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21 **UNITED STATES DISTRICT COURT**
22 **NORTHERN DISTRICT OF CALIFORNIA,**
23 **SAN FRANCISCO DIVISION**

24 OPTICURRENT, LLC
25
26 Plaintiff,
27
28 vs.
29 POWER INTEGRATIONS, INC.,
30
31 Defendant.

CASE NO. 17-cv-03597-EMC

**PLAINTIFF'S EMERGENCY
MOTION FOR LEAVE TO FILE
SUPPLEMENTAL MOTION FOR
JUDGMENT ON DEFENDANT'S
COUNTERCLAIM AND
AFFIRMATIVE DEFENSE OF
INVALIDITY AND PLAINTIFF'S
OPPOSITION TO DEFENDANT'S
MOTION TO STAY EXECUTION**

DATE: May 28, 2019
TIME: 10:30 a.m.
JUDGE: Hon. Edward M. Chen

1 Plaintiff OPTICURRENT, LLC (“Plaintiff”) makes the following Emergency Motion for
2 Leave to file a Supplemental Motion for Judgment on Defendant POWER INTEGRATIONS,
3 INC.’s (“Defendant”) counterclaim [Dkt. 36 at ¶33] and affirmative defense [Dkt. 36 at ¶24] of
4 invalidity of U.S. Patent No. 6,958,623 (“’623 patent”) (attached as Exhibit A) and Supplemental
5 Opposition to Defendant’s Motion to Stay Execution [Dkt. 313] (attached as Exhibit B). The
6 “emergency” nature of this motion arises from Defendant’s extrajudicial actions on May 3, 2019
7 that will bear upon the merit of certain post-verdict motions set for hearing on May 28, 2019.

8 I. INTRODUCTION

9 Post-verdict motions in this matter are set for hearing on May 28, 2019. One of the
10 motions is Plaintiff’s Motion for Judgment on Defendant’s Counterclaim and Affirmative
11 Defense of Invalidity [Dkt. 238]. Plaintiff made this Motion right before trial, immediately after
12 Defendant represented to the Court at the Final Pretrial Conference on February 11, 2019 that it
13 would not be pursuing its invalidity defense. Plaintiff renewed its Motion at the close of
14 Defendant’s case, and the Court has yet to rule.

15 What neither the Court nor Plaintiff knew at the time was that Defendant had already
16 hatched a plan to derail the Article III court system in the event of an adverse outcome on
17 infringement by, after the adverse judgment, manufacturing a race to an administrative outcome
18 intended to circumvent the authority of this Court. As described below, commentators
19 accurately label Defendant’s strategy “gamesmanship” *See generally*, Peggy P. Ni, “Rethinking
20 Finality in the PTAB Age,” 31 Berk. Tech. L. J. 557, 575 (2016) (noting Defendant’s strategies
21 “create issues of unfairness and gamesmanship . . . that harm[] the public and patent holder.”).¹

22 Despite raising invalidity in the case, submitting an expert report in support of its defense
23 which required Plaintiff to respond, moving for summary judgment on invalidity (and losing),
24 and ultimately forfeiting its defense of invalidity in its entirety at trial while opposing the
25 immediate request for judgment in favor of Plaintiff on this claim, on May 3, 2019 Defendant
26 (through its trial counsel) filed a forty-eight page request for ex parte reexamination of the ‘623
27 patent. Defendant’s request makes the same arguments that were the subject of its invalidity
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¹ For the Court’s ease of reference, a copy may be found at Exh. 1 of the Declaration of Jonathan T. Suder (“Suder Decl.”), submitted concurrently herewith.

1 defense, with the single exception being a purportedly “new” reference that is cumulative at best
2 of the references relied upon by Defendant leading up to trial. Defendant, who makes common
3 use of the inter partes review practice and is sophisticated in the patent infringement litigation,
4 waived filing an IPR, and waived / forfeited any jury determination on its claim of invalidity.
5 But now, months after the jury verdict and judgment, and on the eve of having post-judgment
6 proceedings resolved against it, Defendant is engaging in further abuse of the judicial process
7 similar to that noted in Plaintiff’s Motion for Attorneys’ Fees Under 35 285 [Dkt. 292]. Such
8 gamesmanship should not be countenanced, and the Court should not allow itself to be a pawn in
9 Defendant’s lie-in-wait / waiver strategy.

