IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
WACO DIVISION

MCOM IP, LLC, **Plaintiff,** ***v.*** **CISCO SYSTEMS, INC.,** **Defendant.**	**6:22-cv-00261-ADA**

ORDER DENYING DEFENDANT'S MOTION
TO STAY PENDING *INTER PARTES* REVIEW

Before the Court is Defendant Cisco Systems, Inc.'s ("Cisco" or "Defendant") Opposed Motion to Stay Pending Resolution of *Inter Partes* Review. ECF No. 11. Plaintiff mCom IP, LLC ("mCom" or "Plaintiff") filed a response to Cisco's Motion, ECF No. 15, and Cisco filed a reply, ECF No. 19. Magistrate Judge Gilliland heard argument on this Motion on June 16, 2022. ECF No. 27. Judge Gilliland denied the Motion. *Id.* Judge Gilliland has since recused himself from this case. ECF No. 37. The Court has reviewed the parties' briefing anew and **DENIES** Defendant's Motion.

I. BACKGROUND

Plaintiff mCom filed suit against Cisco. ECF No. 1. In response, Cisco filed this Motion to Stay Pending Resolution of *Inter Partes* Review ("IPR"). ECF No. 11. The sole asserted patent is U.S. Patent No. 8,862,508 (the "'508 patent"). *Id.* at 4. Plaintiff asserts claims 1−20 of the '508 patent. ECF No. 1 at 3. The Patent Trial and Appeal Board ("PTAB") instituted IPR of claims 1, 3−7, 9−13, 15, 16, and 18−20 of the '508 patent. ECF No. 11-2 at 46. Cisco is not a party to the

IPR. ECF No. 11 at 7. However, Cisco "agreed to be bound by the PTAB's decision with respect to the prior art on which the Petition was instituted." *Id.* According to Cisco, the PTAB should issue a final written decision in the IPR by March 7, 2023. *Id.* at 4.

II. LEGAL STANDARD

A district court has the inherent power to control its own docket; this includes the power to stay proceedings before it. *Clinton v. Jones*, 520 U.S. 681, 706 (1997) ("The District Court has broad discretion to stay proceedings as an incident to its power to control its own docket."). "In particular, the question whether to stay proceedings pending inter partes review of a patent is a matter committed to the district court's discretion." *Multimedia Content Mgmt. LLC v. Dish Network L.L.C.*, No. 6:18-CV-00207-ADA, 2019 WL 11706231, at *1 (W.D. Tex. May 30, 2019) (citing *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426−27 (Fed. Cir. 1988)). However, stays are justified if "the outcome of a PTO proceeding is likely to assist the court in determining patent validity or eliminate the need to try infringement issues." *NFC Tech. LLC v. HTC Am., Inc.*, No. 2:13-CV-1058-WCB, 2015 WL 1069111, at *1 (E.D. Tex. Mar. 11, 2015) (citing *Gould v. Control Laser Corp.*, 705 F.2d 1340, 1342 (Fed. Cir. 1983)); *see also Evolutionary Intel., LLC v. Millennial Media, Inc.*, No. 5:13-CV-04206-EJD, 2014 WL 2738501, at *2 (N.D. Cal. June 11, 2014). Nevertheless, "there is no per se rule that patent cases should be stayed pending PTO proceedings, because such a rule would invite parties to unilaterally derail litigation." *Realtime Data, L.L.C. v. Rackspace US, Inc.*, No. 6:16-CV-00961 RWS-JDL, 2017 WL 772654, at *2 (E.D. Tex. Feb. 27, 2017) (quoting *Soverain Software LLC v. Amazon.com, Inc.*, 356 F. Supp. 2d 660, 662 (E.D. Tex. 2005)).

The court in *NFC Technology LLC v. HTC America, Inc.* explained that "[d]istrict courts typically consider three factors when determining whether to grant a stay pending inter partes

review of a patent in suit: (1) whether the stay will unduly prejudice the nonmoving party, (2) whether the proceedings before the court have reached an advanced stage, including whether discovery is complete and a trial date has been set, and (3) whether the stay will likely result in simplifying the case before the court." *NFC Tech.*, 2015 WL 1069111, at *2 (citations omitted); *see also CyWee Grp. Ltd. v. Samsung Elecs. Co.*, No. 2:17-CV-00140-WCB-RSP, 2019 WL 11023976, at *2 (E.D. Tex. Feb. 14, 2019). "Essentially, courts determine whether the benefits of a stay outweigh the inherent costs based on these factors." *EchoStar Techs. Corp. v. TiVo, Inc.*, No. 5:05-CV-81-DF, 2006 WL 2501494, at *1 (E.D. Tex. July 14, 2006).

