micron"), and Samsung Electronics Co., Ltd., Samsung Electronics America, Inc., Samsung Semiconductor, Inc., and Samsung Austin Semiconductor, LLC (collectively, "Samsung") (collectively together, "customers") who use Lam's products. The Court refers to Lam and its customers, collectively as "chipmakers." Case No. 15-1277 is a declaratory judgment action filed by Lam against Dr. Flamm asserting non-infringement of Dr. Flamm's U.S. Patent Nos. 5,711,849 ("the '849 patent"), 6,017,221 ("the '221 patent"), and RE 40,264 ("the '264 patent") (collectively, the "asserted patents"). The remaining cases are Dr. Flamm's actions claiming infringement of the asserted patents against each of the customers.

Pending before the Court are Dr. Flamm's motion to dismiss Lam's declaratory judgment action and a joint motion to stay by the chipmakers in all of the cases. For the reasons stated

below, the Court CONDITIONALLY GRANTS the joint motion to stay. As a result, the Court DENIES without prejudice Dr. Flamm's motion to dismiss. When the stay is lifted, Dr. Flamm may re-notice its motion to dismiss or file a new motion to dismiss.

I. BACKGROUND[1]

Dr. Flamm is the owner and inventor of the '849, '221, and '264 patents, which claim methods used in manufacturing semiconductors. Exhs. A-C to SAC, ECF 52-4-52-6. Lam designs, manufactures, and sells semiconductor processing tools that are used to fabricate semiconductors. SAC ¶ 2, ECF 52-8; Ans. to SAC ¶ 2, ECF 66.

Around September 2014, Dr. Flamm's attorneys sent letters to some of Lam's customers accusing them of infringing the patents-in-suit. SAC ¶¶ 29-30, Ans. to SAC ¶¶ 29-30. Lam, alleging that it may be required to indemnify its customers, SAC ¶ 47, filed Case No. 15-1277 seeking declaratory judgment of non-infringement on its own part and in regards to its customers. Dr. Flamm responded by filing a Third-Party Complaint against the customers GLOBALFOUNDRIES, Intel, Maxim, and Micron. Third-Party Complaint, ECF 50-4. Dr. Flamm also filed a complaint in the Western District of Texas against Lam's customer Samsung. Case No. 1:15-cv-00613 (W.D. Tx.) at ECF 1. The Court severed Dr. Flamm's claims against GLOBALFOUNDRIES, Intel, Maxim, and Micron, ECF 120, and Dr. Flamm filed new complaints against each of those entities, Case No. 15-1578, 15-1579, 15-1580, 15-1581. On April 22, 2016, the court in the Western District of Texas granted Samsung's motion to transfer the case to the Northern District of California. Case No. 15-2252, ECF 53.

At the same time the parties were engaging in litigation in the district courts, in August 2015, Lam filed five petitions for *inter partes* review directed to all claims of the '221 and '264 patents. In January 2016, Lam filed four additional IPR petitions that are directed towards the '849 and '264 patents. The status of each of the IPR petitions is summarized in the chart below:

Patent	IPR Request Covering Asserted Claim	Instituted?	Anticipated Date of Final Written Decision
'849	2016-00466	No	
'221	2015-01767	Yes	February 24, 2017
'264	2015-01759	No	
	2015-01764	Yes	February 24, 2017
	2015-01766	No	
	2015-01768	Yes	February 24, 2017
	2016-00468	No	
	2016-00469	No	
	2016-00470	No	

Although the customers did not request any of the instituted IPRs or file motions to join them, they have represented that they are willing to agree not to reargue invalidity grounds in the above-captioned cases that the PTAB considers and overrules in final written decisions on the instituted IPR petitions. Reply 1, 3, ECF 138.

II. LEGAL STANDARD

A district court has inherent power to manage its own docket and stay proceedings, "including the authority to order a stay pending conclusion of a PTO reexamination." *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988). A court is under no obligation to stay proceedings pending parallel litigation in the PTAB. *See Aylus Networks, Inc. v. Apple, Inc.*, No. C-13-4700 EMC, 2014 WL 5809053, at *1 (N.D. Cal. Nov. 6, 2014). The factors that courts in this district consider when determining whether to stay litigation are: "(1) whether discovery is complete and whether a trial date has been set; (2) whether a stay will simplify the issues in question and trial of the case; and (3) whether a stay would unduly prejudice or present a clear tactical disadvantage to the nonmoving party." *PersonalWeb Techs., LLC v. Apple, Inc.*, 69 F. Supp. 3d 1022, 1025 (N.D. Cal. 2014).

III. DISCUSSION

The parties dispute whether the Court should defer ruling on the motion to stay until Dr. Flamm's motion to dismiss Lam's Second Amended Complaint is resolved. Dr. Flamm argues

whether federal subject matter jurisdiction has been established especially since the motion to dismiss was filed first. Opp. 2-3, ECF 137. The chipmakers argue that Dr. Flamm's argument overlooks the fact that Dr. Flamm has admitted that regardless of the outcome of the motion to dismiss, subject matter jurisdiction will still exist over Lam's declaratory judgment action. Reply 1, ECF 138 (citing Mot. to Dismiss 4, ECF 64 (noting that "Lam successfully alleges the existence of a case or controversy regarding claim 10 of the '849 Patent….''). As a result, the chipmakers argue that in the interests of conserving judicial and party resources, the motion to stay should be resolved first

The Court agrees with the chipmakers and finds that in the interests of judicial economy, the motion to stay should be decided before the motion to dismiss. First, contrary to Dr. Flamm's argument, the Court does not need to resolve the motion to dismiss to determine whether federal subject matter jurisdiction has been established. By Dr. Flamm's own admission, this Court has subject matter jurisdiction regardless of the outcome of the motion to dismiss. Mot. to Dismiss 4, ECF 64 ("Lam successfully alleges the existence of a case or controversy regarding claim 10 of the '849 Patent…."). Second, the Court notes that Dr. Flamm also filed a prior motion to stay in Case No. 15-1277 that was pending at the same time as his motion to dismiss. Yet, Dr. Flamm never argued that the Court should first rule on his motion to dismiss and defer ruling on his motion to stay; Dr. Flamm's new-found concern about ruling on a motion to dismiss before a motion to stay rings hollow. Accordingly, in the interest of conserving resources and given the fact that Dr. Flamm has admitted subject matter jurisdiction exists, the Court will first rule on the motion to stay.

A. Stage of Litigation

First, the Court looks to the question of whether the litigation has progressed significantly enough for a stay to be disfavored. *See PersonalWeb Techs., LLC*, 69 F. Supp. 3d at 1025. The chipmakers argue that this case is in its early stages because no significant activities have taken place in this case. Mot. 4-5, ECF 134. For example, the chipmakers note that no case schedule has been set yet including dates for (1) claim construction briefing and a hearing, (2) Patent Local Rule disclosures, (3) the close of fact discovery, (4) the close of expert discovery, (5) summary

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