

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

ADVANCED MICRO DEVICES, INC. ET
AL.,

v.

TCL INDUSTRIES HOLDINGS Co., LTD.,
ET AL.

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CASE NO. 2:22-cv-00134-JRG-RSP

**DEFENDANT REALTEK SEMICONDUCTOR CORP.’S MOTION TO STRIKE
PLAINTIFFS’ SECOND AMENDED COMPLAINT, AND FOR AN ORDER TO SHOW
CAUSE AS TO WHY PLAINTIFFS SHOULD NOT BE HELD IN CONTEMPT FOR
VIOLATING THE COURT’S ORDER STAYING THIS CASE IN ITS ENTIRETY**

Defendant Realtek Semiconductor Corp. (“Realtek”) respectfully moves to strike Plaintiffs’ Second Amended Complaint for Patent Infringement; Declaratory Judgment of No Breach of Contract; and Declaratory Judgment of No License (“Second Amended Complaint”). Plaintiffs Advanced Micro Devices, Inc. and ATI Technologies ULC (collectively, “AMD”) filed the Second Amended Complaint on March 9, 2023, six months after this Court’s September 12, 2022 Order staying this case “in its entirety.” Dkt. 65 at 3. AMD cannot claim ignorance of the Court’s order because the Court entered it at AMD’s insistence, over Realtek’s objection. AMD has flouted the Court’s order by filing an amended complaint without first seeking an order lifting the stay. Indeed, AMD’s Second Amended Complaint contradicts the Court’s specific instructions within the order staying this case—which permit only one subsequent, and joint, submission. AMD’s actions are doubly concerning because the license at issue in AMD’s new claims expressly requires parties to bring all claims arising out of the license in either Santa Clara Superior Court or the Northern District of California. Realtek has met and conferred with AMD, in hopes of

convincing it to withdraw the unauthorized and unjustified Second Amended Complaint, but AMD refuses to do so. Realtek therefore respectfully asks the Court to strike Defendant's Second Amended Complaint, and requests an order to show cause as to why AMD should not be held in contempt.

I. Statement of Facts

A. AMD's Motion to Stay this Litigation and the Court's September 12, 2022 Order Granting that Motion

AMD filed this action against Realtek on May 5, 2022, alleging infringement of five U.S. patents. Dkt. 1. AMD filed a Motion for a Discretionary Stay, Dkt. 37, which Realtek opposed. Dkt. 43. The Court granted AMD's motion to stay, and ordered that this case "be stayed *in its entirety* until final resolution" of the parallel ITC proceeding on September 12, 2022. Dkt. 65 at 3 (emphasis added). The Court's stay order allows only a single subsequent filing: "a *joint* notice within 30 days from the resolution of the ITC Proceeding" that "inform[s] the Court of the outcome of the ITC Proceeding and whether the stay should be lifted in this case." *Id.* (emphasis added).

B. Realtek's Letter to AMD Warning of Forthcoming Breach of License Claims and Identifying the Venue in Which Realtek Was Required to Bring those Claims

Realtek sent a letter to AMD on March 7, 2023 notifying AMD of its intention to bring an action in Northern California against AMD for breaching a license that protects Realtek against the claims AMD brought in the ITC and before this Court alleging that Realtek infringes U.S. Patent No. 11,184,628.¹ Dkt. 69 Ex. C. In that letter, Realtek explained that the License

¹ Realtek provided advance notice to AMD of its intention to bring claims pursuant to the notice provisions in the License Agreement and pursuant to the strong preference in the N.D. California for pre-suit letters. See https://www.khronos.org/files/member_agreement.pdf (cited in Dkt. 69 Ex. C, at 1 n.1); see also Dkt. 69 Ex. C at 2 n.2. As Northern District of California Judge Alsup has explained, "[c]ease-and-desist letters can efficiently lead to a resolution and save vast resources." *Sonos v. Google LLC*, No. C 21-07559 WHA, at 5 (N.D. Cal. Mar. 16, 2022).

Agreement provides a license to companies, such as Realtek, in “the normal tiers of distribution” for Arm, including “resellers, distributors, dealers, and authorized manufacturers and others in the distribution channel.” *Id.* at 2. The letter identified that AMD’s infringement contentions target the Arm GPU that Realtek sells within its accused systems-on-a-chip (“SoCs”), and Realtek therefore has the benefit of Arm’s license from AMD. Realtek’s letter further informed AMD that, unless it withdrew its claims, Realtek would bring breach of license claims against AMD in the Northern District of California, which has exclusive jurisdiction over such claims pursuant to the license agreement. Specifically, the agreement provides:

The parties hereby agree that *any dispute* regarding the interpretation or validity of, or otherwise arising out of, this Agreement shall be subject to the *exclusive jurisdiction* of the California state courts of Santa Clara, County (or if there is federal jurisdiction, the United States District Court for the Northern District of California, San Jose), and the parties agree to submit to the personal and *exclusive* jurisdiction and venue of these courts.