10 At this point, Plaintiff asks that the Court immediately enter judgment on Defendant’s
11 counterclaim of invalidity effective February 11, 2019² – the day Defendant announced in open
12 Court that it was not pursuing its claim - and nullify its gamesmanship by entering an order
13 denying stay under its proposed appeal bond, and further order Defendant to withdraw its request
14 for reexamination in light of its conduct. Anything short of this result would endorse
15 Defendant’s effort to make a mockery of the sanctity of the judicial process.

16 **II. BACKGROUND**

17 This case was filed on April 1, 2016 [Dkt. 1]. The one year deadline for Defendant to file
18 an inter partes review as to the ‘623 patent has long-since passed. Defendant made the deliberate
19 choice to waive and not to pursue a challenge to the validity of the ‘623 patent before the PTAB
20 via an inter partes review or reexamination.

21 Defendant’s Answer to Plaintiff’s Original Complaint [Dkt. 36] included a counterclaim
22 of invalidity of the ‘623 patent. During the course of the litigation, Defendant served its
23 Invalidity Contentions as required by the local patent rules. Defendant continued its validity
24 challenge through expert discovery, serving an expert report on invalidity that Plaintiff was
25 required to rebut. Defendant moved for summary judgment of invalidity based on one of its
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27
28 ² Such a judgment would be for the avoidance of future disputes. At a technical level, the invalidity case is already over since the Court already entered judgment on the jury verdict [Dkts. 290, 285]. All defenses that could have been raised (such as invalidity) are merged into this judgment. *Foster v. Hallco Mfg. Co.*, 947 F.3d 469, 478 (Fed. Cir. 1991).

1 alleged prior designs but did not move for a judgment of invalidity based on any other reference
2 contained in its invalidity contentions or expert report.

3 At the Final Pretrial Conference on February 11, 2019, Defendant informed the Court
4 that it would not be presenting any evidence relating invalidity, and that the jury would not be
5 asked to make a determination of invalidity:

6 THE COURT: Wait. So you are not asserting invalidity?

7 MR. WARREN: Correct. At trial, we're not going to present evidence to
8 challenge invalidity.

9 THE COURT: So that includes obviousness.

10 MR. SUDER: Written description.

11 THE COURT: Right.

12 MR. SUDER: Anticipation, obviousness. Everything that they have the
13 burden on, yes.

14 THE COURT: All right.

15 Transcript of February 11, 2019 Final Pretrial Conference at 25:5-14.³ See also, *id.* at
16 109:18-110:6⁴:

17 MR. SUDER: The only other thing, Judge, is in light of their statement
18 that they're not seeking to challenge the validity, we would
19 formally ask on the record that judgment be entered on
20 their counterclaim of invalidity and on their affirmative
21 defense of invalidity.

22 MR. WARDEN: I think, Your Honor, we should discuss this amongst
23 ourselves first. I'm not sure whether that's the right
24 approach. We can discuss it.

25 THE COURT: Why don't you discuss that and see if that can be resolved.

26 MR. WARDEN: Okay.

27 THE COURT: So the record is clear, you will not be presenting any
28 evidence or making any argument on invalidity.

MR. WARDEN: That's correct.

THE COURT: Thank you. Appreciate it.

Immediately thereafter, Plaintiff filed its Motion for Judgment on Defendant's
Counterclaim and Affirmative Defense of Invalidity [Dkt. 238]. At trial, Defendant presented no
evidence relating to either invalidity or unenforceability. In fact, lead counsel again made
affirmative representations to the Court that "[w]e simply chose not to pursue our validity
challenges at trial. We have certainly not conceded validity, by any means. It's not an issue in
the case and it's not something I think that should be being argued in effect to the jury to sort of

³ See Exh. 2 to Suder Decl.

⁴ See Exh. 2 to Suder Decl.

1 bolster their infringement case.” Trial Tr., Vol. 2 at 197:17-21.⁵ In response, the Court stated:
2 “The fact is, validity was raised and litigated in this case, and now it is not being raised.” *Id.*, at
3 198:3-4.⁶

4 At the conclusion of Defendant’s case, Plaintiff renewed its motion for judgment. *See*
5 Trial Transcript, Vol. 4 at 783:14-19.⁷ On February 25, 2019, the jury returned a verdict finding
6 infringement, both literally and under the doctrine of equivalents, and resulting damages [Dkt.
7 285]. Little did the Court (or Plaintiff) know what Defendant was up to at the time. Clearly
8 Defendant made a strategic decision to avoid the jury ruling on validity issues so that it could
9 somehow preserve its argument for the Patent Office.

