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

CARBYNE BIOMETRICS, LLC, Plaintiff, v. APPLE INC., Defendant.	Case No. 1:23-CV-00324-ADA **JURY TRIAL DEMANDED**

APPLE INC.'S OPPOSED MOTION TO STAY PENDING THE COURT'S WRITTEN ORDER ON TRANSFER

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I. INTRODUCTION

Defendant Apple, Inc. ("Apple") Apple respectfully moves the Court for a stay of all case activity until this Court issues a written order explaining the bases for its ruling on Apple's Motion to Transfer Venue Under 28 U.S.C. § 1404(a) to the Northern District of California (ECF No. 34).[1]

Both the Federal Circuit and the Fifth Circuit have instructed district courts to prioritize transfer motions and address transfer before beginning fact discovery or addressing other substantive issues. *In re Apple Inc.*, 52 F.4th 1360, 1363 (Fed. Cir. 2022); *In re Google Inc.*, No. 2015-138, 2015 WL 5294800, at *1-2 (Fed. Cir. July 16, 2015); *In re TikTok, Inc.*, 85 F.4th 352, 362 (5th Cir. 2023); *In re Horseshoe Ent.*, 337 F.3d 429, 433 (5th Cir. 2003). Critical to the present motion, the Federal Circuit has also made clear that, in addressing such motions, courts must do more than just grant or deny them; a court must issue a ruling that "provides a basis for its decision that is capable of meaningful appellate review." *In re TracFone Wireless, Inc.*, 848 F. App'x 899, 901 (Fed. Cir. 2021) (non-precedential) (citing *In re SK hynix Inc.*, 835 F. App'x 600, 601 (Fed. Cir. 2021) (non-precedential) ("[T]he district court must stay all proceedings concerning the substantive issues of the case and all discovery until such time that it has issued a ruling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 capable of providing meaningful appellate review of the reasons for its decision.")). Consistent with that precedent, at the outset of the *Markman* hearing in this case, this Court recognized the importance of issuing a written order on transfer, and indicated that one would issue the following day. Ex. 1 at 4:1-15. More than a month has since passed. Because the Court has not yet been able to issue its written transfer order setting forth the bases for its decision, Apple respectfully submits that a stay is warranted until that order issues.

[1] Apple is concurrently filing a motion to expedite briefing on this motion to stay.

A temporary stay is justified given the substantive matters quickly approaching. Apple's motion to transfer is briefed, venue discovery is complete, fact discovery has begun pursuant to this Court's Order Governing Proceedings ("OGP"), and final infringement and invalidity contentions are due shortly. Despite the foregoing Federal Circuit precedent, however, Plaintiff Carbyne Biometrics, LLC ("Carbyne") is unwilling to consent to a stay until the Court issues a written ruling explaining the bases for its denial of Apple's transfer motion. In view of both the appellate mandate to make transfer a "top priority," and the prejudice associated with proceeding with merits discovery, final contentions, and other case activities without resolution of the motion to transfer by way of a written order that allows for meaningful review, any further proceedings should be stayed pending a written decision on transfer.

II. BACKGROUND

Carbyne asserts that certain Apple iPhone, iPad, and Mac devices infringe one or more of the asserted patents. *See* ECF No. 1.

On July 19, 2023, Apple moved for transfer to the Northern District of California. ECF No. 34. Briefing on that motion was completed on November 17, 2024. ECF No. 61.

The *Markman* hearing was held on December 12, 2023. ECF No. 69. At the outset of the hearing, the Court stated it was denying Apple's transfer motion, stated that a written decision would issue the following day, and indicated a preference to proceed with the *Markman* hearing. Ex. 1 at 4:1-15. Apple agreed to proceed with the *Markman* hearing based on the Court's representation that a written order would issue the following day. *Id.* In the *Markman* hearing, the Court construed the claim terms at issue. Ex. 1 at 13:8-9, 21:18-20, 38: 9-10, 40:16-17. Following the *Markman* hearing, the Court issued a minute order denying Apple's motion to transfer and indicating a written transfer order would be "forthcoming." ECF No. 69.

On January 8, 2024, following an inquiry to chambers, the Court's clerk responded that "[t]he full order" on Apple's transfer motion would issue by Friday, January 12, 2024. Ex. 2 at 1. On Friday, January 12, the clerk wrote the parties stating that "an order would be out by Tuesday," January 16, 2024. That written order has not yet issued.

