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**UNITED STATES DISTRICT COURT
DISTRICT OF OREGON
PORTLAND DIVISION**

BESANG INC.,

Plaintiff,

v.

INTEL CORPORATION,

Defendant.

Case No. 3:23-cv-00113-HZ

**INTEL CORPORATION'S MOTION
TO EXTEND TEMPORARY STAY
FOR THREE MONTHS**

1- MOTION TO EXTEND TEMPORARY STAY FOR
THREE MONTHS

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I. LR 7-1 CERTIFICATION

Pursuant to LR 7-1(a), counsel for Defendant Intel Corporation (“Intel”) conferred in good faith with counsel for Plaintiff BeSang Inc. (“BeSang”) to attempt to resolve the dispute by telephone conference. BeSang opposes Intel’s stay request.

II. MOTION TO EXTEND TEMPORARY STAY FOR THREE MONTHS

In May and June of this year, non-party Micron and Intel separately filed *inter partes* review (“IPR”) proceedings challenging the validity of the claims of U.S. Patent No. 7,378,702 (the “’702 patent”) that BeSang has asserted against Intel. The Patent Trial and Appeal Board’s (“PTAB”) institution decisions on those IPRs are due in less than three months (by November 28 and December 14, 2023). Since late July, the deadlines in this case have been stayed temporarily by stipulated court order. Intel respectfully requests that the temporary stay be extended for approximately three months until the PTAB issues its institution decisions.

In comparable circumstances, to conserve judicial and party resources, Judge Simon granted a temporary four month stay of claim construction deadlines pending the PTAB’s institution decisions in *Reebok International Ltd. v. TRB Acquisitions LLC*, No. 3:16-CV-1618-SI, 2017 WL 11670214, at *2 (D. Or. Sept. 22, 2017). Similarly, maintaining the status quo by extending the temporary stay in this case for three months would promote efficiency and conserve judicial and party resources without substantial prejudice to BeSang.

III. MEMORANDUM IN SUPPORT OF THE MOTION

A. Background

1. The district court proceedings

BeSang filed this suit against Intel on January 23, 2023, alleging infringement of the ’702 patent. Dkt. 1 ¶¶ 9, 43. The ’702 patent relates to a semiconductor memory structure. *Id.* ¶ 11.

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BeSang accuses former Intel products that incorporated 3D NAND flash memory chips of infringing the patent. *Id.* ¶ 25. On the same day, BeSang also sued Micron in the Eastern District of Texas alleging infringement of the same patent. *BeSang Inc. v. Micron Tech., Inc.*, No. 2-23-cv-00028 (E.D. Tex.).

On May 16, 2023, this Court issued a scheduling order setting deadlines through claim construction. Dkt. 45. On June 26, 2023, BeSang filed a motion to disqualify Intel's counsel. Dkt. 60. In late July, after Intel served invalidity contentions on July 14, 2023, the parties jointly requested a stay of all case deadlines until resolution of BeSang's motion. Dkt. 65. The Court granted that request and indefinitely postponed claim construction disclosures, briefing, and the December 15, 2023, *Markman* hearing; damages contentions; and the date for adding parties or making pleading amendments. Dkts. 45, 66. On August 25, 2023, the Court denied BeSang's motion to disqualify counsel and ordered the parties to confer on a new proposed schedule through claim construction. Dkts. 67, 68. By email to the Court on September 1, 2023, the parties proposed that the case remain stayed until Intel's stay motion is resolved. Bowen Decl. Ex. A. The Court approved that request by return email on September 5, 2023. *Id.*

2. The IPR petitions

The PTAB is currently considering two IPR challenges to the '702 patent. Micron filed its IPR petition on May 4, 2023. *Micron Tech., Inc. v. BeSang Inc.*, IPR2023-00900. Intel filed its IPR petition on June 2, 2023. Bowen Dec. Ex. B (*Intel Corp. v. BeSang Inc.*, IPR2023-00991, Paper No. 2). BeSang has just submitted a preliminary patent owner response to Intel's petition. Bowen Decl. Ex. C (IPR2023-00991, Paper No. 6). The PTAB's institution decisions are due by November 28 and December 14, 2023, respectively. Both the Intel and Micron IPR petitions

