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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

X1 DISCOVERY, INC.,

Plaintiff,

v.

MICROSOFT CORPORATION,

Defendant.

Civil Action No. 8:23-cv-02415-GW-
JDE

**REVISED STIPULATION TO
STAY (L.R. 7-1)**

Pursuant to the Court’s Order Regarding Stipulation to Stay (E.C.F. No. 49), Plaintiff X1 Discovery, Inc. (“X1”) and Defendant Microsoft Corporation (“Microsoft”), by and through their respective counsel of record, respectfully submit this Revised Stipulation to Stay, as follows:

I. Legal Standard

X1 and Microsoft seek a stay of this case pending resolution of related ITC proceedings pursuant to the Court’s “inherent power to control its docket and promote efficient use of judicial resources.” *Dependable Highway Express, Inc. v. Navigators Ins. Co.*, 498 F.3d 1059, 1066 (9th Cir. 2007). This power is discretionary and allows a court to stay proceedings “pending resolution of independent proceedings which bear upon the case.” *Lockyer v. Mirant Corp.*, 398 F.3d 1098, 1109 (9th Cir. 2005) (citing *Landis v. N. Am. Co.*, 299 U.S. 248, 254 (1936)).

In deciding to grant a stay, “the competing interests which will be affected by the granting or refusal to grant a stay must be weighed.” *CMAX, Inc. v. Hall*, 300 F.2d 265, 268 (9th Cir. 1962). These competing interests include: (1) “the possible damage which may result from the granting of a stay;” (2) “the hardship or inequity which a party may suffer in being required to go forward;” and (3) “the orderly course of justice measured in terms of the simplifying or complicating of issues, proof, and questions of law which could be expected to result from a stay.” *Id.*

The existence of an ongoing ITC proceeding with overlapping issues of law or fact with a district court case can be sufficient grounds for entering a discretionary stay, even if there is not complete overlap of the patents or respondents between the two actions. *See, e.g., Gatekeeper Sys., Inc. v. Rocateq United States, LLC*, 2023 U.S. Dist. LEXIS 174710 (C.D. Cal. May 17, 2023) (granting motion to stay district court action that pertained to different, but related patents, in view of pending ITC action); *Overland Storage, Inc. v. Spectra Logic Corp.*, 2012 U.S. Dist. LEXIS 201049 (S.D. Cal. Dec. 11, 2012) (granting motion

1 to stay district court case pending resolution of ITC action when different
 2 defendants were involved in the ITC action but the same patents were at issue and
 3 the “interests of efficiency and fairness” weighed in favor of a stay); *Nobel Biocare*
 4 *Servs. AG v. Neodent USA, Inc.*, No. SACV141322DOCDFMX, 2014 WL
 5 12573966, at *1–2 (C.D. Cal. Dec. 5, 2014) (granting motion to stay when ITC case
 6 and district court case involved the same underlying product – a dental implant –
 7 even though the defendants in the cases only partially overlapped).

8 **II. Facts**

9 On December 19, 2023, X1 filed the above-captioned case against Microsoft,
 10 alleging that certain search related software made and/or sold by Microsoft
 11 infringes U.S. Patent Nos. 7,370,035 (the “’035 patent”), 9,633,139 (the “’139
 12 patent”), and 10,552,490 (the “’490 patent”) (collectively, “the DCT Patents”).
 13 Microsoft has not yet filed an Answer.

14 On the same day, X1 filed a Complaint under Section 337 of the Tariff Act of
 15 1930, as Amended, in the International Trade Commission (“ITC”) (ITC Complaint
 16 Docket No. 337-TA-3714), requesting that the ITC institute an investigation under
 17 Section 337 against ASUSTeK Computer Inc., ASUS Computer International, Acer
 18 Inc., Acer America Corporation, Dell Technologies Inc., Dell (Chengdu) Company
 19 Limited, and Dell Products L.P. (the “ITC Action”). In the ITC Action, X1 alleges
 20 that certain laptops and desktop computers with search-related software, including
 21 software made and sold by Microsoft, infringe U.S. Patent Nos. 8,498,977 (the
 22 “’977 patent”) and 8,856,093 (the “’093 patent”) (collectively, “the ITC Patents”).

23 On January 23, 2024, the ITC issued a Notice of Institution for an
 24 investigation styled as *In the Matter of Certain Computing Devices Utilizing*
 25 *Indexed Search Systems and Components Thereof*, Inv. No. 337-TA-1389 (the “ITC
 26 Action”). The same counsel that is representing Microsoft in the instant case is also
 27 representing the respondents in the ITC Action. X1 has served a subpoena on
 28 Microsoft in the ITC Action, and Microsoft has responded to said subpoena. A

1 hearing date has been set for October 4-10, 2024, with an initial determination date
2 of January 29, 2025.

