IN THE UNITED STATES DISTRICT COURT

FOR THE WESTERN DISTRICT OF TEXAS

WACO DIVISION

FILED
MAY 30 2019
CLERK, U.S. DISTRICT COURT
WESTERN DISTRICT OF TEXAS
BY
DEPUTY CLERK

MULTIMEDIA CONTENT MANAGEMENT LLC, *Plaintiff,*	§	
v.	§	**CIVIL NO. 6:18-CV-00207-ADA**
DISH NETWORK L.L.C., *Defendant.*	§	

ORDER DENYING MOTION TO STAY PENDING *INTER PARTES* REVIEW OF U.S. PATENT NUMBERS 8,799,468 AND 9,465,925

Before the Court is Defendant Dish Network L.L.C.'s Opposed Motion to Stay Pending *Inter Partes* Review of U.S. Patent Nos. 8,799,468 and 9,465,925. Document Number 67. Plaintiff Multimedia Content Management LLC filed a Response on May 21, 2019. Document Number 69. Dish filed a Reply on May 28, 2019. Document Number 71. After carefully reviewing the Parties' briefs, the Court finds that Dish's Opposed Motion to Stay should be denied for the following reasons.

Background

On July 25, 2018, MCM filed this action against Dish alleging the infringement of two patents: U.S. Patent Nos. 8,799,468 and 9,465,925 (the "'468 Patent" and the "'925 Patent" respectively). In Dish's Motion to Stay, Dish urges the Court to stay the proceedings in this litigation for six months on the basis that it is seeking an *Inter Partes* Review ("IPR") which has yet to be instituted. Def.'s Mot. at 1. On April 23, 2019, Dish filed two IPR petitions against all asserted claims of the '468 Patent and the '925 Patent. As such, Dish seeks a short stay until the United States Patent Trial and Appeal Board's ("PTAB") institution decisions, which are due by

November 2019 and thereafter during the pendency of any instituted PTAB proceeding. Moreover, Dish has stated that should the PTAB not institute as to all challenged claims, then the Court can revisit the stay in November 2019.

Legal Standard

A district court has the inherent power to control its own docket, including the power to stay proceedings before it. *See 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."). How to best manage the court's docket "calls for the exercise of judgment, which must weigh competing interests and maintain an even balance." *Landis v. N. Am. Co.*, 299 U.S. 248, 254–55 (1936); *Gonzalez v. Infostream Grp., Inc.*, Case No. 2:14-CV-906, 2015 WL 12910770, at *1 (E.D. Tex. Mar. 2, 2015). 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. *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426–27 (Fed. Cir. 1988). A stay is particularly justified when "the outcome of a PTO proceeding is likely to assist the court in determining patent validity or eliminate the need to try infringement issues." *Evolutionary Intelligence, LLC v. Millennial Media, Inc.*, No. 5:13-CV-4206, 2014 WL 2738501, at *2 (N.D. Cal. June 11, 2014); *see also 3rd Eye Surveillance, LLC v. Stealth Monitoring, Inc.*, No. 6:14-CV-162, 2015 WL 179000, at *1 (E.D. Tex. Jan. 14, 2015).

"District 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 Techs. LLC v. HTC Am., Inc.*,

No. 2:13-CV-1058-WCB, 2015 WL 1069111, at *2 (E.D. Tex. Mar. 11, 2015). "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, 2006 WL 2501494, at *1 (E.D. Tex. July 14, 2006).

Analysis

1. Relevant Facts

There can be no dispute that both parties have already expended considerable time and resources into the claim construction process. In fact, the Court has already conducted a Markman hearing, which was held on April 26, 2019. At the end of this hearing, the Court informed the Parties of how it was construing the disputed claim terms.

Furthermore, the Court finds that Dish could have filed its IPR Petitions more quickly. Instead, Dish elected to file their Petitions long after suit was filed and even waited until after the Markman hearing. The Court does not intend to critique Dish's decision—Dish was free to choose when to file for the IPRs. However, having waited this long to file is a factor that the Court will consider.

Moreover, the Court finds that the Parties should have been on notice that the Court anticipated that discovery would commence very quickly after the completion of the Markman hearing, which is made evident from the Court's form scheduling order with respect to patent cases. Finally, the Court has set this case for jury trial on July 20, 2020. It is unlikely that, assuming institution, the PTAB's final written decisions in Dish's IPRs will be due, without any extension, any earlier than one year after the Institution Decision, which is November 15, 2020.

2. Undue Prejudice

Dish argues that MCM will not suffer undue prejudice from a stay; however, the Court disagrees for the following reasons. As a patent holder, MCM has "an interest in the timely enforcement of its patent right." *MiMedx Group, Inc. v. Tissue Transplant Tech. Ltd.*, 2015 WL 11573771, at *2 (W.D. Tex. Jan 5, 2015) (internal citations omitted). Here, trial is set for July 2020; thus, a stay will prejudice MCM by depriving it of a timely jury trial in the summer of 2020. The Court doubts that Dish would disagree with this. While a November 15, 2019 institution decision deadline might mean a November 15, 2020 deadline for a final written decision—assuming institution occurs—there is uncertainty to this date. Although 35 U.S.C. § 316(a)(11) and 37 C.F.R. § 42.100 indicate that a final written decision should "normally" issue no more than a year after the institution decision, they also state that the one-year period can be extended up to six months for good cause. If this were to occur, then the November 15, 2020 deadline would be pushed to May 15, 2021, which is more than a year after the Court's predicted trial date. Furthermore, this does not account for any potential Federal Circuit appeal of the final written decisions, which would add even more time and therefore create an even longer delay. At any rate, even under the best of scenarios, the final decision at the PTAB would come months after the jury trial that is scheduled for July 2020. Accordingly, the Court concludes that this factor weighs against granting a stay.

