

United States District Court
For the Northern District of California

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

REALTEK SEMICONDUCTOR,
CORPORATION,

Plaintiff,

v.

LSI CORPORATION AND AGERE
SYSTEMS LLC,

Defendants.

Case No. C-12-3451-RMW

**ORDER DENYING PERMANENT
INJUNCTION AND GRANTING
DECLARATORY RELIEF**

[Re: Dkt. No. 337]

Plaintiff Realtek Semiconductor Corporation (“Realtek”) moves for a permanent injunction and declaratory relief against defendants LSI Corporation (“LSI”) and Agere Systems LLC (“Agere”) (collectively, “LSI” or “defendants”). For the reasons explained below, the court DENIES Realtek’s motion for a permanent injunction and GRANTS Realtek’s request for declaratory relief.

I. BACKGROUND

Defendant Agere owns two patents, U.S. Patents Nos. 6,452,958 (“958 Patent”) and 6,707,867 (“867 Patent”), that it designated as essential to the Institute of Electronic Engineers’ (“IEEE”) standard for wireless internet connectivity known as “WLAN,” “Wi-Fi” or “802.11” (the

1 “802.11 standard”).¹ In 2001, Agere is a wholly owned subsidiary of LSI. Realtek is a Taiwanese
 2 company which designs and supplies integrated circuits, including integrated circuits for WLAN
 3 technology. Prior to the release of the 802.11 protocols at issue, in 2003 and 2004, Agere submitted
 4 Letters of Assurance, as required by the IEEE Standards Board Bylaws, stating with respect to the
 5 ’958 Patent and the pending application for the ’867 Patent that it “is prepared to grant a license to
 6 an unrestricted number of applicants on a worldwide, non-discriminatory basis and on reasonable
 7 terms and conditions to comply with the [Proposed] IEEE Standard.” Attachment to Complaint,
 8 Dkt. No. 1-2 Dkt. No. 67-6 (“Letters of Assurance”) (alteration in original).

9 **A. The correspondence and ITC dispute**

10 On March 7, 2012, several years after the release of the 802.11 protocols, a representative of
 11 LSI contacted Realtek and asserted that Realtek products, as incorporated into certain third-party
 12 devices, infringe, *inter alia*, the ’958 and ’867 Patents. LSI’s March letter did not offer a license, but
 13 demanded Realtek to immediately cease and desist from its allegedly infringing activities. Less than
 14 one week later, on March 12, 2012, LSI filed a complaint with the ITC naming Realtek and others
 15 as respondents and alleging, *inter alia*, that Realtek infringed the ’958 and ’867 Patents. LSI sought:
 16 (1) a “limited exclusion order” excluding the accused products from entry into the United States,
 17 and (2) “permanent cease-and-desist orders” barring Realtek from, *inter alia*, importing the accused
 18 products into the United States. On May 24, 2012, after LSI instigated the ITC proceeding, Realtek
 19 requested that LSI make the ’958 and ’867 Patents available for a reasonable and non-
 20 discriminatory (“RAND”) license pursuant to defendant’s designation of these patents as essential to
 21 the IEEE 802.11 standard and their promise in the Letters of Assurance.

22 **B. Procedural History**

23 On June 29, 2012, Realtek filed the instant action asserting that defendants breached their
 24 RAND licensing obligations by initiating an ITC Section 337 action naming Realtek as a respondent
 25 before approaching Realtek with a RAND licensing offer. Dkt. No. 1, Complaint. In its complaint,
 26 Realtek requested an injunction preventing LSI from enforcing its standard essential patents against
 27 Realtek without offering a RAND license, a declaration of RAND rates for the ’958 and ’867

28 ¹ For a more detailed description of the history of the 802.11 standard, see the court’s Order Granting in Part and Denying in Part Motion to Dismiss at 2, Dkt. No. 41.

1 Patents, and a declaration that the '958 and '867 Patents are unenforceable as to Realtek if LSI fails
2 to offer Realtek a RAND-complaint license. *See* Complaint at 15.

3 On May 20, 2013, this court granted partial summary judgment in favor of Realtek on its
4 breach of contract claim and granted a conditional preliminary injunction preventing LSI from
5 enforcing any exclusion order or injunctive relief with respect to the IEEE 802.11 standard-essential
6 patents should the ITC grant said relief in the action before it. Dkt. No. 102, Order Granting Motion
7 for Partial Summary Judgment. LSI appealed the court's grant of the preliminary injunction. Dkt.
8 No. 108. In its order granting partial summary judgment, this court held that LSI breached its
9 RAND licensing obligations to Realtek by failing to offer a license to the standard essential '958
10 and '867 Patents before filing a Section 337 action at the ITC.

