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United States District Court
Northern District of California

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

QUICKLOGIC CORPORATION,

Plaintiff,

v.

KONDA TECHNOLOGIES, INC., et al.,

Defendants.

Case No.   5:21-cv-04657-EJD

ORDER GRANTING IN PART AND DENYING IN PART QUICKLOGIC'S MOTION FOR JUDGMENT ON THE PLEADINGS; GRANTING IN PART AND DENYING IN PART DEFENDANTS' MOTION TO DISMISS; AND ORDER TO SHOW CAUSE

Re: ECF Nos. 66, 76

This matter comes before the Court on cross-motions relating to the question of how Plaintiff QuickLogic Corporation's ("QuickLogic") declaratory judgment claims should be resolved after the Court dismissed the mirror image counterclaims with prejudice. QuickLogic filed a motion for judgment on the pleadings that each of its claims should be dismissed as moot. QuickLogic's Mot. for J. on the Pleadings ("QuickLogic Mot."), ECF No. 66. It also asks the Court to find it the prevailing party and award costs. Defendants Konda Technologies, Inc. and Venkat Konda ("Defendants") oppose QuickLogic's motion and also filed a cross-motion to dismiss the declaratory judgment claims for failure to state a claim and lack of subject-matter jurisdiction. Defs.' Mot. to Dismiss ("Defs.' Mot."), ECF No. 76. Defendants further request that the Court permit discovery into QuickLogic's claims. For the reasons set forth below, the Court finds that it lacks subject-matter jurisdiction over QuickLogic's non-breach of contract claim, that QuickLogic's patent non-infringement claims are moot, that discovery is not appropriate at this stage of litigation, and that QuickLogic is the prevailing party and entitled to costs. As such, the

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1   Court GRANTS IN PART and DENIES IN PART QuickLogic's motion for judgment on the

2   pleadings, and it GRANTS IN PART and DENIES IN PART Defendants' motion to dismiss.

I.   BACKGROUND

On June 16, 2021, QuickLogic filed a complaint for declaratory judgment. Compl., ECF
No. 1. In its complaint, QuickLogic alleged non-breach of a 2010 licensing agreement between
the parties (the "2010 Agreement") and non-infringement of certain patents owned by Defendants.
As to the non-infringement claims, QuickLogic explained that it had licensed certain patent rights
from Defendants pursuant to the 2010 Agreement, so it was seeking a declaration of non-
infringement only as to patents that were unlicensed. *Id.* ¶ 19.

On January 19, 2022, Defendants answered and filed counterclaims alleging patent
infringement, breach of contract, breach of the implied covenant of good faith and fair dealing,
and breach of confidential relationship. Answer & Countercls., ECF No. 35. Thereafter, on
August 2, 2022, the Court dismissed all counterclaims. Aug. 2, 2022 Order ("Prior Order"), ECF
No. 62. The Court permitted Defendants to amend only their breach of contract counterclaim, and
only to the extent they were claiming that QuickLogic failed to follow the informal dispute
resolution procedures called for by the 2010 Agreement. *Id.* at 14, 17. The Court set the deadline
for amendment as September 1, 2022, and it ordered that failure to amend by the deadline would
result in dismissal with prejudice. *Id.* at 17. Defendants did not amend their counterclaim.

Subsequently, on September 29, 2022, QuickLogic filed its motion for judgment on the
pleadings. *See* QuickLogic Mot. On December 14, 2022, Defendants filed their opposition and
cross-motion to dismiss, which they styled as a motion under Federal Rule of Civil Procedure
12(h). *See* Defs.' Mot. Because Rule 12(h) describes when certain defenses are waived but does
not provide a basis for raising those defenses in a motion, the Court will construe Defendants'
cross-motion as one raised under Rules 12(b)(1) and 12(c).