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challenge the validity of all three patent claims BeSang asserts against Intel.¹ Intel’s petition identifies two claim terms for construction: (1) “stackable add-on layer . . . the stackable add-on layer [is]/[being] bonded,” and (2) “SOI pillar.” Bowen Decl. Ex. B at 9-16. Intel’s petition presents grounds that render the challenged claims unpatentable under either the construction that comports with the intrinsic record of the patent or the broad construction that BeSang appears to be advancing. *Id.*

IV. LEGAL STANDARDS

A district court has inherent power to stay proceedings to “control the disposition of the causes on its docket with economy of time and effort for itself, for counsel, and for litigants.” *Landis v. N. Am. Co.*, 299 U.S. 248, 254 (1936). Courts in this district weigh three factors to determine whether to stay proceedings: “whether[] (1) discovery is complete and whether a trial date has been set, (2) a stay will simplify the issues in question and trial of the case, and (3) a stay would unduly prejudice or present a clear tactical disadvantage to the non-moving party.” *Garmin Switzerland GmbH v. FLIR Sys., Inc.*, No. 3:17-CV-01147-SB, 2017 WL 6453346, at *2 (D. Or. Dec. 18, 2017) (quotation marks and citation omitted).

Courts weigh these factors to determine whether “the benefits of a stay outweigh the inherent costs of delaying the litigation.” *Id.* (quotation marks and citation omitted). “Courts also look to whether the outcome of the reexamination [or IPR] would be likely to assist the court in determining patent validity and, if the claims were cancelled in the reexamination [or IPR], would eliminate the need to try the infringement issue.” *Reebok*, 2017 WL 11670214, at *2 (quotation marks and citation omitted, alteration in original). “Generally, courts apply a liberal policy in

¹ Micron’s petition challenges claims 13-17. Intel’s petition challenges claims 1 and 13-17.

favor of granting motions to stay proceedings pending the outcome of PTO IPR proceedings.” *Id.* (quotation marks and citation omitted).

V. ALL FACTORS FAVOR EXTENDING THE TEMPORARY STAY FOR THREE MONTHS

A. The Early Stage of This Case Heavily Favors Extending the Temporary Stay

This case is in its infancy. Discovery opened in late April, but due to the temporary stay while BeSang’s motion to disqualify was pending, the parties have exchanged limited written discovery, infringement and invalidity contentions, and a few document productions. The fact that the parties are still negotiating an enhanced protective order for manufacturing process information highlights the nascent stage of this case.

Significant events in a patent case such as claim construction and damages contention disclosures have not occurred, and even the originally set December 15, 2023, claim construction hearing has not been reset. Depositions and expert discovery are even further out on the horizon. No deadlines have been set for the close of fact or expert discovery, and there is no trial date. These circumstances favor a stay. *Robert Bosch Healthcare Sys., Inc. v. Cardiocom, LLC*, No. C–14–1575 EMC, 2014 WL 3107447, at *4 (N.D. Cal. July 3, 2014) (“Where discovery has not yet been completed and a trial date has not been set, courts are more likely to issue stays to save the parties and the Court the unnecessary expenditure of judicial resources.”). Judge Simon reached the same conclusion in a similar case where limited discovery had occurred and there was no trial date. *See Reebok*, 2017 WL 11670214, at *3.

B. Simplification of Issues Favors Continuing the Temporary Stay

Maintaining the current stay would save the Court and the parties significant time and expense “because the PTAB could cancel or amend some or all of the asserted claims,” thereby simplifying any remaining issues in this case. *Anza Tech., Inc. v. Toshiba Am. Elec. Components*

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Inc., No. 17-CV-07289-LHK, 2018 WL 4859167, at *2 (N.D. Cal. Sept. 28, 2018). Allowing the PTAB to evaluate prior art issues first prevents “the Court wasting resources and the parties unnecessarily expending funds addressing invalid claims.” *Reebok*, 2017 WL 11670214, at *4.

