

Hon. Tana Lin

UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

AMERICAN GNC CORPORATION;

Plaintiff,

v.

NINTENDO CO., LTD. and
NINTENDO OF AMERICA INC.,

Defendants.

Case No. 2:23-cv-00302-TL

JOINT STATUS REPORT

Pursuant to this Court's Order (Dkt. 50) requiring a Joint Status Report regarding the status of the pending *inter partes* review ("IPR") of U.S. Patent Nos. 6,508,122 (the "'122 patent") and 6,671,648 (the "'648 patent") (collectively, the "asserted patents"), Plaintiff American GNC Corporation ("AGNC") and Defendants Nintendo Co., Ltd. and Nintendo of America Inc. (collectively "Nintendo") hereby submit the following Joint Status Report.

On September 10, 2024, the PTAB instituted *inter partes* review as to all asserted claims of both asserted patents. (**Exhibits A and B.**) The PTAB also issued a scheduling order. (**Exhibit C.**) Final written decisions are due by September 10, 2025.

Plaintiff American GNC's Party Statement:

American GNC does not dispute Nintendo's request for a stay of *most aspects* of the case until Final Written Decision or other termination of the instituted review proceedings. American GNC notes that the Board has decided an issue of claim construction that was to be disputed between the parties here. *See* Exhibit B at 21-24 ("we further construe the preamble as requiring the IMU to implement the structures recited in the claims as MEMS ... technology"). The Board has also recognized Nintendo's "Sotera stipulation," by which it has agreed to the statutory estoppel that it not raise any invalidity grounds in this district court proceeding that could have been raised before the PTAB. *Id.* at 18-19. Accordingly, further proceedings here on those claims that survive review may benefit from efficiencies arising from litigation of the IPR proceedings.

The Board instituted review of all challenged claims, as it is required to do whenever it institutes on any one claim. *Id.* at 38 (leaving determination on claim 4 for trial because of institution on claim 1). The Board also noted many areas of factual dispute to be further developed and resolved by the trial, including: whether ST Microelectronics is a Real Party in Interest such that failure to name them defeats the Petitions (*id.* at 16-17); whether building an IMU from MEMS sensors in 1999 would have been difficult instead of obvious (*id.* at 34-35); and whether "angular rate signals" must be proportional to angular rate (*id.* at 36).

American GNC expects that fact evidence—including documents evidencing ST Microelectronics' supplier relationship with Nintendo, and including expected testimony from co-inventor Hiram McCall concerning the factual background to American GNC's work in the field at the time of the Asserted Patents—will feature heavily in, and favorably resolve, the pending reviews.

1 For the reasons previously stated and those provided herein, **American GNC respectfully**
 2 **requests that the Court not stay those aspects of discovery that the Court permitted to**
 3 **proceed in its last Order.** D.I. 50.

4 First, American GNC understands that the Court's Letters of Request for international
 5 discovery from ST Microelectronics are in the hands of the respective Swiss and Italian authorities,
 6 and their efforts to obtain compliance from ST Microelectronics N.V. and ST Microelectronics
 7 S.r.l. have begun. It would waste significant effort by the parties, this Court, and those authorities
 8 if this simple discovery were stopped now. American GNC has every reason to believe that ST
 9 Microelectronics will not comply if this Court stays discovery. Indeed, counsel for ST
 10 Microelectronics' United States subsidiary is currently declining to answer correspondence from
 11 American GNC concerning the subpoena served in this case.

12 American GNC therefore respectfully requests, that for reasons of efficiency and judicial
 13 economy, any Order from this Court furthering the partial stay previously granted also clarify that
 14 in-progress international discovery will continue at least until response is obtained to the Court's
 15 issued Letters of Request.

16 Second, while this Court ordered Nintendo to respond to American GNC's interrogatories
 17 13 and 14 (concerning, *e.g.*, its relationship and communications with ST Microelectronics),
 18 Nintendo's response was deficient. For example, Nintendo unilaterally limited its response and
 19 did not identify or assert privilege over **even a single communication**—in response to
 20 Interrogatory 14 requiring it to:

21 Identify and describe any and all communications between You and any STMicro
 22 entity or representative, relating to Nintendo's defenses, contentions, and petitions
 23 concerning the Asserted Patents. For avoidance of doubt, to the extent you claim
 24 privilege over such communications, Your response should include a log sufficient
 25
 26

1 to identify the communications, their participants and dates, and their relation to
2 the privileged claimed.