11 Beginning February 10, 2014, the court held an eleven day jury trial to determine the amount
12 of Realtek's breach of contract damages and RAND rates for the '958 and '867 Patents. The jury
13 awarded \$3,825,000 in damages to Realtek for LSI's breach of contract and found RAND royalty
14 rates of 0.12% for the '958 Patent and 0.07% for the '867 Patent. On March 4, 2014, the ITC issued
15 its final determination in the underlying infringement dispute between Realtek and LSI. The ITC
16 dismissed the '867 Patent because it had expired on February 23, 2014, rendering the ITC
17 investigation moot as to the '867 Patent, given that the ITC can only issue prospective relief. Dkt.
18 No. 327-1, ITC Final Determination, at 3. As to the '958 Patent, the ITC determined that the '958
19 Patent is invalid, not infringed by Realtek, and that no domestic industry existed as to the '958
20 Patent (the existence of a domestic industry is an additional requirement for relief in the ITC). *Id.*
21 Further, on March 20, 2014, the Ninth Circuit dismissed LSI's appeal of this court's grant of the
22 preliminary injunction, finding the appeal mooted by the ITC's refusal to issue an exclusion order,
23 as the preliminary injunction was only operative if the ITC were to issue an exclusion order. Dkt.
24 No. 334.

25 Realtek now moves for equitable relief in the form of a permanent injunction and declaratory
26 judgment. Dkt. No. 337. LSI filed an opposition, Dkt. No. 342, and Realtek filed a reply, Dkt. No.
27 356. The court held a hearing on May 9, 2014.

1 **C. Requested Equitable Relief**

2 Realtek requests broad injunctive and declaratory relief against LSI. Specifically, Realtek
3 moves for a permanent injunction enjoining LSI from:

4 (a) further demanding royalties from Realtek as to U.S. Patent Nos.
5 6,452,958 (the “‘958 patent”) and 6,707,867 (the “‘867 patent”) that are
6 not consistent with Defendants’ reasonable and non-discriminatory
7 (“RAND”) obligations as reflected in the jury’s February 26, 2014 verdict
8 [as amended, if at all, by any subsequent judgment entered by the Court];
9 and

10 (b) enforcing, or seeking to enforce, any of Defendants’ alleged standard
11 essential patents in the International Trade Commission or any other
12 judicial forum without first offering Realtek a license consistent with
13 Defendants’ RAND obligations.

14 Dkt. No. 337-8, Proposed Order.

15 Realtek also moves for a declaratory judgment stating:

16 if Defendants, including their officers, directors, agents, assignees,
17 employees and attorneys, and all those in active concert or participation
18 with them, fail to offer Realtek an ongoing license on RAND terms and
19 conditions, consistent with the jury’s February 26, 2014 verdict [as
20 amended, if at all, by any subsequent judgment entered by the Court], the
21 ‘958 and ‘867 patents are unenforceable as to Realtek and its products.

22 *Id.*

23 **II. LEGAL STANDARD**

24 **A. Permanent Injunction**

25 “To obtain permanent injunctive relief, a plaintiff must show (1) that it has suffered an
26 irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to
27 compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and
28 defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved
by a permanent injunction. . . . In determining the scope of an injunction, a district court has broad
latitude, and it must balance the equities between the parties and give due regard to the public
interest.” *California ex rel. Lockyer v. U.S. Dep’t of Agric.*, 575 F.3d 999, 1019 (9th Cir. 2009).

B. Declaratory Relief

 “The decision to grant declaratory relief is a matter of discretion.” *United States v. State of*
Wash., 759 F.2d 1353, 1356 (9th Cir. 1985). For any actual controversy within its jurisdiction, a

1 court “may declare the rights and other legal relations of any interested party seeking such
2 declaration, whether or not further relief is or could be sought.” 28 U.S.C. § 2201. “Declaratory
3 relief should be denied when it will neither serve a useful purpose in clarifying and settling the legal
4 relations in issue nor terminate the proceedings and afford relief from the uncertainty and
5 controversy faced by the parties.” *United States v. State of Wash.*, 759 F.2d 1353, 1357 (9th Cir.
6 1985). However, “[t]he existence of another adequate remedy does not preclude a declaratory
7 judgment that is otherwise appropriate.” Fed. R. Civ. P. 57. “Any such declaration shall have the
8 force and effect of a final judgment or decree and shall be reviewable as such.” 28 U.S.C. § 2201.

