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APPLIED MATERIALS, INC.

11
12 UNITED STATES DISTRICT COURT
13 NORTHERN DISTRICT OF CALIFORNIA
14

15 APPLIED MATERIALS, INC.,
16 Plaintiff,
17 vs.
18 DEMARAY LLC,
19 Defendant.

CASE NO. 5:20-cv-05676-EJD

**APPLIED MATERIALS, INC.'S
ADMINISTRATIVE MOTION FOR
LEAVE TO LODGE NEW
DECLARATORY JUDGMENT
COMPLAINT**

1 Applied Materials, Inc. (“Applied”) submits this administrative motion for leave to lodge
2 a new declaratory judgment complaint against Demaray LLC (“Demaray”), concurrently filed
3 herewith as Exhibit 1. The new declaratory judgment complaint has also been concurrently filed
4 as a new civil action, assigned case number 5:20-cv-9341.

5 On December 16, 2020, the Court denied Applied’s motion for preliminary injunction to
6 enjoin Demaray from proceeding with infringement actions filed against Applied’s customers,
7 finding that Applied did not plead in its operative complaint a sufficient controversy to warrant
8 declaratory judgment jurisdiction. Dkt. Nos. 46, 47. Currently pending before the Court is
9 Demaray’s motion to dismiss the operative complaint for lack of jurisdiction. Dkt. Nos. 39, 42,
10 43. The Court has not yet ruled on Demaray’s motion.

11 Since the filing of Applied’s operative complaint (Sept. 1, 2020, Dkt. No. 13), Demaray’s
12 conduct in both this action and Demaray’s infringement actions against Applied’s customers
13 confirms that there is a substantial controversy between Applied and Demaray. The details
14 supporting this Court’s subject matter jurisdiction are set forth in detail in the new complaint.
15 Under the totality of the evidence and the facts that exist today, which include: (i) the commercial
16 realities of the relationship between Applied and its customers using Applied’s products; (ii)
17 Demaray’s exclusive reliance on Applied’s products in the Customer Complaints; (iii) Demaray’s
18 infringement contentions in the Customer Suits; (iv) Applied’s customers’ confirmation that they
19 do not perform the post-installation modifications to Applied’s reactors that Demaray contended
20 took place; (v) Demaray’s refusal to grant Applied a covenant not to sue; (vi) Demaray’s refusal
21 to inform Applied or the Court in the DJ Action whether it will assert compulsory counterclaims;
22 (vii) Demaray’s requests to obtain discovery from Applied to determine if Applied allegedly
23 infringes; (viii) Demaray’s serving of subpoenas to Applied for discovery regarding the reactors it
24 supplies to Intel and Samsung, including Applied’s configurations of the hardware components
25 Demaray previously alleged that Intel and Samsung configures on their own; and (ix) Demaray’s
26 representations in the Customer Suits that the discovery from Applied is necessary to determine
27 which reactors allegedly infringe—there is a substantial controversy between the parties having
28 adverse legal interests, of sufficient immediacy and reality regarding the Asserted Patents.

1 Demaray's affirmative acts, which include recently utilizing the subpoena power of the
2 court where the customer suits are pending to request documents and deposition testimony from
3 Applied, including documents relating to Applied's reactors supplied to Applied's customers and
4 *Applied's configurations* of those reactors, resolve any prior ambiguity as to whether this Court
5 has subject matter jurisdiction over Applied's claims. In other words, it has become clear that
6 Demaray's customer suits have shifted from purportedly accusing Applied's customers of
7 performing post-installation configurations to Applied's reactors such that Demaray was not
8 accusing "Applied PVD reactors standing alone of infringement," to now accusing Applied of
9 performing the allegedly infringing configurations, and the customers simply using the allegedly
10 infringing reactors as supplied to them by Applied. These recent developments, including
11 Demaray's acknowledgment in the November 30, 2020 Joint Case Management Statement (*see*
12 Dkt. No. 40 at p. 5:6-11, 11:11-14) that it intended to seek discovery from Applied to determine if
13 Applied's configurations allegedly infringe, confirm that there is a substantial controversy
14 between the parties having adverse legal interests, of sufficient immediacy and reality regarding
15 the Asserted Patents.

16 Because subject matter jurisdiction is determined by the facts as they existed at the time of
17 the operative complaint, and these recent developments in the customer suits post-date the
18 operative complaint in this action, Applied has filed the enclosed complaint as a new action to
19 account for the facts as they exist today.

20 However, Applied respectfully submits that it would be more judicially efficient to have
21 this new complaint become operative in this action (or alternatively in a new action before this
22 Court) in light of the Court's familiarity with the facts and procedural posture of this action and
23 the case management conference set for January 21, 2021, Dkt. No. 41. Demaray agrees that if
24 the new complaint is accepted, the case should proceed before this Court. While maintaining its
25 belief that subject matter jurisdiction exists over the original complaint, for purposes of resolving
26 Demaray's pending motion to dismiss, Applied agrees to voluntarily dismiss the operative
27 complaint in view of the Court's prior finding of lack of subject matter jurisdiction.
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Therefore, Applied requests (1) leave to lodge the concurrently filed declaratory judgment complaint, (2) that the Court permit the new complaint to become the operative complaint in this action, and (3) that the Court deny as moot Demaray’s pending motion to dismiss.

Alternatively, with the Court’s approval and guidance, Applied can voluntarily dismiss the operative complaint in this action, proceed with a new-filed action based on the concurrently filed complaint, and take appropriate action to relate the new action with this Court under Local Rule 3-12. Under these circumstances, in the interest of judicial efficiency and avoiding further delay of Applied’s declaratory judgment causes of action, Applied respectfully requests that the Court maintain the currently scheduled January 21, 2021 case management conference.

DATED: December 24, 2020

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