3 The Boards' institution decisions specifically noted the relevance of, and lack of record
4 evidence concerning, the supplier relationship between Nintendo and ST Microelectronics. *See*,
5 *e.g.*, Ex. B at 14-17. Nintendo's failure to respond to legitimate, Court ordered discovery in this
6 case, has prejudiced, and will continue to prejudice, American GNC in developing such a record.
7 American GNC is currently conferring with Nintendo about a motion to compel a response here,
8 as well as about Nintendo's potential agreement to discovery into these matters in the IPR
9 proceedings themselves—which could potentially obviate the need for such a motion. Nintendo
10 has not agreed to produce any agreements with, or communications with, ST Microelectronics in
11 the IPRs. Absent agreement, this kind of discovery in IPR proceedings is discretionary and may
12 not be granted by the Board on American GNC's anticipated motion there.

13 Relatedly, prior to American GNC's submission of its preliminary responses in the IPRs,
14 Nintendo objected to, and threatened to bring proceedings in response to, any filing (under seal)
15 of a document produced by Nintendo here. *See* Ex. B at 15, n. 12. The Board specifically noted
16 the absence of that document among the reasons it would not yet consider whether the Petitions
17 were time-barred under the real party in interest rules. *Id.* Nintendo based its objection, and threat,
18 on section 4.1 of the Protective Order entered in this case. D.I. 35 at 4 (restricting use of materials
19 to "prosecuting, defending, or attempting to settle this litigation," where "litigation" is not
20 defined).

21 It would be manifestly unjust to allow Nintendo, and ST Microelectronics, to obscure the
22 highly relevant details of their relationship—and create a hole in the record of the IPR
23 proceedings—through discovery non-compliance. It would also be manifestly unjust to allow
24 Nintendo to obtain a full stay of this case pending an IPR, whilst opposing use in that IPR of
25 material already produced, or ordered produced, here. If the proceedings in an IPR may inform
26

1 this case enough to justify a stay, then discovery in this case may fairly inform proceedings in that
2 IPR.

3 American GNC has asked, but is not optimistic that Nintendo will agree to discovery in the
4 IPRs of its communications and agreement(s) with ST Microelectronics, or to identify and/or log
5 those communications there or here. American GNC is therefore conferring, per the local rules,
6 prior to bringing any motion to compel further responses—and/or a motion for interpretation of,
7 or partial relief from, section 4.1 of the Protective Order here. Rather than burden the Court with
8 further argument on these issues here, which could still be mooted by Nintendo’s agreement—
9 American GNC respectfully asks the Court to maintain the status quo established in its last partial
10 stay order, and keep discovery from Nintendo open with respect to its relationship and
11 communications with ST Microelectronics.

12 The factual record identified by the Board as needed for it to address the Real Party in
13 Interest issue in the IPRs has already developed here (*e.g.*, the document for which Nintendo seeks
14 to restrict use under the Protective Order) or has already been ordered here (a response to
15 Interrogatory 14 identifying and describing communications with ST Micro). American GNC will
16 attempt to obtain further discovery from Nintendo on these issues in the IPR proceedings, and
17 would only bring a discovery motion here if necessary. American GNC only asks the Court to
18 maintain the partial nature of the stay long enough to permit Nintendo to comply with *previously*
19 *ordered* discovery, or to explain its non-compliance with something other than unfounded
20 allegations that American GNC hasn’t asked again quickly enough.

21 Finally, American GNC requests that the next status conference with this Court be set no
22 later than 21 days after Final Written Decision or other termination of the instituted review
23 proceedings—allowing the parties to update the Court and to request lifting, or continuation, of
24 the stay as appropriate to the facts then present. Nintendo’s suggestion to wait for exhaustion of
25 all proceedings would allow it to presumptively extend a stay for years by filing any appeals,
26

1 regardless of their merit, and would unduly prejudice American GNC. The question of whether to
2 continue a stay pending either parties' appeal is best addressed after conclusion of the proceedings
3 potentially motivating such an appeal.

