

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

STATON TECHIYA, LLC AND
SYNERGY IP CORPORATION,

Plaintiffs,

v.

SAMSUNG ELECTRONICS CO.,
LTD. and SAMSUNG
ELECTRONICS AMERICA, INC.

Defendants.

§
§
§
§
§
§
§
§
§
§
§
§

Case No. 2:21-cv-00413-JRG-RSP
(Lead Case)

REPORT AND RECOMMENDATION

Before the Court is Samsung’s Motion to Dismiss the Patent Infringement Claims (Dkt. No. 779). The motion seeks dismissal with prejudice of all patent infringement claims asserted against it in this action on two related grounds: (1) that the infringement claims are “irreparably tainted” by the conduct of Dr. Ahn and Mr. Cho—who Techiya licensed, along with their company, Synergy IP, to prosecute the action against Samsung—in stealing privileged documents from Samsung and using them to formulate this lawsuit; and (2) that the Court should exercise its inherent power to sanction the Plaintiff for this behavior. Samsung relies upon a combination of documents obtained during discovery, the findings of its expert in computer forensic analysis, testimony given during depositions, and documents provided by Korean authorities from a related criminal investigation.

In summary, Samsung asserts that Dr. Ahn was its Director of Global IP until his retirement in 2019. Before his retirement, Techiya had attempted to persuade Samsung to license a portfolio of Techiya patents including those asserted in this action. Samsung, under

Dr. Ahn's leadership, declined to do so. After his retirement, Dr. Ahn formed Synergy IP and recruited Mr. Cho, a longtime executive in Samsung's IP division, to join him at Synergy. Both Ahn and Cho are U.S. educated and barred attorneys, in California and New York, respectively, and are alleged to have been acting as lawyers for Samsung. In 2020, Techiya contacted Synergy and entered into an exclusive license with Synergy to assert Techiya's patents (which Dr. Ahn had considered while Samsung's director) against Samsung. After failed negotiations, Synergy and Techiya jointly filed this infringement action against Samsung. Critically, Samsung alleges that Dr. Ahn relied upon confidential and privileged information and documents obtained during his employment, and that after he and Mr. Cho formed Synergy, they used their contacts with current employees of Samsung to unlawfully acquire privileged and confidential information and documents from Samsung concerning its evaluation of the Techiya patents and the negotiations. Synergy allegedly relied upon this information to guide Techiya, with Techiya's knowledge, as to the selection of the patents to assert, the selection of the products to accuse, and the timing and substance of the negotiations and litigation.

Techiya responds to the motion to dismiss primarily by challenging the factual basis for the allegations described above. Techiya particularly challenges Samsung's contention that Techiya knew of, and should be held responsible for, the misconduct of Synergy, Ahn, and Cho. Techiya contends that Samsung's theory would require it to prove Ahn and Cho committed the alleged misconduct, on behalf of Synergy, which was the legal agent of Techiya, with Techiya's knowledge. Dkt. No. 815 at 2. Samsung's motion alleges that the evidence would do just that. However, the opposition makes clear that essential facts are

contested. Techiya concludes by pointing out that “the Court must hold an evidentiary hearing before imposing the requested sanctions on Techiya.” *Id.* at 20. The undersigned agrees.

The cases relied upon by Samsung are cases where the facts were much less in dispute, and the primary point of contention on appeal was what the sanction should be. For instance, in *Dynamic 3D Geosolutions LLC v. Schlumberger Ltd.*, 837 F.3d 1280 (Fed. Cir. 2016), the district court made a simple finding that the work of one of the plaintiff’s attorneys was substantially related to work she had performed for the defendant during earlier employment. That led to disqualification and the dismissal without prejudice of the patent infringement suit. Similarly, in *U.S. v. Quest Diagnostics Inc.*, 734 F.3d 154 (2d Cir. 2013), it was undisputed that a partner in the plaintiff-relator had been General Counsel for the defendant at a time material to the false claims act litigation. It was only the legal effect of these facts that was contested.

A more analogous case to the one before the Court is *Aptix Corporation v. Mentor Graphics Corporation*, 260 F.3d 1369 (Fed. Cir. 2001). In *Aptix*, the district court found in an evidentiary hearing that the plaintiff had submitted falsified engineering notebooks to the court to support an earlier date of conception to avoid prior art. The district court invoked the “unclean hands” doctrine to both dismiss the infringement action with prejudice and to declare the patent unenforceable. The Federal Circuit affirmed the dismissal of the infringement suit but reversed the declaration of unenforceability, since the misconduct was only during the litigation and not during the prosecution of the patent. “The district court’s

finding of litigation misconduct fully justified its decision to invoke the unclean hands doctrine and dismiss Aptix from suit.” *Id.* at 1374.

Also instructive is the Federal Circuit’s decision in *American Calcar, Inc. v. American Honda Motor Co., Inc.*, 651 F.3d 1318 (Fed. Cir. 2011). The case involved a defense of inequitable conduct in the prosecution of the asserted patent, by withholding prior art from the examiner with the intent to deceive. The district court chose to disregard the jury’s verdict of no inequitable conduct and the Federal Circuit observed that there was no right to a jury with respect to equitable defenses. *Id.* at 1333. Thus, “an inequitable conduct issue may be tried first, without a jury”. Harmon, Patents and the Federal Circuit (11th ed. 2013) at 948.

Samsung does not address the procedural issues regarding how the Court should go about weighing evidence and making credibility decisions on the issues presented by its motion. While some of the facts do not appear to be seriously disputed, many of the facts that Samsung relies upon are denied, and Techiya has not been called upon to put up its evidence, as it would at trial or on summary judgment. On the other hand, Samsung has raised serious issues about unclean hands, and it would be inefficient to go through an entire trial on infringement, invalidity and damages before even reaching the potentially dispositive issue of the litigation misconduct at issue on this motion.

Accordingly, IT IS RECOMMENDED that Samsung’s motion to dismiss be denied without prejudice and that a bench trial be scheduled to decide the merits of the equitable defense of unclean hands, as more fully set forth in Samsung’s motion.

A party's failure to file written objections to the findings, conclusions and recommendations contained in this report **by not later than January 8, 2024** bars that party from *de novo* review by the District Judge of those findings, conclusions, and recommendations and, except on grounds of plain error, from appellate review of unobjected-to factual findings and legal conclusions accepted and adopted by the district court. FED. R. CIV. P. 72(b)(2); see also *Douglass v. United Servs. Auto. Ass'n*, 79 F.3d 1415, 1428–29 (5th Cir. 1996) (*en banc*). Any objection to this Report and Recommendation must be filed in ECF under the event “Objection to Report and Recommendation [cv, respoth]” or it may not be considered by the District Judge.

SIGNED this 3rd day of January, 2024.


ROY S. PAYNE
UNITED STATES MAGISTRATE JUDGE