10 At this point, Defendant has waived its defense of invalidity through its failure to present
11 any evidence on this issue at trial. There is no appellate issue of invalidity because this issue was
12 not submitted to the jury. Defendant chose to unequivocally abandon its invalidity defense. In
13 other words, a judgment of validity is final in all respects.

14 **III. POST TRIAL REEXAMINATION REQUEST**

15 On May 3, 2019, Defendant filed its request for reexamination of the ‘623 Patent.
16 Defendant’s reexamination request is comprised of five grounds that it alleges present a
17 substantial new question of patentability: 1) obvious as to Congdon ‘323 patent in combination
18 with QB210T publication; 2) anticipated by Noufer ‘242 patent; 3) anticipated by Morris ‘867
19 patent; 4) obvious as to Noufer ‘242 in combination with Congdon ‘323; and 5) obvious as to
20 Morris ‘867 in combination with Congdon ‘323.

21 This reveals itself to be cynical attempt to generate a new battlefield to keep a validity
22 fight alive and maintain a cloud over Plaintiff’s entitlement to fair compensation, long after
23 Defendant waived and forfeited any argument of invalidity in this Court. On its face, Defendant
24 now begs a federal agency to weigh in on a dispute that this Court was already handling
25 competently, at a time when judgment on the verdict has been entered and trial-court level
26

27 ⁵ See Exh. 3 to Suder Decl.

28 ⁶ As part of this exchange, lead counsel for Defendant represented that it would respond to Plaintiff’s Motion in due course. *See id.* at 198:16-20. Despite this representation, Defendant has never provided any response, and it was clear Defendant was simply trying to obfuscate the issue and speaks volumes as to the tactics at play.

⁷ Exh. 4 to Suder Decl.

1 proceedings have nearly concluded. If there had been a shred of legitimacy to Defendant's
2 filing of a request for reexamination, Defendant would have made that filing long ago. That
3 Defendant does so only after lying in wait and watching all of its other litigation tactics fail
4 speaks volumes.

5 All of the above references, save one (Noufer), were previously raised by Defendant
6 during the litigation. Defendant's expert report on invalidity challenged the validity of the '623
7 patent in light of Congdon's prior '323 patent, the QB210T publication (which was the design of
8 the Congdon '323 patent), and Morris '867 patent. With respect to the only "new" reference,
9 Noufer '242 is cumulative of the Morris '867 patent. In fact, Noufer is cited on the face of the
10 Morris '867 patent. Just like Morris, it fails to anticipate or render obvious the '623 patent, as it
11 does not teach a three terminal non-inverting transistor switch, nor does it disclose a voltage
12 stabilizer or a CMOS inverter for interrupting the flow of current as those terms are used in claim
13 1 of the '623 patent. Simply put, Noufer '242 is no different than Morris '867 and is nothing
14 more than a cumulative reference.

15 **IV. LAW IN SUPPORT**

16 Defendant seeks to advantage itself by manufacturing facts to align with some of a series
17 of cases within which the Federal Circuit addresses the issue of district court judgment "finality"
18 preventing an infringer from circumventing that judgment through use of parallel administrative
19 invalidity proceedings. For example, in *Versata Computer*, the Federal Circuit left the district
20 court damage award and judgment intact, despite the PTAB's later holding that the claims were
21 invalid. *Versata Computer Industry Solutions, Inc. v. SAP AG*, 564 F. App'x 600, 601 (Fed. Cir.
22 2014). Following the district court's initial holding, the Federal Circuit made some procedural
23 rulings that seemed to re-open the judgment to modification, whereupon the patent holder
24 responded by dismissing its claims for injunctive relief leaving the judgment with only a
25 monetary award. As such, the district court on remand found the injunction issue moot, making
26 its previous judgment awarding damages as the "operative" one. *Versata Software, Inc. v. SAP*
27 *Am., Inc.*, No. 2:07-cv-153-RSP, 2014 U.S. Dist. LEXIS 35267, at *6 (E.D. Tex. Mar. 16, 2014)
28 (holding date of previous judgment earlier than PTAB invalidity decision). The Federal Circuit

1 then affirmed. 564 F. App'x at 600. The infringer's "gamesmanship" against the Article III
2 court did not work because operative Article III judgment was completely final (*i.e.*, only
3 payment and collection remained to be done) well before parallel administrative processes
4 concluded.

