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4   UNITED STATES DISTRICT COURT

5   NORTHERN DISTRICT OF CALIFORNIA

6   SAN JOSE DIVISION

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8   QUICKLOGIC CORPORATION,   Case No.   5:21-cv-04657-EJD

         Plaintiff,
9   **ORDER DENYING DEFENDANTS'**
                                                MOTION TO DISQUALIFY;
10   v.   **GRANTING IN PART AND DENYING**
                                                IN PART PLAINTIFF'S MOTION TO
11   KONDA TECHNOLOGIES, INC., et al.,   **DISMISS**

12   Defendants.   Re: Dkt. Nos. 43, 45

13   Defendants Konda Technologies, Inc., and Dr. Venkat Konda move to disqualify Baker

14   Botts LLP as counsel for Plaintiff QuickLogic Corporation. *See* Konda Technologies, Inc. and

15   Venkat Konda's Motion to Disqualify QuickLogic Corporation's Counsel ("Mot. to DQ"), Dkt.

16   No. 45. On June 23, 2022, Plaintiff filed an opposition, to which Defendants filed a reply. *See*

17   QuickLogic Corp.'s Opposition to Defendants' Motion to Disqualify ("Opp. re DQ"), Dkt. No. 50;

18   *see also* Defendants' Reply to Plaintiff's Opposition to Defendants' Motion to Disqualify ("Reply

19   re DQ"), Dkt. No. 53.

20   Plaintiff separately moves to dismiss Defendants' counterclaims pursuant to Federal Rule

21   of Civil Procedure 12(b)(6). *See* QuickLogic's Motion to Dismiss ("MTD"), Dkt. No. 43. On

22   June 23, 2022, Defendants filed an opposition, to which Plaintiff filed a reply. *See* Defendants'

23   Opposition to QuickLogic Corporation's Motion to Dismiss ("MTD Opp."), Dkt. No. 51; *see also*

24   QuickLogic Corp.'s Reply in Support of its Motion to Dismiss ("MTD Reply"), Dkt. No. 52.

25   Having considered the record in this case, the Parties' papers, and the relevant law, the Court

26   **DENIES** Defendants' motion to disqualify and **GRANTS in part and DENIES in part**

27   Case No.: 5:21-cv-04657-EJD
     ORDER DENYING DEFENDANTS' MOTION TO DISQUALIFY; GRANTING IN PART

United States District Court
Northern District of California

1   Plaintiff's motion to dismiss.[1]

2   **I.   BACKGROUND**

3   **A. Dr. Konda's Interactions with Plaintiff's Counsel**

4   On September 3, 2010, and October 5, 2010, respectively, the Parties executed a Mutual

5   Non-Disclosure Agreement ("2010 Mutual NDA") and a Licensing and Consulting Agreement

6   ("2010 Licensing and Consulting Agreement" or the "2010 CLA"). Pursuant to the 2010

7   Licensing and Consulting Agreement, beginning in September 2010 and continuing through

8   March 2011, Dr. Konda transferred information regarding Konda's intellectual property and work

9   product to QuickLogic's software engineers ("the Project").

10   According to Dr. Konda, the transfer of technology was implemented based on an SRAM

11   cell-based routing architecture and Konda's intellectual property, know-how, and work product in

12   a project led by Tim Saxe, the Chief Technology Officer ("CTO") of QuickLogic. *See* Venkat

13   Konda's Declaration in Support of Motion to Disqualify ("Konda Decl."), Dkt. No. 45-1. Under

14   the Agreement, "Dr. Sax, QuickLogic software engineers, and QuickLogic hardware engineers

15   gained access to Konda's intellectual property, work product, and proprietary implementation

16   details and technical know-how." Konda Decl. ¶ 4. Dr. Konda completed the Project by the date

17   agreed upon by the Parties and received a project completion incentive bonus from QuickLogic.

18   *Id.* ¶ 5. Dr. Konda contends that he "demonstrated a significant savings with the SRAM cell-

19   based routing architecture." *Id.* ¶ 6.

