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

MULTIMODAL MEDIA LLC, *Plaintiff*, v. SAMSUNG ELECTRONICS CO., LTD. and SAMSUNG ELECTRONICS AMERICA, INC., *Defendants*.	§ § § § § § § § § §	2:22-CV-00462-JRG-RSP

DEFENDANTS' MOTION TO STAY PENDING
<u>RESOLUTION OF MOTION TO TRANSFER VENUE</u>

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I. INTRODUCTION

Samsung respectfully moves for a stay of this case pending resolution of its Motion to Transfer Venue to the Northern District of California (Dkt. 46, "Transfer Motion"), in view of the impending *Markman* hearing that is scheduled for April 23, 2024, just two months away. The Federal Circuit has repeatedly held that district courts must decide transfer motions at the outset of the case, before addressing substantive issues and specifically before the *Markman* hearing. And the Federal Circuit has instructed parties seeking transfer to promptly request a stay of merits proceedings pending resolution of transfer motions. A short stay will allow this Court time to address Samsung's Transfer Motion ahead of *Markman*.

Moreover, all factors favor a stay. First, Multimodal will not suffer undue prejudice or tactical disadvantage, as Multimodal is a non-practicing entity that does not compete against Samsung. Second, a stay will simplify the issues and promote judicial economy, allowing the Court to decide transfer before it and the parties expend resources on proceedings that may have to be redone in the Northern District of California. This is a central reason why the Federal Circuit requires transfer motions to be decided before the *Markman* hearing. Third, the early stage of the case favors entry of a stay before the parties and the Court expend further resources on costly proceedings on the horizon. In just the three months following the *Markman* hearing, depositions, the close of fact discovery, expert discovery, and dispositive and *Daubert* motions are all set to occur. The Court should stay this case pending resolution of Samsung's transfer motion.

II. FACTUAL BACKGROUND

On November 29, 2022, Plaintiff Multimodal Media LLC ("Multimodal") filed this lawsuit against Defendants Samsung Electronics Co., Ltd. and Samsung Electronics America, Inc. (collectively, "Samsung"). Dkt. 1. Multimodal alleges infringement of four patents by two Google applications: Messages and Meet. A year prior to suing Samsung, on November 29, 2021,

Multimodal filed suit asserting these same four patents and a fifth patent against two other companies, also alleging infringement by two applications: Messages and Duo, an application that has since been replaced with the Google Meet application. *See Multimodal Media LLC v. ZTE Corp.*, No. 2:21-cv-00437-JRG (E.D. Tex.); *Multimodal Media LLC v. Guangdong OPPO Mobile Telecomms. Corp.*, No. 2:21-cv-00436-JRG-RSP (E.D. Tex.); *see also* https://blog.google/products/duo/duo-meet/.

Samsung filed its Transfer Motion on October 13, 2023. Dkt. 46. Briefing for the motion was completed on December 15, 2023 (Dkt. 57) and briefing on Samsung's notice of supplemental authority completed on December 28, 2023 (Dkts. 60-61, 67-68). On December 18, 2023, Multimodal filed a notice requesting hearing on the Transfer Motion. Dkt. 61. On January 30, 2024, Samsung filed an unopposed motion requesting hearing on the Transfer Motion. Dkt. 74.

This case, meanwhile, is still in its early stages. Multimodal served its infringement contentions on May 30, 2023, and the Court set the operative case schedule on June 20, 2023. Dkt. 34. Aside from the Transfer Motion, the only substantive motion filed to date is Samsung's Rule 12(c) motion for judgment on the pleadings under 35 U.S.C. § 101, which the Court has not decided and need not decide if this case is transferred. Dkt. 42. Samsung has also filed a motion for stay pending *inter partes* review, based on IPRs filed against all asserted claims. Dkt. 59. Discovery is ongoing, and no depositions have yet been taken.

