

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

CHIEN-MIN SUNG,	:	
	:	
Plaintiff,	:	
	:	
v.	:	Civil Action No. 20-247-RGA
	:	
KINIK COMPANY,	:	
	:	
Defendant.	:	

ORDER DENYING STAY

Plaintiff Sung asserts one patent, issued in 2017, for a claimed “CMP pad dresser,” against Defendant Kinik.

The instant case is another one in the long-running series of disputes between the parties. To date, all U.S. litigation, both in Delaware¹ and in Arizona,² has been stayed pending resolution of parallel Taiwanese litigation dealing with the same parties and many of the same issues. Defendant has moved for a stay in this case too. (D.I. 12). I note some similarity to the decision I made to grant a stay in one of the earlier Delaware cases. (*Sung v. Kinik Co.*, No. 14-1027-RGA, D.I. 49 at 34:9 – 39:15).

¹ In Delaware, *Sung v. Kinik Co.*, No. 14-1026-RGA (filed Aug. 8, 2014, asserting ‘699 patent, voluntarily dismissed on Dec. 31, 2014); *Sung v. Kinik Co.*, No. 14-1027 (filed Aug. 8, 2014, also asserting ‘699 patent, and later amending to also assert ‘243 and ‘498 patents, stayed since Jan. 2016).

² According to Kinik, and undisputed by Plaintiff, the one suit in Arizona, asserting the ‘641 and ‘753 patents, was also stayed in 2016. (D.I. 13 at 8).

Plaintiff is a citizen of the U.S. and Taiwan; he lives in Taiwan. Defendant is Taiwanese.³ The contractual relationship between the parties is defined in a series of agreements, all but one written in Chinese. (D.I. 14 at 2). The contracts are being interpreted under Taiwanese law. (D.I. 13 at 1). Plaintiff challenges that Taiwanese law applies to the contracts (D.I. 17 at 15), but Plaintiff offers nothing in support other than the assertion that Kinik has not proven that Taiwanese law does apply.

Plaintiff essentially says there should be no stay here because the patent he is now asserting—the ‘802 patent—cannot be the subject of the joint venture because it is a continuation-in part and was filed after the joint venture ended on October 28, 2013. (D.I. 18 at 5). But although a continuation-in-part, it appears to claim priority to various provisional patent applications filed in 2011, 2007, 2005, 2005, 2009, and 2010, all of which were filed during the time of the joint venture. The present patent may have new material, but Plaintiff did not represent in the briefing that he does not claim priority back to the time of the joint venture.⁴ Subsequent to the briefing, however, Plaintiff has clearly stated that he only claims priority to October 3, 2014. (D.I. 25; *see also* D.I. 1-1 at 2 of 23).

The parties dispute whether Defendant has the right to practice the patent in view of the joint venture agreement. Kinik’s First Defense challenges Plaintiff’s ownership and right to enforce the patent against Kinik. (D.I. 10 at 10).

³ Plaintiff asserts in its brief that Defendant is a citizen of California. (D.I. 17 at 1). In the complaint, Plaintiff asserts that Defendant is a citizen of Taiwan, which is the basis for the assertion that this case is properly venued in Delaware. (D.I. 1 at ¶¶ 3, 17). Kinik does not contest venue. (D.I. 10, ¶ 17).

⁴ I thought the briefing was ambiguous on this point. Plaintiff’s brief says that the “subject matter added by the ‘802 patent is neither disclosed nor claimed in any family member.” (D.I. 17 at 3; *see also* D.I. 18 at 5). I sought clarification. (D.I. 24). Plaintiff claims a priority date of October 3, 2014; no earlier. (D.I. 25). I do not think this necessarily means that there will be no dispute over the priority date, only that there is a possibility of the infrequent posture that the alleged infringer will be the one arguing for the earlier priority date.

Four months after the suit was filed in this case, Kinik sued Plaintiff in Taiwan in June, 2020, “seeking a declaratory judgment of Kinik’s right to practice, and a judgment transferring the title of, the ‘802 Patent.” (D.I. 13 at 8-9). Plaintiff’s Taiwanese counsel characterizes Kinik’s 2020 Taiwanese lawsuit in essentially the same fashion as Kinik alleges it in its First Defense. (D.I. 19 at 3). Kinik opines that a judgment on the merits of the ‘802 ownership dispute is expected in 2022. Plaintiff opines that “there is no telling as to when [the Taiwanese Court] would reach a decision.” (D.I. 17 at 1).