II.   LEGAL STANDARD

A.   Rule 12(c) Motion

Rule 12(c) permits a party to move for judgment on the pleadings "[a]fter the pleadings are

1   closed—but early enough not to delay trial." Fed. R. Civ. P. 12(c). "Because a Rule 12(c) motion

2   is 'functionally identical' to a Rule 12(b)(6) motion," courts apply the same standard for both.

3   *Gregg v. Haw., Dep't of Pub. Safety,* 870 F.3d 883, 887 (9th Cir. 2017) (quoting *Cafasso v. Gen.*

4   *Dynamics C4 Sys., Inc.* 637 F.3d 1047, 1054 n.4 (9th Cir. 2011)). On a Rule 12(c) motion, courts

5   "must accept all factual allegations in the complaint as true and construe them in the light most

6   favorable to the non-moving party." *Fleming v. Pickard*, 581 F.3d 922, 925 (9th Cir. 2009). A

7   complaint will survive such a motion only if it "contain[s] sufficient factual matter, accepted as

8   true, to 'state a claim to relief that is plausible on its face.'" *Ashcroft v. Iqbal,* 556 U.S. 662, 678

9   (2009) (quoting *Bell Atl. Corp. v. Twombly,* 550 U.S. 544, 570 (2007)).

10   **B.   Rule 12(b)(1) Motion**

11   A party may contest subject-matter jurisdiction by filing a Rule 12(b)(1) motion. Fed. R.

12   Civ. P. 12(b)(1). A challenge may be "facial," where the party argues that there is a lack of

13   jurisdiction on the face of the complaint, or it may be "factual," where the party presents evidence

14   demonstrating the lack of jurisdiction on the facts of the case. *Johnson v. Tom*, 2019 WL

15   4751930, at *1 (N.D. Cal. Sept. 30, 2019) (first citing *Wolfe v. Strankman*, 392 F.3d 358, 362 (9th

16   Cir. 2004); and then citing *Safe Air for Everyone v. Meyer*, 373 F.3d 1035, 1039 (9th Cir. 2004)).

17   Here, Defendants raise a facial attack because they submit no evidence in support of their motion.

18   Thus, the Court evaluates Defendants' jurisdictional challenge "as it would a motion to dismiss

19   under Rule 12(b)(6): Accepting [QuickLogic's] allegations as true and drawing all reasonable

20   inferences in [QuickLogic's] favor, the [C]ourt determines whether the allegations are sufficient as

21   a legal matter to invoke [its] jurisdiction." *Leite v. Crane Co.*, 749 F.3d 1117, 1121 (9th Cir.

22   2014) (citing *Pride v. Correa*, 719 F.3d 1130, 1133 (9th Cir.2013)).

23   **III.   DISCUSSION**

24   As the Court's subject-matter jurisdiction is a threshold matter, the Court first addresses

25   the issue of its jurisdiction over QuickLogic's non-breach of contract claim before turning the

26   parties' arguments regarding mootness. The Court then addresses Defendants' request for

27   discovery and QuickLogic's request to be declared the prevailing party and awarded costs.

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1   **A.   Subject-Matter Jurisdiction**

2   The federal courts "are courts of limited jurisdiction." *Gunn v. Minton*, 568 U.S. 251, 256

3   (2013) (citation omitted). So, if a district court "determines at any time that it lacks subject-matter

4   jurisdiction, [it] must dismiss the action." Fed. R. Civ. P. 12(h)(3). Although QuickLogic brings

5   its claims under the Federal Declaratory Judgment Act, that statute "does not by itself confer

6   federal subject-matter jurisdiction." *Nationwide Mut. Ins. Co. v. Liberatore*, 408 F.3d 1158, 1161

7   (9th Cir. 2005). Instead, QuickLogic was "required to plead an independent basis for federal

8   jurisdiction." *Id.*

9   Here, it is apparent that the Court does not have original jurisdiction over QuickLogic's

10 non-breach of contract claim. Contract is an archetypical state law cause of action, so federal

11 question jurisdiction does not apply. *See* 28 U.S.C. § 1331. The complaint also pleads that all

12 parties are California citizens, so diversity jurisdiction does not apply either. *See* 28 U.S.C.