This case, however, is on the verge of entering its most costly stages. The *Markman* hearing is set for April 23, 2024. Close of fact discovery is on May 15, 2024, necessitating numerous depositions, most of which are expected to occur in the weeks following the *Markman* hearing. Opening experts are due May 22, 2024, rebuttal expert reports are due June 18, 2024, close of expert discovery is set for July 8, 2024, and dispositive and *Daubert* motions are due

July 22, 2024. Jury selection is set for October 28, 2024. Dkt. 72.

III. LEGAL STANDARD

"Although district courts have discretion as to how to handle their dockets, once a party files a transfer motion, disposing of that motion should unquestionably take top priority." *In re Apple Inc.*, 979 F.3d 1332, 1337 (Fed. Cir. 2020); *see In re Horseshoe Ent.*, 337 F.3d 429, 433 (5th Cir. 2003). Therefore, district courts should stay cases "to timely decide the transfer motion before proceeding to further substantive matters." *In re Apple Inc.*, No. 2023-120, 2023 WL 2359699, at *2 (Fed. Cir. Mar. 6, 2023).

In determining whether a stay of litigation is warranted, this District typically considers three factors: "(1) whether a stay will unduly prejudice or present a clear tactical disadvantage to the nonmoving party, (2) whether a stay will simplify the issues in question and trial of the case, and (3) whether discovery is complete and whether a trial date has been set." *Soverain Software LLC v. Amazon.com, Inc.*, 356 F. Supp. 2d 660, 662 (E.D. Tex. 2005).

IV. THE CASE SHOULD BE STAYED PENDING A DECISION ON TRANSFER

A stay of this litigation is appropriate and necessary to allow Samsung's Transfer Motion to be decided before the *Markman* hearing and other substantive proceedings that follow. Each of the *Soverain* factors confirms that a stay of litigation is warranted.

A. The Court Should Exercise Its Inherent Authority To Stay This Case

"[T]he power to stay proceedings" is part of a court's "inherent power to control the disposition of the causes on its docket with economy of time and effort for itself, for counsel, and for litigants." *United States v. Colomb*, 419 F.3d 292, 299 (5th Cir. 2005). Thus, this District has stayed proceedings pending resolution of transfer motions in other matters. *E.g.*, *DSS Tech. Mgmt., Inc. v. Apple, Inc.*, No. 6:13-cv-00919-JDL, Dkt. 83 (E.D. Tex. Oct. 28, 2014).

The Court should likewise exercise its stay power here, because "it is a clear abuse of

discretion [for a district court] to require the parties to expend additional party and court resources litigating the substantive matters of the case while [a] motion to transfer unnecessarily lingers on the docket." *In re Apple Inc.*, 52 F.4th 1360, 1362 (Fed. Cir. 2022). The Federal Circuit has specifically held that district courts must resolve pending venue-related motions before the *Markman* hearing:

- *In re TracFone Wireless, Inc.*, 848 F. App'x 899, 900 (Fed. Cir. 2021): holding that a district court abused its discretion when it declined to rule on a motion to transfer and moved forward with a *Markman* hearing, citing the "principle well-established in Fifth Circuit law: That district courts must give promptly filed transfer motions 'top priority' before resolving the substantive issues in the case."
- *In re SK Hynix Inc.*, 835 F. App'x 600, 601 (Fed. Cir. 2021): holding that in view of an "upcoming *Markman* hearing, we find it appropriate to grant the petition to the extent that the district court must stay all proceedings concerning the substantive issues of the case and all discovery until such time that it has issued a ruling on the motion [to transfer] capable of providing meaningful appellate review of the reasons for its decision."
- *In re Apple Inc.*, 979 F.3d at 1338: directing transfer of the case and criticizing the district court because it "held a *Markman* hearing, issued its claim construction order, held a discovery hearing, and issued a corresponding discovery order," before deciding the transfer motion, as "[t]hese are not merely rote, ministerial tasks. Indeed, a *Markman* hearing and claim construction order are two of the most important and time-intensive substantive tasks a district court undertakes in a patent case."
- *In re Google Inc.*, No. 2015-138, 2015 WL 5294800, at *2 (Fed. Cir. July 16, 2015): ordering the district court to "issue a decision on Google's transfer motion within 30 days

