

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

SCORPCAST, LLC d/b/a HAULSTARS,	§	
	§	
<i>Plaintiff,</i>	§	
	§	
v.	§	Case No. 2:20-cv-00193-JRG-RSP
	§	(LEAD CASE)
	§	
BOUTIQUE MEDIA,	§	
	§	
<i>Defendant.</i>	§	
KB PRODUCTIONS, LLC,	§	
	§	Case No. 2:20-cv-00198-JRG-RSP
	§	(MEMBER CASE)
<i>Defendant.</i>	§	
ALL 4 HEALTH SRL,	§	
	§	Case No. 2:20-cv-00192-JRG-RSP
	§	(MEMBER CASE)
<i>Defendant.</i>	§	
MANICA MEDIA SL,	§	
	§	Case No. 2:20-cv-00200-JRG-RSP
	§	(MEMBER CASE)
<i>Defendant.</i>	§	
OANASUN ENTERTAINMENT SRL,	§	
	§	Case No. 2:20-cv-00128-JRG-RSP
	§	(MEMBER CASE)
<i>Defendant.</i>	§	
BRAVOMAX SERVICES LIMITED,	§	
	§	Case No. 2:20-cv-00210-JRG-RSP
	§	(MEMBER CASE)
<i>Defendant.</i>	§	

MEMORANDUM ORDER

Before the Court is the Renewed Motion to Stay Proceedings Pending *Inter Partes* Review (“Motion”), filed by Defendants All 4 Heath SRL, Oanasun Entertainment SRL, 9090-7247 Québec Inc., dba KB Productions, Bravomax Services Limited, Manica Media SL, and Boutique Media (collectively the “Defendants”). Dkt. No. 163. Defendants move the Court to stay all the

proceedings pending the resolution of *MG Freesites LTD. v. Scorpcast, LLC*, IPR2020-01697 (April 19, 2021). After consideration, the Motion is **GRANTED**.

I. BACKGROUND

On June 16, 2020, Plaintiff Estech Systems, Inc. (“Estech”) sued each of the Defendants, asserting claims 20, 21, and 25 (“asserted claims”) of U.S. Patent No. 9,965,780 (“patent-in-suit” or “’780 Patent”). *See* Dkt. No. 1 at 5–6, 10.¹ On September 28, 2020, MG Freesites Ltd, a third-party, filed an *inter partes* review (“IPR”) petition requesting the Patent Trial and Appeal Board (“PTAB”) to review the patentability of the ’780 Patent. *See generally* Dkt. No. 70-2. On October 12, 2020, the Court entered the operative Docket Control Order. Dkt. No. 56.

On October 27, 2020, the Defendants filed its original motion to stay pending resolution of the IPR. Dkt. No. 70. At the time the Defendants filed their original stay motion, the parties had served infringement and invalidity contentions, started the discovery process, and begun preparing for the claim construction hearing. *See* Dkt. No. 76 at 1. The Court denied that motion.

Since then, the case continued to progress. On April 19, 2021, the PTAB instituted the IPR on all challenged claims (including all asserted claims in this case). *See generally* Dkt. No. 157-1. On April 27, 2021, the Defendants filed the present Motion² re-urging this Court to stay this case. Dkt. No. 163. At the time the Defendants filed the Motion, the Court had already held a claim construction hearing, fact discovery was on-going, and expert discovery had not started. *See* Dkt. No. 56 at 2–3.

¹ Citations are to document numbers and page numbers assigned through ECF.

² Defendants simultaneously filed the Motion as well as a motion to expedite briefing. Dkt. No. 164. The Court granted Defendants’ motion to expedite briefing. Dkt. No. 166. Estech responded to Defendants’ Motion on May 7, 2021. Dkt. No. 168. Defendants replied on May 11, 2021. Dkt. No. 169. Estech filed its sur-reply on May 14, 2021. Dkt. No. 171.