20   After the completion of the Project, Brian Faith, QuickLogic's Chief Operating Officer,

21   and Dr. Saxe met with Dr. Konda and exchanged emails and text messages regarding Konda's

22   technology. *Id.* ¶ 7. Dr. Konda alleges that during the ensuing years, from 2010 until 2021,

23   QuickLogic offered to enter a non-exclusive license or exclusive license for additional patents

24   with Konda. *Id.* ¶ 8. In 2017, QuickLogic obtained consulting services from Konda for a

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27   [1] On July 11, 2022, the Court found these motions appropriate for decision without oral argument
pursuant to Civil Local Rule 7-1(b). *See* Dkt. No. 58.

Case No.: 5:21-cv-04657-EJD
ORDER DENYING DEFENDANTS' MOTION TO DISQUALIFY; GRANTING IN PART

United States District Court
Northern District of California

comparison of "a) Konda Tech's FPGA routing architecture licensed by QuickLogic in 2010, b) FPGA Routing architecture implemented by Flex Logix Technologies, Inc. ("Flex Logix"), which is a competitor to QuickLogic in eFPGA markets, and c) Konda Tech's routing architecture." *Id.* at ¶ 9.

On June 8, 2018, Dr. Konda sent Mr. Faith and Dr. Saxe a text that asked for a reference for a potential licensee. *Id.* ¶ 11. Dr. Konda informed Mr. Faith and Dr. Saxe that he was planning to meet with Flex Logix, a potential licensee, on June 13, 2018. *Id.* ¶ 12. Mr. Faith called Dr. Konda and requested that he cancel the meeting and to fly back to San Jose so that QuickLogic could obtain a license to the additional patents in the Konda Technology Patent Portfolio. *Id.* ¶ 14. Dr. Konda claims that "Mr. Faith told [him] not to meet Flex Logix's attorney [himself] and that [he] should sign up with an attorney to attend [the] meeting." *Id.* ¶ 14. Mr. Faith allegedly said that "he knew a good attorney" and that he would introduce Dr. Konda to the attorney to help "Konda Tech in Konda Tech's patent infringement lawsuit against Flex Logix."[2] *Id.* ¶ 14.

Pursuant to this call, Dr. Konda canceled the meeting and flew back to San Jose to meet with Mr. Faith. *Id.* ¶ 15. During that meeting, Mr. Faith told Dr. Konda that he would make an email introduction to Hopkins Guy, an attorney at Baker Botts LLP and Plaintiff's counsel. *Id.* ¶¶ 15, 16. Dr. Konda spoke with Mr. Guy on June 15, 2018. *Id.* ¶ 17. He then met with Mr. Guy in person on June 20, 2018. *Id.* During that meeting, Mr. Guy inquired about and discussed Konda's portfolio. *Id.* He also inquired about and discussed Konda Tech's patent infringement claims against Flex Logix, namely the statute of limitations for the claim. *Id.* Dr. Konda alleges that during this meeting, Mr. Guy also discussed Konda's status and discussed options and strategies. *Id.* According to Dr. Konda, Mr. Guy never cautioned him not to disclose confidential information or that the information disclosed would be used against him through Mr. Guy's

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[2] It is unclear when Dr. Konda intended to pursue a patent infringement lawsuit against Flex Logix, that is whether the decision occurred *before* or *after* the described meeting.

1   representation of QuickLogic. *Id.* ¶¶ 18, 19.

2   **B. The Scope of this Action**

3   Plaintiff filed this case as a declaratory judgment lawsuit under 28 U.S.C. §§ 1331, 1338,

4   1367, 2201, & 2202 to resolve certain unsubstantiated claims made by Defendants. Specifically,

5   to resolve whether Plaintiff was infringing Defendants' patents. Plaintiff argues that while it is

6   typical for a patent owner to counterclaim for infringement in response to a declaratory judgment

7   suit, Defendants' counterclaims are so conclusory that they mandate dismissal.