of the date of this order and stay all other proceedings pending final resolution of the transfer motion," because before ruling on defendant's transfer motion, the "magistrate judge . . . pressed forward with the case, proceeding through to the close of discovery and conducting both a *Markman* hearing and a hearing related to several discovery disputes." Moreover, the Federal Circuit has directed parties seeking transfer to "promptly [file] . . . a motion to stay proceedings pending disposition of the transfer motion" to allow the district court to "act on those motions before proceeding to any motion on the merits of the action." *In re Fusion-IO, Inc.*, 489 F. App'x 465, 466 (Fed. Cir. 2012). In view of these precedents and the impending *Markman* hearing, Samsung respectfully requests that this action be stayed while its Transfer Motion remains unresolved.

B. All Three Stay Factors Favor A Stay

The *Soverain* factors confirm that a stay of this litigation is warranted to allow this Court to decide Samsung's Transfer Motion before proceeding with the impending *Markman* hearing and other substantive proceedings.

1. Factor 1: Multimodal Will Not Suffer Undue Prejudice Or Tactical Disadvantage

The first factor, of "whether the patentee will be unduly prejudiced by a stay in the district court proceedings[,] . . . focuses on the patentee's need for an expeditious resolution of its claim." *VirtualAgility Inc. v. Salesforce.com, Inc.*, 759 F.3d 1307, 1318 (Fed. Cir. 2014). Here, there is no need for an expeditious resolution of Multimodal's claims.

Multimodal is a non-practicing entity that was created on August 24, 2021, with its original place of business listed as its local counsel's office, and its current putative place of business listed as a psychologist's clinic. Dkt. 59-12 and 59-13; Dkt. 1 ¶ 1 (listing Multimodal's address as "505 East Travis Street, Suite 208, Marshall, Texas 75670"). This District's precedents are clear: a non-

practicing entity faces minimal prejudice from a short stay. *See, e.g.*, *SSL Servs., LLC v. Cisco Sys., Inc.*, No. 2:15-CV-433-JRG-RSP, 2016 WL 3523871, at *2 (E.D. Tex. June 28, 2016); *Uniloc USA, Inc. v. Corbis Corp.*, No. 6:13-CV-942-RWS-KNM, 2015 WL 11199063, at *4 (E.D. Tex. July 6, 2015). Multimodal does not compete with Samsung in the marketplace and can be fully compensated for any alleged harm through monetary damages, which would be unaffected by a short stay of this action. *See VirtualAgility*, 759 F.3d at 1318 ("[a] stay will not diminish the monetary damages to which VA will be entitled if it succeeds in its infringement suit—it only delays realization of those damages"). Where "the only potential prejudice Plaintiff faces is the delay in litigating its patent rights—a minimal prejudice present in every case in which a stay is sought[—][w]ithout more, the Court finds that the first factor weighs slightly in favor of granting the stay." *Parallel Networks Licensing, LLC v. Ramquest Software, Inc.*, No. 4:19-CV-487, 2020 WL 1236266, at *3 (E.D. Tex. Mar. 13, 2020).

Moreover, any claim of prejudice by Multimodal is undermined by its delay in bringing this lawsuit against Samsung. Multimodal previously asserted the same four patents against similar Google applications, Messages and Duo, against ZTE and OPPO in suits filed on November 29, 2021. There was no reason for Multimodal to not have brought its similar allegations against Samsung at that time in 2021. Yet Multimodal strategically waited another year before filing suit against Samsung. A short stay will not unduly prejudice Multimodal.