III. DISCUSSION

To decide Defendant's motion, the Court considers the three factors set out in *NFC Technology*: (A) whether the stay will unduly prejudice the nonmoving party; (B) whether the proceedings before the Court are at an advanced stage; and (C) whether the stay will likely result in simplifying the case before the Court. *NFC Tech.*, 2015 WL 1069111, at *2.

A. Undue Prejudice to the Non-moving Party

A stay can prejudice the plaintiff due to the "loss of evidence as witnesses become unavailable and memories fade." *Allvoice Devs. US, LLC v. Microsoft Corp.*, No. 6:09-CV-366, 2010 WL 11469800, at *4 (E.D. Tex. June 4, 2010). Furthermore, "[a] patent holder has an interest in the timely enforcement of its patent right," even when the patent owner has only sought monetary relief. *MiMedx Grp., Inc. v. Tissue Transplant Tech. Ltd.*, No. SA-14-CA-719, 2015 WL 11573771, at *2 (W.D. Tex. Jan. 5, 2015) (quoting *Lennon Image Techs., LLC v. Macy's Retail Holdings, Inc.*, No. 2:13-CV-00235-JRG, 2014 WL 4652117, at *2 (E.D. Tex. Sept. 18, 2014)). However, a plaintiff seeking only monetary relief can diminish this prejudice. *Crossroads Sys., Inc. v. Dot Hill Sys. Corp.*, No. A-13-CA-1025-SS, 2015 WL 3773014, at *2 (W.D. Tex. June 16,

2015) ("[M]ere delay in collecting [monetary] damages does not constitute ***undue*** prejudice") (emphasis added).

A stay may prejudice mCom by causing a loss of evidence as witnesses become unavailable and their memories fade. *Allvoice Devs. US, LLC*, 2010 WL 11469800, at *4. In this case, the PTAB will release a final written decision by March 7, 2023. ECF No. 11 at 4. If this Court stays the case, the case will be delayed for ten months from the date of Cisco's Motion until the PTAB will resolve the IPR. In that time frame, documentary and testimonial evidence may be lost. *Allvoice Devs. US, LLC*, 2010 WL 11469800, at *4. Furthermore, mCom has an "interest in the timely enforcement of its patent right." *MiMedx Group, Inc.*, 2015 WL 11573771, at *2. The Federal Circuit has long held that "[r]ecognition must be given to the strong public policy favoring expeditious resolution of litigation." *Kahn v. GMC*, 889 F.2d 1078, 1080 (Fed. Cir. 1989); *see also United States ex rel. Gonzalez v. Fresenius Med. Care N. Am.*, 571 F. Supp. 2d 758, 763 (W.D. Tex. 2008) ("[T]he compensation and remedy due a civil plaintiff should not be delayed.") (quoting *Gordon v. FDIC*, 427 F.2d 578, 580 (D.C. Cir. 1970)). But because mCom only seeks monetary relief, the prejudice it faces if the case is stayed is diminished. *Crossroads Systems, Inc.*, 2015 WL 3773014, at *2. As such, this factor weighs slightly against granting the stay.

B. Stage of the Proceedings

"This factor favors granting the stay" when "[l]ittle-to-no judicial resources have been expended." *Xylon Licensing LLC v. Lone Star Nat'l Bancshares-Tex.,* Inc., No. 6:21-CV-00302-ADA, 2022 WL 2078030, at *3 (W.D. Tex. June 8, 2022). Here, the case has not yet reached its *Markman* hearing. ECF No. 24. The *Markman* hearing for this case is set for March 17, 2023. *Id.* Therefore, this factor favors granting Cisco's Motion. *See Xylon Licensing LLC*, 2022 WL 2078030, at *3 (finding this factor favors a stay before a *Markman* hearing).

C. Simplification of Issues

"[T]he most important factor bearing on whether to grant a stay . . . is the prospect that the inter partes review proceeding will result in simplification of the issues." *NFC Tech.*, 2015 WL 1069111, at *4. The Court finds this factor weighs against granting the stay for two reasons. First, the PTAB did not institute IPR of all claims at issue. ECF No. 11-2 at 46. Second, Cisco did not agree to abide by § 315(e)(2) as if it were a party of interest to the IPR. ECF No.11 at 7; *see also Kirsch Rsch. & Dev., LLC v. Tarco Specialty Prods.*, No. 6:20-cv-00318-ADA, 2021 WL 4555804, at *3 (W.D. Tex. Oct. 4, 2021) (holding that if a movant promises to estoppel, pursuant to § 315(e)(2), it can prevent "diminishing" the simplification of a case). Both reasons are considered in more detail below.