5 In contrast, the holding in *Fresenius* found that the district court's judgment was not
6 sufficiently final to preclude an intervening rejection of patent claims by the PTO. *Fresenius*
7 *USA, Inc. v. Baxter Int'l, Inc.*, 721 F.3d 1330, 1341 (Fed. Cir. 2013). However, the facts of the
8 case were different from those present in *Versata*. In *Fresenius*, the district court granted a
9 JMOL that *Fresenius* had not proven that the patent claims were invalid. *Id.* at 1332-33. A jury
10 trial later awarded damages to *Baxter* for infringement of three asserted patents, and the district
11 court entered an injunction and post-verdict royalties as well. On appeal, the Federal Circuit
12 affirmed the JMOL with respect to one patent but reversed with respect to the other two patents
13 and remanded the district court to revise the injunction and to edit the existing single money
14 judgment to correct the post-verdict calculation. *Id.* Before that could take place, the
15 reexamination proceedings at the PTO invalidated the relevant claims and the Federal Circuit
16 affirmed the PTO's decision. As such, the affirmed PTO decision pre-dated any properly-final
17 district court judgment because the original district court judgment was vacated and the district
18 court had not yet finished editing the dollar figure. It is significant that the *Fresenius* outcome is
19 unstable at the Federal Circuit, and has drawn sharp criticism: The full Federal Circuit barely
20 denied *en banc* rehearing in a 6-4 vote, revealing disagreement among the Circuit Judges
21 whether the executive branch may nullify an Article III judgment after the fact.

22 Defendant is doubtlessly aware of these legal decisions as backdrop for its May 3 filing.
23 Thus, Defendant shot the starting gun in a cynical (and potentially unconstitutional) race to
24 finality. Defendant's playbook will now be to seek every Article III stay, delay or extension
25 possible, while doing everything in its power to accelerate what it hopes will be an invalidity
26 outcome in its resurrected invalidity attack in the executive branch. This is the conduct that the
27 patent bar recognizes as post-judgment "gamesmanship," now occurring in real time before this
28 Court. Peggy P. Ni, "Rethinking Finality in the PTAB Age," 31 Berk. Tech. L. J. 557, 575

1 (2016).⁸ Fortunately, the Court is not powerless to address the conduct of litigants appearing
2 before it, using a number of tools. Two measures are now particularly ripe: (1) judicial
3 recognition that Defendant no longer has any power to attack validity within the present dispute,
4 and (2) Rule 62 rulings to confirm Defendant will never receive any “fruit of the poisonous tree”
5 of its bad faith actions.

6 **V. SUPPLEMENTAL MOTION FOR JUDGMENT AS A MATTER OF LAW**

7 Here, the moment Defendant abandoned its invalidity defense, the issue as to the validity
8 of the ‘623 patent claims became ripe for final judgment. Defendant had the burden of proof on
9 the issue of invalidity and elected to present no evidence at trial or request the jury to make a
10 determination as to invalidity. To the extent Defendant attempts to rely upon *Fresenius* to now
11 argue that the USPTO can rule on the validity of the ‘623 patent claims following its election to
12 abandon its defense at trial, that case involves a scenario wherein the issue with a claim was still
13 in dispute on appeal. Validity will not be at issue on appeal as Defendant chose to present no
14 evidence at trial on invalidity. This is precisely why Defendant remained silent when Plaintiff
15 asked for judgment on this claim. Therefore, once the Court enters another judgment as to
16 validity, such a judgment will be final and affirmatively preclude Defendant from seeking any
17 intervening contrary USPTO decision.

18 Judge Newman authored a dissenting opinion in *Fresenius*, decrying the very type of
19 action that Defendant is now attempting. In particular, Judge Newman took issue with the
20 majority holding because it “violates the rules of finality, for judgments of Article III courts are
21 ‘final and conclusive upon the rights of the parties.’” *Fresenius*, 721 F.3d at 1378. “However,
22 the constitutional structure does not permit the executive branch to override judgments of the
23 courts. The Constitution ‘prohibits one branch from encroaching on the central prerogatives of
24 another.’” *Id.* at 1348. Defendant now seeks to circumvent the authority of this Court by doing
25 the very tactic Judge Newman cautioned against in *Fresenius*.

26 The PTAB, in a recent precedential opinion authored by the Commissioner Andrei Iancu,
27 echoed the sentiment set forth in Judge Newman’s dissent. *See Valve Corporation v. Electronic*
28

⁸ Exh. 1 to Suder Decl.