13 § 1332. And QuickLogic identifies no other statute conferring original jurisdiction as to its non-

14 breach of contract claim.

15   However, even when a court lacks original subject-matter jurisdiction, it may still exercise

16 supplemental jurisdiction "over all other claims that are so related to claims in the action within

17 such original jurisdiction that they form part of the same case or controversy under Article III of

18 the United States Constitution." 28 U.S.C. § 1367(a). In turn, claims are part of the same case or

19 controversy under Article III if they "derive from a common nucleus of operative fact" such that a

20 plaintiff "would ordinarily be expected to try them all in one judicial proceeding." *United Mine*

21 *Workers of Am. v. Gibbs*, 383 U.S. 715, 725 (1966).

22   Defendants argue that supplemental jurisdiction is lacking because the alleged breach of

23 the 2010 Agreement's informal dispute resolution clause is wholly unrelated to any of the patent

24 infringement alleged in this action. Defs.' Mot. at 12. In their view, this means that the non-

25 breach of contract claim does not share a common nucleus of operative fact with QuickLogic's

26 patent non-infringement claims (over which the Court does have original jurisdiction under the

27 federal patent laws). *Id.* QuickLogic responds that Defendants have "previously embraced this

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1 Court's jurisdiction for [their] breach [of contract] counterclaim." QuickLogic Reply at 14, ECF

2 No. 77. QuickLogic also suggests that the breach of contract counterclaim was based in part of

3 QuickLogic's alleged patent infringement, creating a common nucleus of operative fact between

4 the contract and patent counterclaims. *Id.* QuickLogic does not explain why its focuses on

5 Defendants' breach of contract counterclaim rather than its own non-breach of contract claim, but

6 it appears to be implicitly arguing that a finding of jurisdiction as to the counterclaims is equally

7 applicable to QuickLogic's claims because the counterclaims are mirror images of QuickLogic's

8 claims.

9   At the outset, the Court notes that "[s]ubject-matter jurisdiction can never be waived or

10 forfeited," so it is irrelevant that Defendants purportedly "embraced" the Court's jurisdiction

11 previously. *Gonzalez v. Thaler*, 565 U.S. 134, 141 (2012). Indeed, objections to subject-matter

12 jurisdiction "may be resurrected at any point in the litigation, and a valid objection may lead a

13 court midway through briefing to dismiss a complaint in its entirety." *Id.* This is so even if

14 "[m]any months of work on the part of the attorneys and the court may be wasted." *Id.* (quoting

15 *Henderson ex rel. Henderson v. Shinseki*, 562 U.S. 428, 435 (2011)). Consequently, the Court

16 must substantively consider whether it has jurisdiction over the non-breach of contract claim. The

17 Court finds that it does not.

18   Although QuickLogic suggests the contract and patent infringement claims in this action

19 are inextricably linked, QuickLogic leaves out an important fact: The patents for which

20 QuickLogic raised claims of non-infringement are *not* the patents that were licensed under the

21 2010 Agreement. Compl. ¶ 19. *Compare id.*, *with* Compl., Ex. 3 ("2010 Agreement") at 7–8,

22 ECF No. 1-3 (list of licensed intellectual property). In fact, QuickLogic takes pains to emphasize

23 this point in its complaint, stating that, because "QuickLogic is licensed to certain patent rights in

24 the Patent Portfolio pursuant to the 2010 Agreement . . . only the *unlicensed patents* in the Patent

25 Portfolio are at issue in this case." Compl. ¶ 19. Since the patents for which QuickLogic seeks a

26 declaration of non-infringement are mutually exclusive with the intellectual property licensed

27 under the 2010 Agreement, its patent non-infringement claims do not share a common nucleus of

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