8   In August 2021, Defendants moved to dismiss Plaintiff's complaint. *See* Dkt. No. 20.

9   Defendants argued that the Court lacked subject-matter jurisdiction in part because Dr. Konda did

10   not "have any familiarity with the QuickLogic products prior to the present action being filed" and

11   "did not conduct an infringement analysis." *Id.* at 15. In support of these facts, Defendants filed

12   two declarations signed by Dr. Konda. *See* Dkt. Nos. 20-1, 29-1. The Court disagreed with

13   Defendants and concluded that subject-matter jurisdiction existed because, "with the filing of [a]

14   case and desist letter . . . , the controversy between the parties was substantial enough to provide

15   jurisdiction for a declaratory relief action." Dkt. No. 34.

16   Three days after the Court issued its order denying Defendants' motion to dismiss, defense

17   counsel emailed Plaintiff's counsel that "Dr. Konda cannot determine if QuickLogic is infringing

18   any of the patents in the Konda interconnect patent portfolio at this time." Dkt. No. 35-3.

19   Defense counsel proposed delaying the case and engaging in expedited discovery. *Id.* However,

20   less than two weeks later, Defendants filed their Answer and Counterclaims. *See* Answer to

21   Complaint with Jury Demand and Counterclaims ("Answer"), Dkt. No. 35. Defendants allege

22   counterclaims of infringement of the patents identified in Plaintiff's Complaint, plus additional

23   patents. Answer ¶¶ 177–510. Defendants also assert state law claims for (1) breach of contract,

24   (2) breach of the covenant of good faith and fair dealing; and (3) breach of confidential

25   relationship. Answer ¶¶ 107–76.

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27   Case No.: 5:21-cv-04657-EJD
     ORDER DENYING DEFENDANTS' MOTION TO DISQUALIFY; GRANTING IN PART

United States District Court
Northern District of California

C. The 2010 Consulting and License Agreement

On October 5, 2010, the Parties entered the 2010 Consulting and License Agreement. Defendants' counterclaims frequently reference and rely on the 2010 CLA attached to Plaintiff's Complaint. *See* Answer ¶¶ 83–84, 86–88, 90, 92, 99–105. Like the 2010 Mutual NDA, the 2010 CLA contained an integration clause. The 2010 CLA is subject to California law.

The 2010 CLA defines "Konda Intellectual Property" as the "intellectual property listed on Exhibit A to this Agreement." *See* Dkt. No. 1-3 at § 1.1. Exhibit A to the agreement lists several patent applications. *See id.* at Ex. A. The 2010 CLA granted to Plaintiff "a non-exclusive, royalty-free, irrevocable, and world-wide right" license to Konda Intellectual Property:

> **1.2 License Grant.** Subject to payment in full of the one-time, paid-up license fee set forth below, Konda hereby grants to QuickLogic a non-exclusive, royalty-free, irrevocable and world-wide right . . . to reproduce, make derivative works of, publicly perform, publicly display and distribute in any form or medium, whether now known or later developed, and to make, have made, use, import, offer to sell, and sell the Konda Intellectual Property incorporated or used in the programmable logic of QuickLogic products for the purpose of developing and marketing QuickLogic products or otherwise commercializing QuickLogic's technology, but not for the purpose of marketing Konda Intellectual Property separate from QuickLogic products.

Id. at § 1.2. The license grant survives the 2010 CLA's "termination or expiration." *Id.* at § 1.4.

In the 2010 CLA, Konda Technologies also promises to "take all steps reasonably necessary to hold QuickLogic's Confidential Information in trust and confidence[.]" *Id.* at § 3.1. The 2010 CLA contains no promises by Plaintiff to keep any of Konda Technologies' information confidential. *Id.*; *see also id.* at §§ 5.2 & 5.3 (assignment and waiver).

Finally, the 2010 CLA contains two important clauses regarding liability. First, it contains a section regarding informal dispute resolution.

> **8.7 Informal Dispute Resolution.** In the event of any dispute or disagreement between the parties hereto either with respect to the interpretation of this Agreement or the performance of any obligations set forth herein, whether in contract, statute, tort such as negligence or otherwise (each a "Dispute"), an officer of Konda and an officer of QuickLogic shall meet to negotiate and resolve such matters in good faith without resort to formal legal proceedings. If

Case No.: 5:21-cv-04657-EJD
ORDER DENYING DEFENDANTS' MOTION TO DISQUALIFY; GRANTING IN PART

United States District Court
Northern District of California

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