In the meantime, and pursuant to the Court's OGP, fact discovery has opened. Apple is complying with its discovery obligations, including under the local rules of this district and this Court's OGP. Apple has already made available and is continuing to collect and make available highly sensitive source code for review by Carbyne's experts. Written discovery responses are due for both sides on January 22, 2024. Final infringement and invalidity contentions presently are due February 14, 2024. ECF No. 72.

On January 17, 2024, Plaintiff stated that it would oppose this motion for stay.

III. THIS CASE SHOULD BE STAYED PENDING A WRITTEN RULING ON APPLE'S MOTION TO TRANSFER

A. Resolving Apple's Transfer Motion, By Way of A Written Order That Enables Meaningful Appellate Review, Should Be Given Top Priority

It is this Court's practice to grant a stay of proceedings, including any imminent *Markman* hearing, if it has not yet ruled on a transfer motion. *See, e.g.*, Text Order Granting Motion to Stay Case, *KOSS Corp. v. Plantronics, Inc.*, No. 6:20-cv-00663-ADA (W.D. Tex. Apr. 8, 2021); Text Order Granting Motion to Stay Case, *NewFlux v. Best Buy Co.*, No. 6:20-cv-00732-ADA (W.D. Tex. Apr. 13, 2021); Order Staying Case, *Red Rock Analytics, LLC v. Apple Inc. et al.*, No. 6:21-cv-00346-ADA (W.D. Tex. June 13, 2022), ECF No. 130. That is consistent with the directive of both the Federal Circuit and the Fifth Circuit that district courts must prioritize transfer motions and address transfer before addressing other substantive issues. For example, in *In re Apple*, the Federal Circuit made clear that transfer should be resolved before other substantive tasks: "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*, 979 F.3d 1332, 1337 (Fed. Cir. 2020); *Horseshoe*, 337 F.3d at 433 ("[I]n our view disposition of that [transfer] motion should have taken a top priority in handling of this case by the . . . [d]istrict [c]ourt."); *cf. In re TikTok, Inc.*, 85 F.4th at 363 (finding long delay in resolving transfer motion was "a plain violation of our instruction to give § 1404(a) motions 'a top priority in the handling of a case'").[2]

As Federal Circuit precedent makes clear, resolving a transfer motion does not involve just granting or denying it, but instead requires issuance of an order that "provides a basis for [the Court's] decision that is capable of meaningful appellate review." *In re TracFone Wireless*, 848 F. App'x at 901 (staying district court action pending a written transfer ruling); *see also In re SK hynix*, 835 F. App'x at 601 (same). Accordingly, the Court should make issuance of its written decision on Apple's transfer motion top priority in this case and stay any other case activities until that order issues. This is especially so because the Court has already held a *Markman* hearing and construed the claims, before issuing a written transfer order, which does not comport with the Federal Circuit's directive to resolve transfer motions before undertaking such activities. Staying this case would be consistent with Federal Circuit precedent, while moving forward with additional substantive case activities while the Court has not yet issued its written ruling would be contrary

[2] The Federal Circuit has recognized the importance of staying cases during the pendency of transfer motions, explaining that lengthy delays in deciding transfer motions can "frustrate 28 U.S.C. § 1404(a)'s intent to prevent the waste of time, energy, and money and protect litigants, witnesses and the public against unnecessary inconvenience and expense when defendants are forced to expend resources litigating substantive matters in an inconvenient venue while a motion to transfer lingers unnecessarily on the docket." *In re Google*, No. 2015-138, 2015 WL 5294800, at *1-2 (Fed. Cir. July 16, 2015) (internal quotation marks and citation omitted) (granting writ of mandamus and ordering a magistrate judge in the Eastern District of Texas to stay proceedings pending final resolution of a transfer motion filed 8 months prior and issue a decision on transfer within 30 days).

to that precedent. *See In re TracFone Wireless*, 848 F. App'x at 901; *In re SK hynix*, 835 F. App'x at 601 (same); *see also In re Apple*, 52 F.4th at 1362-63 (instructing the District Court to "postpone fact discovery and other substantive proceedings until after consideration of Apple's motion for transfer"); *Aire Tech. Ltd., v. Apple Inc.*, No. 6:21-cv-01101-ADA (W.D. Tex. Nov. 8, 2022), ECF No. 71 (staying all deadlines, including fact discovery, pending resolution of the motions to transfer); *Scramoge Tech. Ltd. v. Apple Inc.*, No. 6:21-cv-01071-ADA (W.D. Tex. Nov. 8, 2022), ECF No. 68 (same); *XR Commc'ns LLC v. Apple Inc.*, No. 6:21-cv-00620-ADA (W.D. Tex. Nov. 8, 2022), ECF No. 83 (same).

