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

| | |
|---|---|
| X1 DISCOVERY, INC.,<br>Plaintiff,<br>v.<br>MICROSOFT CORPORATION,<br>Defendant. | Civil Action No. 8:23-cv-02415-GW-JDE<br><br>**JOINT STATUS REPORT STATUS CONFERENCE SCHEDULED MARCH 17, 2025, 8:30 AM** |

In accordance with the Court's Orders issued on March 1, 2024 (Dkt. No. 53) and February 26, 2025 (Dkt. No. 56), Plaintiff X1 Discovery, Inc. ("Plaintiff" or "X1") and Defendant Microsoft Corporation ("Defendant" or "Microsoft") (collectively, "the Parties"), respectfully submit the following Joint Status Report in anticipation of the Status Conference scheduled for March 17, 2025.

## I. Status of ITC Proceeding

The Court stayed the above-captioned 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"). On February 26, 2025, Administrative Law Judge Elliot entered a Final Initial Determination in the ITC Proceeding, finding no violation of Section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337, by Respondents Acer Inc. and Acer America Corporation; ASUSTek Computer Inc. and ASUS Computer International; and Dell Technologies Inc. and Dell Products L.P.

X1 declined to petition for Commission review and certifies that it will not appeal the determination once it becomes final.

## II. The Parties' Positions Regarding Further Proceedings in the Above-Captioned Matter

### A. Plaintiff's Position

The ITC Proceeding has concluded. There are no petitions for review and there will be no appeals to the Federal Circuit. This litigation is subject to a discretionary stay and there is no reason to wait until the formality of the ITC's issuance of a final determination to lift the stay. The Court should exercise its discretion to lift the stay and move this case forward so that Plaintiff's rights are not further delayed.

Plaintiff maintains that a stay pending IPR, as Defendant requests, is inappropriate at this time. The IPRs filed by Defendant have not yet instituted—an institution decision is not due until July 27, 2025, over four months from now. As there is no guarantee that the IPRs will be instituted, there is no compelling reason to depart from this Court's general practice of considering motions to stay pending IPRs only *after* an institution decision. In addition, Microsoft waited until the last possible day to file the IPRs, likely hoping to further delay this litigation.

Further, despite Defendant's confidence, institution of Defendant's IPRs is far from guaranteed and the result of the ITC case does not provide a meaningful guide as to the likelihood of institution or invalidation of the patents asserted in this litigation and challenged in Defendant's IPRs. These patents are all different from those asserted in the related ITC Investigation and, not surprisingly, the prior art asserted in the IPRs is different from that asserted in the ITC case. Indeed, none of the art found to render obvious the sole patent tried in the ITC case is asserted in any of the IPRs. There is no reason to believe that the outcome at the ITC has any bearing on the validity of the asserted patents in this litigation.

Defendant has not presented a compelling reason to stay this case prior to an institution decision on the Microsoft IPRs. In addition, a Joint Status Report is not the proper mechanism for requesting a stay pending IPR—Defendant can seek a stay pending IPR by filing a motion once the case is underway. Accordingly, Plaintiff respectfully requests the Court lift the stay and adopt the proposed schedule attached

hereto as Exhibit A.

**B. Defendant's Position**

The ITC Proceeding has not concluded, and any request to lift the stay is premature. Irrespective of X1's decision not to petition the commission or otherwise appeal, there is no final determination, and the case should remain stayed at least until the ITC issues its final determination, as previously negotiated between the parties, stipulated and ordered. *See* Dkt. 53 ("This action is STAYED in its entirety *until a final determination by the ITC* in the ITC Proceeding.") (emphasis added). X1 cannot undo the parties' prior agreement.

Separately, Microsoft filed petitions for *inter partes* review for three of the patents asserted in this litigation (U.S. Patent Nos. 10,552,490; 7,370,035; and 9,633,139). These three asserted patents are all related to the patents already deemed either not-infringed, invalid, or both, in the ITC Proceeding. The institution decisions for the Microsoft IPRs are expected to issue no later than July 27, 2025, likely less than three months after a final determination is expected to issue from the ITC. And while true the prior art references are different in the Microsoft IPRs, the claim scope overlaps with the one patent found invalid at the ITC, and the even stronger prior art in the IPRs had not yet been discovered at the time of the invalidity contentions in the ITC investigation. The ITC decision regarding invalidity for multiple reasons (over prior art and under obviousness type double patenting) is reflective of the strength of X1's patents. Indeed, the initial determination found no violation because

the asserted claims of one asserted patent (U.S. Patent No. 8,498,977) were determined not infringed at the summary determination stage (invalidity was not addressed) and the asserted claims of the remaining asserted patent (U.S. Patent No. 8,856,093) were found both not infringed and invalid in view of the prior art.

Defendant therefore respectfully requests that even after the issuance of a Final Determination, the case remain stayed until the resolution of Microsoft's IPRs. The ITC invalidated all claims presented at the hearing, and it is thus likely the PTAB will do the same, which would moot the current litigation. Resuming litigation, including efforts such as claim construction, for patents that are likely to be invalidated at the PTAB, is both inefficient and unnecessary unless and until either the PTAB denies institution or any claim survives IPR. Even if the IPRs are not successful, the additional intrinsic record will be relevant to and may simplify issues to be addressed during the litigation, including early deadlines such as contentions and claim construction. This is also not a typical case, at least because the IPR institution decisions will issue so quickly after the case would otherwise resume, and there is an opportunity to avoid those inefficiencies with a brief continuation of the existing stay, to be further extended if the IPRs are instituted. There is also no prejudice to X1, as its claims can be addressed through monetary damages.

Defendant therefore proposes the parties jointly submit a status report, within two weeks of any institution decision, to apprise the Court of the status of the IPRs. In the event the PTAB declines to institute the Microsoft IPRs, Defendant suggests

that the parties submit their proposed schedules as part of this joint status report. In the event the PTAB institutes the Microsoft IPRs, Defendant respectfully requests that the Court maintain the current stay through the resolution of the Microsoft IPRs. Defendant would be happy to further brief the issue now or upon issuance of the final determination from the ITC.

Dated: March 12, 2025

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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/ I. Neel Chatterjee*
I. Neel Chatterjee

# EXHIBIT A

**Proposed Schedule**

| Event | Date |
|---|---|
| Joint Status Report Due | March 12, 2025 |
| Status Conference | March 17, 2025 |
| Last Day for Defendant to File its Answer to the Complaint | April 7, 2025 |
| Last Day to Amend Pleadings or Add Parties under Fed. R. Civ. P. 15 | April 28, 2025 |
| Rule 26(a)(1) Disclosures | May 12, 2025 |
| Plaintiff's Initial Infringement Contentions | May 29, 2025 |
| Defendant's Initial Invalidity Contentions | June 25, 2025 |
| Service of Proposed Claim Terms for Construction | July 9, 2025 |
| Service of Preliminary Claim Constructions | July 23, 2025 |
| Joint Claim Construction Statement | July 30, 2025 |
| Opening Claim Construction Briefs | August 20, 2025 |
| Reply Claim Construction Briefs | September 3, 2025 |
| Claim Construction Hearing | TBD |