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

ADVANCED INTEGRATED CIRCUIT PROCESS LLC, **Plaintiff,** **v.** **UNITED MICROELECTRONICS CORPORATION,** **Defendant.**	**Case No. 2:24-cv-00730-JRG** **(Lead Case)** **JURY TRIAL DEMANDED**
ADVANCED INTEGRATED CIRCUIT PROCESS LLC, **Plaintiff,** **v.** **TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED,** **Defendant.**	**Case No. 2:24-cv-00623-JRG** **(Member Case)** **JURY TRIAL DEMANDED**

DEFENDANT TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED'S REPLY IN SUPPORT OF ITS MOTION TO STAY PENDING *INTER PARTES* REVIEW

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14	IPR2025-00828; *TSMC v. Advanced Integrated Circuit Process LLC*, Notice of Filing Date Accorded (Paper 5), filed May 13, 2025
15	IPR2025-00829; *TSMC v. Advanced Integrated Circuit Process LLC*, Notice of Filing Date Accorded (Paper 5), filed May 13, 2025
16	IPR2025-00830; *TSMC v. Advanced Integrated Circuit Process LLC*, Notice of Filing Date Accorded (Paper 5), filed May 13, 2025
17	IPR2025-00831; *TSMC v. Advanced Integrated Circuit Process LLC*, Notice of Filing Date Accorded (Paper 5), filed May 12, 2025
18	IPR2025-00832; *TSMC v. Advanced Integrated Circuit Process LLC*, Notice of Filing Date Accorded (Paper 5), filed May 12, 2025

LIST OF COMMON ABBREVIATIONS IN THIS BRIEF

AICP	Plaintiff Advanced Integrated Circuit Process LLC
TSMC	Defendant Taiwan Semiconductor Manufacturing Company Limited
'227 patent	U.S. Patent No. 7,579,227
'764 patent	U.S. Patent No. 7,923,764
'686 patent	U.S. Patent No. 8,198,686
'180 patent	U.S. Patent No. 8,253,180
'076 patent	U.S. Patent No. 8,587,076
'779 patent	U.S. Patent No. 8,796,779
'425 patent	U.S. Patent No. 8,907,425
Asserted Patents	Collectively, the '227 patent, '764 patent, '686 patent, '180 patent, '076 patent, '779 patent, and '425 patent
IPR	Inter partes review
PTAB	Patent Trial and Appeal Board
PTO	Patent and Trademark Office
ALJ	Administrative Law Judge
UMC	Defendant United Microelectronics Corporation

AICP's opposition (Dkt. 108) fails to rebut that all three factors favor staying this litigation pending resolution of TSMC's IPR petitions. The Court should grant TSMC's motion (Dkt. 99).[1]

I. A STAY WOULD SIGNIFICANTLY SIMPLIFY THE ISSUES

AICP does not dispute that IPRs can, and will, simplify the disputed issues. *Compare* Dkt. 99 at 5-7, *with* Dkt. 108 at 5. Indeed, TSMC's IPRs challenge all asserted claims, and the PTAB is required—on institution—to address each one. *SAS Inst., Inc. v. Iancu*, 584 U.S. 357, 363 (2018). Streamlining is thus unavoidable, and the IPRs may even resolve the entire case. *See Image Processing Techs., LLC v. Samsung Elecs. Co.*, 2017 WL 7051628, at *1 (E.D. Tex. Oct. 25, 2017). Despite the substantive strength of TSMC's petitions, Dkt. 99-4 to 99-10, and its PTAB track record, Dkt. 99 at 5, AICP is silent about the merits and dismissive of TSMC's stellar IPR track record. Dkt. 108 at 5. But AICP cannot dispute that this record forecasts a high probability of institution, because TSMC's successful strategy in prior petitions was applied to the petitions here. And AICP cannot rely on the lack of filing date notices for five of TSMC's IPR petitions. Dkt. 108 at 7. With these notices' issuance on May 12 and 13, 2025, the IPRs are underway. Exs. 14-18.