2. Factor Two: A Stay Will Simplify Issues And Promote Judicial Economy

A short stay of this proceeding pending resolution of Samsung's Transfer Motion will also simplify issues and promote judicial economy. "Judicial economy requires that another district court should not burden itself with the merits of the action until it is decided that a transfer should be effected." *In re Apple Inc.*, 979 F.3d at 1337. It would be wasteful for the parties and this Court

to decide merits issues including *Markman* when such proceedings might need to be redone in the Northern District of California. Moreover, continuing to litigate in this forum while Samsung's Transfer Motion remains pending "can frustrate the intent of § 1404(a) by forcing defendants 'to expend resources litigating substantive matters in an inconvenient venue while a motion to transfer lingers unnecessarily on the docket.'" *In re TracFone Wireless, Inc.*, 848 F. App'x at 900, quoting *In re Google Inc.*, 2015 WL 5294800, at *1.

Indeed, the Court and parties face a significant expenditure of resources that may be duplicative and unnecessary should this case ultimately be transferred. The pending *Markman* proceedings themselves are substantial, as the parties offer disputed constructions of 19 terms. Dkt. 75. In addition, Samsung has filed a motion for judgment on the pleadings under § 101 that remains pending. Dkt. 42. The Court and the parties may also be burdened by duplicative post-*Markman* work, including depositions and discovery motions to compel, as well as expert reports, *Daubert* motions, and dispositive motions. A brief stay will preserve valuable judicial resources by allowing the Court to focus on the pending venue issues in Samsung's Transfer Motion, which should be decided before the substantive issues in this case.

3. **Factor Three: This Case Is In Its Early Stages**

The parties remain at the early stages, with discovery still in progress. No depositions have been taken, and the *Markman* hearing is set for April 23, 2024. Aside from the Transfer Motion, the only substantive motion filed to date is Samsung's pending § 101 motion. Dkt. 42. Courts have granted stays in cases where a stay motion was filed at a significantly later date. *See, e.g.*, *NFC Tech. LLC v. HTC Am., Inc.*, No. 2:13-CV-1058-WCB, 2015 WL 1069111, at *3 (E.D. Tex. Mar. 11, 2015) (granting a stay after "the parties had engaged in significant discovery, and claim construction briefing was complete" because "fact discovery does not close for another month, and significant pretrial discovery, filings, motions, and other events remain to be completed");

AGIS Software Dev. LLC v. Google LLC, No. 2:19-CV-00359-JRG, 2021 WL 465424, at *3 (E.D. Tex. Feb. 9, 2021) (granting a stay "with discovery complete, pretrial briefing submitted, and jury selection pending" because "there remain significant resources yet to be expended by the parties, including at the pretrial conference and preparations leading up to an actual trial of this case").

Conversely, absent a stay in the near future, the parties and the Court face substantial burden in expending resources on claim construction, discovery, and motion practice. As detailed in Section II and the case schedule, the *Markman* hearing on April 23 will then be followed by depositions, the close of fact discovery (May 15), opening expert reports (May 22), rebuttal expert reports (June 18), and dispositive and *Daubert* motions (July 22), all occurring within a span of three months. Consistent with Federal Circuit authority, a stay is necessary to allow Samsung's Transfer Motion to be decided before the parties and the Court undertake these costly substantive proceedings.

V. CONCLUSION

For the foregoing reasons, Samsung respectfully requests that the Court stay this litigation pending resolution of Samsung's Transfer Motion.

Dated: February 7, 2024

Respectfully submitted,

By: */s/ Melissa R. Smith*

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CERTIFICATE OF SERVICE

I hereby certify that all counsel of record who are deemed to have consented to electronic service are being served with a copy of this document via electronic mail.

Dated: February 7, 2024

/s/ Melissa R. Smith
Melissa R. Smith

CERTIFICATE OF CONFERENCE

On February 5, 2024, pursuant to Local Rule CV-7(h), counsel Bill Trac for Samsung met and conferred with counsel Joseph Mercadante for Multimodal, and counsel for Multimodal indicated that Multimodal is opposed to the relief sought by this Motion.

Dated: February 7, 2024

/s/ Bill Trac
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