

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

FORAS TECHNOLOGIES LTD.,

Plaintiff,

v.

APTIV PLC and VALEO SE f/k/a VALEO
SA,

Defendants.

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CIVIL ACTION NO. 2:23-CV-00314-JRG

ORDER

Before the Court is Defendant Valeo SE f/k/a Valeo SA's ("Valeo" or "Defendant") Motion to Stay Pending IPR (the "Motion to Stay"). (Dkt. No. 70.) In the Motion, Valeo asks the Court to stay this case pending final decision in non-party BMW's petition for *inter partes* review ("IPR") of the sole asserted patent in this case. (*Id.* at 1.)

On June 28, 2023, Plaintiff Foras Technologies Ltd. ("Foras" or "Plaintiff") filed suit against multiple defendants alleging infringement of U.S. Patent No. 7,502,958 ("the '958 patent"). (Dkt. No. 1.) Plaintiff served the Complaint on Valeo on November 27, 2023. (Dkt. No. 70 at 2.)

On March 20, 2024, the PTAB instituted an IPR that was filed by non-party BMW of North America, LLC on claims 1-8 and 13-22 of the '958 patent. (*Id.*) In April 2024, Valeo filed its own IPR petition on the '958 patent, asserting the same ground as in the BMW IPR, and moved to join the instituted BMW IPR. (*Id.* at 2-3.)

On November 29, 2023, the Central Reexamination Unit (“CRU”) of the USPTO ordered an *ex parte* reexamination (“EPR”) of all claims of the ’958 patent. (*Id.* at 3.) On March 19, 2024, the CRU issued its first Non-Final Office Action, rejecting all claims of the ’958 patent. (*Id.*)

I. LEGAL STANDARD

The district court has the inherent power to control its own docket, including the power to stay proceedings. *Clinton v. Jones*, 520 U.S. 681, 706 (1997). 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). “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.*, Case No. 2:13-cv-1058-WCB, 2015 WL 1069111, at *2 (E.D. Tex. Mar. 11, 2015) (Bryson, J.).

II. DISCUSSION

A. Likelihood of Simplification of the Issues

Valeo argues that a stay in this case is likely to simplify the issues because all the asserted claims of the ’958 patent are currently under active PTAB review. (Dkt. No. 70 at 7.) Valeo further points out that all other claims of the ’958 patent are under review by the PTAB in the EPR. (*Id.*) In addition, Valeo notes that it has joined the BMW IPR and filed its own IPR based on the same ground as in the BMW IPR. (*Id.* at 8-9.) Further, Valeo has agreed to be bound by the full statutory estoppel provision of 35 U.S.C. § 315(e) based on any ground raised or that reasonably could have been raised during the BMW IPR. (Dkt. No. 91.) Valeo also argues that the pending IPRs and EPR will significantly simplify and eliminate issues that are applicable to both Valeo

and Aptiv. (Dkt. No. 70 at 10.) Valeo alternatively argues that there would be significant simplification of the issues even if the Court were to sever and stay only the claims against Valeo. (*Id.*)

In response, Plaintiff argues that neither the IPR nor EPR will simplify the case. (Dkt. No. 75 at 7-10.) Plaintiff argues, for example, that Valeo can still challenge the validity of the '958 patent using system prior art, which diminishes the extent of issue simplification. (*Id.* at 7-8.) Plaintiff further argues that the strength of the IPR and EPR on the '958 patent is speculative. (*Id.* at 8-10.)

The Court finds that this factor weighs in favor of a stay. IPR has been instituted on the asserted claims of the '958 patent. In addition, all the claims of the '958 patent have been rejected in the pending EPR. Accordingly, there is a material likelihood of simplification of the issues in this case. Even if the PTAB were to find some or all of the claims under review to be valid, Valeo agrees to be estopped from asserting invalidity defenses on any grounds it raised or reasonably could have raised during the BMW IPR. (Dkt. No. 91.) Further, the cancellation of some or all of the claims in either the IPR or the EPR could result in simplification of the issues in this case. The likelihood of simplification weighs in favor of a stay under these facts.

B. Stage of the Litigation

Valeo argues that the early stage of the case favors a stay. (Dkt. No. 70 at 11.) In particular, Valeo observes that fact discovery has barely started, that the Court will not hold a Markman hearing until February 2025, and that the trial date of August 4, 2025 is well into the future. (*Id.*) The parties have served no interrogatories and taken no depositions. (*Id.*) Valeo further argues that it timely moved to join the BMW IPR and filed this Motion to Stay just one month after the BMW IPR was instituted and the USPTO rejected all claims of the '958 patent. (*Id.*)

Plaintiff responds that the stage of the case disfavors a stay because Plaintiff has served its infringement contentions and the parties have negotiated a case schedule and participated in a case management conference. (Dkt. No. 75 at 6.) Plaintiff further notes that the Final Written Decision is not expected until March 20, 2025, with the potential for a further 6-month delay. (*Id.* at 7.) Plaintiff also argues that the August 4, 2025 trial will take place before any appeals stemming from the IPR and prior to the completion of the EPR. (*Id.*)

The Court finds that the early stage of the case favors a stay. Fact discovery has just begun, and the parties have taken no depositions and served no interrogatories. The Court has not yet conducted the *Markman* hearing, which is set for February 3, 2025. The bulk of the work in this case has yet to take place. Furthermore, the PTAB is expected to issue its Final Written Decision on the '958 patent by March 20, 2025, which is more than 4 months before the scheduled trial date of August 4, 2025. Notably, Valeo acted with reasonable dispatch by filing its own IPR petition and moving to join the BMW IPR within one month of institution. On balance, these facts weigh in favor of a stay.

C. Prejudice

Valeo argues that Plaintiff, a non-practicing entity seeking only monetary damages, will not suffer any undue prejudice if the Court stays the case. (Dkt. No. 70 at 12.) Valeo further points out that Plaintiff “has had no problem with delay in the progress of the case” because Plaintiff did not serve Valeo with the Complaint until November 27, 2023 despite having filed it on June 28, 2023. (*Id.* at 13.)

In response, Plaintiff argues that EPR proceedings take 25.7 months on average to complete and that the Final Written Decision due March 2025 could be subject to a multi-year appeal. (Dkt. No. 75 at 3-4.) Therefore, Plaintiff contends that it would suffer prejudice from not having its patent infringement claims resolved for several years. (*Id.* at 4.) Plaintiff further notes that source

code and technical information in the possession of third party Renesas could become unavailable in the intervening time. (*Id.* at 5.) In addition, Plaintiff argues that it has asserted the '958 patent against multiple defendants, including Aptiv PLC, Nissan Motor Company, and ZF Friedrichshafen AG. (*Id.* at 6.) According to Plaintiff, staying this case against Valeo would afford Valeo an opportunity to “sit back and watch while the other defendants proceed and make strategic decisions based on those proceedings.” (*Id.*)

The Court finds that Plaintiff will not be unduly prejudiced by the stay. Though this Court clearly recognizes a plaintiff’s right to the timely enforcement of its patent rights, Plaintiff has not identified any prejudice beyond the delay inherent in the IPR process. The Court notes, however, that given the early stage of this case, the Final Written Decision by the PTAB is due over 4 months before trial in this case. This factor is neutral, in this case.

II. CONCLUSION

Having weighed all the factors relevant to whether a stay pending IPR is warranted, the Court finds that the balance of those factors weighs in favor of granting a stay as to Valeo SE. Accordingly, the Court finds that the Motion to Stay (Dkt. No. 70) should be and hereby is **GRANTED**. The parties are **ORDERED** to file a Joint Notice herein within ten (10) days of the issuance of any dispositive decisions emanating from the IPR or EPR referenced above.

So ORDERED and SIGNED this 25th day of July, 2024.