9 III. ANALYSIS

10 A. Permanent Injunction

11 LSI only contests the irreparable harm prong of the permanent injunction analysis. LSI’s
12 first argument on irreparable harm, which the court finds persuasive, is that the ITC’s Final
13 Determination of no domestic industry, invalidity, and no infringement extinguishes the likelihood
14 of immediate irreparable harm.

15 “The decision to grant or deny permanent injunctive relief is an act of equitable discretion by
16 the district court.” *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 391 (2006). In exercising its
17 equitable discretion in this particular case, the court also has guidance from the Ninth Circuit. The
18 Ninth Circuit dismissed LSI’s appeal of this court’s grant of a preliminary injunction as moot after
19 the ITC issued its Final Determination, finding no domestic industry, invalidity, and no
20 infringement. The Ninth Circuit’s decision was based on the strict language of this court’s
21 preliminary injunction “that the injunction would go into effect only if the ITC granted an exclusion
22 order.” Dkt. No. 334, Ninth Circuit Preliminary Injunction Opinion, at 2. The panel explicitly did
23 not consider whether the possibility of LSI winning an appeal of the ITC’s decision at the Federal
24 Circuit prevents the injunction issue from becoming moot. *Id.* (“Both parties argue that the appeal is
25 not moot as LSI may still appeal the ITC’s decision to the Federal Circuit. We need not consider
26 that question as the preliminary injunction itself is no longer operative by virtue of the initial
27 decision of the ITC that there was no Section 337 violation.”). However, Judge Tashima in his
28 concurrence addressed the effect LSI’s appeal to the Federal Circuit would have on the availability

1 of a preliminary injunction: “If the Federal Circuit reverses the ITC’s Notice of Final Determination
2 and Termination of the Investigation in *In re Certain Audiovisual Components and Products*
3 *Containing the Same*, Inv. No. 337-TA-837 (Mar. 4, 2014), and this case is then still in active
4 litigation or on appeal, either party may then move for injunctive relief *pendente lite* based on those
5 new circumstances.” *Id.* at 3 (Tashima, J., concurring).

6 LSI argues that Judge Tashima’s concurrence states that “the possibility of an exclusion
7 order is presently extinguished, and if the Federal Circuit were to reverse and remand to the ITC (re-
8 raising the threat of an exclusion order), then and only then could Realtek *seek* injunctive relief.”
9 Dkt. No. 342, LSI Opp., at 8. The court interprets Judge Tashima’s concurrence more narrowly than
10 LSI suggests. By its own terms, Judge Tashima’s concurrence is directed only at “injunctive relief
11 *pendente lite*” if this case is “still in active litigation or on appeal”—in other words, Judge
12 Tashima’s concurrence only addresses Realtek’s ability to move for another preliminary injunction
13 if the Federal Circuit reverses the ITC’s findings while this case is still pending. The opinion says
14 nothing about how the procedural posture of the ITC case affects the irreparable harm analysis
15 under the instant motion for a permanent injunction.

16 Even so, the court finds that the ITC’s Final Determination holding that LSI did not prove
17 patent infringement for three independent reasons renders irreparable harm sufficiently speculative
18 to deny Realtek’s request for a permanent injunction at this time. According to Ninth Circuit law, if
19 Realtek has not yet suffered irreparable harm, there must be a likelihood that substantial irreparable
20 harm will be “immediate” in the absence of injunctive relief. *See G.C. & K.B. Invs., Inc. v. Wilson*,
21 326 F.3d 1096, 1107 (9th Cir. 2003). Realtek cannot meet this standard. Any possible exclusion
22 order would not issue for some time. Further, several events must align in LSI’s favor for the entry
23 of an exclusion order to occur: (1) the Federal Circuit must reverse the ITC on three separate issues,
24 (2) the ITC must make the further findings necessary for entry of an exclusion order, and (3) any
25 exclusion order must survive a possible presidential veto. At this time, the possibility of an
26 exclusion order is so speculative that the court cannot find that irreparable harm is “likely” or
27 “immediate,” as required under Ninth Circuit law. *Id.* Therefore, because “[i]rreparable harm is an
28 essential prerequisite for a grant of injunctive relief,” *Ross-Simons of Warwick, Inc. v. Baccarat*,

1 *Inc.*, 217 F.3d 8, 13 (1st Cir. 2000) (affirming the issuance of a permanent injunction); *Midwest*
2 *Growers Coop. Corp. v. Kirkemo*, 533 F.2d 455, 465-66 (9th Cir. 1976) (concluding that a
3 permanent injunction was improperly issued because the plaintiff had “failed to show either
4 irreparable harm or lack of any adequate remedy at law-both prerequisites to injunctive relief”), the
5 court denies Realtek’s motion for a permanent injunction.