Although both pending IPR petitions challenge all claims asserted against Intel, the standard is **not** whether the petitions will necessarily eliminate district court proceedings entirely. *Drink Tanks Corp. v. GrowlerWerks, Inc.*, No. 3:16-CV-410-SI, 2017 WL 2633389, at *5 (D. Or. June 19, 2017). The question is whether the issues will be simplified. *Id.* That would happen “if the PTO narrows or cancels any of the asserted claims, even if other claims remain in their original form.” See *Evolutionary Intel., LLC v. LivingSocial, Inc.*, No. 13-cv-04205-WHO, 2014 WL 213179, at *2 (N.D. Cal. Jan. 17, 2014). Should the PTAB institute review of any asserted claims, Intel will seek a stay of this case until resolution of the IPR proceedings and any related appeals.

Even if the PTAB instituted review and ultimately upheld the challenged claims, the Court would still benefit from allowing the IPRs to proceed first. For example, Intel could be estopped from raising in the district court prior art grounds that it did or could have raised in its own IPR petition, thus simplifying the remaining validity issues to be tried. 35 U.S.C. § 315(e); *Evolutionary Intel., LLC v. Apple, Inc.*, No. C 13-04201 WHA, 2014 WL 93954, at *3 (N.D. Cal. Jan. 9, 2014) (noting potential for estoppel to simplify issues in district court).

Simplification would even result in the unlikely event the PTAB decided not to institute review of the pending petitions. Decisions denying institution may “clarify the scope and interpretation of the asserted claims,” *Anza*, 2018 WL 4859167, at *2, by at least providing the Court with “the expert view of the PTO,” *Viavi Sols. Inc. v. Platinum Optics Tech. Inc.*, No. 5:20-cv-05501-EJD, 2021 WL 1893142, at *1 (N.D. Cal. May 11, 2021) (quotation omitted). *Reebok*, 2017 WL 11670214, at *4 (a stay would “give the Court the benefit of the PTO’s expert opinion”);

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accord PersonalWeb Techs. LLC v. Apple Inc., 69 F. Supp. 3d 1022, 1027-28 (N.D. Cal. 2014) (“Either the claims . . . will become moot, or the Court will have the benefit of the PTAB’s findings. Under both outcomes, the issues in question and trial of the case will be simplified.”). And the benefits of waiting for the PTAB’s analysis are heightened here because the Court “has not yet invested significant resources into familiarizing itself with the technology.”² *Evolutionary Intel., LLC v. Millenial Media, Inc.*, No. 5:13-CV-04206-EJD, 2014 WL 2738501, at *4 (N.D. Cal. June 11, 2014).

Similar circumstances led Judge Simon to enter a four month stay of case events and deadlines tied to claim construction briefing and hearing while awaiting IPR institution decisions. *Reebok*, 2017 WL 11670214, at *4. In reaching that decision, the court observed that “if an IPR is instituted, then undergoing claim construction . . . may end up being a waste of the parties’ and the Court’s resources because the determination of the PTO may be case-dispositive or otherwise affect the Court’s claim construction.” *Id.* After institution by the PTAB, Judge Simon then stayed the case pending the conclusion of the related IPRs. *Reebok*, No. 3-16-cv-01618, Dkt. 78. Similarly, here, marching forward with claim construction, the exchange of damages contentions or other case events when the PTAB’s institution decisions are less than three months away risks wasting significant judicial and party resources. Extending the temporary stay would eliminate that risk and allow the remaining district court case to be simplified by the PTAB’s analysis.