B. All Relevant Factors Favor a Stay Pending a Decision on Transfer

In this District, courts typically consider three factors in determining whether a stay is warranted: (1) any potential prejudice to the non-moving party; (2) the hardship and inequity to the moving party if the action is not stayed; and (3) the judicial resources saved by avoiding duplicative litigation. *Yeti Coolers, LLC v. Home Depot U.S.A., Inc.*, 17-cv-342, 2018 WL 2122868, at *1 (W.D. Tex. Jan. 8, 2018); *B & D Produce Sales, LLC v. Packman1, Inc.*, No. SA-16-CV-99, 2016 WL 4435275, at *1 (W.D. Tex. Aug. 19, 2016). Here, all three factors favor a stay.

1. Factor One: A Stay Will Not Prejudice Carbyne

Carbyne will not suffer any meaningful prejudice from a stay pending a written order on transfer. The stay would not be indefinite or necessarily lengthy—it would last only until this Court issues a written order on Apple's transfer motion, which the Court has stated is forthcoming. While Carbyne has argued that delay in the enforcement of its patent rights would be prejudicial, that argument does not stand up to scrutiny. In particular, Carbyne's own delayed enforcement of its asserted patents demonstrates that it would not be prejudiced by a short stay. One of Carbyne's asserted patents issued back in 2018, with others issuing in 2020, 2021, and 2022 (*see* ECF Nos.

1-01 through 1-06), and Carbyne accuses Apple products that have been on sale for years. ECF No. 1 at 38 (defining the accused products). But Carbyne did not file this suit until March 2023—years after it allegedly had an infringement claim against Apple. *See* ECF No. 1. Accordingly, Carbyne should not be heard to argue that a short delay pending the Court's forthcoming written transfer order would be unfairly prejudicial.

Carbyne has no other plausible arguments of prejudice here. First, a delay in recovering money damages cannot, by itself, constitute sufficient prejudice to deny a stay because a plaintiff will always face that possibility when a stay is ordered. *See, e.g.*, *Crossroads Sys., Inc. v. Dot Hill Sys. Corp.*, Nos. A-13-CA-800, 895, 1025, A-14-CA-148–150, 2015 WL 3773014, at *2 (W.D. Tex. June 16, 2015) ("[M]ere delay in collecting [monetary] damages does not constitute undue prejudice."). Second, Carbyne does not compete with Apple in the market. Indeed, Carbyne is not seeking an injunction in this case. *See* ECF No. 1. Third, Carbyne "does not . . . sell any product that practices the claimed invention [and i]t therefore is not in need of a quick resolution of this case because its position in the market is threatened." *In re Morgan Stanley*, 417 F. App'x 947, 950 (Fed. Cir. 2011) (non-precedential); *see In re Google*, 58 F.4th 1379, 1383 (Fed. Cir. 2023) (noting party "not engaged in product competition in the marketplace . . . is not threatened in the market in a way that . . . might add to urgency to case resolution"). Fourth, Apple is seeking only a stay pending the issuance of a written order on Apple's Motion to Transfer, such that all transfer issues can be appropriately resolved before other substantive issues are addressed and before further discovery is undertaken. *See In re Apple*, 52 F.4th at 1363 ("decision of a transfer motion must proceed expeditiously as the first order of business[;] the district court is directed to postpone

fact discovery and other substantive proceedings until after consideration of Apple's motion for transfer"). Therefore, this factor strongly favors a stay.

