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

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| **SONRAI MEMORY LIMITED,**<br>**Plaintiff,**<br><br>***v.***<br><br>**KINGSTON TECHNOLOGY COMPANY, INC. and KINGSTON TECHNOLOGY CORPORATION,**<br>**Defendants.** | **6:21-cv-1284-ADA** |

**ORDER DENYING KINGSTON TECHNOLOGY COMPANY INC.'S AND KINGSTON TECHNOLOGY CORPORATION'S OPPOSED MOTION TO STAY PENDING RESOLUTION OF *INTER PARTES* REVIEW**

Before the Court is Defendants Kingston Technology Company Inc.'s and Kingston Technology Corporation's Opposed Motion to Stay Pending Resolution of *Inter Partes* Review of All Asserted Claims of the Asserted Patent. ECF No. 78 (the "Motion"). Plaintiff Sonrai Memory Limited ("Sonrai") filed an opposition on January 20, 2022, ECF No. 82, to which Defendants Kingston Technology Company, Inc. and Kingston Technology Corporation (collectively, "Kingston") replied on September 6, 2022, ECF No. 83.

## I. BACKGROUND

Sonrai filed this Action on June 11, 2021, alleging that Kingston infringes at least claim 1 of U.S. Patent Nos. 6,724,241 (the "'241 Patent") and 6,920,527 (the "'527 Patent") (collectively, the "Asserted Patents"). On June 22, 2021, Sonrai served Kingston infringement contentions specifically alleging infringement of the '241 and '527 Patents. ECF No. 13-14. The Central District of California transferred this litigation to this Court on November 18, 2021. ECF No. 40.

Kingston's claims regarding the '241 Patent have been severed and stayed, ECF No. 60, and are not at issue here. The Court held a *Markman* hearing in this Action on June 30, 2022; fact

discovery opened the next day. ECF No. 75. On August 16, 2022, Kingston filed the instant Motion, requesting that the Court stay this Action pending "final resolution of the IPR proceedings for the patent-in-suit." ECF No. 78 at 8. The Court expects to reach a verdict in this Action by the end of June 2023, ECF No. 50-1, while the PTAB is expected to issue its final written decision ("FWD") in the IPR by July 29, 2023. ECF No. 78-1.

## II. LEGAL STANDARD

"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 Tech. LLC v. HTC Am., Inc*., No. 2:13-cv-1058, 2015 WL 1069111, at *2 (E.D. Tex. Mar. 11, 2015); *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) (Bryson, J.).

## III. ANALYSIS

### A. Undue Prejudice to the Non-moving Party

The Court finds that a stay would inflict undue prejudice upon non-movant Sonrai for at least the following two reasons.

First, a stay risks the loss of testimonial and documentary evidence potentially valuable to Sonrai's case. *See Allvoice Developments US, LLC v. Microsoft Corp.*, No. 6:09-CV-366, 2010 WL 11469800, at *4 (E.D. Tex. June 4, 2010) (holding that a stay of ten months would "create a substantial delay that could cause prejudice by preventing Plaintiff from moving forward with its infringement claims and by risking the loss of evidence as witnesses become unavailable and memories fade"); *Allure Energy, Inc. v. Nest Labs, Inc.*, No. 9-13-CV-102, 2015 WL 11110606,

at *1 (E.D. Tex. Apr. 2, 2015); *Anascape, Ltd. v. Microsoft Corp.*, 475 F. Supp. 2d 612, 617 (E.D. Tex. 2007) (holding that delay also risks making witnesses harder to find).

Furthermore, This Court denied a motion to stay pending IPR in another Sonrai case on identical grounds. *Sonrai Memory Ltd. v. LG Elecs. Inc.*, No. 6:21-CV-00168-ADA, 2022 WL 2307475, at *1 (W.D. Tex. June 27, 2022) ("LG"). This Court wrote, "[s]ome factors may diminish [the risk of loss of valuable evidence], like where the requested stay is of a brief and definite duration." *Id.* at *2. As in that motion, the factor is absent here. The statutory deadline for the PTAB to issue a FWD on Kingston's petition is not until July 29, 2023, and appeals can extend the duration for six months to January 2024. 35 U.S.C. § 316(a)(11); 37 C.F.R. § 42.100(c). Therefore, staying the case could result in a delay of up to 17 months. *See Multimedia Content Mgmt. LLC v. Dish Network*, No. 6:18-CV-00207-ADA, 2019 U.S. Dist. LEXIS 236670, at *5 (W.D. Tex. May 30, 2019) (noting the length of appeal and the statutory scheme's provision for delaying a FWD by six months if necessary).