6 The court concludes by recognizing that the ITC could still potentially issue an exclusion
7 order in the future. As such, the court’s denial of Realtek’s motion is without prejudice to Realtek
8 later bringing a motion for a permanent injunction should the threat of an exclusion order become
9 more immediate.

10 **B. Declaratory Relief**

11 Realtek proposes declaratory relief that would prohibit LSI from enforcing the ’958 and ’867
12 Patents prior to offering Realtek a license consistent with LSI’s RAND obligations. Dkt. No. 337-8.
13 However, the court finds that such a request is better handled under Realtek’s motion for a
14 permanent injunction. “Actions for declaratory judgments are neither legal nor equitable, and courts
15 have therefore had to look to the kind of action that would have been brought had Congress not
16 provided the declaratory judgment remedy.” *Gulfstream Aerospace Corp. v. Mayacamas Corp.*, 485
17 U.S. 271, 284 (1988). Here, for two reasons, the declaratory judgment remedy Realtek seeks is
18 essentially a permanent injunction for which the standard four elements necessary for a permanent
19 injunction must be shown. First, a declaration of unenforceability as to only Realtek would be
20 largely duplicative of a permanent injunction prohibiting LSI from seeking an exclusion order
21 before offering Realtek a RAND license. Second, like a typical injunction, the declaration Realtek
22 proposes would functionally require LSI to forbear from a specific action: enforcing its patent rights
23 as to Realtek. This declaration would attach primarily to the party rather than the patents. In this
24 way, the declaratory remedy Realtek seeks is distinct from, for example, a declaration of a patent’s
25 unenforceability due to inequitable conduct, which attaches to the patent rather than the party.
26 Consequently, the court analyzes Realtek’s specific request for declaratory relief as a part of its
27 motion for a permanent injunction and, as the court has already determined above, denies the
28 specific relief Realtek seeks.

1 Still, the grant of declaratory relief is a matter firmly within the court's discretion. *See Green*
2 *v. Mansour*, 474 U.S. 64, 72, 106 S. Ct. 423, 428, 88 L. Ed. 2d 371 (1985) ("the declaratory
3 judgment statute 'is an enabling Act, which confers a discretion on the courts rather than an absolute
4 right upon the litigant.'") (quoting *Pub. Serv. Comm'n of Utah v. Wycoff Co., Inc.*, 344 U.S. 237,
5 241 (1952)); *Pub. Serv. Comm'n of Utah*, 344 U.S. at 241 ("It is a matter of discretion with federal
6 courts."). The court, while rejecting Realtek's proposed declaratory relief, is free to craft its own
7 appropriate declaratory judgment. Therefore, the court now turns to determining the proper scope of
8 Realtek's declaratory relief.

9 The court can only enter declaratory judgment to the extent of its jurisdiction. 28 U.S.C.
10 § 2201. Courts have jurisdiction under the Declaratory Judgment Act to determine the rights and
11 legal relations of parties to a contract, so long as the case-or-controversy requirement is satisfied.
12 *See MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 126, 137 (2007). Realtek's claim for
13 declaratory relief flows from the RAND contract. The court has found that LSI breached its RAND
14 obligations to Realtek when it sought an exclusion order at the ITC before offering Realtek a license
15 on RAND terms. Dkt. No. 102. At that time, because an actual controversy existed between the
16 parties over the royalty rate for a RAND-compliant license, the court had declaratory judgment
17 jurisdiction over the determination of a RAND rate. As the court held in an order on LSI's motion to
18 dismiss, "once the patentee interposes the threat of an injunction, the standard implementer is placed
19 at a bargaining disadvantage in private negotiations such that the determination of a true RAND rate
20 almost necessarily must be conducted by a court." Dkt. No. 41, at 7-8. Therefore, the court has
21 jurisdiction to declare the parties' respective rights under the RAND contract, a foundational basis
22 for declaratory judgment jurisdiction under the Declaratory Judgment Act. *See, e.g., MedImmune*,
23 549 U.S. at 126-27.