2. Factor Two: Apple Will Suffer Hardship Absent a Stay

The Federal Circuit and Fifth Circuit agree that "lengthy delays in resolving transfer motions 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'" remains unresolved. *In re TracFone*, 848 F. App'x at 900 (citing *In re Google*, 2015 WL 5294800, at *1). And Apple's motion to transfer remains effectively unresolved until the Court issues a written order "on the motion to transfer that provides a basis for its decision that is capable of meaningful appellate review." *Id.* at 901. Moving forward now with fact discovery and other case activities, such as final contentions, will risk the very same "waste of time, energy and money" cautioned against in *EMC*, *Apple*, and *Google*. *See In re Apple*, 979 F.3d at 1337; *In re EMC Corp.*, 501 F. App'x 973, 975-76 (Fed. Cir. 2013) (non-precedential); *In re Google*, 2015 WL 5294800, at *1-2.

Here, Apple will suffer hardship if a stay is not granted—being unnecessarily forced "to expend resources litigating substantive matters in an inconvenient venue" while no written order explaining the bases for the Court's decision has issued, hindering "meaningful appellate review." *In re TracFone*, 848 F. App'x at 900-01; *In re SK hynix Inc.*, 835 F. App'x at 600-01; *In re Google*, 2015 WL 5294800, at *1. Moreover, in the absence of a written ruling setting forth the bases, Apple's ability to determine whether appellate review of the court's denial of Apple's transfer motion may be appropriate is prejudiced. Because appellate review is thus impaired, the Court's delay in issuing a written order is akin to holding any decision on transfer in abeyance. Furthermore, Apple suffers continued prejudice given that it has been identifying, collecting, and making available highly sensitive source code for review by Carbyne's experts and preparing responses for written discovery due on January 22, 2024. Numerous Apple employees, most of

whom reside in the Northern District of California, have been identified in both venue discovery and the parties' transfer briefs and remain subject to deposition in this case. Additionally, the parties' final infringement and invalidity contentions presently are due by February 14, 2024, *see* ECF No. 72, after which leave of Court will be required for any amendments. *See In re Apple*, 52 F.4th at 1362. But if appellate review is appropriate and this case is ultimately transferred to the Northern District of California, the parties will be subject to a different set of procedures for case management and different discovery requirements. For example, under the Northern District of California's local patent rules, Carbyne already would have been required to identify for Apple "each of the category(-ies) of damages it is seeking for the asserted infringement . . . and for each category of damages sought, provide a good faith explanation of the theory of damages and the factual basis for damages." N.D. Cal. Patent L.R. 3-8.

Appellate courts have indicated that these are the very types of activities that should not proceed pending a written order on a motion to transfer that is capable of meaningful appellate review. *See In re TracFone*, 848 F. App'x at 901; *In re SK hynix Inc.*, 835 F. App'x at 601; *In re Google*, 2015 WL 5294800, at *1-2.

3. Factor Three: A Stay Will Conserve Judicial Resources

A stay pending a written decision on transfer will also conserve judicial resources, if appellate review of the Court's decision is warranted. *See In re Apple*, 52 F.4th at 1362-63. As explained above, several significant events in the litigation are soon approaching, including intensive fact discovery, additional source code collection and review, written discovery responses, third party discovery, and final infringement and invalidity contentions. As the Federal Circuit explained, "[j]udicial 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 and such consideration additionally requires that the court which ultimately decides the merits of the action

should also decide the various questions which arise during the pendency of the suit instead of considering it in two courts." *Id.* at 1363. Here, the Court has not yet decided Apple's transfer motion in the manner required by Federal Circuit precedent.

IV. CONCLUSION

For the foregoing reasons, Apple respectfully moves the Court to stay all case activity until the Court issues its written decision on Apple's motion to transfer venue.

Dated: January 17, 2024

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CERTIFICATE OF CONFERENCE

Pursuant to Local Rule CV-7(i), counsel for Apple has conferred with counsel for Carbyne in a good-faith effort to resolve the matter presented herein. Carbyne opposes Apple's motion to stay, stating: "Carbyne opposes Apple's second requested stay, particularly where the Court has already indicated that Apple's motion to transfer will be denied and the Court has continually indicated in written communications to the parties -- in response to multiple requests from Apple's counsel -- that it is working on the order subject to the Court's other obligations." Accordingly, the motion is presented to the Court for resolution.

/s/ Andrew Radsch
Andrew Radsch

CERTIFICATE OF SERVICE

I hereby certify that all counsel of record are being served with a copy of the foregoing document via electronic service on January 17, 2024.

/s/ Andrew Radsch
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