Another risk-mitigating factor this Court considered in *LG* was whether "the proceeding-to-be-stayed and the parallel proceeding implicate discovery of a similar scope and evidence in the latter can later be used in the former." *LG*, 2022 WL 2307475, at *2. Due to the limited scope—determinations made based on prior art alone—and minimal discovery of IPRs, this factor typically is not implicated in a motion to stay pending IPR. *Id.* (citing 35 U.S.C. § 311(b) (providing the limited scope of validity challenges in an IPR petition) and 37 C.F.R. § 42.51 (providing the limited scope of IPR discovery)).

Secondly, a stay may result in undue prejudice to Sonrai because Sonrai, like all patent holders, "has an interest in the timely enforcement of its patent rights." *LG*, 2022 WL 2307475, at *2; *see also Kirsch Research & Dev., LLC v. Tarco Specialty Products, Inc.*, No. 6:20-CV-00318-

ADA, 2021 WL 4555804, at *2 (W.D. Tex. Oct. 4, 2021) (citing *MiMedx Group, Inc. v. Tissue Transplant Tech. Ltd.*, No. SA-14-CA-719, 2015 WL 11573771, at *2 (W.D. Tex. Jan 5, 2015)). The Federal Circuit has long favored "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))). To that end, Congress established the PTAB to provide "quick and cost-effective" resolutions of patent disputes. *LG*, 2022 WL 2307475, at *2; *see also Ethicon Endo-Surgery, Inc. v. Covidien LP*, 826 F.3d 1366, 1367 (Fed. Cir. 2016).

As in *LG*, this Court is set to resolve the parties' patent disputes before the PTAB determines "*only* invalidity based *only* on prior-art publications." 2022 WL 2307475, at *3. Pushing back trial for a limited proceeding (that may not eliminate the need for a jury trial) makes little sense here. *See id.* (denying LG's motion to stay pending IPR when PTAB expected to issue its FWD a month after this Court would reach a resolution); *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) (denying stay where a FWD was expected months after the scheduled jury trial); *Kerr Mach. Co. v. Vulcan Indus. Holdings, LLC*, No. 6-20-CV-00200-ADA, 2021 WL 1298932, at *2, 2021 U.S. Dist. LEXIS 67384, at *6 (W.D. Tex. Apr. 7, 2021) ("[T]he Court believes that allowing this case to proceed to completion will provide a more complete resolution of the issues including infringement, all potential grounds of invalidity, and damages.").

Accordingly, this factor weighs against granting a stay.

**B. Stage of the Proceedings**

The advanced stage of the proceedings weighs against granting a stay. "[I]f the protracted and expansive discovery has already occurred, or the court has expended significant resources,

then courts have found that this factor weighs against a stay. *CANVS Corp. v. United States*, 118 Fed. Cl. 587, 595 (2014). Simply put, this case is not in an early stage. The *Markman* hearing occurred on June 30, 2022. ECF No. 75. The Central District of California transferred the case nearly a year ago. *See* ECF No. 40. This Court has resolved Kingston's motion to sever Sonrai's '241 Patent claims and stay them pending the resolution of the Kioxia and Western Digital Actions. ECF No. 60. The Court completed claim construction. ECF No. 79. Importantly, the Court has expended significant resources getting to this point and is prepared to move forward on this Action. *See Sonrai Memory Ltd. v. Texas Instruments Inc.*, No. 6:21-CV-1066-ADA-DTG, 2022 WL 2782744, at *1 (W.D. Tex. May 18, 2022) (denying motion to stay pending IPR in another Sonrai case where the parties had not started claim construction briefing, where fact discovery was not open, and the "placeholder date" for trial was still over a year out).