RODNEY GILSTRAP
UNITED STATES DISTRICT JUDGE

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

RESONANT SYSTEMS, INC. d/b/a §
REVELHMI, §

Plaintiff, §

v. §

SAMSUNG ELECTRONICS CO., LTD., §
SAMSUNG ELECTRONICS AMERICA, §
INC., §

Defendants.

CIVIL ACTION NO. 2:22-CV-00423-JRG

MEMORANDUM OPINION AND ORDER

Before the Court is Defendants Samsung Electronics Co., Ltd. and Samsung Electronics America, Inc.’s (collectively, “Samsung”) Renewed Motion to Stay Proceedings Pending Inter Partes Review (the “Motion to Stay”). (Dkt. No. 71.) In the Motion, Samsung asks the Court to stay this case pending final resolution of Samsung’s petitions for *inter partes* review (“IPR”) of the patents in suit. Having considered the Motion to Stay, and for the reasons stated herein, the Court finds that the Motion to Stay should be and hereby is **GRANTED**.

I. BACKGROUND

Plaintiff Resonant Systems, Inc. d/b/a RevelHMI (“RevelHMI”) has asserted two patents against Samsung: U.S. Patent Nos. 9,369,081 (the “’081 Patent”) and 9,941,830 (the “’830 Patent”) (collectively, the “Asserted Patents”). (Dkt. No. 1.) On June 21, 2023, Samsung filed a motion to stay the above-captioned litigation pending IPRs of the Asserted Patents. (Dkt. No. 46.) At the time, as the Patent Trial and Appeal Board (“PTAB”) had not yet issued a decision on whether to institute IPR proceedings, this Court concluded that the motion was premature and denied it without prejudice. (Dkt. No. 56 at 2-3.)

On January 10, 2024, the PTAB instituted IPR proceedings against both Asserted Patents on all challenged claims, including all the claims asserted in this case, and on multiple grounds for each claim. (Dkt. No. 71 at 1.) Samsung has asserted two primary prior art references in the IPRs, U.S. Patent App. Pub. No. 2006/0284849 (“Fukumoto”) and Japanese Patent App. Pub. JP H8-196053A (“Ogusu”). With respect to the ’081 Patent, the PTAB analyzed and instituted review on “Fukumoto-based” grounds and on “Ogusu-Fukomoto-combination-based” grounds:

IPR2023-00992 (’081 Patent)	
Asserted Claim(s)	Grounds
1-3, 7, 8, 17	Fukumoto
	Fukumoto, Grant ¹
	Fukumoto, Barton ²
3-6	Fukumoto, Ueda ³
	Fukumoto, Grant, Ueda
	Fukumoto, Barton, Ueda
7, 8	Fukumoto, Erixon ⁴
	Fukumoto, Grant, Erixon
	Fukumoto, Barton, Erixon
8	Fukumoto, Fuller ⁵
	Fukumoto, Grant, Fuller
	Fukumoto, Barton, Fuller
1, 2, 7, 17	Ogusu, Fukumoto
	Ogusu, Fukumoto, Grant
	Ogusu, Fukumoto, Barton
3-6	Ogusu, Fukumoto, Ueda
	Ogusu, Fukumoto, Grant, Ueda
	Ogusu, Fukumoto, Barton, Ueda
7, 8	Ogusu, Fukumoto, Erixon
	Ogusu, Fukumoto, Grant, Erixon
	Ogusu, Fukumoto, Barton, Erixon

¹ U.S. Patent App. Pub. No. 2006/0284849, published December 21, 2006.

² U.S. Patent App. Pub. No. 2006/0248183, published November 2, 2006.

³ U.S. Patent App. Pub. No. 2004/0169480, published September 2, 2004.

⁴ U.S. Patent App. Pub. No. 2008/0174187, published July 24, 2008.

⁵ U.S. Patent App. Pub. No. 2008/0001484, published January 3, 2008.

With respect to the '830 Patent, the PTAB instituted review based on Fokumoto and did not reach the Ogusu-Fukomoto combination grounds, finding the Fokumoto grounds sufficient for institution:

IPR2023-00993 ('830 Patent)	
Asserted Claim(s)	Grounds
1-3, 7, 8, 17	Fukumoto
	Fukumoto, Grant
	Fukumoto, Barton
3-6	Fukumoto, Ueda
	Fukumoto, Grant, Ueda
	Fukumoto, Barton, Ueda
7, 8	Fukumoto, Erixon
	Fukumoto, Grant, Erixon
	Fukumoto, Barton, Erixon
8	Fukumoto, Fuller
	Fukumoto, Grant, Fuller
	Fukumoto, Barton, Fuller

Given the PTAB's institutions of review of all Asserted Claims, Samsung has renewed its Motion to Stay.

II. LEGAL STANDARD

The Court has the inherent power to control its own docket, including the power to stay proceedings. *Clinton v. Jones*, 520 U.S. 681, 706 (1997). 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).

"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.*, 2015 WL 1069111, at *2 (E.D. Tex. Mar. 11, 2015) (Bryson, J.). "Based on th[ese] factors, courts

determine whether the benefits of a stay outweigh the inherent costs of postponing resolution of the litigation.” *Id.*

III. DISCUSSION

Samsung argues that a stay will substantially simplify or eliminate issues in this case because the PTAB has instituted *inter partes* review of every Asserted Claim of both Asserted Patents on multiple grounds. (Dkt. No. 71 at 6.) Further, Samsung notes that the PTAB instituted review based on **both** Fukumoto and Ogusu (even though an analysis of one would have been sufficient) for the '081 Patent. Samsung argues that the PTAB's institution on multiple grounds, the PTAB's rate of invalidation after institution, and the specific facts of this case indicate a strong likelihood that the instituted IPRs will result in the cancellation of some or all of the Asserted Claims, narrowing the issues in this case. (*Id.* at 8.)

Samsung also argues that the early stage in the case weighs in favor of a stay. Specifically, the case has not yet completed claim construction briefing or had a *Markman* hearing. At the time of filing the present Motion, there had only been one fact deposition (of a third-party prosecutor) and one claim construction deposition. (*Id.* at 9.)

Finally, Samsung argues that a stay will not unduly prejudice RevelHMI. Specifically, Samsung contends that RevelHMI communicated with Samsung from 2017 to 2019 regarding the Asserted Patents, but it did not file the present lawsuit until three years later—more than four years after the last Asserted Patent issued in April 2018. (*Id.* at 11.) Samsung argues that RevelHMI's delay weighs against any claim of prejudice it might assert. (*Id.*) (citing *VirtualAgility Inc. v. Salesforce.com, Inc.*, 759 F.3d 1307, 1319 (Fed. Cir. 2014)). Further, Samsung notes that RevelHMI is seeking monetary relief, as opposed to injunctive relief. RevelHMI and Samsung are not competitors. As a result, Samsung argues, RevelHMI will not be unduly prejudiced from the

stay because it will merely cause a delay in RevelHMI receiving damages. (*Id.*) (citing *VirtualAgility*, 759 F.3d at 1318).