See https://www.khronos.org/files/member_agreement.pdf (cited in Dkt. 69 Ex. C, at 1 n.1) (emphasis added).

C. AMD’s Filing of the Second Amended Complaint in Violation of the Court’s Stay Order, the Forum Selection Clause, and Rule 15(a)(2)

On March, 9, 2023, AMD filed its Second Amended Complaint. AMD did not seek relief from the Court’s order staying this case before filing an amended pleading. AMD likewise declined to seek leave of the Court or written permission from Realtek to file an amended complaint. In addition, AMD failed to notify the Court that all disputes regarding the interpretation or validity of the license agreement or “otherwise arising out of” the license agreement must be brought in courts with jurisdiction over Santa Clara, California.

AMD’s Second Amended Complaint tries to sidestep the forum selection clause by alleging that Realtek is not a signatory to the license agreement at issue, but AMD failed to cite or comply with this Court’s prior rulings that forum selection clauses govern claims brought by third-

party beneficiaries of a license. *See Implicit, LLC v. Imperva, Inc.*, No. 2:19-cv-0040-JRG-RSP, 2020 WL 10356908, at *1 (E.D. Tex. Apr. 22, 2020) (Payne, J.).

II. Argument and Authorities

A. The Court Should Strike AMD's Second Amended Complaint

Courts routinely strike unauthorized pleadings. *See, e.g. Cypress Lake Software, Inc. v. Samsung Electronics Am., Inc.*, No. 6:18-cv-30-JDK, Dkt. No. 318 (E.D. Tex. Aug. 9, 2019) (striking unauthorized Second and Third Amended Complaint); *Farac v. Sundown Energy, LP*, No. CIV.A. 06-7147, 2009 WL 2241329, at *3 (E.D. La. July 23, 2009) (striking plaintiff's Fourth Amended Complaint where plaintiff attempted to "expand the scope of the present lawsuit" against the express terms of a minute entry). Here, AMD expressly sought, and this Court entered, an order staying the case in its entirety. Dkt. 65 at 3. A stay is "[a] stopping; the act of arresting a judicial proceeding by the order of a court." *Tesfamichael v. Gonzales*, 411 F.3d 169, 172 (5th Cir. 2005). Arresting a judicial proceeding includes arresting the previously operative Docket Control Order. Moreover, the Court's stay order is specific in allowing precisely one subsequent, and joint, filing. Any other pleading violates the Court's order unless the party responsible for the filing first obtains relief from the stay.

When a stay order is in place, and a party files an amended pleading in violation of the stay, courts strike the unauthorized pleading. *See, e.g., See Ellison Framing, Inc. v. Zurich Am. Ins. Co.*, No. CIV. S-11-0122 LKK, 2013 WL 6499058, at *4 (E.D. Cal. Dec. 11, 2013) (striking an amended complaint that added claims for declaratory and injunctive relief submitted in violation of the stay); *Edmiston v. Nevada ex rel. Nevada Dep't of Corr.*, No. 320-CV-00559, 2022 WL 168214, at *1 (D. Nev. Jan. 19, 2022) (striking First Amended Complaint filed in violation of a

90-day); *see also Gibson v. Dzurenda*, No. 3:18-CV-00190, 2019 WL 3573667, at *1 (D. Nev. Aug. 6, 2019) (denying motion to amend filed during a 90-day stay).

During the parties' meet-and-confer process, AMD identified the previously entered, and now-stayed Docket Control Order, as justification for filing an amended complaint without leave. The Court's stay order undeniably nullified and replaced the schedule set forth in the previously applicable DCO. *See Nichia Corp. v. Mary Elle Fashions, Inc.*, No. 2:16-CV-615-JRG, 2016 WL 9558954, at *1 (E.D. Tex. Dec. 22, 2016) (denying as moot defendants' motion to amend the DCO because the Court granted defendants' motion to stay). Indeed, AMD does not actually believe that the prior Docket Control Order remained effective—after the Court's September 12, 2022 stay order—because AMD did not propose claim terms for construction on February 7, 2023, did not provide preliminary claim constructions on February 28, 2023, and did not participate in any joint claim construction statement, all of which would have been required if the original DCO still governed this case. The stay order undeniably supersedes the prior DCO, as AMD's own conduct confirms.

Even if AMD had sought to lift the stay to allow a second amended complaint, its amended pleading would still have been unauthorized. Because the stay order superseded the DCO, Rule 15(a) (and not the previous DCO) would govern any amended pleadings. Rule 15(a) allows a second amended complaint “only with [Realtek's] written consent or the court's leave.” Fed. R. Civ. P. 15(a)(2). AMD did not secure Realtek's consent or leave of the Court. AMD's Second Amended Complaint violates both the Court's order and Rule 15, and because AMD did not secure an order lifting the stay and granting leave to file a Second Amended Complaint, the proper remedy is an order striking the Second Amended Complaint. *See Ellison Framing*, 2013 WL 6499058, at *4 (striking amended complaint where “[t]he proper course of action would have been for

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