3. Stage of Proceedings

If "the court has expended significant resources, then courts have found that this factor weighs against a stay." *CANVS Corp. v. U.S.*, 118 Fed. Cl. 587, 595–96 (2014) (quoting *Universal Elecs., Inc. v. Universal Remote Control, Inc.*, 943 F. Supp.2d 1028, 1031–32 (C.D. Cal. 2013) ("The Court's expenditure of resources is an important factor in evaluating the stage

of the proceedings.")); *SenoRx, Inc. v. Hologic, Inc.*, No. 12-173-LPS-CJB, 2013 WL 144255, at *5–6 (D. Del. Jan. 11, 2013) ("[Once] the Court and the parties have already expended significant resources . . . the principle of maximizing the use of judicial and litigant resources is best served by seeing the case through to its conclusion."). As stated earlier, the Court has invested significant resources and time in construing all the contested claim terms. On the other hand, the Court acknowledges that discovery has not yet begun, and that the Parties will incur great expense in the future preparing for trial. However, the Court finds particularly critical, at least in this case, Dish's delay in filing for a stay after the Parties had briefed and argued claim construction at the Markman hearing. As such, the Court finds that this outweighs any future expense that the Parties might incur.

The Court also considers "whether the defendant acted with reasonable dispatch in filing its petitions for *inter partes* review and then, after the petitions were granted, in filing its motion for a stay." *NFC Tech. LLC v. HTC Am., Inc.*, No. 2:13-CV-1058-WCB, 2015 WL 1069111, at *3 (E.D. Tex. March 11, 2015). As discussed above, Dish waited until long after MCM filed suit and the conclusion of the Markman hearing to file its IPR petitions. Therefore, the Court finds that Dish failed to act with reasonable dispatch in filing their petitions for *inter partes* review and their subsequent motion to stay. In short, in view of the advanced nature of the Court's proceedings, including the completion of the Markman hearing, the rendering of claim constructions by the Court, and the fact that a jury trial has been set for July 2020, the Court finds that this factor weighs against granting a stay.

4. Simplification of Issues

"[T]he most important factor bearing on whether to grant a stay in this case is the prospect that the *inter partes* review proceeding will result in simplification of issues before the

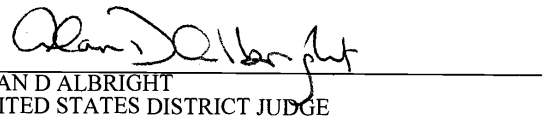
Court." *NFC Tech.*, 2015 WL 1069111 at *4. The Court finds that this factor strongly favors denying a stay. At the time this Motion was filed, the IPR Petition had not been instituted or denied by the PTAB; therefore, any simplification of the issues at trial after a PTAB decision will likely be minimal. Moreover, Dish admits that since there is no guarantee that the PTAB will grant institution, then there is no guarantee that granting a stay will simplify any issues in this litigation. Thus, were the PTAB to ultimately deny institution, then the trial in this case would be needlessly delayed. Admittedly, if the PTAB does grant institution, then there is the possibility that some claims *might* be invalidated. As a result, Dish can argue nothing more than that there is a *potential* simplification of issues that favors granting a stay.

Additionally, the Court finds that even if institution is granted, Dish's IPRs would not simplify the issues in this case. The Court has already resolved the meaning of the claim terms as a matter of law. However, in its IPR Petitions, Dish includes the claim constructions that they proffered prior to the Court's Markman hearing instead of the Court's final constructions. Def.'s Mot. Ex. A at 7–13; *Id.* Ex. B at 8–18. For example, in the IPR Petitions, Dish construes the "selectively transmit" limitation of the asserted claims as "transmitting all content requests to take place within the service provider network in response to the controller instructions' decision to transmit the content requests." *Id.* Ex. A at 13. The Court, however, construed the "selectively transmit" limitation differently than what Dish submitted in its IPR Petitions. This is also further support for a determination that a grant of a stay at this point would result in unfair prejudice (see factor one discussed in Part 2 of this Order). Accordingly, the Court finds that this factor strongly weighs against granting a stay.

Conclusion

After considering the relevant factors and for the reasons stated above, the Court finds that Defendant Dish Network L.L.C.'s Opposed Motion to Stay Pending *Inter Partes* Review of U.S. Patent Nos. 8,799,468 and 9,465,925 should be and hereby is **DENIED**.

SIGNED this 30th day of May 2019.



ALAN D ALBRIGHT
UNITED STATES DISTRICT JUDGE