RevelHMI argues that whether or not a stay will in fact result in issue simplification remains speculative. (Dkt. No. 77 at 2.) RevelHMI contends that “[t]o support a stay, ‘the movant must show more than a successful petition, they must show that the PTAB is likely to invalidate every asserted claim.’” (*Id.*) (citing *Sonrai Memory Ltd. v. LG Elecs. Inc.*, No. 6:21-CV-00168-ADA, 2022 WL 2307475, at *4 (W.D. Tex. June 27, 2022) (internal quotations omitted)). RevelHMI argues that Samsung has made no such showing because the PTAB did not indicate that any of the asserted grounds are particularly strong or likely to succeed. To the contrary, RevelHMI argues, the PTAB’s institution decision regarding the ’830 Patent found that “with respect to the assertions based upon Ogusu, Fukumoto, and either Grant or Barton, ... Petitioner does not present any explanation as to how the teachings of either Grant or Barton would be combined with Petitioner’s Ogusu-Fukumoto combination.” (*Id.*) (citing IPR2023-00993, Decision Granting Institution). RevelHMI argues that while the PTAB ultimately granted institution on the Fukumoto-based grounds, the PTAB expressly stated that its “determination at this stage of the proceeding is based on the evidentiary record currently before us”—which did not include RevelHMI’s response and supporting evidence—and that its “final decision will be based on the full record developed during trial.” (*Id.*)

RevelHMI also argues that the stage of the case weighs against a stay. Specifically, RevelHMI contends that the parties have already invested substantial resources in this case. (*Id.* at 5.) RevelHMI notes that the end of fact discovery is less than two months away, that the parties have exchanged infringement and invalidity contentions, and that the deadline to substantially complete document production has passed. (*Id.* at 6.) Further, the Court has held a scheduling

conference, issued a docket control order (amended four times), protective order, discovery order, and e-discovery order. RevelHMI points out that while claim construction has not ended, the parties are now well into claim construction, with an opening brief and responsive brief already filed in the case. (*Id.*)

Further, RevelHMI argues that Samsung's delay in filing the petitions weighs against the stay. Specifically, it notes that Samsung waited three months after infringement contentions were served to file their petitions, which RevelHMI argues diminishes the weight of this factor. (*Id.*) Finally, RevelHMI argues that it will be substantially prejudiced by a stay because the case could be delayed for years. (*Id.* at 7.)

The Court ultimately concludes that this case should be stayed. Given that *inter partes* review had been instituted on all Asserted Claims of all Asserted Patents on multiple grounds, there is a material likelihood of simplification of the issues in this case. If the PTAB were to find some or all of the claims under review to be valid, Defendants would be estopped from asserting invalidity defenses on any grounds they raised or reasonably could have raised during *inter partes* review. Further, the cancellation of some or all of the claims could result in simplification of issues in this case. This Court declines RevelHMI's invitation to hold that the PTAB must expressly comment that the grounds for institution are particularly "strong" as to every claim to find that there is a likelihood of issue simplification. *See Sonrai Memory Ltd.*, 2022 WL 2307475 at *3-5. The likelihood of simplification of the issues should be determined on a case-by-case basis. In some cases, after considering all the facts a stay may be warranted when the PTAB does not describe grounds as "strong," as in this case. Conversely, it is possible that in some cases a stay may not be warranted even if the PTAB comments that certain grounds are "strong." This Court is not bound by the PTAB's remarks—or lack thereof—concerning the strength of particular

grounds upon which the PTAB institutes IPR. To adopt this posture would essentially allow the PTAB to decide the stay issue by making or withholding early evaluating comments.

The Court is not persuaded that the grounds for institution are weak in the IPRs based on the comments made by the PTAB concerning the Ogusu-Fukumoto combination with respect to the '830 Patent. RevelHMI points to comments made by the PTAB in the institution decision for the '830 Patent that “Petitioner does not present any explanation as to how the teachings of either Grant or Barton would be combined with Petitioner’s Ogusu-Fukumoto combination.” (Dkt. No. 71-2 at 19.) However, the PTAB did not institute on the Ogusu-Fukumoto combination grounds, but rather it instituted on the Fukumoto-based grounds. The PTAB explained that the “Ogusu-Fukumoto combination is based solely upon Ogusu for non-means-plus-function construction, and upon Ogusu in combination with Fukumoto for means-plus-function construction, to teach limitation [1f].” (*Id.*) The PTAB further explained that for the Fukumoto-based grounds—the grounds for institution—“Grant and Barton are applied in combination with Fukumoto to teach limitation [1f,]” not Ogusu. (*Id.*) In other words, RevelHMI’s citation to this analysis merely points out the fact that the PTAB did not institute on the Ogusu-Fukumoto grounds—an uncontested fact. However, such does not, in isolation, establish that the Fukumoto-grounds for institution are somehow weak or unlikely to simplify this case.

Given that *inter partes* review had been instituted on all Asserted Claims of the Asserted Patents in this case on multiple grounds, and given the specific decisions instituting *inter partes* review of the Asserted Patents, the Court finds that the likelihood of simplification weighs in favor of staying the case.

The stage in the case also weighs in favor of a stay. As noted, this case has not yet had a *Markman* hearing. At the time of the filing of the present Motion, the parties had only conducted

two depositions. Samsung alleges (and RevelHMI does not dispute) that the parties still have the bulk of depositions ahead of them, including depositions in Korea. (Dkt. No. 71 at 9.) Further, Samsung alleges (and RevelHMI does not dispute) that the parties are in the midst of negotiating the scope of email discovery, the bulk of which has yet to take place. (*Id.*)

RevelHMI argues that Samsung did not act “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.” *See NFC Techs.*, 2015 WL 1069111, at *3. The Court agrees in part. Samsung’s three-month delay between the infringement contentions in this case and filing the IPR petitions does somewhat diminish the weight of this factor. Had Samsung pursued its IPRs sooner, the institution decisions could have resulted even earlier in this case, which would have enured to everyone’s benefit. The Court disagrees, however, that Samsung delayed in filing its Motion to Stay after *inter partes* review was instituted by the PTAB. The Court notes that Samsung filed its renewed Motion to Stay two days after the PTAB issued its decisions instituting *inter partes* review. While Samsung could have acted sooner in initially filing its petitions for *inter partes* review, it filed its Motion to Stay with reasonable dispatch and at an early stage of the case, which on balance weighs slightly in favor of a stay.

Finally, RevelHMI will not be **unduly** prejudiced by the stay. From every plaintiff’s perspective a stay is always prejudicial. Every stay pending *inter partes* review is prejudicial to the plaintiff in that it prevents the immediate vindication of the plaintiff’s patent rights. This is not simply negated by seeking money damages as opposed to an injunction. RevelHMI has not identified any prejudice beyond the delay of the vindication of its patent rights and alleged entitlement to collect money damages. Such, on its own, is not enough to show **undue** prejudice. In weighing this factor, the Court finds it is neutral.

IV. CONCLUSION

The specific facts of this unique case persuade the Court that a stay is warranted. Accordingly, after considering the relevant factors, and for the reasons stated herein, the Court finds that Samsung's Motion to Stay should be and hereby is **GRANTED**. The Court **ORDERS** that this case be stayed until the PTAB issues its rulings with regard to Samsung's petition for *inter partes* review concerning the '081 and '830 Patents.

The Parties are **ORDERED** to file a joint status report within ten (10) days after the PTAB issues its ruling on any of the claims at issue from the Asserted Patents. Counsel shall also deliver a courtesy copy of such reports to the Court's chambers at the Sam B. Hall, Jr. Federal Building and United States Courthouse, 100 E. Houston St. Marshall, TX 75670.

So ORDERED and SIGNED this 8th day of March, 2024.



RODNEY GILSTRAP
UNITED STATES DISTRICT JUDGE

grounds included in the petition, including multiple grounds for at least each independent claim,” pursuant to 35 U.S.C. § 103(a). (*Id.* at 3.)

The *Markman* hearing in the above-captioned case is scheduled for February 15, 2023. (Dkt. No. 83 at 3.) Fact discovery closes on March 6, 2023 and expert discovery closes on April 26, 2023. (*Id.*) The pretrial conference is scheduled for July 3, 2023 and jury selection is set to begin on August 7, 2023. (*Id.* at 1.) The final determination on the IPR is expected from the PTAB in December of 2023. (Dkt. No. 110 at 4.)

II. 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 best to 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).