24 This court has previously discussed the *Microsoft v. Motorola* case, a similar case which
25 dismissed the declaratory judgment claims as duplicative of the breach of contract claim. Dkt. No.
26 41, at 8-9; *see Microsoft Corp. v. Motorola, Inc.*, No. 10-1823 JLR, 2011 WL 11480223, at *5-6
27 (W.D. Wash. June 1, 2011). In *Microsoft v. Motorola*, the court held that a determination of RAND
28 royalty rates was necessary to establish whether Motorola had breached its RAND commitments.

1 *Microsoft v. Motorola*, 2011 WL 11480223, at *5-6. By contrast, in this case LSI had not offered
2 Realtek a license before instituting the ITC suit, so a determination of RAND royalty rates was not
3 necessary to establish whether LSI had breached its RAND commitments. Dkt. No. 102, Order
4 Granting Partial Summary Judgment, at 11. This means that the declaratory judgment claims are not
5 duplicative of the breach of contract claim. Therefore, an actual controversy remains between the
6 parties as to their rights under the RAND contracts—the parties dispute what royalty rates are
7 consistent RAND-compliant. Consequently, entering final judgment on only Realtek’s breach of
8 contract claim would not resolve the parties’ controversy over the RAND royalty rates.

9 A further complication exists as to the ’867 Patent because the ’867 Patent expired on
10 February 23, 2014. The parties dispute whether the court continues to have jurisdiction to determine
11 a RAND royalty rate for the ’867 Patent now that the ’867 Patent has expired. The court holds that
12 its jurisdiction to determine a RAND royalty rate for the ’867 Patent continues so long as an actual
13 case or controversy is present over the RAND royalty rate for the ’867 Patent. Here, there is such a
14 case or controversy because Realtek has reasonable apprehension of LSI bringing suit for past
15 infringement of the ’867 Patent, thereby implicating LSI’s RAND obligations. *See Arkema Inc. v.*
16 *Honeywell Int’l, Inc.*, 706 F.3d 1351, 1360 n.5 (Fed. Cir. 2013) (“While a declaratory judgment
17 plaintiff is no longer required to demonstrate a reasonable apprehension of suit, such a showing
18 remains sufficient to establish jurisdiction.”) (citing *MedImmune*, 549 U.S. at 132 n. 11; *SanDisk*
19 *Corp. v. STMicroelectronics, Inc.*, 480 F.3d 1372, 1380 (Fed. Cir. 2007); *Streck, Inc. v. Research &*
20 *Diagnostic Sys., Inc.*, 665 F.3d 1269, 1282 (Fed. Cir. 2012)).

21 “An ‘actual controversy must be extant at all stages of review, not merely at the time the
22 complaint is filed.’” *Alvarez v. Smith*, 558 U.S. 87, 92 (2009) (quoting *Preiser v. Newkirk*, 422 U.S.
23 395, 401 (1975); *Steffel v. Thompson*, 415 U.S. 452, 459, n. 10 (1974)). As outlined above, the
24 actual controversy for the purposes of declaratory judgment jurisdiction has always centered on
25 declaring the parties’ rights under the RAND contract. The RAND commitment requires LSI to
26 offer Realtek a RAND royalty rate for declared standard essential patents if Realtek wants a license.
27 Now that the ’867 Patent has expired, the court only has declaratory judgment jurisdiction if (1) the
28 court would have declaratory judgment jurisdiction over an infringement suit based on the ’867

1 Patent, and (2) that infringement suit requires interpreting the parties' rights under the RAND
2 contract. The court takes each condition in turn.