Given the foregoing, this factor weighs against granting a stay.

**C. Simplification of Issues**

Simplification of the issues is the "most important factor" in the stay analysis. *Tarco*, 2021 WL 4555804, at *3; *see also LG*, 2022 WL 2307475, at *3.

1. Strength of Kingston's IPR Petition

Without doubt, this case would be simplified if the PTAB invalidated all asserted claims of the '527 Patent in Kingston's upcoming IPR, assuming the Federal Circuit upheld that decision on a potential appeal. But for this factor to favor a stay, Kingston "must show more than a successful petition, they must show that the PTAB is likely to invalidate every asserted claim." *Kirsch*, 2021 WL 4555804, at *3 (quoting *Scorpcast v. Boutique Media*, No. 2:20-cv-00193-JRG-RSP, 2021 WL 3514751, at *3 (E.D. Tex. June 7, 2021)). Kingston failed to meet that burden.

The IPR institution ruling does not indicate that the PTAB is likely to invalidate every asserted claim. To be sure, it states that "[p]etitioner has established a reasonable likelihood that it

would prevail in showing the unpatentability of at least one of claims 1–7, 9–12, and 14–18 of the '527 patent. Accordingly, we institute an *inter partes* review as to all of the challenged claims of the '527 Patent and all of the asserted grounds of unpatentability." ECF No. 78-1 at 2. The PTAB, however, writes, "[o]ur determination . . . is based on the evidentiary record currently before us. This decision . . . is not final . . . as to patentability of any claim for which *inter partes* review has been instituted. Our final decision will be based on the full record developed during trial." *Id.* Moreover, the PTAB determined that Kingston had only "established *adequately* for purposes of this Decision" that the asserted combinations teach or suggest the claim limitations at issue, and repeatedly stated that its findings were only "for purposes of institution." ECF No. 78-1 at 8, 14, 17, 18, 19, 22, 25 (emphasis added).

The language in the institution ruling does not support Kingston's claim that the PTAB is likely to invalidate all asserted claims. Rather, the PTAB merely indicates that Kingston met its initial institution burden. Kingston's motion and supporting arguments attempt to shoehorn the institution ruling to favor granting a stay. That attempt was unsuccessful. *See Ravgen, Inc. v. Lab. Corp. of Am. Holdings*, No. 6:20-cv-00969-ADA, ECF No. 185 at 8 (W.D. Tex. Aug. 16, 2022) (movant's failure to show that "the Board is likely to invalidate every asserted claim" was a "fatal error," as "[i]nstitution alone is not enough").

2. IPR Estoppel Does Not Sufficiently Simplify the Issues

Section 315(e) of Title 35 subjects IPR petitioners to estoppel once the PTAB issues a FWD. Kingston's speculative assertion that "estoppel will likely apply to both parties" (ECF No. 78 at 7) is unavailing. Kingston "can still challenge in this Court the invalidity of the asserted claims on other grounds, especially those grounds that rely on system prior art, which could not be relied on during IPRs." *USC*, 2021 WL 6201200, at *2. In fact, Kingston's final invalidity contentions identify eight different systems and purport to reserve the right to "supplement these

contentions with third-party prior art systems." ECF No. 82-1 at 7–10. "It is unclear how forcing [Kingston] to rely on other prior art for its invalidity case constitutes a 'simplification' of the invalidity issue as opposed to simply a second chance to invalidate the asserted claims." *LG*, 2022 WL 2307475, at *4.

Therefore, this factor weighs against a stay.

## IV. CONCLUSION

The Court finds that no factor weighs in favor of granting a stay. Sonrai would be prejudiced by delay of this trial, slated to occur before the PTAB issues a FWD in the Kingston IPR. This Action is in an advanced stage, and Kingston has failed to support its claims about the strength of its IPR petition.

Kingston's Motion to Stay, ECF No. 78, is therefore **DENIED**.

SIGNED this 18th day of October, 2022.

ALAN D ALBRIGHT
UNITED STATES DISTRICT JUDGE