UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

OPTOMA TECHNOLOGY INC.,

Plaintiff,

v.

MAXELL LTD.,

Defendant.

Case No. 24-cv-08147-TLT

ORDER GRANTING MOTION TO DISMISS

Re: Dkt. No. 35

Several months after Defendant Maxell filed suit against Coretronic Corp. ("Coretronic") and Optoma Taiwan ("Optoma TW") in the Eastern District of Texas alleging infringement of seven patents, Plaintiff Optoma Technology, Inc. ("Optoma USA") filed the instant action against Maxell seeking a declaratory judgment of non-infringement as to three of the same patents.

Before the Court is Maxell's motion to dismiss based on the first-to-file rule. Having considered the parties' briefs, oral arguments, the relevant legal authority, and for the reasons below, the Court **GRANTS** the motion to dismiss without prejudice.

I. BACKGROUND

Optoma USA is a visual solutions provider that purchases the products Maxell accused of infringing the asserted patents in Asia, imports them into devices in the United States, and sells them. ECF 38, Declaration of Eric R. Chad, Ex. 4 ¶ 15. Optoma USA is headquartered in Fremont, California. *Id.* ¶ 18. Although Coretronic, Optoma TW, and Optoma USA are separate entities, Coretronic is the "ultimate parent company" of both Optoma TW and Optoma USA. ECF 51.

On July 9, 2024, Maxell filed a complaint in the Eastern District of Texas against Coretronic and Optoma TW for the infringement of seven patents ("Texas Action"). ECF 35, Ex.

1, at 116; *Maxell, Ltd. v. Coretronic Corp.*, No. 24-cv-00088-RWS-JBB. These include U.S. Patent Nos. 7,159,988 ('988), 7,850,313 ('313), 8,593,580 ('580), 9,322,530 ('530), 9,547,266 ('226), 9,565,388 ('388), and 9,900,569 ('569). ECF 35, Ex. 1 ¶ 93.

On November 19, 2024, Optoma USA filed the instant complaint requesting that the Court issue a judgment declaring that Optoma USA did not infringe the '988, '388, or '569 patents. ECF 1 ("Compl.") at 16–17. On November 27, 2024, Maxell filed a notice pursuant to Civil Local Rule 3-13 to inform the Court that there was an action pending in Texas involving the same subject matter and substantially the same parties. ECF 16. In this notice, Maxell requested that the Court either transfer or dismiss the action. *Id.* at 3. Optoma USA filed an opposition. ECF 26. As a courtesy, the Court designated the notices as a motion to transfer and an opposition to a motion to transfer, and Maxell set a hearing date. ECF 29. The Court, however, vacated the hearing date for failure to comply with Civil Local Rule 7-2. ECF 30. In response, Maxell properly noticed a motion to dismiss. ECF 35 ("Mot."). Optoma USA then filed a timely response. ECF 38 ("Opp'n"). Maxell filed a timely reply. ECF 39 ("Reply"). The Court held oral arguments on March 11, 2025. ECF 55.

II. LEGAL STANDARD

The Federal Circuit has determined that the first-to-file rule applies to patent cases. *See Genentech, Inc. v. Eli Lilly & Co.*, 998 F.2d 931, 937 (Fed. Cir. 1993), *abrogated on other grounds by Wilton v. Seven Falls Co.*, 515 U.S. 277 (1995) (holding that the general rule favors the forum of the first-filed action). "When two actions that sufficiently overlap are filed in different federal district courts, one for infringement and the other for declaratory relief, the declaratory judgment action, if filed later, is generally to be stayed, dismissed, or transferred to the forum of the infringement action." *Futurewei Techs., Inc. v. Acacia Rsch. Corp.*, 737 F.3d 704, 708 (Fed. Cir. 2013) (citing *Merial Ltd. v. Cipla Ltd.*, 681 F.3d 1283, 1299 (Fed. Cir. 2012); *see also Pacesetter Sys., Inc. v. Medtronic, Inc.*, 678 F.2d 93, 94–95 (9th Cir. 1982) (explaining that the first-to-file rule is a "generally recognized doctrine of federal comity which permits a district court to decline jurisdiction over an action when a complaint involving the same parties and issues has already been filed in another district"). "This 'first-to-file' rule exists to 'avoid conflicting

decisions and promote judicial efficiency.'" *Futurewei Techs.*, 737 F.3d at 708 (quoting *Merial*, 681 F.3d at 1299).

