PUBLIC VERSION

UNITED STATES INTERNATIONAL TRADE COMMISSION

Washington, D.C.

In the Matter of **CERTAIN INTEGRATED CIRCUITS WITH VOLTAGE REGULATORS AND PRODUCTS CONTAINING SAME**	**Inv. No. 337-TA-1024**

ORDER NO. 55: GRANTING RESPONDENTS' UNOPPOSED MOTION TO STAY INVESTIGATION PENDING APPELLATE REVIEW OF IPR FINAL WRITTEN DECISIONS INVALIDATING PATENT-IN-SUIT

(August 31, 2018)

On August 16, 2018, Respondents Intel Corporation, Dell Inc., HP Inc., and Hewlett Packard Enterprise Company (collectively, "Respondents") moved (1024-046) to stay this Investigation pending appellate review of the final written decisions issued by the Patent Trial and Appeal Board ("PTAB") invalidating all asserted claims of U.S. Patent No. 8,233,250 ("the '250 patent"). Complainant R2 Semiconductor, Inc. ("R2") does not oppose the motion and "states that it agrees that judicial economy weighs in favor of a stay pending resolution of the appeal." (Mot. at 1 n.1.) On August 27, 2018, the Commission Investigation Staff ("Staff") filed a response indicating Staff does not oppose the motion.

Respondents explain that, on July 31, 2018, the PTAB issued final written decisions in the *inter partes review* ("IPR") proceedings finding that all claims of the only asserted patent in this Investigation were invalid. (Mem. at 1.) Respondents state: "Specifically, in two comprehensive [final written decisions] totaling nearly 200 pages, the PTAB concluded that 'claims 1-31 of the '250 patent are unpatentable.'" (*Id.* (citing Mot. Exs. 1-2).) R2 "has indicated that it intends to appeal the [final written decisions] to the U.S. Court of Appeals for the Federal Circuit." (*Id.*)

"The Commission and Administrative Law Judges have the power to stay a Section 337 proceeding in appropriate circumstances." *Certain Personal Computer/Consumer Electronic Convergent Devices, Components Thereof, & Prods. Containing Same*, Inv. No. 337-TA-558, Order No. 6 at 8 (Feb. 7, 2006) ("*Personal Computer*"). In determining whether a stay is appropriate, the Commission considers the following factors: "(1) the state of discovery and the hearing date; (2) whether a stay will simplify the issues and hearing of the case; (3) the undue prejudice or clear tactical disadvantage to any party; (4) the stage of the PTO proceedings; and (5) the efficient use of Commission resources."[1] *Certain Semiconductor Chips with Minimized Chip Package Size & Prods. Containing Same*, Inv. No. 337-TA-605, Comm'n Op. at 3 (May 27, 2008) ("*Semiconductor Chips*"). Stays are generally disfavored. *Id.* at 6 (noting "Congress's mandate that section 337 investigations be expeditiously adjudicated . . . and the Commission policy that, to the extent practicable and consistent with requirements of law, investigations be conducted expeditiously to avoid delay").

Respondents argue that these factors weigh in favor of a stay. (*See* Mem. at 2-3.) Respondents assert "that this Investigation presents exceptional circumstances that warrant a stay – including that the asserted patent has already been found invalid . . . and the fact that even the Complainant agrees a stay is appropriate." (*Id.* at 3.) Respondents note that they "are unaware of any other Investigation that proceeded to hearing after the PTAB found all asserted patent claims to be invalid prior to the hearing – let alone where the facts were present and the parties agreed that the case should be stayed." (*Id.*)

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[1] The Commission applied a different standard in considering whether a stay was appropriate in *Certain Network Devices, Related Software & Components Thereof*, Inv. No. 337-TA-945, Comm'n Op. at 4, (Nov. 3, 2017). In that opinion, the Commission was considering whether to stay the enforcement of a remedial order and therefore applied the Federal Circuit's "four part test to assess whether to stay a lower court's remedy pending appeal." *Id.* Because this decision does not involve a stay of agency action and instead involves whether to stay the investigation pending the appeal of a PTAB decision, the undersigned concludes that the factors illuminated in *Certain Semiconductor* should apply.

Staff acknowledges that "[s]taying an investigation without certainty of resolution is contrary to the Commission's statutory mandate to conclude investigations at the earliest practicable time." (Staff Resp. at 5.) Staff does not oppose a stay, however, "[b]ecause both of the private parties desire a stay." (*Id.* at 6.)

A. The State of Discovery and the Hearing Date

The undersigned finds that this factor weighs in favor of a stay. The hearing in this Investigation is over seven months away. (Order No. 54 at 3 (June 12, 2018) (scheduling the hearing for April 3, 2019).) Thus, this case is different from previous requests for stays that have been made on the eve of trial. *See Semiconductor Chips* at 5-6 (finding that this factor weighs against a stay when a stay is requested immediately prior to trial.)

Additionally, while the parties and Staff have already expended resources on this Investigation, a stay now would prevent the parties from expending further resources to complete discovery. As Respondents note: "Absent a stay, the parties would need to engage in fact and expert discovery (including depositions and expert reports), prepare supplemental/revised witness statements, prepare pre-hearing briefs, and prepare for a five-day hearing involving the testimony of more than 20 witnesses." (Mem. at 11; *see also* Order No. 54 at 2-3 (identifying relevant deadlines).)