II. LEGAL STANDARD

“The party seeking a stay bears the burden of showing that such a course is appropriate.” *Peloton Interactive, Inc. v. Flywheel Sports, Inc.*, No. 218-cv-390-RWS-RSP, 2019 WL 3826051, at *1 (E.D. Tex. Aug. 14, 2019) (quoting *Realtime Data, LLC v. Hewlett Packard Enter. Co.*, No. 6:16-cv-86-RWS-JDL, 2017 WL 3712916, at *3 (E.D. Tex. Feb. 3, 2017)); accord *Landis v. N. Am. Co.*, 299 U.S. 248, 255 (1936). “The decision of whether to extend a stay falls solely within the court’s inherent power to control its docket.” *Pers. Audio LLC v. Google, Inc.*, 230 F. Supp. 3d 623, 626 (E.D. Tex. 2017) (citing *ThinkOptics, Inc. v. Nintendo*, No. 6:11-cv-455-LED, 2014 WL 4477400, at *1 (E.D. Tex. Feb. 27, 2014)); accord *Clinton v. Jones*, 520 U.S. 681, 706 (“The District Court has broad discretion to stay proceedings as an incident to its power to control its own docket.”) (citing *Landis*, 299 U.S. at 254).

District courts typically consider three factors when deciding whether to stay litigation pending IPR of the asserted patent(s): “(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 simplify issues in question in the litigation.” *Trover Grp., Inc. v. Dedicated Micros USA*, No. 2:13-CV-1047-WCB, 2015 WL 1069179, at *2 (E.D. Tex. Mar. 11, 2015) (collecting cases).

III. ANALYSIS

Defendants have shown both that the PTAB granted a petition on all asserted claims and that the PTAB is likely to invalidate all asserted claims.

a. Undue Prejudice

The Court previously weighed this factor as neutral since it found that a stay would not cause any case-specific prejudice. *See* Dkt. No. 76 at 3. The parties do not offer any additional arguments for this factor beyond what was already stated in previous motion briefing. Estech expresses concern that the stay could be extended beyond the PTAB's decision on the IPR. The Court, however, will not necessarily extend the stay for an appeal, if the PTAB denies relief as to certain asserted claims. The Court will decide whether to extend the stay for an appeal at the appropriate time.

Estech also asserts there is a "risk that, by the time IPR proceedings conclude, Defendants or their assets will no longer exist in their current form or otherwise be accessible." Dkt. No. 171 at 5. Estech, however, does not cite to any evidence to support this statement, Estech merely makes a naked assertion. Furthermore, by waiting until its sur-reply to bring-up this concern the Defendants had no opportunity to respond. Under these circumstances, the Court cannot give Estech's naked assertion any weight. Absent a showing of any case-specific prejudice, this factor is neutral.³

b. Stage of Proceedings

The Court denied without prejudice Defendants' first stay motion on December 22, 2020. On April 27, 2021, shortly after the PTAB instituted review of the patent-at-issue the present Motion was filed. The Court, therefore, reconsiders this factor in light of the current stage of the case proceedings. *Peloton Interactive*, 2019 WL 3826051, at *5 ("Usually, the Court evaluates the stage of the case as of the time the motion was filed.") (citations omitted).

³ The Court already considered the three stay factors in its previous order regarding Defendants' previous motion to stay. *See* Dkt. No. 76. at 3–6. The Court incorporates its previous analysis here, only discussing new facts and arguments presented by the parties.

The Defendants argues this factor weighs in favor of a stay because “there remains a significant amount of work ahead for the parties and the court.” Dkt. No. 163 at 12 (quoting *Norman IP Holdings, LLC v. TP-Link Techs., Co.*, No. 6:13-cv-384-JDL, 2014 WL 5035718, at *3 (E.D. Tex. Oct. 8, 2014) (internal citations omitted). They contend substantial resources will be required to prepare this case for a far-away trial date. *Id.* at 11. On the other hand, Estech contend this factor weighs against a stay because the case has reached a significantly advanced stage. Dkt. No. 168 at 15. Estech states “[b]y the time the briefing on this Motion is concluded (assuming a sur-reply), the deadline for the completion of fact discovery will be 30 days away, and the expert discovery deadline will be 60 days away.” *Id.* at 17.