Exceptions to the first-to-file rule may be made if they are justified by "considerations of judicial and litigant economy, and the just and effective disposition of disputes." *Elecs. for Imaging, Inc. v. Coyle*, 394 F.3d 1341, 1347 (Fed. Cir. 2005) (quoting *Genentech*, 998 F.2d at 938). There must be "sound reason that would make it unjust or inefficient to continue the first-filed action." *Id.*

"Application of the first-to-file rule is generally a matter for a district court's discretion, exercised within governing legal constraints." *Futurewei Techs.*, 737 F.3d at 708. Courts in the Ninth Circuit look to three factors to when applying the first-to-file rule: "(1) the chronology of the actions; (2) the similarity of the parties; and (3) the similarity of the issues." *Apple Inc. v. VolP-Pal.com, Inc.*, 506 F. Supp. 3d 947, 958 (N.D. Cal. 2020) (citing *Alltrade, Inc. v. Uniweld Prods.*, 946 F.2d 622, 625–26 (9th Cir. 1991)).

III. DISCUSSION

A. First-to-file rule

Maxell requests that the Court dismiss this declaratory judgment action under the first-to-file rule. Mot. at 4. Optoma USA counters that the Ninth Circuit's three-factor test does not apply to this case because Federal Circuit law governs patent cases. Opp'n at 8. However, the Federal Circuit has left the application of the first-to-file rule to the "district court's discretion." *Futurewei Techs.*, 737 F.3d at 708. Courts in this district have applied the three-factor first-to-file rule in patent litigation. *See, e.g.*, *Renesas Elecs. Am. Inc. v. Monterey Research, LLC*, No. 24-cv-06223-JSC, 2024 WL 5077109 (N.D. Cal. Dec. 10, 2024); *SMIC, Ams. v. Innovative Foundry Techs. LLC*, 473 F. Supp. 3d 1021, 1026 (N.D. Cal. 2020); *Microchip Tech., Inc. v. United Module Corp.*, No. 10-cv-04241-LHK, 2011 WL 2669627 (N.D. Cal. July 7, 2011). The Court, therefore, applies the three-factor test to the instant case.

i. Chronology of the actions

For the chronology of lawsuits to be satisfied, the action in the transferee district court "must have been filed prior to the action in the transferor district court." *Wallerstein v. Dole*

Fresh Vegetable, Inc., 967 F. Supp. 2d 1289, 1293 (N.D. Cal. 2013). Here, there is no dispute that the Texas Action was filed first. The Texas Action was filed on July 9, 2024. *Maxwell, Ltd. v. Coretronic Corp.*, No. 24-cv-00088-RWS-JBB, ECF 1. The instant action was filed on November 9, 2024. ECF 1. The first factor, therefore, weighs in favor of applying the first-to-file rule.

ii. Similarities of the parties

Next, the first-to-file rule "requires only substantial similarity of parties," but the cases need not have the exact same parties. *Kohn L. Grp., Inc. v. Auto Parts Mfg. Miss., Inc.*, 787 F.3d 1237, 1240 (9th Cir. 2015). Here, the Court finds that parties are substantially similar. Maxell is common to both actions. Coretronic, one of the defendants in the Texas Action, is the ultimate parent company of Optoma USA. ECF 51. The other defendant in the Texas Action, Optoma TW, is the sister company. Opp'n at 3.

Because Coretronic is the parent company of Optoma USA, the Court finds that the parties Coretronic and Optoma USA are substantially similar. *See Renesas*, 2024 WL 5077109, at *3 (finding that the parties were substantially similar when the defendant in the Texas action was the parent company of the plaintiff in the declaratory judgment action); *SMIC*, 473 F. Supp. 3d at 1026 (determining that the parties were substantially similar when the parent entity was named in the Texas action but not the declaratory judgment action); *Microchip Tech.*, 2011 WL 2669627, at *3 (concluding that the parties were substantially similar when the defendant in the Texas action was "the wholly owned subsidiary" of the plaintiff in the declaratory judgment). Although Optoma USA argues that Optoma TW is a completely separate entity from Optoma USA, having an additional party does not preclude a finding of substantial similarity because the first-to-file rule does not require the parties to be identical. *See Kohn L. Grp.*, 787 F.3d at 1240.

The second factor therefore weighs in favor of applying the first-to-file rule.

iii. Similarities of the issues

For the third factor of the first-to-file rule, "[t]he issues in both cases also need not be identical, only substantially similar." *Id.* (internal citations omitted). Where there is "substantial overlap" between the two lawsuits, such that they have the same legal issues at the "heart" of their disputes, the "similarity of the issues" factor is satisfied. *Id.* at 1241.

Here, the issues are similar because they involve three of the same patents. All three of the patents in this declaratory judgment action are also part of the Texas Action. *See* ECF 35, Ex. 1 (asserting violations of the '988, '388, and '569 patents). Although the Texas Action has four additional patents, the fact that the three patents are the same in both is enough to find that the issues are similar because the issues need not be identical. *See Renesas*, 2024 WL 5077109, at *3 (finding that the issues in the Texas action and the declaratory judgment action had substantial overlap because they involved the same four patents); *SMIC*, 473 F. Supp. 3d at 1026 (finding that the issues were substantially similar when the Texas action "allege[d] infringement of the same patents that [were] the basis for Plaintiffs' declaratory judgment claims" in the second-filed action); *Microchip*, 2011 WL 2669627, at *3 (determining that the issues were substantially the same when plaintiffs sought a declaratory judgment "for non-infringement and invalidity with respect to the same three patents" in the Texas action).