1. Strength of the IPR Petition

The PTAB did not institute IPR of claims 2, 8, 14, and 17 of the '508 patent. Because these claims are not included in the IPR, the parties may still litigate at least four claims even after the stay is lifted; therefore, "simplification . . . is not likely." *Rembrandt Wireless Techs., LP v. Samsung Elecs. Co.*, No. 2:13CV213-JRG-RSP, 2015 WL 627887, at *2 (E.D. Tex. Jan. 29, 2015). Also, this Court has noted that when a defendant "has not shown that the PTAB is likely to invalidate ***all*** asserted claims . . . a stay will likely not simplify the issues in [its] case." *USC IP P'ship, L.P. v. Facebook, Inc.*, No. 6-20-CV-00555-ADA, 2021 WL 6201200, at *2 (W.D. Tex. Aug. 5, 2021) (emphasis added). It is entirely possible that, regardless of the outcome of the IPR, the same issues will appear before this Court because the parties can litigate at least four of the asserted claims. In *Intellectual Ventures II LLC v. BITCO General Insurance Corp.*, the court granted a motion to stay pending IPR after the PTAB instituted ***all but one*** of the asserted claims. *Intell. Ventures II LLC v. BITCO Gen. Ins. Corp.*, 362 F. Supp. 3d 370, 373–74 (E.D. Tex. 2019). However, that ***one*** claim still went to trial, and the court spared very few, if any, resources by

granting the motion to stay. *Intell. Ventures II LLC v. Great West Co.*, No. 6:18-cv-00299-JRG (E.D. Tex. Mar. 13, 2019), ECF No. 99. Here, because the PTAB did not institute claims 2, 8, 14, and 17 of the '508 patent, it is also possible that this Court will see these four claims litigated even if the Court granted the motion to stay.

2. Scope of Estoppel

Even if this IPR could simplify the matter, Cisco can raise issues already brought in the IPR. Section 315(e)(2) fully estops the petitioners to an IPR from bringing claims they "raised or reasonably could have raised during that inter partes review" in civil actions. 35 U.S.C. § 315(e)(2). Where the defendant is a petitioner in the IPR, stays may simplify the issues before the Court because the Court does not have to deal with the invalidity claims that were brought or reasonably could have been brought during IPR.

On the other hand, parties that are not petitioners in the IPR, such as Cisco, are not bound by § 315(e)(2). Where the defendant is not a petitioner in the IPR, the IPR is less likely to simplify a case because the defendant is not estopped from bringing claims that were raised or reasonably could have raised during the IPR. *See Kirsch Rsch. & Dev., L.L.C.*, 2021 WL 4555804, at *3 ("[H]ow strongly the instituted IPR favors stay may be diminished by the scope of estoppel Defendant would accept.").

A moving party can agree to estoppel as if it were the original petitioner to the IPR. *Id.* In *Kirsch Research and Development, L.L.C. v. Tarco Specialty Products, Inc.*, the defendant agreed to be estopped as if it were the original petitioner to the IPR if the court granted the motion to stay. *Id.* The court in that case found that this factor favored granting the stay because the defendant agreed to estoppel. *Id.* But here, Cisco only "agreed to be bound by the PTAB's decision with respect to the prior art on which the IPR trial ***was instituted***." ECF No.10 at 1 (emphasis added). Section 315(e) bars the original IPR petitioner from bringing claims in civil actions that "[the]

petitioner raised or reasonably could have raised during that inter partes review." 35 U.S.C. § 315(e)(2). In contrast, Cisco's agreement to be bound to the PTAB's decision still allows Cisco to raise issues that (1) the petitioners already raised to the PTAB but the PTAB did not institute on those grounds and (2) issues that the petitioner could have reasonably raised but did not raise in the IPR. These are both issues that petitioners in an IPR are estopped from raising under § 315(e). *Id.* Therefore, simplification is substantially diminished due to the lack of full estoppel. *Kirsch Rsch. & Dev., L.L.C.,* 2021 WL 4555804, at *3.

In short, the PTAB did not institute IPR of all claims at issue; therefore, even if the PTAB invalidates all instituted claims, litigation is still possible. Additionally, Cisco qualified its promise to be bound to the PTAB's decision, which diminishes the simplification of the issues. *Id.* For these reasons, it is unlikely the IPR will simplify the cases before the Court. Therefore, this factor weighs against granting the stay.

IV. CONCLUSION

One factor, the stage of the proceedings, weighs in favor of granting a stay. Two factors, undue prejudice to the plaintiff and the simplification of the issues, weigh against granting a stay. This Court decides this motion on the importance of the relevant factors and its judicial discretion. *See Multimedia Content Mgmt. LLC*, 2019 WL 11706231, at *1. Because two of the factors weigh against granting a stay, the Court **DENIES** Defendant's Motion to Stay Pending *Inter Partes* Review**.**

SIGNED this 20th day of October, 2022.

ALAN D ALBRIGHT
UNITED STATES DISTRICT JUDGE