In particular, the question of whether to stay proceedings pending *inter partes* review of a patent is a matter committed to the district court’s discretion. *See 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.” *Stingray Music USA, Inc. v. Music Choice*, 2017 WL 9885167, at *2 (E.D. Tex. Dec. 12, 2017) (citing *Evolutionary Intelligence, LLC v. Millennial Media, Inc.*, 2014 WL 2738501 (N.D. Cal. Jun. 11, 2014)); *see also 3rd Eye Surveillance, LLC v. Stealth Monitoring, Inc.*, 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.*, 2015 WL 1069111, at *2 (E.D. Tex. Mar. 11, 2015). “Based on th[ese] factors, courts determine whether the benefits of a stay outweigh the inherent costs of postponing resolution of the litigation.” (*Id.*)

III. ANALYSIS

Where the PTAB institutes *inter partes* review of every asserted claim, such tends to suggest a substantial likelihood of simplification. *Stingray*, 2017 WL 9885167, at *2; *see also NFC Techs. LLC v. HTC America, Inc.*, 2015 WL 1069111, at *4 (E.D. Tex. Mar. 11, 2015) (noting “the PTAB’s decision to institute *inter partes* review ordinarily means that there is a substantial likelihood of simplification of the district court litigation”); *see also Uniloc USA, Inc. v. Samsung Electronics America, Inc.*, 2017 WL 9885168, at *1 (E.D. Tex. Jun. 13, 2017).

1. Undue Prejudice

Defendants contend that a stay of this case would not cause Plaintiff any undue prejudice or tactical disadvantage because Plaintiff “sat on its infringement allegations against [Defendants] for several years and only filed this case after the [’444 Patent] expired.” (Dkt. No. 110 at 10 (citing *Raytheon Co. v. Samsung Elecs. Co., Ltd.*, 2016 WL 1139659, at *1 (E.D. Tex. Feb. 22, 2016) (“[The Undue Prejudice] factor favors a stay. The asserted patent is expired, and thus there is no possibility of continuing harm to [patentee] from infringement.”)).) Defendants also note that Plaintiff “does not seek injunctive relief” and “does not compete with Samsung,” such that “monetary relief provides adequate compensation for any alleged infringement.” (Dkt. No. 110 at 11 (citing *NFC Techs.*, 2015 WL 1069111, at *2).) In contrast, Defendants argue that they will suffer undue prejudice *without* a stay “by incurring the burden of continuing to defend against

infringement allegations of 24 [asserted] claims from the ['444 Patent] that the PTAB is likely to invalidate.” (Dkt. No. 110 at 12.)

Plaintiff contends that it would be “prejudiced by a delay in its ability to vindicate its patent rights caused by a stay.” (Dkt. No. 118 at 2.) Specifically, Plaintiff contends that “[s]ince the ’444 Patent at issue is expired, and Samsung’s Accused Instrumentalities get older by the day, the more time that passes, the greater the chance the engineers and manufacturers who designed and built such products will leave the company or lack recall about their features, functionality, and value.” (*Id.* at 3.)

In response to Defendants’ arguments, Plaintiff notes that the mere fact that Plaintiff “could have filed suit earlier does nothing to change the fact that it is now entitled to timely enforcement of its patent rights.” (Dkt. No. 118 at 3–4) (citations and quotations omitted). Rather, Plaintiff contends it “has not delayed seeking to monetize or enforce the ’444 Patent,” having done so “against various [other] infringers.” (*Id.* at 4.) Finally, Plaintiff argues that since the ’444 Patent is expired, Plaintiff’s own practice of the patent is “irrelevant, as is competition between Plaintiff and Defendants.” (*Id.*)

Under these particular facts, Plaintiff’s arguments are not persuasive. Plaintiff fails to establish that monetary damages are inadequate to remedy any harm caused by Defendants. Indeed, Plaintiff’s concerns of delay are undermined by the fact that a final written decision on the patentability of the claims must be issued within one year of institution. While a delay in enforcement of patent rights is certainly an interest entitled to weight, “that factor is present in every case in which a patentee resists a stay, and it is therefore not sufficient, standing alone, to defeat a stay motion.” *NFC Techs.*, 2015 WL 1069111, at *2; *see also VirtualAgility Inc. v. Salesforce.com*, 759 F.3d 1307, 1318 (Fed. Cir. 2014). Accordingly, the Court is not persuaded

that a stay, within this particular scenario, would unduly prejudice the Plaintiff. Undue prejudice assumes some level of prejudice under the particular facts and circumstances of the case. While there is prejudice to Plaintiff, it is not undue under these facts. In weighing this factor, the Court finds it is neutral.

2. Stage of Proceedings

Defendants argue that fact discovery in this case has “barely started” and note that the *Markman* hearing is not scheduled to take place for several weeks. (Dkt. No. 110 at 9.) Rather, Defendants contend that a stay at this stage would “significantly conserve both judicial and party resources” since the “diversity of accused products and large number of asserted claims...will likely require numerous witnesses and exhibits to prove and disprove the multitude of issues associated with each of these products for each of the asserted claims.” (Dkt. No. 110 at 9.) Defendants posit that “[e]very claim invalidated in the PTAB proceeding will remove issues, narrow claims requiring construction, streamline deposition topics, limit fact discovery, and remove entire motions from this case.” (*Id.*) Based on the record before the Court, “it appears likely that the bulk of the expenses that the parties would incur in pretrial work and trial preparation are still in the future.” *NFC Techs.*, 2015 WL 1069111, at *3.

Plaintiff argues that this case is “not in its infancy” and is “well beyond its early stages.” (Dkt. No. 118 at 6.) Plaintiff contends that “significant resources” have been expended in this case “toward important substantive issues that will affect the outcome of this case, including infringement contentions; written discovery; source code review; a motion for summary judgment;

and claim construction [briefing].” (*Id.*) Plaintiff also points out the motion practice related to the Protective Order issued in this case. (*Id.* at 6–7.)¹

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 Techs.*, 2015 WL 1069111, at *3. Here, Defendants filed their IPR petition nearly six months after the lawsuit was filed and four months after Plaintiff served its preliminary infringement contentions. (Dkt. No. 110 at 2.) However, Defendants note that their IPR filing came “[two] months *before* receiving [Plaintiff’s] infringement contentions including source code citations.” (Dkt. No. 121 at 3–4) (emphasis in original). Defendants filed the instant Motion only one week after the IPR was instituted at the PTAB. Plaintiff contends that such delay has “allowed this case to reach an advanced stage” and demonstrates a “lack of diligence.” (Dkt. No. 118 at 8 (citing *Realtime Data LLC v. Actian Corp.*, 2016 WL 3277259, at *3 (E.D. Tex. Jun. 14, 2016)).)

The Court finds that Defendants could have acted sooner in filing their petitions for *inter partes* review. However, with the close of discovery, the claim construction hearing, and the trial setting all in the future, the Court concludes that this factor weighs in favor of a stay, but only slightly.

3. 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 Techs.*, 2015 WL 1069111, at *4. Here, *all claims* of the ’444 Patent are currently under active PTAB review. (Dkt. No. 110 at 1.) If the PTAB proceedings were to find some or all of the

¹ Defendants note that such motion practice does not relate to the “actual substance of [Plaintiff’s] infringement allegations.” (Dkt. No. 121 at 3.)

claims under review to be valid, Defendants acknowledge that they would be estopped from asserting invalidity defenses on “any ground that [they] raised or reasonably could have raised” during *inter partes* review. (Dkt. No. 110 at 7–8; *see also* 35 U.S.C. § 315(e)(2).) Conversely, should the IPR result in the cancellation of some or all of the claims, “either some portion of the litigation will fall away, or the litigation will come to an end altogether.” *NFC Techs.*, 2015 WL 1069111, at *4.