The third factor, therefore, also weighs in favor of applying the first-to-file rule. Because all three factors weigh in favor of applying the first-to-file rule, the Court will apply the first-to-file rule unless one of the exceptions apply.

B. Exceptions to the first-to-file rule

Optoma USA argues that three exceptions of the first-to-file rule, the absence of jurisdiction, forum shopping exception, and balance of convenience, preclude application of the first-to-file rule. Opp'n at 10, 12.

Courts, however, have concluded that the court of the first-filed action, rather than the court of the second-filed action, should decide whether an exception to the first-to-file rule applies. *See TCT Mobile (US) Inc. v. Cellular Commc'ns Equip. LLC*, No. SACV 20-00702 JVS (ADSx), 2020 WL 8172714, at *3–4 (C.D. Cal. July 31, 2020) (finding that the weight of the authority suggests that it is more appropriate for the first-filed court to determine whether exceptions apply); *EMC Corp. v. Bright Response, LLC*, No. 12-cv-2841-EMC, 2012 WL 4097707, at *5 (N.D. Cal. Sept. 17, 2012) (deferring the resolution of whether any exceptions preclude the application of the first-to-file rule to the first-filed court); *Juniper Networks, Inc. v. Mosaid Tech., Inc.*, No. 11-cv-6264-PJH, 2012 WL 1029572, at *2 (N.D. Cal. Mar. 26, 2012) (concluding that it is the court with

the first-filed action that should weigh "factors that might create an exception to the first-to-file rule"); *Intuitive Surgical, Inc. v. Cal. Inst. Of Tech.*, No. C07-0063-CW, 2007 WL 1150787, at *3 (N.D. Cal. Apr. 18, 2007) (deferring to the first-filed court to "decide the appropriate forum and whether an exception to the first-to-file rule is applicable"). Therefore, as this is the Court of the second-filed action, the Court need not reach the exceptions.

Furthermore, it is unnecessary for the Court to reach the balance of convenience factors here because the Texas Action will consider the relevant venue questions and convenience factors on the pending motion to transfer. *See Microchip Tech.*, 2011 WL 2669627, at *7 ("[A] court in an earlier filed-action should consider all relevant convenience factors in its analysis of the appropriate forum on a motion to transfer."); *EMC Corp.*, 2012 WL 4097707, at *3 (declining to rule on the convenience factors because a motion to transfer was fully briefed before the Texas court, so reaching the convenience factors in the second-filed action would risk inconsistent results).

IV. DISMISS, STAY, OR TRANSFER

Having concluded that the first-to-file rule is appropriate in this case, and that the Court is not the appropriate court to determine whether any exceptions to the first-filed rule apply, the Court may use its discretion to dismiss, stay, or transfer the case. Maxell only asks the Court to dismiss or stay the case. Mot. at 1.

"Dismissal is proper where the court of first filing provides adequate remedies." *Intersearch Worldwide, Ltd. v. Intersearch Grp., Inc.*, 544 F. Supp. 2d 949, 963 (N.D. Cal. 2008) (citing *Alltrade*, 946 F.2d at 627–28).

In this case, the Court determines that dismissal would promote judicial economy. Although there is a pending motion to transfer in the Texas Action, the Court finds that Coretronic, as Optoma USA's ultimate parent company, will adequately protect Optoma USA's interests in the Texas Action. *See id.* at 963 (granting the motion to dismiss without prejudice based on the first-to-file rule because the court of the first filing provided adequate remedies). During oral argument, Maxell's counsel also invited Optoma USA to join the Texas Action, stating that Maxell would not oppose a motion to intervene. The Texas Action is still in the early

stages, and Maxell indicated a willingness to adjust the schedule in the Texas Action to accommodate Optoma USA. Because the Eastern District of Texas is familiar with the patents at issue, the Court determines that the Texas Action can effectively resolve the issues asserted in this case. *See SMIC*, 473 F. Supp. 3d at 1028 (granting the motion to dismiss without prejudice because the Texas action was in the early stages and the Texas court was capable of efficiently resolving the issues "given that it [was] already familiarizing itself with the patents at issue"). The Court, therefore, finds that it is in the interest of judicial economy to dismiss this case.

V. CONCLUSION

Accordingly, the motion to dismiss is **GRANTED** without prejudice.

This Order resolves ECF 35.

The Clerk of the Court is ordered to close the case.

IT IS SO ORDERED.

Dated: March 14, 2025

TRINA L. THOMPSON
United States District Judge

United States District Court
Northern District of California