

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION**

LS CLOUD STORAGE
TECHNOLOGIES, LLC,

Plaintiff,

v.

GOOGLE LLC,

Defendant.

Case No. 1:22-cv-853-RP

Jury Trial Demanded

**GOOGLE’S OPPOSED MOTION TO STAY CASE PENDING
INTER PARTES REVIEW OF ASSERTED PATENT**

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Defendant Google LLC hereby moves to stay this case pending resolution of the *Inter Partes* Review (“IPR”) petition involving the sole asserted patent, U.S. Patent No. 10,154,092. The IPR petition was filed November 2, 2022 and covers every claim asserted by Plaintiff LS Cloud Storage Technologies (“LSC” or “Plaintiff”) in this case. This case is still in its infancy. After Judge Yeakel conducted an initial case management conference on November 3, 2022, the case was re-assigned to the Honorable Judge Pitman on November 10, 2022. Moreover, the asserted patent expired years before Plaintiff filed this case. As such, a stay will not present any clear tactical disadvantage or undue prejudice to Plaintiff. In the meantime, a review of the patent claims by the Patent Trial and Appeal Board (“PTAB”) will elicit guidance from the PTAB and simplify the case either by invalidating the asserted claims or limiting the applicable prior art. Accordingly, a stay pending IPR is warranted in this case.

I. Factual Background

Plaintiff filed the complaint in March 2022, alleging infringement by Google’s Storage Transfer Service. ECF No. 1. The asserted patent issued December 11, 2018 and expired January 22, 2019, almost four years ago. *See* ECF No. 1-2.

The parties’ joint motion to transfer this case from the Waco Division to the Austin Division was granted on August 15, 2022. ECF No. 20. Immediately after transfer, the case was stayed pending further order of the Court. *See* ECF No. 21.

On November 2, 2022, Google filed an IPR petition covering all claims of the asserted patent based on two anticipation and three obviousness grounds. *See* IPR2023-00120, Paper 1, attached as Exhibit A. Google promptly informed Plaintiff of the IPR and proposed a joint motion to stay, which Plaintiff opposed. The PTAB will issue a decision on institution six months after Google’s Petition is formally accorded a filing date (if accorded soon, the institution decision would be expected in May 2023), and if instituted, the final written decision

will issue one year from the date of institution. *See* 35 U.S.C. § 314(b), 37 C.F.R. § 42.100(c).

At the initial case management conference on November 3, 2022, the Court issued a Scheduling Order instructing claim construction briefing to start on June 29, 2023 and setting the *Markman* hearing on November 9, 2023. *See* ECF Nos. 23, 27. The Court then re-assigned the case to the Honorable Judge Pitman on November 10, 2022. *See* ECF No. 28.

II. All Three Relevant Factors Favor Staying This Case

Courts consider the following factors when evaluating a motion to stay pending IPR: (1) whether a stay will simplify the issues in the action, (2) whether a stay would unduly prejudice or present a clear tactical disadvantage to the nonmoving party, and (3) how far the litigation has progressed when the stay is requested. *See Nobots, LLC v. Google, LLC*, No. 1:22-cv-00585, ECF No. 53, at 1 (W.D. Tex. July 13, 2022).

A. The Requested Stay May Entirely Resolve or At Least Narrow the Issues in This Case

The most important factor that courts evaluate is whether staying the case pending an IPR would simplify the proceedings. Since Google's petition would invalidate every claim of the asserted patent, the IPR has the potential to eliminate or significantly streamline this litigation. *See, e.g., id.* at 2 ("should the PTAB decide to initiate *inter partes* review and some of the asserted claims survive that review, then statements and reasoning by the PTAB may be persuasive as this court construes the parties' disputed claim terms.") (Pitman, J.); *E-Watch, Inc. v. Lorex Canada, Inc.*, 2013 WL 5245298, at *2 (S.D. Tex. Sept. 26, 2013) ("at a minimum, even assuming that all the patents-in-suit [survived] the reexamination intact, the USPTO's insight and expertise regarding the validity of the patents would be of invaluable assistance"). If all claims are found unpatentable, this case will be terminated. If some claims are found unpatentable, the number of claims this Court would have to evaluate in determining the issues

of infringement and invalidity would be reduced. Even if all claims were to be found patentable, the invalidity issues before this Court would still be simplified because Google would be estopped from asserting invalidity grounds that were raised or reasonably could have been raised in its petition. *See* 35 U.S.C. § 315(e)(2); *E-Watch*, 2013 WL 5425298, at *4 (estoppel under § 315(e)(2) “will lead to further simplification of the issues”); *Lubrizol Specialty Prods. v. Baker Hughes Inc.*, 2017 WL 2255579, at *1 (S.D. Tex. May 23, 2017) (case would “likely be resolved or simplified considerably” by IPR). Even in the unlikely event that institution is denied, the PTAB’s analysis may provide helpful insight to the court. *See Aylus Networks, Inv. v. Apple Inc.*, 856 F.3d 1353, 1362 (Fed. Cir. 2017) (“we hold that statements made by a patent owner during an IPR proceeding, whether before or after an institution decision, can be considered for claim construction and relied upon to support a finding of prosecution disclaimer”).