Defendants contend that even if they are unsuccessful in showing that all asserted claims of the ’444 Patent are invalid, “the IPR will surely narrow the scope of the numerous claims at issue,” including Plaintiff’s claims for infringement by “broad classes of products across numerous Samsung product lines, including watches, phones, TVs, and Chromebooks, totaling to hundreds of products.” (Dkt. No. 110 at 1.)

Defendants note that based on recent PTAB statistics, “instituted IPR petitions that reach a final written decision result in the cancellation of at least some instituted claims in 82% of cases, and result in cancellation of all instituted claims in 65% of cases.” (Dkt. No. 110 at 7.) Indeed, “[f]or each asserted claim, the PTAB has granted institution based on more than one asserted ground.” (*Id.*) Accordingly, “there is a strong likelihood that the instituted IPR will result in the cancellation of all asserted claims” of the ’444 Patent. (*Id.*)

Plaintiff argues that Defendants have “failed to show that the [PTAB] is likely to invalidate every asserted claim” because “[i]nstitution alone is not enough.” (Dkt. No. 118 at 10) (citations and quotations omitted). Plaintiff contends this is so because the PTAB “did not characterize the Petitioner’s challenge as ‘strong’” and instead “was silent on the ostensible strength” of Defendants’ petition. (*Id.* at 11.) Defendants respond by arguing that courts “regularly view an institution on multiple grounds, as is the case here, as showing a likelihood of invalidating every

claim and satisfying the movant’s burden.” (Dkt. No. 121 at 5 (citing *Arbor Glob. Strategies LLC v. Samsung Elecs. Co., Ltd.*, 2021 WL 66531, at *3 (E.D. Tex. Jan. 7, 2021)).) Defendants further note that “the PTAB rejected all of [Plaintiff’s] proposed claim constructions.” (Dkt. No. 121 at 5.)

Plaintiff argues that a stay will not simplify the issues in this case because of “deficiencies in the PTAB’s operation that remain unresolved (despite changes made post-*Arthrex*) that enabled errors to be made by the PTAB in instituting the IPR filed by [Defendants] that [Plaintiff] intends to challenge” in the Eastern District of Virginia, and a “current proceeding before the Supreme Court pertaining to an issue, *i.e.*, collateral estoppel[,] present in the case before this Court.”² (Dkt. No. 118 at 12.) Such “error” made by the PTAB in this case, according to Plaintiff, relates to whether a third-party is a real party in interest to the IPR. (*Id.* at 12–14.)³ While of interest to the Court, Plaintiff seeks no direct redress on these matters from this Court. The relief which Plaintiff seeks as to these issues clearly lies elsewhere, either before Congress, within the PTO, or before the Supreme Court.

Finally, Plaintiff argues that the IPR statistics cited by Defendants “reveal that the IPR process favors parties that challenge and seek to invalidate patents, and disfavors patent owners.

² Plaintiff contends that the collateral estoppel issue “presently before the Supreme Court on a Petition for Certiorari...argues that collateral estoppel should not apply to PTAB decisions because the standards for invalidating patents at the PTAB are substantially different from those in federal courts. Accordingly, the disposition of the validity of the ’444 Patent before the PTAB may have no preclusive effect on this Court.” (Dkt. No. 118 at 14) (quotations omitted).

³ According to Plaintiff, “[w]hile IPR institution decisions, which are delegated from the Director of the USPTO to the PTAB are a statutory responsibility and are non-appealable, and are subject to a request for review by the Director, no formal process exists for a party to an IPR to request Director Review of institution decisions as required by *Arthrex* (*sua sponte* review without a formal process is possible). This includes an inability to formally lodge a request for Director review of an institution decision when, as [Plaintiff] alleges here, the PTAB incorrectly decides a real party in interest and privity issue.” (Dkt. No. 118 at 12.)

Thus, while [Defendants] present[] evidence that statistically, the IPR favors Petitioner, fairness and equity requires this Court to permit [Plaintiff] to make its case, especially where the real parties in interest and privies (‘RPI’) issue, which would terminate the IPR in its favor, weighs strongly against [Defendants], since [they] failed to meet [their] burden of proof in demonstrating” that they are the sole real party in interest. (Dkt. No. 127 at 3.) Defendants respond by noting that the PTAB rejected Plaintiff’s “privity” argument and instituted the IPR. (Dkt. No. 121 at 2–3.)

The Court finds, given that *inter partes* review has been instituted on *all claims* of the ’444 Patent and on multiple grounds, the likelihood of simplification of issues is material. This factor weighs in favor of a stay under these facts.

IV. CONCLUSION

All of these facts taken together persuade this Court that a stay, under the specific facts analyzed herein, is warranted. Accordingly, after considering the relevant factors, and for the reasons above, the Court finds that Defendants’ Motion should be and is hereby **GRANTED**. The Court **ORDERS** that this case be stayed until the PTAB issues its ruling with regard to Defendants’ petition for *inter partes* review concerning the ’444 Patent pursuant to which *inter partes* review is currently instituted. The motion for hearing on this issue (Dkt. No. 125) is **DENIED AS MOOT**.

The Parties are **ORDERED** to file a joint status report within ten (10) days after the PTAB issues its ruling. Counsel shall also deliver a courtesy copy of such report to the Court’s chambers at the Sam B. Hall, Jr. Federal Building and United States Courthouse, 100 E. Houston St., Marshall, TX 75670.

So ORDERED and SIGNED this 2nd day of February, 2023.



RODNEY GILSTRAP
UNITED STATES DISTRICT JUDGE

asserting the same patents and claims as those set forth in the First Action. (*Id.*). After filing its new Complaint, Plaintiff waited 90 days to serve Defendants. Within two months of Plaintiff filing its new Complaint, Defendants filed petitions for *Inter Partes* Review on both Asserted Patents. Defendants' IPR's challenge the validity of all claims asserted herein. (*Id.*). Defendants challenge the claims of the Asserted Patents on the grounds that they are unpatentable under 35 U.S.C. §§ 102, 103 in view of prior art published before the claimed priority date. (*Id.* at 7, 8).

On September 26, 2022, the Court held a scheduling conference and entered a Docket Control order setting the following deadlines: the claim construction hearing is set for August 15, 2023, the deadline to complete fact discovery is September 18, 2023, the deadline to complete expert discovery is October 23, 2023, and jury selection is February 5, 2024. (Dkt. No. 30).

On November 28, 2022, the PTAB instituted the IPR proceeding for both Asserted Patents. In both matters, the PTAB determined that Defendants established a reasonable likelihood that they would prevail as to at least one of the claims and instituted *inter partes* review as to *all of the challenged claims on all of the grounds* of unpatentability asserted in the petitions. (Dkt. No. 47).

II. 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 best to 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, Dkt. No. 45 (E.D. Tex. Mar. 2, 2015). In particular, the question of whether to stay proceedings pending *inter partes* review of a patent is a matter committed to the district court’s discretion. *See Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426–27 (Fed. Cir. 1988) (request for stay pending *inter partes* reexamination). 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 (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.*, Case No. 2:13-cv-1058-WCB, 2015 WL 1069111, at *2 (E.D. Tex. Mar. 11, 2015) (Bryson, J.). “Based on th[ese] factors, courts determine whether the benefits of a stay outweigh the inherent costs of postponing resolution of the litigation.” (*Id.*).