1 *Scripting Products, Inc.* (IPR2019-00062, IPR2019-0063, IPR2019-00084) Decision Denying
2 Institution dated April 2, 2019. Specifically, the panel found that the PTAB was within its
3 discretion under 35 U.S.C. § 314 to deny institution of a serial IPR that amounted to an
4 inefficient use of the PTAB's resources. This is also the rationale behind the decision from
5 September 2018 in the *NHK Spring Co. v. Intri-Plex Technologies, Inc.* case (IPR2018-00752),
6 where the PTAB similarly denied institution as being an inefficient use of resources when there
7 was a parallel district court litigation.

8 Plaintiff would request leave to supplement its Motion for Judgment, in order to inform
9 the Court of the recent activities before the USPTO discussed herein, and once again request that
10 another Judgment be entered in favor of Plaintiff confirming the validity of the '623 Patent and
11 dismissing, with prejudice, Defendant's affirmative defense of invalidity [Dkt. 36 at ¶24] and
12 counterclaim of invalidity [Dkt. 36 at ¶33] relating to same based on the representations of
13 counsel effective February 11, 2019. And because any appeal will not address the validity of the
14 '623 patent, that ruling will be final such that it would preclude any subsequent invalidity
15 determination made by the PTAB in connection with the reexamination request.

16 The relief Plaintiff is seeking should not stop there. Because of the fact that Defendant
17 has wasted this Court's time, and required Plaintiff to needlessly expend resources, only to now
18 attempt to circumvent Plaintiff's request to have this issue resolved by the jury, this Court should
19 authorize briefing on injunctive relief ordering Defendant to withdraw its request for
20 reexamination for the reasons articulated by Judge Newman in her opinion in *Fresenius*.
21 Defendant's conduct of putting validity at issue in this case, then failing to seek an IPR or
22 reexamination over the three plus years this case has been pending, then forfeiting the issue at
23 trial, amounts to Defendant's binding concession of patent validity. Since this Court entered
24 judgment already (albeit one specifically mentioning validity has yet to enter), Defendant should
25 be precluded from taking actions inconsistent with its waivers, forfeitures, and res judicata /
26 claim preclusion. The Federal Circuit recently confirmed that this Court has ample authority to
27 direct the litigants before it to withdraw USPTO attacks on validity under the right
28

1 circumstances. *Dodocase VR, Inc. v. MerchSource, LLC*, 2019 U.S. App. LEXIS 11499 (Fed.
2 Cir. Apr. 18, 2019) (nonprecedential).

3
4 **VI. SUPPLEMENTAL OPPOSITION TO DEFENDANT’S MOTION TO STAY**
5 **EXECUTION**

6 Defendant’s conduct in filing the request for reexam at this time, and under these
7 circumstances, is conduct widely recognized as “gamesmanship.” Defendant wants to
8 manufacture from whole cloth a “race” between the present proceedings on the present
9 judgment, and administrative proceedings of its own creation. Defendant also wants Plaintiff to
10 take the risk of Defendant not being able to pay the Judgment if affirmed on appeal. The Court
11 should neutralize these “gamesmanship” tactics with a discretionary order that would guarantee
12 it can never succeed.

13 Namely, if Defendant is successful on appeal and a Judgment is reversed (which is
14 unlikely), then it should be Defendant who takes the risk of seeking reimbursement from
15 Plaintiff for any executed part of a judgment rendered against it. Under Fed. R. Civ. P. 62, and
16 in particular Rule 62(c)(2) relating to patent infringement, this Court has discretion to determine
17 alternative forms of bond to stay execution. Defendant’s currently pending motion concerning
18 the bond concedes that it waives the lodging of a traditional supersedeas bond. Having sought its
19 stay of execution solely on the basis of its request for an alternative security (*viz.*, none), the
20 Court should reject that request in its entirety, permitting immediate collectability. Given
21 Defendant’s underhanded activities and gamesmanship of the judicial process and role of the
22 Article III Judge in a patent lawsuit, such a discretionary ruling is appropriate in this case.
23 Otherwise, Defendant is free to continue playing fast and loose with a district court’s jurisdiction
24 over patent-related matters.

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By: /s/ Jonathan T. Suder
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ATTORNEYS FOR PLAINTIFF
OPTICURRENT, LLC

CERTIFICATE OF CONFERENCE

I hereby certify that on May 9, 2019 I contacted counsel for Defendant and on May 10, 2019 counsel for Defendant indicated Defendant is opposed to this motion.

/s/ Jonathan T. Suder

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the above document was served on all counsel of record via the Court's ECF system on May 13, 2019.

/s/ Jonathan T. Suder