B. Staying This Case Will Not Unduly Prejudice or Result in a Clear Tactical Disadvantage to Plaintiff

Plaintiff does not make or sell any products and has not engaged in any business activity in Texas other than filing complaints in March of 2022 alleging infringement of the asserted patent against Google and three other defendants.¹ *See Bell Semiconductor, LLC v. NXP Semiconductors, N.V.*, 2022 WL 1447948, at *2 (W.D. Tex. Feb. 7, 2022) (stay presented no prejudice to plaintiff because it “did not produce products on its patents or otherwise compete with [defendant]”). The asserted patent issued on December 11, 2018 and expired January 22, 2019, so the maximum potential period of damages is six weeks. *See GAP Bldg. Materials Corp. v. Elk Corp. of Dallas*, 90 F.3d 479, 483 (Fed. Cir. 1996) (“Patent rights are created only upon the formal issuance of the patent”); *Kimble v. Marvel Ent., LLC*, 576 U.S. 446, 451 (2015)

¹ Two of the other related cases have since been transferred to the Austin Division and assigned to this Court.

("[W]hen the patent expires, the patentee's prerogatives expire too, and the right to make or use the article, free from all restriction, passes to the public").

Given that Plaintiff delayed more than three years after expiration of the asserted patent before filing its complaint, waiting another six months until institution or eighteen months until the final written decision will not unduly prejudice or tactically disadvantage Plaintiff. *See Nobots, LLC v. Google, LLC*, No. 1:22-cv-00585, ECF No. 53, at 2 (W.D. Tex. July 13, 2022) ("should the PTAB decide not to initiate *inter partes* review – a short stay of the proceedings will not unduly prejudice [plaintiff]") (Pitman, J.); *Sonrai Mem. Ltd. v. Oracle Corp.*, No. 1:22-cv-00094, ECF No. 68, at 2-3 (W.D. Tex. June 27, 2022) (no undue prejudice where there was "mere delay in collecting monetary damages" and only the "non-movant's general interest in enforcement of a patent right"); *Netlist, Inc. v. Micron Tech. et al.*, No. 1:22-cv-00134, ECF No. 68, at 2 (W.D. Tex. May 11, 2022) ("a stay pending PTAB's institution decisions would not present a significant delay"); *Anza Tech., Inc. v. Avant Tech., Inc.*, 2018 WL 11314191, at *2 (W.D. Tex. Nov. 15, 2018) (short stay will not unduly prejudice even if institution is denied).

C. The Early Stage of This Case Also Favors a Stay

The final factor considered by courts when evaluating a motion to stay pending IPR proceedings is the stage of the litigation. This case is in the early stages. Pleadings are closed, and Plaintiff has served preliminary infringement contentions. Otherwise, nothing else has happened in this case. Although the initial case management conference was conducted on November 3, 2022 and resulted in the Court entering a Scheduling Order less than a week ago, the case has since been re-assigned. Google filed the petition well before the statutory deadline, *see* 35 U.S.C. § 315(b), and filed the present motion the next week. *See NFC Tech., LLC v. HTC Am., Inc.*, 2015 WL 1069111, at *3-*4 (E.D. Tex. Mar. 11, 2015) (filing IPR petition "seven and one-half months after the action was brought, and four months after" disclosure of infringement

contentions did not weigh against stay). Should the recently entered schedule remain in effect, the first claim construction deadline will not be until June of 2023, with the Markman hearing set in November of 2023. *See* ECF Nos. 23, 27.

Motions to stay have been granted at much later stages of a case, even when the parties have already begun the claim construction process and taken depositions. *See, e.g., Netlist, Inc. v. Micron Tech. et al.*, No. 1:22-cv-00134, ECF No. 68, at 3-4 (W.D. Tex. May 11, 2022) (third factor weighs in favor of stay even though parties completed claim construction briefing); *Lubrizol*, 2017 WL 2255579 at *2 (stay would avoid needless waste of resources because case was still in early stage with some discovery taken, and before start of dispositive motions or any pretrial work).

III. Conclusion

Because all three factors favor a stay of this case pending resolution of Google's IPR Petition, Google respectfully requests that this Court stay this action until the IPR proceeding has concluded (including any appeals).

Dated: November 11, 2022

Respectfully submitted,

/s/ Brian C. Banner

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CERTIFICATION OF SERVICE

The undersigned certifies that a true and correct copy of the above and foregoing document has been served on November 11, 2022, to all counsel of record who are deemed to have consented to electronic service via the Court's CM/ECF system.

/s/ Brian C. Banner
Brian C. Banner