III. ANALYSIS

1. Undue Prejudice

Defendants argue no undue prejudice would befall Plaintiff if a stay were entered. (Dkt. No. 31 at 14–17). Plaintiff waited more than one year after the issuance of the ’401 Patent and three years after the issuance of the ’663 Patent to file its Complaint in the First Action. (*Id.* at 15). Thereafter, this litigation has suffered from significant delays due to Plaintiff’s failure to appear for the Scheduling Conference in the First Action and its waiting nearly three months to serve Defendants in this proceeding. (*Id.*). Thus, according to Defendants, Plaintiff has failed to demonstrate the need for an expeditious resolution of its claims. (*Id.*). *VirtualAgility Inc. v. Salesforce.com, Inc.*, 759 F.3d 1307, 1318 (Fed. Cir. 2014) (“[W]hether 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."'). Defendants further argue that the Plaintiff and Defendants are not competitors, and that such a lack of competition weighs against a finding of undue prejudice. (*Id.*). See *Uniloc 2017 LLC v. LG Elecs. U.S.A., Inc.*, 2020 WL 374545 at *1 (N.D. Tex. Jan 23, 2020). Defendants further argue that a stay will not diminish Plaintiff's request for monetary damages¹ and that, in the absence of a stay, Defendants would be required to incur significant litigation expenses despite Defendants' diligent challenge of Plaintiff's Asserted Patents. (*Id.* at 16).

Plaintiff responds that a stay would cause undue prejudice as Plaintiff seeks injunctive relief to prevent irreparable harm to its licensing business. (Dkt. No. 38 at 3). Plaintiff further contends that the granting of a stay would result in a time-consuming appeal, resulting in further damages to the Plaintiff. (*Id.*).

Plaintiff's arguments are not persuasive under these particular facts. Furthermore, Plaintiff's Complaint reflects that it seeks monetary damages for the same alleged conduct for which it also seeks preliminary and permanent injunctions.² (Dkt. No. 1). In other words, Plaintiff's Complaint fails to establish that monetary damages are inadequate to remedy any harm caused by Defendants. Plaintiff's concerns of delay are, as Defendants point out, undermined by the fact that a final written decision on the patentability of the claims must be issued within one year of institution. (Dkt. No. 39 at 6). While a delay in enforcement of patent rights is certainly an interest entitled to weight, "that factor is present in every case in which a patentee resists a stay, and it is therefore not sufficient, standing alone, to defeat a stay motion." *NFC Techs.*, 2015 WL 1069111,

¹ *VirtualAgility*, 759 F.3d at 1318; *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).

² The Court notes that Plaintiff has yet to move for a preliminary injunction.

at *2; *see also VirtualAgility Inc.*, 759 F.3d at 1318. The Court is not persuaded that a stay, within this particular scenario, would unduly prejudice the Plaintiff. At most, this factor is neutral.

2. Stage of Proceedings

Defendants argue that a stay is appropriate because, at the time their Motion was filed, the case was in its earliest of stages. (Dkt. No. 31 at 9.) Plaintiff characterizes the case as having advanced into “full discovery stage.” (Dkt. No. 38 at 3.) While some initial discovery has been exchanged, the Court does not agree that this case is in its “advanced” stages. The trial setting is over 14 months away and the claim construction hearing is set in approximately seven months. Based on the record before the Court, “it appears likely that the bulk of the expenses that the parties would incur in pretrial work and trial preparation are still in the future.” *NFC Techs.*, 2015 WL 1069111, at *3.

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.” (*Id.*) Here, Defendants contend that they acted expeditiously in filing their IPR petitions within two months of the filing of this lawsuit. (Dkt. No. 31 at 7). Significantly, even though the IPR petitions were filed two months after this lawsuit was initiated, Plaintiff had yet to serve Defendants by the time the IPR petitions were filed on May 31, 2022. (*Id.*). Indeed, Plaintiff did not serve Defendants until June 20, 2022. (Dkt. No. 6). The Court finds that Defendants acted with reasonable dispatch in filing their petitions for *inter partes* review and their Motion. With the close of discovery, the claim construction hearing, and the trial setting many months away, the Court concludes that this factor weighs in favor of a stay.

3. 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 Techs.*, 2015 WL 1069111, at *4. Here, *all* of the asserted claims of the ’401 Patent and ’663 Patent are currently under active PTAB review. (Dkt. No. 31 at 7). If the PTAB proceedings were to find some or all of the claims under review to be valid, then Defendants would be estopped from asserting invalidity defenses on “any ground that [they] raised or reasonably could have raised” during *inter partes* review. 35 U.S.C. § 315(e)(2). Conversely, should the IPRs result in the cancelation of some or all of the asserted claims, “either some portion of the litigation will fall away, or the litigation will come to an end altogether.” *NFC Tech.*, 2015 WL 1069111, at *4.

Plaintiff challenges the strength of Defendants’ IPR petitions, and the sufficiency of the evidence attached thereto. (Dkt. No. 38 at 5, 6). Plaintiff also challenges Defendants’ reliance upon Chinese Patent Pub. No. CN 1761267A (“Liu”) as prior art. (*Id.* at 6). Nonetheless, the PTAB found that Defendants established a reasonable likelihood that they would prevail as to least one of their challenged claims and instituted *inter partes* review as to all of the challenged claims on all of the grounds of unpatentability asserted in the petitions. (Dkt. Nos. 45–1 and 45–2). With respect to Liu, the PTAB rejected all of the arguments raised by Plaintiff and instead, “institute[ed] trial on all challenged claims and all asserted grounds of unpatentability, including the grounds based on Liu alone.” (Dkt. No. 45–2). Accordingly, the Court finds that the likelihood of simplification of issues is high. This factor weighs in favor of a stay.

IV. CONCLUSION

The Court scrutinizes motions to stay pending IPR review carefully. This specific case meets the criteria that this Court looks for; to wit, all claims have been instituted on by the PTAB;

the Defendants' IPR petition and the PTAB institution decision are timely – where timely means a final written decision is expected in the ordinary course before the trial in this case would otherwise take place. Also, the conduct of the Plaintiff casts doubts on its seriousness as to the prosecution of this case in this Court and that dilatory conduct took place in the face of the Defendants' IPR request. All of these facts taken together persuade this Court that a stay, under these specific facts, is warranted. Accordingly, after considering the relevant factors, and for the reasons above, the Court finds that Defendants' Motion should be and is hereby **GRANTED**. The Court **ORDERS** that this case be stayed until the PTAB issues its rulings with regard to both of Defendants' petitions for *inter partes* review concerning the '401 Patent and the '663 Patent pursuant to which *inter partes* review is currently instituted.

The Parties are **ORDERED** to file a joint status report within ten (10) days after the PTAB issues its rulings. Counsel shall also deliver a courtesy copy of such report to the Court's chambers at the Sam B. Hall, Jr. Federal Building and United States Courthouse, 100 E. Houston St., Marshall, TX 75670.

So ORDERED and SIGNED this 25th day of January, 2023.



RODNEY GILSTRAP
UNITED STATES DISTRICT JUDGE

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

AGIS SOFTWARE DEVELOPMENT LLC,	§	
	§	
<i>Plaintiff,</i>	§	
	§	
v.	§	CIVIL ACTION NO. 2:19-CV-00361-JRG
	§	(Lead Case)
GOOGLE LLC,	§	
	§	CIVIL ACTION NO. 2:19-CV-00359-JRG
	§	(Member Case)
WAZE MOBILE LIMITED	§	
	§	CIVIL ACTION NO. 2:19-CV-00362-JRG
	§	(Member Case)
SAMSUNG ELECTRONICS CO., LTD,	§	
SAMSUNG ELECTRONICS AMERICA,	§	
INC.	§	
	§	
<i>Defendants.</i>	§	

MEMORANDUM OPINION AND ORDER

Before the Court is Defendants’ Motion to Stay Pending *Ex Parte* Reexamination (the “Motion”). (Dkt. No. 202). Having considered the Motion and the related briefing, the Court finds that the Motion should be and hereby is **GRANTED**.

