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

OYSTER OPTICS, LLC, *Plaintiff*, v. INFINERA CORPORATION, CORIANT NORTH AMERICA, LLC, CORIANT OPERATIONS, INC., CORIANT (USA) INC., *Defendants*.	§ § § § § § § § § § § §	CIVIL ACTION NO. 2:19-CV-00257-JRG

ORDER

Before the Court is Defendants Infinera Corporation, Coriant (USA) Inc., Coriant North America, LLC, and Coriant Operations, Inc.'s (collectively, "Infinera") Re-Urged Motion to Stay Pending *Inter Partes* Review of U.S. Patent No. 6,665,500 (the "Motion"). (Dkt. No. 82.) In the Motion, Infinera requests that the Court stay this case in view of the *inter partes* review ("IPR") instituted by the Patent Trial and Appeal Board ("PTAB") of most of the asserted claims in this case. (*Id*. at 1.) For the reasons described herein, the Court finds that the Motion should be and hereby is **DENIED**.

I. BACKGROUND

Plaintiff Oyster Optics, LLC ("Oyster") asserts that Infinera infringes U.S. Patent No. 6,665,500 (the "'500 Patent"). (*Id*. at 1.) On January 17, 2019, Infinera moved to stay this case based on its petitions for IPR of the '500 Patent (the "Original Motion"). (Dkt. No. 59.) However, the Court denied the Original Motion as premature because the PTAB had not yet instituted IPR proceedings on the '500 Patent. (Dkt. No. 62.) Since that denial, the case has continued to progress,

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claim construction has essentially completed,[1] and fact discovery is set to close on August 17, 2020. (*See* Dkt. No. 48.) Over this same time period, the PTAB has instituted an IPR on all but one of the asserted claims. (Dkt. No. 82 at 1.) Despite one claim not being instituted, Infinera files the instant Motion to stay the case in light of the aforementioned instituted IPR.

II. 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.).

III. DISCUSSION

1. A Stay Will Prejudice Oyster.

Infinera argues that Oyster will not suffer any prejudice if the Court stays this case because Infinera is a non-practicing entity, and as such, "can be adequately compensated by monetary damages for any injury to its patent rights." (Dkt. No. 82 at 3.) Infinera further asserts that a "[m]ere delay in collecting damages does not constitute undue prejudice." (*Id*. at 3 (citing *Cellular*

[1] All briefing related to claim construction has completed and the Court would have held the claim construction hearing on June 16, 2020. (*See* Dkt. No. 48.) The parties, however, waived their hearing and submitted the issues on the papers. (Dkt. No. 81.) The Court has been considering the parties' arguments and has almost completed its claim construction order.

Commc'ns Equip., LLC v. Samsung Elecs. Co., Ltd., No. 6:14-cv-759, 2015 WL 11143485, at *2 (E.D. Tex. Dec. 16, 2015)).) Infinera further argues that it, on the other hand, will suffer "profound" prejudice in the absence of a stay, because Infinera "would continue to incur the expense and burden of defending against infringement allegations of patent claims that the PTAB may very well render unpatentable." (*Id*. at 4.)

Oyster responds that the imposition of a stay will unfairly prejudice it. (Dkt. No. 85 at 6.) First, Oyster notes that the Final Written Decision on the aforementioned IPR "will not issue until at least three to six months after this action could have already been resolved at trial." (*Id*. at 6–7.) Second, Oyster argues that granting a stay would deprive Oyster of its chosen forum and "provide [Infinera] a clear, and unwarranted, tactical advantage." (*Id*. at 7 (quoting *Cooper Notification, Inc. v. Twitter, Inc.*, No. Civ. 09-865- LPS, 2010 WL 5149351, at *3 (D. Del. Dec. 13, 2010)).) Third, Oyster asserts that it "is entitled to a resolution of its dispute regardless of whether it is a non-practicing entity." (*Id*. at 8.) As such, Oyster argues that a stay for "many months after the Court could have fully resolved this dispute is inherently prejudicial to Oyster's right to a resolution of its claims against Infinera." (*Id*.)

This factor weighs heavily against granting a stay in this case. The Court is not persuaded by Infinera's argument that because Oyster is not a competitor of Infinera, a delay to this litigation will result in no prejudice to Oyster. In *Cellular Communications*, on which Infinera relies to argue that a delay will not cause a non-practicing entity prejudice, the court stated that the plaintiff "makes not specific allegations of prejudice in this case other than the natural delay that would occur when a stay is granted in any case." *See Cellular Commc'ns Equip., LLC*, 2015 WL 11143485, at *2. Here, Oyster has made specific allegations of prejudice. Specifically, Oyster points out that the case is already at a late stage. (Dkt. No. 85 at 7.) Furthermore, Oyster notes that

the PTAB would not issue its Final Written Decision until at least three months after the current trial date for this case. (*Id*. at 8.) Further, there is caselaw from this Court that finds that non-practicing entities may very well be prejudiced by the delay imposed by a stay. *See Rembrandt Wireless Techs., LP v. Samsung Elecs. Co.*, No. 2:13-cv-213-JRG-RSP, 2015 WL 627887, at *2 (E.D. Tex. Jan 29, 2015 ("[T]he mere fact that Rembrandt is not currently practicing the patents does not mean that, as a matter of law, it is not prejudiced by a substantial delay of an *imminent trial date*.") (emphasis added); *Realtime Data LLC v. Actian Corp.*, No. 6:15-CV-463-RWS-JDL, 2016 WL 3277259, at *2 (E.D. Tex. June 14, 2016) ("The fact that [plaintiff] is a nonpracticing entity and is merely pursuing monetary damages would not preclude [plaintiff] from experiencing prejudice if the Court granted Defendants' motion to stay."). Accordingly, the Court finds that this factor weighs heavily against a stay.