Perhaps most importantly, extending the temporary stay would avoid the risk of inconsistent decisions. *Viavi*, 2021 WL 1893142, at *1; *Speir Techs. Ltd. v. Apple, Inc.*, No. 5:23-cv-00095-EJD, 2023 WL 2714931, at *2 (N.D. Cal. Mar. 30, 2023) (a pre-institution “stay pending IPR will likely simplify the issues in question, avoid inconsistent outcomes, and preserve limited

² The tutorial the Court requested at the scheduling conference has not been calendared yet.

judicial resources from ruling on issues that may change following PTAB review”). Other courts have recognized that there is “little benefit to be gained from having two forums review the validity of the same claims at the same time.” *Evolutionary Intel.*, 2014 WL 93954, at *3.³

C. Absence of Undue Prejudice to BeSang Favors Keeping the Temporary Stay in Place

Extending the temporary stay for three months until the PTAB issues institution decisions will not unduly prejudice BeSang. First, Intel and BeSang are not direct competitors, and BeSang has not alleged any “declining sales and market position” due to Intel’s alleged infringement. See *Garmin*, 2017 WL 6453346, at *5; see generally Dkt. 1. BeSang can still seek monetary relief regardless of any stay. See Dkt. 1, at 25; *Garmin*, 2017 WL 6453346, at *5 (noting that the availability of monetary relief weighed against undue prejudice in imposing a stay); see also *Autoalert, Inc. v. Dominion Dealer Sols., LLC*, No. SACV 12-1661-JST, 2013 WL 8014977, at *3 (C.D. Cal. May 22, 2013) (finding no undue prejudice in part because “Plaintiff’s failure to file for a preliminary injunction in the seven months since it filed its Complaint further suggests that monetary damages will adequately compensate Plaintiff should Defendants be found liable for patent infringement”). Delaying monetary recovery does not qualify as undue prejudice. See *Garmin*, 2017 WL 6453346, at *5; *Contour IP Holding, LLC v. CoPro, Inc.*, No. 17-cv-04738-WHO, 2018 WL 6574188, at *6 (N.D. Cal. Dec. 12, 2018) (patentee “does not compete in any market with [the defendant] and therefore it cannot be prejudiced by a stay because monetary damages provide adequate redress for infringement” (quotation marks and citation omitted)).

³ When district court litigation proceeds in parallel with validity challenges at the PTO, the scale of wasted judicial and party time and resources can be massive. See *Fresenius USA, Inc. v. Baxter Int’l, Inc.*, 721 F.3d 1330 (Fed. Cir. 2013) (PTO reexamination finding that challenged claims were unpatentable upended district court infringement and damages judgment following 10 years of litigation); *Chrimar Sys., Inc. v. ALE USA Inc.*, 785 Fed. App’x 854, 856-58 (Fed. Cir. 2019) (following years of litigation and multiple appeals, jury verdict and award set aside when PTAB decision finding claims unpatentable was affirmed).

Second, “[d]elay inherent in the [IPR] reexamination does not constitute, by itself, undue prejudice.” *Drink Tanks Corp.*, No. 3:16-CV-410-SI, 2017 WL 2633389, at *4 (quotation marks and citation omitted) (citing cases); *Garmin*, 2017 WL 6453346, at *5 (“that factor is present in every case in which a patentee resists a stay and is not sufficient to defeat a stay motion”) (quotation marks and citation omitted). Here, extending the temporary stay for three months pending institution decisions in the IPRs will not unduly harm BeSang. *See Garmin*, 2017 WL 6453346, at *5; *Reebok*, 2017 WL 11670214, at *4.

VI. CONCLUSION

All three factors favor extending the temporary stay of this case pending the PTAB’s institution decisions of the Intel and Micron IPRs. That approach prevents wasting time and effort on issues that may never need to be addressed. It also allows the Court flexibility to revisit whether to stay the entire case once the PTAB issues institution decisions.

DATED: September 15, 2023.

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CERTIFICATE OF SERVICE

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DATED: September 15, 2023

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