I. BACKGROUND

Plaintiff AGIS Software Development LLC (“AGIS”) alleges Defendants Google LLC (“Google”), Waze Mobile Limited (“Waze”), and Samsung Electronics Co., Ltd., and Samsung Electronics America, Inc. (collectively, “Samsung”) (altogether, collectively, “Defendants”) infringe U.S. Patent Nos. 9,749,829 (“the ’829 Patent”); 9,820,123 (“the ’123 Patent”); 9,408,055 (“the ’055 Patent”); 9,445,251 (“the ’251 Patent”); 9,467,838 (“the ’838 Patent”); and 8,213,970 (“the ’970 Patent”) (collectively, the “Asserted Patents”). (Dkt. No. 1).

The Defendants previously filed an Opposed Motion to Stay Pending *Inter Partes* Review of the ’829 Patent and the ’123 Patent and *Ex Parte* Reexamination of the remainder of the

Asserted Patents. (Dkt. No. 97). The Court denied the Motion to Stay Pending *Inter Partes* Review and *Ex Parte* Reexamination without prejudice, as premature, noting that institution decisions as to the pending *Inter Partes* reviews (“IPRs”) and *Ex Parte* Reexaminations (“EPRs”) had not then been made. (Dkt. No. 114). The Court, in its denial Order, advised the Defendants that they could subsequently seek a stay “following the PTAB’s institution decision regarding the last of the patents-in-suit to be acted upon by the PTAB.” (*Id.*). This is consistent with this Court’s well-established practice where institution decisions remain pending.

The Patent Trials and Appeal Board (“PTAB”) subsequently denied institution of the IPRs as to the ’829 Patent and the ’123 Patent, and Google and Samsung filed Requests for *Ex Parte* Reexamination at the United States Patent and Trademark Office (“PTO”) on those patents in addition to the remainder of the Asserted Patents. (Dkt. No. 202).

In response to the Requests for *Ex Parte* Reexamination, the PTO found substantial new questions of patentability as to each of the asserted claims in the patents-in-suit and granted all Requests for Reexamination. (*Id.*). The Defendants have now renewed their request for a stay pending the resolution of the EPRs.

II. LEGAL STANDARD

“The district court has the inherent power to control its own docket, including the power to stay proceedings.” *Soverain Software LLC v. Amazon.com, Inc.*, 356 F. Supp. 2d 660, 662 (E.D. Tex. 2005) (citing *Landis v. N. Am. Co.*, 299 U.S. 248, 254 (1936)); *see also Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426–27 (Fed. Cir. 1988) (“Courts have inherent power to manage their dockets and stay proceedings, including the authority to order a stay pending conclusion of a PTO reexamination.” (internal citation omitted)). 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*, 299 U.S. at 254–55.

In deciding whether to stay litigation pending reexamination, courts typically consider: (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*, 356 F. Supp. 2d at 662.

III. ANALYSIS

The Defendants argue that this case should be stayed in light of the ERPs because (1) all asserted claims of all Asserted Patents now stand subject to granted ERPs; (2) all of the PTO’s EPR grant orders and all three Office Actions issued to date for the Asserted Patents have stated that the priority date for those patents is likely much earlier—October 31, 2014—and that the parent patent to the Asserted Patents, U.S. Patent No. 7,630,724 (the “’724 Patent”) anticipates and renders obvious all challenged claims; and (3) it would not be expeditious to proceed to trial on the current claims. (Dkt. No. 202). AGIS asserts that the case need not be stayed because (1) any rejections remain speculative, just as they did when the Court denied the Defendants’ previous request for a stay; and (2) AGIS will suffer undue prejudice if the case is stayed. (Dkt. No. 210.)

“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.’” *Ericsson Inc. v. TCL Commc’n Tech. Holdings, Ltd.*, No. 2:15-cv-00011, 2016 WL 1162162, at *1 (E.D. Tex. Mar. 23, 2016) (quoting *NFC Tech. LLC v. HTC Am.*, No. 2:13-CV-1058, 2015 WL 1069111, at *1 (E.D. Tex. Mar. 11, 2015)). In the context of EPRs, a stay is appropriate when there is a “significant likelihood that the outcome of the reexamination proceeding will streamline the scope

of this case to an appreciable extent if not dispose of it entirely.” *Veraseal LLC v. Wal-Mart Stores, Inc. et al.*, No. 2:17-cv-00527 (E.D. Tex. May 10, 2018).

It has been this Court’s consistent and long established practice to deny motions to stay pending IPR and ERP when the PTAB or PTO have instituted review on less than all asserted claims of all asserted patents¹ because at least one or more originally asserted claims will be unaffected by the outcome of those parallel proceedings and left intact before this Court to be tried. *See, e.g., Uniloc 2017 LLC v. Samsung Elecs. Am., Inc.*, 2:19-cv-00125-JRG, Dkt. No. 34 (E.D. Tex. Feb. 4, 2020); *Greenthread LLC v. Samsung Elecs. Co., Ltd.*, 2:19-cv-00147-JRG, Dkt. No. 43 (E.D. Tex. Feb. 4, 2020); *Solas OLED Ltd. v. Samsung Display Co., Ltd.*, 2:19-cv-00152-JRG, Dkt. No. 69 (E.D. Tex. Feb. 4, 2020); *Oyster Optics, LLC v. Infinera Corp.*, No. 2:19-cv-00257-JRG, Dkt. No. 62 (E.D. Tex. Feb. 4, 2020). However, where the PTAB has instituted IPR proceedings or the PTO has granted EPR’s as to *all claims of all asserted patents*, this Court has likewise routinely stayed cases because the Court there does not retain before it any intact (as originally asserted) claims that are ready to move forward toward trial. In the context where all claims have been instituted upon, the Court understands that all the claims may potentially be modified, dropped, or canceled in light of such parallel proceedings. *Image Processing Techs., LLC v. Samsung Elecs. Co.*, No. 2:16-cv-505-JRG, 2017 WL 7051628, *1–2 (E.D. Tex. Oct. 25, 2017); *Arbor Global Strategies LLC v. Samsung Elecs. Co.*, No. 2:19-cv-333-JRG-RSP, 2021 WL 66531 (E.D. Tex. Jan. 7, 2021).

Having considered the factors outlined above and the specific facts and circumstances of this case, the Court is persuaded that the benefits of a stay outweigh the costs of postponing resolution of the litigation in this particular case. Since all the asserted claims of

¹ Or in a pre-*SAS Institute Inc. v. Iancu* world, where the PTAB instituted IPRs on some but not all challenged claims. *See SAS Institute Inc. v. Iancu*, 138 S. Ct. 1348 (2018).

all Asserted Patents, pending before this Court, are now subject to granted EPRs the prejudice to AGIS is outweighed by the benefit of such parallel review. When claims are rejected in an *ex parte* reexamination proceeding, the patent owner can narrow, cancel, or submit new claims. See M.P.E.P. § 2258. The asserted claims which have been rejected in the reexamination proceedings have a high likelihood of being modified in some material way in response to their rejection. They may also be dropped or canceled completely. It is unlikely that they will stay as they were when suit was originally filed, and if—in this specific situation—the case were to proceed to trial on the current claims, as is, there is a serious risk of wasted resources as between both the parties and the Court.

Although this particular stay comes late in the progression of this case—with discovery complete, pretrial briefing submitted, and jury selection pending—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. In light of the increased probability that the asserted claims will change in scope, or be dropped or canceled altogether, the Court finds that upon considering the totality of the circumstances in this case at this time, a stay is warranted.

Accordingly, having considered prejudice to AGIS, simplification of the issues to be tried, and the stage of the case, the Court finds that the relevant factors weigh in favor of granting a stay of this case pending resolution of the *ex parte* reexaminations.