4 //

5 //

6 //

Defendant Nintendo's Statement:¹

There is no reason to disturb the existing stay, wasting this Court's valuable time, resources, and energies on newly manufactured discovery disputes that are **not relevant** to this case. This case is **stayed** and should remain stayed pending final exhaustion of the *inter partes* review proceedings. *E.g.*, *WAG Acquisition v. Amazon.com*, No. C22-1424JLR, 2023 WL 1991888, at *3 (W.D. Wash. Feb. 14, 2023) (staying case until final resolution of the IPRs, meaning "issuance of the final written decision and the conclusion of any appeals from the decision"); *Supercell Oy v. Rothschild Digital Media Innovations*, No. C15-1119JLR, 2016 WL 11301128, at *1 (W.D. Wash. Oct. 14, 2016) (in stayed case pending IPR, ordering joint status report 90 days later, given that the parties may request rehearing or appeal to the Federal Circuit); *RealID Spark v. Microsoft*, No. 2:22-CV-00942-TL, 2024 WL 343224, at *2 (W.D. Wash. Jan. 30, 2024) (staying case pending IPR and ordering "joint status" including the "status of any appeal").

All of the reasons for the stay are even stronger now that the Patent Office has **instituted review of all asserted claims**. (*E.g.*, Dkt. 50 at 4 (stage of the case factor: "early stages"); *id.* at 3 (simplification of the case factor: "IPR petitions challenge every asserted claim"); *id.* at 4-5 (undue prejudice factor: "Plaintiff's own delays in prosecuting this action" and "patents that expired").) During the hearing, when the Court asked: "why the client waited six years to file the lawsuit," AGNC's counsel replied: "... Nintendo was put last the lawsuit was not brought until later on when, frankly, my client found counsel that was willing to bring it. So I don't have a good answer for that delay" (5/9/24 Stay H'rg. Tr. 14:19-15:12.) AGNC's counsel likewise "demonstrated a lack of urgency." (Dkt. 50 at 5.) All those facts remain true today. In fact, despite AGNC's suggestions, the Patent Office's institution decisions were made based on express findings that Nintendo had shown a "reasonable likelihood that it will succeed" in its

¹ AGNC's "Statement" should be stricken. The Court requested a joint status report regarding the IPRs (Dkt. 50 at 7), not a lengthy statement about supposed discovery gripes. Nintendo submits that any request for relief by AGNC should be in the form of a motion in accordance with the local rules, which would provide Nintendo with a fair opportunity to substantively respond.

1 IPR challenges. (Ex. A at 54; *see also* Ex. B at 43.) If Nintendo’s IPR challenges succeed, then
 2 this entire case would be **moot**.

3 Also critically, in the stay analysis, for the stage of the case factor, “[t]he proper time to
 4 measure the stage of the litigation’ is at the ‘**date of the filing of the motion to stay.**’” *SRC Labs*
 5 *v. Microsoft*, No. C18-0321JLR, 2018 WL 6065635, at *4 (W.D. Wash. Nov. 20, 2018) (quoting
 6 *VirtualAgility v. Salesforce.com*, 759 F.3d 1307, 1316 (Fed. Cir. 2014) (emphasis added)).

- 7 • Nintendo filed its motion to stay on March 28, 2024. (Dkt. 42.)
- 8 • **Six weeks later**, after the stay motion was fully briefed and after the stay hearing,
 9 AGNC filed its motion for issuance of request for international assistance regarding
 10 STMicro. (*Compare* Dkt. 49 with Dkts. 42, 45, 48.)
- 11 • AGNC also did not serve Interrogatory Nos. 13 and 14 until **five weeks** after
 12 Nintendo filed the IPRs and **two weeks** after Nintendo filed its stay motion,
 13 making Nintendo’s deadline for objecting and responding to those
 14 requests five days **after** the stay hearing.

15 During the stay hearing, AGNC’s counsel stated:

16 And there’s one more that I didn’t mention, but I should because we
 17 have some -- a rog that we served that their responses for are due on
 18 Monday [after the hearing]. Literally, these are rogs about whither
 19 [sic] and to what extent STMicro is indemnifying this case. I very
 20 much want to know the answer to that question, and I don’t want a
 21 stay order the day before the response to that is due, to cut it off.
 22 I should have mentioned that earlier.

23 (5/9/24 Stay H’rg. Tr. 28:6-12.) Nintendo’s counsel responded to the question AGNC’s counsel
 24 asked then, and continues to ask now – “they have not agreed to indemnify us”. (*Id.*, 32:10-16
 25 (answering counsel’s question, and explaining “we don’t see why any of their discovery that’s due
 26 is relevant to what’s going on, so we’d preserve all objections”).)

Accordingly, the Court allowed AGNC to proceed with international discovery of
 STMicro, a “deposition of Hiram McCall” (named inventor),² and asked Nintendo to respond to

² Four months have passed, and AGNC has neither noticed nor deposed Hiram McCall.
 (*Compare* Dkt. 44 at 9 with Dkt. 50 at 7.)