At the time the Motion was filed, jury selection for this case is scheduled for November 1, 2021, the claim construction hearing took place the previous week, and (both expert and fact) discovery were open. *See generally* Dkt. No. 56. These are milestones that require the parties to expend resources to advance the case. By that same token, the trial date is quickly approaching. *Id.* at 1. On balance these concerns are about equal. The Court will also acknowledge that some weight should be given to the timing of Defendants’ previous motion. *See Solas OLED Ltd. v. Samsung Display Co.*, No. 2:19-cv-152-JRG, Dkt. No. 133 at 4 (E.D. Tex. July 17, 2020) (citing *e-Watch Inc. v. Apple, Inc.*, No. 2:13-cv-1061-JRG-RSP, 2015 WL 12915668, at *3 (E.D. Tex. Mar. 25, 2015)). This factor weighs slightly in favor of a stay.

c. Issue Simplification

In view of the Board’s institution decision, the Court will reconsider this factor. “[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 the issues before the Court.” *NFC Tech. LLC v. HTC Am., Inc.*, No. 2:13-cv-1058-WCB, 2015 WL 1069111, at *4 (E.D. Tex. Mar. 11, 2015).

Here, the PTAB instituted on all asserted claims and exhibited a strong inclination toward invalidating the asserted claims. *See* Dkt. No. 168 at 5. Defendants must show more than a successful petition, they must show that the PTAB is likely to invalidate every asserted claim. *See Arbor Global Strategies LLC v. Samsung Elecs. Co.*, No. 2:19-cv-00333-JRG-RSP, 2021 U.S. Dist. LEXIS 2434, *7, 2021 WL 66531 (E.D. Tex. Jan. 7, 2021). The PTAB granted institution on more than one asserted ground, indeed several different grounds. Dkt. No. 163 at 12 (“The Institution Decision expressly found, for two of the three asserted claims (claims 20 and 25), at least two separate invalidity grounds that satisfy the reasonable likelihood threshold for institution, and for the final asserted claim (claim 21), at least three separate invalidity grounds which satisfy the reasonable likelihood threshold.”) (emphasis omitted). The PTAB has, in essence, indicated that the asserted claims are likely unpatentable. Defendants have met their burden.

Estech raises concern that the issues of this case will not be simplified because the Defendants might not be estopped from raising grounds that they could have, but did not, raise in the IPR. *See* Dkt. No. 168 at 17. This fear is due to a third-party asserting the IPR challenge, not the named Defendants. The Defendants, therefore, might not necessarily be estopped by the PTAB’s decision. *See Network-1 Techs., Inc. v. Hewlett-Packard Co.*, No. 2018-2338, 2020 WL 6814481, at *9 (Fed. Cir. Nov. 20, 2020) (finding that a joining party suffers less estoppel than a petitioner). The Defendants, however, have expressly bound themselves to the PTAB’s decision. Dkt. No. 163-1 (“Defendants will not pursue against the ’780 patent in this consolidated case any invalidity grounds advanced in the ’780 IPR petition . . . Defendants will not assert . . . any ground that MG Freesites LTD raised or reasonably could have raised in the ’780 IPR”). The Court will keep the Defendants to their word. This factor weighs in favor of granting the Motion.

IV. CONCLUSION

After consideration, the Court **GRANTS** the Motion. Dkt. No. 163. It is therefore **ORDERED** that this case is **STAYED** until further Order of this Court. The parties shall file a joint notice within 10 (ten) days of the Board's final decision regarding patentability of the asserted claims.

SIGNED this 7th day of June, 2021.


ROY S. PAYNE
UNITED STATES MAGISTRATE JUDGE