IV. CONCLUSION

In light of the foregoing, the Defendants' Motion to Stay Pending *Ex Parte* Reexamination (Dkt. No. 202) should be and hereby is **GRANTED**. Accordingly, the above-captioned cases are hereby **STAYED** until the ultimate resolution in each of the *ex parte* reexaminations instituted as to all the Asserted Patents.

The parties are **ORDERED** to file a joint notice updating the Court as to the status of the Asserted Claims and the *ex parte* reexaminations within **thirty (30) days** of the ultimate disposition in the last and final *ex parte* reexamination. The parties are additionally **ORDERED** to file periodic joint notices with the Court to report on the current status of these reexamination proceedings **every 120 days** until this case is either unstayed or terminated.

So ORDERED and SIGNED this 9th day of February, 2021.



RODNEY GILSTRAP
UNITED STATES DISTRICT JUDGE

RAMOT AT TEL AVIV UNIVERSITY §
LTD., §
§
Plaintiff, §
§
v. § CIVIL ACTION NO. 2:19-CV-00225-JRG
§
CISCO SYSTEMS, INC., §
§
§
Defendant. §
§

Before the Court is Defendant Cisco Systems, Inc.’s (“Cisco”) Renewed Motion to Stay Pending *Ex Parte* Reexamination of U.S. Patent No. 10,270,535, No. 10,033,465, and No. 10,461,866 (the “Motion”). (Dkt. No. 221.) Having considered the Motion and the related briefing, the Court finds that the Motion should be and hereby is **GRANTED**.

Plaintiff Ramot at Tel Aviv University Ltd. (“Ramot”) alleges Defendant Cisco Systems, Inc. (“Cisco”) infringes U.S. Patent No. 10,270,535 (the “’535 Patent”); U.S. Patent No. 10,033,465 (the “’465 Patent”); and U.S. Patent No. 10,461,866 (the “’866 Patent”) (collectively, the “Asserted Patents”). (Dkt. No. 48.)

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The Patent Trials and Appeal Board (“PTAB”) subsequently denied institution of the IPRs, and Cisco filed Requests for *Ex Parte* Reexamination at the United States Patent and Trademark Office (“PTO”) on all three patents-in-suit. (Dkt. No. 107.) In this Court, Cisco also filed a Motion to Stay Pending *Ex Parte* Reexamination. (*Id.*)

In response to the Requests for *Ex Parte* Reexamination, the PTO found substantial new questions of patentability as to each of the asserted claims in the patents-in-suit, granting all Requests for Reexamination. (*Id.*) Subsequently, when the PTO had issued preliminary Office Actions rejecting all challenged claims of the ’465 and ’866 Patents but had not yet made an initial determination as to the ’535 Patent, the Court denied Cisco’s request for a stay without prejudice to refile the request if and when any relief by way of the reexams became less speculative or incomplete. (Dkt. Nos. 171, 180, 205, 216.)

Cisco has now renewed its request for a stay pending the resolution of the *ex parte* reexaminations.

II. LEGAL STANDARD

“The district court has the inherent power to control its own docket, including the power to stay proceedings.” *Soverain Software LLC v. Amazon.com, Inc.*, 356 F. Supp. 2d 660, 662 (E.D. Tex. 2005) (citing *Landis v. N. Am. Co.*, 299 U.S. 248, 254 (1936)); *see also Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426–27 (Fed. Cir. 1988) (“Courts have inherent power to manage their dockets and stay proceedings, including the authority to order a stay pending conclusion of a PTO reexamination.” (internal citation omitted)). 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*, 299 U.S. at 254–55.

In deciding whether to stay litigation pending reexamination, courts typically consider: (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).

III. ANALYSIS

Cisco argues that this case should be stayed in light of the *ex parte* reexams because (1) all asserted claims now stand rejected in Office Actions; (2) the claims are likely to be modified in some way, and therefore it would not be expeditious to proceed to trial on the current claims; and (3) Ramot has been delaying the progression of the reexams by requesting extensions for its responses to the Office Actions. (Dkt. No. 221.) Ramot asserts that the case need not be stayed because (1) any rejections remain speculative, just as they did when the Court denied Cisco's previous request for a stay; and (2) separate counsel requested the extensions at the reexams and the extensions do not substantially delay the proceedings at all, but actually have the potential to speed them up. (Dkt. No. 226.)

"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.'" *Ericsson Inc. v. TCL Commc'n Tech. Holdings, Ltd.*, No. 2:15-cv-00011, 2016 WL 1162162, at *1 (E.D. Tex. Mar. 23, 2016) (quoting *NFC Tech. LLC v. HTC Am.*, No. 2:13-CV-1058, 2015 WL 1069111, at *1 (E.D. Tex. Mar. 11, 2015)). In the context of *ex parte* reexams, a stay is appropriate when there is a "significant likelihood that the outcome of the reexamination proceeding will streamline the scope of this case to an appreciable extent if not dispose of it entirely." *Veraseal LLC v. Wal-Mart Stores, Inc. et al.*, No. 2:17-cv-00527 (E.D. Tex. May 10, 2018).

Having considered the factors outlined above and the unique facts and circumstances of this case, the Court is persuaded that the benefits of a stay outweigh the costs of postponing resolution of the litigation in this particular case. All asserted claims of all Asserted Patents have been rejected in preliminary Office Actions in the *ex parte* reexams. (Dkt. Nos. 171, 180, 209.) When claims are rejected in an *ex parte* reexamination proceeding, the patent owner can narrow, cancel, or submit new claims. See M.P.E.P. § 2258. Thus, the asserted claims that have been rejected in the reexamination proceedings are almost surely to be modified in some material way in response to their rejection, and they may be dropped completely. They will not likely stay as they were when this suit was filed. If the case were to proceed to trial on the current claims, there is a serious risk of wasted resources as to the parties and the Court.

As the Court previously noted in its denial of such a stay, “[g]iven the resources that the parties and the Court have already invested in this case, staying the case, based solely on speculation of what might possibly happen during reexamination, would be inefficient and inappropriate.” (Dkt. No. 205 at 4 (citing *Soverain*, 356 F.Supp.2d at 663).) Ramot is entitled to its day in court and resolution of the present disputes. See *ThinkOptics, Inc. v. Nintendo of America, Inc.*, 2014 WL 4477400, at *1 (E.D. Tex. Feb. 27, 2014) (holding that patentees “ha[ve] an interest in timely enforcing [their] patents.”). Nevertheless, the reexams have now progressed past the point of speculation, and simplification of the issues to be tried pending the resolution of the reexams is near certain.

Although this stay comes late in the progression of this case—with discovery complete, pretrial briefing submitted, and jury selection impending—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. In light of the high probability that the asserted claims will change in

scope as part of the reexamination proceedings noted above, the Court finds that considering the totality of the circumstances in this case at this time, a stay is warranted.

Accordingly, having considered prejudice to Ramot, simplification of the issues to be tried, and the stage of the case, the Court finds that the relevant factors weigh in favor of granting a stay of this case pending resolution of the *ex parte* reexaminations.

IV. CONCLUSION

In light of the foregoing, the Court finds that Defendant Cisco Systems, Inc.'s Renewed Motion to Stay Pending *Ex Parte* Reexamination of U.S. Patent No. 10,270,535, No. 10,033,465, and No. 10,461,866 (Dkt. No. 221) should be and hereby is **GRANTED**.

The parties are **ORDERED** to file a joint notice updating the Court as to the status of the claims within **thirty (30) days** of any ultimate resolution in the *ex parte* reexamination. The parties are further **ORDERED** to file periodic joint notices with the Court to report on the status of the reexamination proceeding **every 120 days** until this case is either unstayed or terminated.

So ORDERED and SIGNED this 13th day of January, 2021.



RODNEY GILSTRAP
UNITED STATES DISTRICT JUDGE