2. The Current Stage of the Litigation Does Not Favor a Stay

Infinera argues that they have been prompt in re-urging the Motion and that "[m]uch work remains ahead of the parties and the Court in the case." (Dkt. No. 82 at 4.) According to Infinera, "only minimal written discovery has been exchanged to date [and] [n]ot a single witness has been deposed." (*Id*.) As a result, Infinera argues that a stay would "conserve Court and party resources." (*Id*.)

Oyster responds that courts routinely deny stay motions in cases that are not nearly as far along as this one. (Dkt. No. 85 at 5–6 (citing *Realtime Data, LLC v. Rackspace US, Inc.*, No. 6:16-cv-00961, 2017 WL 3149142, at *1–2 (E.D. Tex. July 25, 2017); *NetFuel, Inc. v. Cisco Sys., Inc.*, No. 5:18-cv-02352-EJD, 2020 WL 836714, at *1 (N.D. Cal. Feb. 20, 2020); *Telemac Corp. v. Teledigital, Inc.*, 450 F. Supp. 2d 1107, 1111 (N.D. Cal. 2006); *Int'l Test Solns., Inc. v. Mipox Int'l Corp.*, No. 16-cv-00791-RS, 2017 WL 1316549, at *2 (N.D. Cal. Apr. 10, 2017.); *Asetek Holdings, Inc. v. Cooler Master Co., Ltd.*, 2014 WL 1350813, at *4 (N.D. Cal. April 3,

2014)).) Oyster asserts that "claim construction briefing and argument is completed, fact discovery is drawing to a close, and trial is less than six months away." (*Id*. at 6.) As such, Oyster asserts that this case is at an advanced stage and should not be stayed. (*Id*.)

While fact discovery is almost but not yet completed, the case is clearly at an advanced stage. Fact discovery is closing in about a month and trial is only six months away. Further, the claim construction briefing and argument is completed. As such, the Court finds that the late stage of this case weighs against granting a stay.

3. The Stay Will Likely Not Simplify the Issues in this Case.

Infinera argues that the IPR stands to drastically simplify this case because it concerns all asserted claims except one and there is a likelihood that the instituted claims will be found invalid. (Dkt. No. 82 at 5.) Infinera further asserts that the arguments and claim amendments made by Oyster in the IPR will become part of the prosecution history of the '500 Patent, and thus will be relevant to the issues before this Court. (*Id*.) Infinera argues that judicial economy would be best served by staying this case, even if one claim is not instituted, because the PTAB's decision will "greatly streamline what is left of the litigation for the Court." (*Id*. at 6–7.) Further, Infinera asserts there is a risk that the resources used in litigating this case may end up being unnecessary because the PTAB "will resolve the validity issues of this case just six months after the date on which trial is currently scheduled." (*Id*. at 7.)

Oyster responds that the fact that one asserted claim was not instituted weights heavily against a stay. (Dkt. No. 85 at 3.) Oyster notes that, because one claim was not instituted, "no matter what, at least one claim of the asserted patent will remain viable and will need to proceed to trial." (*Id*.) Oyster also states that this case is not like others where whole patents are instituted and other patents in the case are not. (*Id*. (quoting *No Spill, Inc. v. Scepter Canada, Inc.*, No. 18-2681-JAR-KGG, 2020 WL 1528542, at *3 (D. Kan. Mar. 31, 2020)).) Furthermore, Oyster

notes that is has other non-patent claims that it is asserting against Infinera. (*Id*.) As such, Oyster argues that regardless of the outcome of the IPR, there will still be many issues for this Court to resolve. Oyster argues that the case will not really be simplified even if the IPR results in a finding of invalidity, as no matter the outcome, the patent infringement cause of action will survive the IPR because one claim was not instituted. (*Id*. at 4–5.)

This factor weighs against granting a stay. The fact that one claim in the '500 Patent was not instituted means that no matter the outcome of the IPR, the '500 Patent will remain in this case, and this will remain on this Court's active docket. Accordingly, the parties will be forced to litigate the same issues and put forward the same evidence regardless of the outcome of the IPR. While the IPR may eliminate some of the claims, it will not eliminate the patent infringement cause of action. As such, the Court finds that a stay will not adequately simplify the issues in this case to warrant a stay.

IV. CONCLUSION

After weighing all the factors that bear on whether a staying pending IPR is warranted, the Court finds that the balance of those factors weighs against grating a stay. Accordingly, in the exercise of its discretion, the Court **DENIES** Infinera's Re-Urged Motion to Stay Pending *Inter Partes* Review of U.S. Patent No. 6,665,500 (Dkt. No. 118).

So ORDERED and SIGNED this 17th day of July, 2020.

RODNEY GILSTRAP
UNITED STATES DISTRICT JUDGE