B. Whether a Stay Will Simplify the Issues and Hearing of the Case

The undersigned finds that this factor weighs in favor of a stay. The Federal Circuit's decision may be case dispositive. *See Personal Computer*, Order No. 6 at 11 ("If all of the claims are cancelled and that determination is made final after appeal, then there would be no reason to continue with this investigation.").) If the patent is invalid, then the Commission will need to terminate the Investigation. Further, "even if the Federal Circuit does not affirm, staying the

Investigation is highly likely to simplify and streamline issues that must ultimately be addressed at the hearing." (Mem. at 2-3.) "If, for example, the Federal Circuit were to reverse and finds that the grounds presented in the IPRs did not render the claims unpatentable, then Respondents would be estopped from asserting these same grounds at the ITC." (*Id.* at 3.) "This estoppel would reduce the number and narrow the scope of issues that would need to be addressed in any subsequent hearing." (*Id.* at 12-13.) In *Semiconductor Chips*, the Commission agreed that this factor weighs in favor of a stay based on reexamination proceedings. Comm'n Op. at 7.

C. The Undue Prejudice or Clear Tactical Disadvantage to Any Party

The undersigned finds that this factor weighs in favor of a stay. Neither the private parties nor Staff believe they will be prejudiced by the stay and, in fact, the private parties believe that judicial economy favors a stay. (*See* Mot. at 1 n. 1.) Additionally, this case is different from other investigations in which this factor has weighed heavily against a stay. In *Semiconductor Chips*, for example, the Commission explained that the patents at issue would be expiring soon and that, due to a backlog at the PTO, the timeline for staying the case was unknown. Comm'n Op at 8. The Commission therefore concluded that the complainant would be deprived of an opportunity to obtain relief. *Id.* Here, the '250 patent is not set to expire for more than ten years. (Complaint Ex. 1 (identifying the filing date of the patent as Dec. 23, 2009).) Accordingly, even after a stay, R2 would have the opportunity to obtain relief.

D. The Stage of the PTO Proceedings

The undersigned finds that this factor weighs in favor of a stay. Here, the PTO has already issued its Final Written Decisions. This case is therefore unlike *Semiconductor* Chips, in which the Commission found that the reexamination proceedings were still at initial phases. Comm'n Op. at 11.

Additionally, appeals before the Federal Circuit generally proceed in a reasonable timeframe. According to the latest Federal Circuit statistics, the median time from docketing to disposition of Federal Circuit appeals from the PTAB in 2018 was thirteen months. *See Median Time to Disposition*, CAFC.USCOURTS.GOV, http://www.cafc.uscourts.gov/sites/default/files/the-court/statistics/Med_Disp_Time_MERITS_table.pdf (last visited August 29, 2018). It is therefore reasonable to expect a decision from the Federal Circuit prior to the current target date of December 2019. (*See* Staff Resp. at 5 n.4 (estimating Federal Circuit decision for around November 2019).)

E. The Efficient Use of Commission Resources

The undersigned finds that this factor weighs in favor of a stay. As Respondents note, "there is significant risk that substantial resources of the CALJ and the Commission (in addition to those of the private parties) would be ultimately wasted by proceeding with nearly eight months of pre-hearing discovery and motions, a five-day evidentiary hearing, an Initial Determination on Violation by the CALJ, and review of the Initial Determination by the Commission." (Mem. at 2.) Additionally, "[i]f this Investigation proceeded to a hearing and the Federal Circuit were then to affirm the PTAB's decision, substantial resources would have been expended needlessly." (*Id.*)

The Commission has previously noted that, in scenarios where the asserted patent could be found invalid, the preservation of Commission resources favor a stay. In *Semiconductor Chips*, for example, the Commission noted: "If the claims are canceled in whole or in part as a result of the reexamination, the stay granted by the ALJ may conserve public and private resources by enabling the Commission to avoid duplicative work and, potentially, obviate the necessity of any hearing at all." Comm'n Op. at 12.

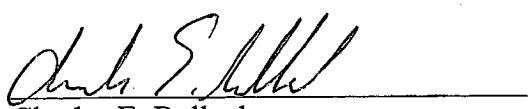
F. Conclusion

For the reasons set forth *supra*, the undersigned finds that all factors favor a stay. While the undersigned acknowledges that stays of section 337 investigations are generally disfavored, it is clear from the Commission's opinions that stays in section 337 investigations *are* permissible. The undersigned believes that this Investigation presents a clear example of when a stay is in the best interest. The private parties all believe that judicial economy favors a stay, and Staff is not opposed. Additionally, the factors present in other investigations – such as a soon-to-expire patent or being at an advanced stage of the investigation combined with being at the initial stages of reexamination – are not present here.

Accordingly, for the above stated reasons, Respondents' motion (1024-046) is hereby granted.

Within seven days of the date of this document, the parties shall submit to the Office of the Administrative Law Judges a joint statement as to whether or not they seek to have any portion of this document deleted from the public version. If the parties do seek to have portions of this document deleted from the public version, they must submit to this office a copy of this document with red brackets indicating the portion or portions asserted to contain confidential business information. The submission may be made by email and/or hard copy by the aforementioned date and need not be filed with the Commission Secretary.

SO ORDERED.



Charles E. Bullock
Chief Administrative Law Judge

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PUBLIC CERTIFICATE OF SERVICE

I, Lisa R. Barton, hereby certify that the **PUBLIC VERSION ORDER NO. 55** has been served by hand upon the Commission Investigative Attorney, **Monisha Deka** and the following parties as indicated, on 10/4/2018.

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