3 The DCT Patents and the ITC Patents are related, claiming priority to the
4 same parent applications and sharing a common specification. They also share the
5 same named inventors, William Gross and Steven Lee Colwell. X1 also alleges in
6 both this case and in the ITC Action that Microsoft search functionality infringes
7 the asserted patents. Thus, the above-captioned case and the ITC Action will
8 involve some overlapping and interrelated issues of law and fact, including
9 overlapping discovery from Microsoft. Accordingly, the parties seek to avoid a
10 duplication of effort in the two cases, particularly where resolution of the case in
11 the ITC could impact the resolution of this case.

12 **III. Stipulations**

13 WHEREAS, the parties have discussed how to further proceed while
14 conserving the Court's and the parties' time and resources;

15 WHEREAS, a stay would benefit, rather than harm, the parties by avoiding
16 the need to litigate overlapping issues in two forums;

17 WHEREAS, a stay would have minimal-to-no impact on the parties' efforts
18 thus far, resulting in no hardship or inequity to either party, as this case is in its
19 infancy;

20 WHEREAS, a stay would simplify issues for this Court and avoid duplicative
21 discovery, as the above-captioned case and the ITC Action involve similar technical
22 and legal issues;

23 NOW, THEREFORE, the Parties hereby stipulate and agree, subject to the
24 approval of the Court, that:

- 25 1. The above-captioned action, including any counterclaims that
26 Microsoft may assert against X1 in any jurisdiction, are hereby stayed
27 until the Commission issues a Final Determination in Investigation No.
28 337-TA-1389;

- 1 2. Microsoft agrees not to file any claims for patent infringement or
2 declaratory judgment actions for patent invalidity (other than *inter*
3 *partes* review proceedings filed at the Patent and Trademark and
4 Appeal Board of the U.S. Patent and Trademark Office) against X1 in
5 any other jurisdiction in the country during the pendency of the stay;
- 6 3. The parties shall submit a Joint Status Report within two weeks of the
7 entry of the Final Initial Determination in ITC Investigation No. 337-
8 TA-1389. Should ITC Investigation No. 337-TA-1389 be terminated,
9 by settlement or otherwise, prior to the Commission's entry of a Final
10 Initial Determination, the parties shall submit a Joint Status Report
11 within two weeks of termination. The Joint Status Report shall
12 address how the above captioned case shall proceed upon the stay
13 being lifted and shall include a proposed schedule for the above
14 captioned case;
- 15 4. The parties hereby agree to take no action, including but not limited to
16 filing an answer to the complaint, service of discovery, or filing of any
17 motion, in this action while it is stayed, other than the above status
18 report; and
- 19 5. Microsoft hereby agrees to enter a separate stipulation with X1 that
20 will confirm that for the purposes of the ITC Action only, Microsoft
21 will not object to the scope of the subpoena that X1 has served on the
22 basis that Microsoft is not a party to the ITC Action.

23
24 IT IS SO STIPULATED.

1 Dated: February 29, 2024

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ATTESTATION

All signatories listed, and on whose behalf the filing is submitted, concur in the filing's content and have authorized the filing.

/s/ *Natasha E. Daughtrey*
Natasha E. Daughtrey

CERTIFICATE OF SERVICE

I hereby certify that on February 29, 2024, I electronically transmitted the foregoing document to the Clerk's Office using CM/ECF System for filing and service via transmittal of a Notice of Electronic Filing.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on February 29, 2024, at Los Angeles, California.

/s/ Natasha E. Daughtrey
Natasha E. Daughtrey

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

X1 DISCOVERY, INC.,
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v.

MICROSOFT CORPORATION,
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Civil Action No. 8:23-cv-02415-GW-
JDE

**[PROPOSED] ORDER GRANTING
REVISED STIPULATION TO
STAY (L.R. 7-1)**

The parties have filed a joint revised stipulation to stay this action in its entirety until a final determination by the U.S. International Trade Commission (“ITC”) in the proceeding *In the Matter of Certain Computing Devices Utilizing Indexed Search Systems and Components Thereof*, Inv. No. 337-TA-1389 (“the ITC Proceeding”). Upon review of the stipulation, the Court hereby GRANTS the stipulation of the parties and ORDERS that:

This action is STAYED in its entirety until a final determination by the ITC in the ITC Proceeding. The parties shall submit a joint status report within two weeks of the entry of the Final Initial Determination in the ITC Proceeding.

IT IS SO ORDERED.

Dated:

HON. GEORGE H. WU,
United States District Judge

[PROPOSED] ORDER GRANTING REVISED STIPULATION TO STAY (L.R.
7-1)