1 the outstanding interrogatories. (Dkt. 50 at 7.) Other than these three limited aspects, the Court’s
 2 order stated: “[i]n all other respects, this matter is STAYED” and “[t]he Clerk of Court SHALL
 3 administratively close this case.” (Dkt. 50 at 7-8.)

4 The Court should reject AGNC’s new attempt to make this Court – in a stayed case – a
 5 discovery magistrate for the IPRs.

6 **Interrogatory Nos. 13-14 and Protective Order:** This “joint statement” is neither a
 7 motion to compel, nor the joint discovery motion procedure detailed in LCR 37(a)(2). In any
 8 event, AGNC seeks to burden this Court with discovery that is plainly **not relevant** to the claims
 9 in this case. If the interrogatory responses had been relevant to this case, AGNC should have
 10 raised any alleged deficiencies four months ago. Instead, AGNC blatantly seeks discovery for the
 11 IPRs: “American GNC will attempt to obtain further discovery from Nintendo on these issues
 12 *in the IPR proceedings*, and would only bring a discovery motion here if necessary” (emphasis
 13 added). If the PTAB believes discovery is needed or relevant to the IPR proceedings, then the
 14 PTAB will order it. AGNC also wrongly suggests that the Board somehow “identified” documents
 15 that it “needed” to address the alleged real party-in-interest issue, when that was a problem entirely
 16 of AGNC’s own making.³ AGNC’s attempt to now burden the Court with discovery issues in a
 17 different forum should be rejected. The Court should decline AGNC’s invitation to reopen this
 18 administratively **closed** case for hearing a “discovery motion” about “issues in the IPR.”

19 **International Discovery of STMicro:** To date, AGNC has not produced the results of
 20 any international discovery received from STMicro. In any event, Nintendo does not oppose
 21 AGNC completing the remaining international discovery of STMicro.

22 **Request for Status Conference:** Nintendo does not oppose AGNC’s request that a

23 ³ For unknown reasons, AGNC delayed raising whether or not a confidential third-party agreement
 24 produced in this litigation could be filed in the IPR until the eve of AGNC’s IPR deadline, even
 25 though it had the standard *three months* to respond. Nintendo promptly responded, including
 26 stating that the agreement involved a third-party, and Nintendo (and its counsel) did not represent
 that third party. Recently, AGNC requested the agreement in the instituted IPRs, and as AGNC’s
 counsel notes above, “this kind of discovery in IPR proceedings is discretionary.”

“status conference with this Court be set no later than 21 days after Final Written Decision or other termination of the instituted review proceedings,” assuming the Court’s calendar is available then. Nintendo notes, however, that parties generally have 63 days to decide whether to file an appeal of Patent Office proceedings. *E.g.*, 37 C.F.R. § 90.3.

Dated: September 24, 2024

/s/ Matthew J. Brigham

/s/ Corey Johanningmeier

Matthew J. Brigham (*pro hac vice*)

Corey Johanningmeier (*pro hac vice*)

Dena Chen (*pro hac vice*)

Michael N. Zachary (WSBA No. 27064)

Patrick W. Lauppe (*pro hac vice*)

BUNSOW DE MORY LLP

COOLEY LLP

701 El Camino Real

3175 Hanover Street

Redwood City, CA 94063

Palo Alto, CA 94304-1130

Telephone: (650) 351-7248

Tel. (650) 843-5000

Facsimile: (415) 426-4744

Fax: (650) 849-7400

cjohanningmeier@bdiplaw.com

Email: mbrigham@cooley.com

mzachary@bdiplaw.com

dchen@cooley.com

plauppe@cooley.com

Attorneys for Plaintiff

AMERICAN GNC CORPORATION

Stephen R. Smith (*pro hac vice*)

1299 Pennsylvania Ave NW, Suite 700

Washington, D.C. 20004

Telephone: +1 202 842 7800

Fax: +1 202 842 7899

Email: stephen.smith@cooley.com

Lawrence D. Graham (Bar No. 25402)

Mark P. Walters (Bar No. 30819)

LOWE GRAHAM JONES

1325 Fourth Avenue, Suite 1130

Seattle, WA 98101

Telephone: +1 206 381 3300

Fax: +1 206 381 3301

Email: graham@lowegrahamjones.com

walters@lowegrahamjones.com

Attorneys for Defendants

NINTENDO CO., LTD., and

NINTENDO OF AMERICA INC.