3 To qualify as an actual case or controversy within the court's Article III jurisdiction, a
4 dispute must be "definite and concrete, touching the legal relations of parties having adverse legal
5 interests; and that it be real and substantial and admit of specific relief through a decree of a
6 conclusive character, as distinguished from an opinion advising what the law would be upon a
7 hypothetical state of facts." *MedImmune*, 549 U.S. at 127. "In patent cases, declaratory judgment
8 jurisdiction exists where a patentee asserts rights under a patent based on certain identified ongoing
9 or planned activity of another party, and where that party contends that it has the right to engage in
10 the accused activity without license." *Hewlett-Packard Co. v. Acceleron LLC*, 587 F.3d 1358, 1361
11 (Fed. Cir. 2009). In this case, it is clear that both parties contemplate an infringement suit based on
12 the '867 Patent, and that, at least at one time or another, each party has viewed this case as resolving
13 important issues for a following infringement suit. Realtek's current position is that the court should
14 enter declaratory judgment of the RAND royalty rate for the '867 Patent so that the parties can
15 calculate damages in a possible infringement suit. Although LSI's position has since changed, LSI
16 originally proposed that the jury be asked to award a lump sum of damages for past alleged
17 infringement of the '867 Patent. *See, e.g.*, Dkt. No. 171, LSI Proposed Verdict Form, at 1.
18 Furthermore, LSI has sued Realtek for infringement of the '867 Patent in the ITC, and the parties
19 represented at the hearing on the instant motion that LSI maintains another case for infringement of
20 the '867 Patent against Funai, one of Realtek's customers, in the Central District of California. In
21 light of all these facts indicating that an infringement suit continues to loom over this case, LSI's
22 arguments that no case or controversy exists because LSI has not named Realtek in the Central
23 District of California Funai case or because LSI did not counterclaim for infringement here ring
24 hollow. The likelihood that LSI might sue Realtek for past infringement of the '867 Patent has been
25 an aspect of this case all along, and the parties' dispute over the RAND royalty rate for the '867
26 Patent here directly implicates the issues in that patent infringement controversy.

27 In a suit for patent infringement, damages are those "adequate to compensate for the
28 infringement, but in no event less than a reasonable royalty." 35 U.S.C. § 284. As the RAND

1 commitment obligates the patent holder to licensing the patent on RAND terms, the two previous
2 cases involving patents subject to RAND commitments calculated damages based on a reasonable
3 royalty. *See Microsoft Corp. v. Motorola, Inc.*, No. 10-1823 JLR, 2013 WL 2111217 (W.D. Wash.
4 Apr. 25, 2013); *In re Innovatio IP Ventures, LLC Patent Litig.*, MDL 2303, 2013 WL 5593609
5 (N.D. Ill. Oct. 3, 2013). Courts, including the *Microsoft* and *Innovatio* courts, commonly employ a
6 hypothetical negotiation framework to establish the amount of a reasonable royalty. The
7 hypothetical negotiation framework “attempts to ascertain the royalty upon which the parties would
8 have agreed had they successfully negotiated an agreement just before infringement began.” *Lucent*
9 *Technologies, Inc. v. Gateway, Inc.*, 580 F.3d 1301, 1324 (Fed. Cir. 2009).

10 In the RAND context, determining damages for patent infringement is equivalent to
11 declaring the parties’ rights under the RAND contract. The court here was tasked with declaring the
12 parties’ rights under the RAND contract, but it drew from case law on patent infringement damages
13 for its methodology. In its instructions to the jury, the court applied the hypothetical negotiation
14 framework to instruct the jury on arriving at an appropriate RAND royalty rate. While this court
15 altered some of the details of the *Microsoft* and *Innovatio* framework, it followed the same general
16 approach. The reasonable royalty methodology in a patent infringement suit between Realtek and
17 LSI would be identical to the methodology given to the jury to declare the parties’ rights under the
18 RAND contract. Therefore, even though the patent has expired, the RAND commitment would still
19 inform the hypothetical negotiation over a reasonable royalty, so the court retains jurisdiction to
20 declare the parties’ rights under that commitment.

21 Accordingly, the court will therefore enter the following declaratory judgment relief in its
22 final judgment: “The court hereby enters declaratory judgment that, upon Realtek’s request for a
23 license, to be in compliance with its RAND commitment, LSI must offer Realtek a license to the
24 ’958 Patent on RAND terms, including a royalty rate of 0.12% on the total sales of Realtek’s
25 products. The court hereby enters declaratory judgment that, upon Realtek’s request for a license, to
26 be in compliance with its RAND commitment, LSI must offer Realtek a license to the ’867 Patent
27
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1 on RAND terms, including a royalty rate of 0.07% on the total United States sales of Realtek’s
2 accused products.”²

3 **IV. ORDER**

4 For the foregoing reasons, the court DENIES Realtek’s motion for a permanent injunction
5 without prejudice and GRANTS Realtek’s motion for declaratory relief. Final judgment will be
6 entered consistent with this order.

7
8 **IT IS SO ORDERED.**

9 Dated: June 16, 2014

10 
11 RONALD M. WHYTE
12 United States District Judge

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United States District Court
For the Northern District of California

² Note the minor correction of the initial order here. See Dkt. No. 363.