The parties tell me that the Third Circuit has not stated exactly what the legal standard is that I am supposed to use in considering this motion. Other appellate courts have offered formulations. One standard, adopted by some courts, is the “international abstention” standard. Both parties cite the same case for that standard, which is *Turner Entm’t Co. v. Degeto Film GmbH*, 25 F.3d 1512, 1518 (11th Cir. 1994). The second standard might be referred to as the *Colorado River* abstention standard. See *Finova Capital Corp. v. Ryan Helicopters U.S.A., Inc.*, 180 F.3d 896, 898-99 (7th Cir. 1999). I’m not sure that there is really much difference between them.

Both *Turner* and *Finova* state a principle that I have also seen in some Third Circuit cases, which is that:

Although federal courts have a “virtually unflagging obligation” to exercise the jurisdiction conferred on them by Congress, in exceptional cases, a federal court should stay a suit and await the outcome of parallel proceedings as a matter of “wise judicial administration, giving regard to the conservation of judicial resources and comprehensive disposition of litigation.”

Finova, 180 F.3d at 898; see *Turner*, 25 F.3d at 1518.

I prefer *Finova*’s frame of analysis for deciding the stay issue. I should consider “the identity of the court that first assumed jurisdiction over the [subject matter of the dispute]; the

relative inconvenience of the federal forum; the need to avoid piecemeal litigation; the order in which the respective proceedings were filed; whether federal or foreign law provides the rule of decision; whether the foreign action protects the federal plaintiff's rights; the relative progress of the federal and foreign proceedings; and the vexatious or contrived nature of the federal claim.” *Id.* at 888-89 (edited).

Under one view, the Taiwanese Courts, where Kinik sued Plaintiff in July 2013 (D.I. 15, ¶2), first had jurisdiction over the general disputes between them, that is, the interaction of the joint venture agreements and the intellectual property that was generated under the auspices of the agreements. Under a different view, the specific ‘802 patent was asserted here four months before it was brought up in the most recent Taiwanese suit. Since the parties are in Taiwan, and the agreements are mostly in Chinese, Delaware is relatively inconvenient, at least for resolving issues about who has what rights to the patent. There are issues about piecemeal litigation, since the patent rights can only be decided in the United States, but the ownership of and the rights to practice the patents seem to involve the application of Taiwanese law and would be better decided in Taiwan, particularly since the Taiwanese Courts have already made a lot of decisions (although perhaps not finally) concerning the joint venture agreements. The order in which the proceedings were filed again depends on the view of what are the relevant proceedings. For the patent issues, U.S. law applies. But, I expect, for the meaning of the joint venture agreements, Taiwanese law will apply, and might be controlling under some sort of issue preclusion analysis. The Taiwanese action, I am sure, will protect both parties’ rights in terms of the joint venture agreement, but Taiwan is not a forum where infringement claims can be resolved. In terms of most aspects related to the joint venture agreements, the Taiwanese litigation is advanced, with trial and appellate decisions, although, as I understand it, with no particularly relevant final

decisions. But in terms of the '802 specific litigation, the Taiwanese case has just started. Kinik asserts the patent litigation claim is meritless and therefore vexatious, but that is just an assertion.

On balance, Plaintiff asserts U.S. patent rights for which he has no remedy in Taiwan. He filed in Delaware first on the '802 patent. If he loses in Taiwan on the '802 specific litigation, he might not have any basis for a suit in Delaware. But if he wins in Taiwan, or at least doesn't lose, he will have made no progress on vindicating his patent rights. I think I should deny the stay on this record. *See LG Display Co. v. Obayashi Seikou Co.*, 919 F.Supp.2d 17, 23-25 (D.D.C. 2013), *aff'd without opinion*, 615 F. App'x 954 (Fed. Cir. 2015).

The parties submitted declarations from lawyers based in Taiwan about the various litigations. I think at some point I will need to get a lawyer fluent in Chinese and preferably familiar with the Taiwanese Courts and legal system appointed as a court expert so that I can better understand the eventual final decisions of the Taiwanese Courts. *See* Fed. R. Evid. 706. While I think we need to proceed forward in this case, I hope to take advantage of whatever findings and decisions the Taiwanese Courts have made.

The motion for a stay pending the resolution of related proceedings in Taiwan (D.I. 12) is **DENIED.**

IT IS SO ORDERED this 10th day of December, 2020.

/s/ Richard G. Andrews
United States District Judge