Regardless of the PTAB's institution decisions, there are undisputable efficiencies in a stay. Even in the unlikely event that the PTAB denies institution, AICP's arguments during pre-institution proceedings will supplement the patents' intrinsic record, and the PTAB's decision will provide guidance on the prior art and scope of the asserted claims. *See Aylus Networks, Inc. v. Apple Inc.*, 856 F.3d 1353, 1364 (Fed. Cir. 2017) (holding that patentee's statements in IPRs, even before institution can result in prosecution disclaimer).

In opposition, AICP argues that the simplification analysis is premature before institution. Dkt. 108 at 1 & 5. But it ignores that courts in this District have granted pre-institution stays

[1] If the Court denies TSMC's motion (Dkt. 99), it should deny without prejudice and order expedited briefing for TSMC's anticipated renewed motion to stay following institution.

where, as here, "the issues . . . will be greatly streamlined" if the petitions are instituted, and, if the petitions are not instituted, "the Court can lift the stay with minimal delay." *Chart Trading Dev., LLC v. Tradestation Grp., Inc.*, 2016 WL 1246579, at *4 (E.D. Tex. Mar. 29, 2016) (as to CBMs).

AICP also speculates about the impact of recent changes in PTAB procedures. Dkt. 108 at 5. But AICP identifies no specific change likely to harm TSMC's institution chances. AICP's cited Chief ALJ's Memorandum even confirms that the petitions' strength (on which AICP is silent) and TSMC's *Sotera* stipulations remain "highly relevant" to institution. Dkt. 108-4 at 2-3.

The pretrial consolidation of AICP's actions against TSMC and UMC does not disfavor a stay as AICP argues. *Id.* at 6. The Court can allow litigation against UMC to continue, while staying the case against TSMC. *See, e.g.*, *Papst Licensing GmbH & Co., KG v. Apple, Inc.*, 2017 WL 11638426, at *5 (E.D. Tex. June 16, 2017) (staying consolidated cases as to Apple, but not as to other defendants). AICP's citation to *Chrimar Systems, Inc. v. Adtran, Inc.*, is of no moment because, in that case, claim construction was complete, discovery was about to close, and the numerous (12) defendants exacerbated the risk of duplicated efforts. 2016 WL 4080802, at *2 (E.D. Tex. Aug. 1, 2016). None of these factors is in play here. And because TSMC and UMC have distinct products, evidence, and counsel, AICP has not identified any overlapping issues or efficiencies from keeping TSMC and UMC on the same schedule. Dkt. 108 at 6.

Nor do AICP's cited authorities support its position. For example, Judge Love did not imply that all stays pending IPR would "derail litigation," Dkt. 108 at 6, but noted that a *per se* rule of always staying pending IPRs would have that result. *Realtime Data, LLC v. Rackspace US, Inc.*, 2017 WL 772654, at *2 (E.D. Tex. Feb. 28, 2017). In contrast, a stay is warranted here because each factor strongly supports a stay. *See* Dkt. 99. AICP also misquotes *AR Design Innovations LLC v. Ashley Furniture Industries, Inc.*, which is silent about any facts weighing

"heavily" against granting a stay. *Compare* Dkt. 108 at 6, *with* 2021 WL 6496714, at *4 (E.D. Tex. Jan. 11, 2021). Thus, the simplification factor favors a stay.

II. A STAY WILL NOT UNDULY PREJUDICE AICP

Any delay from a stay pending TSMC's IPRs would not cause undue prejudice to AICP. Dkt. 99 at 8-10. AICP cannot identify any prejudice beyond the delay in vindicating patents and the potential loss of witnesses, Dkt. 108 at 6-9, neither of which constitutes undue prejudice.

First, AICP's emphasis on the delay in vindicating the nearly 21- to 26-year-old patents it recently acquired is unpersuasive, Dkt. 108 at 6-7, especially when TSMC launched its accused 28 nm process node years ago in 2011. Dkts. 90-05, 90-07. Further, the desire to vindicate patent rights 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 Tech. LLC v. HTC Am., Inc.*, 2015 WL 1069111, at *2 (E.D. Tex. Mar. 11, 2015). So, the desire to timely enforce patents is "generally too generic, standing alone, to defeat a stay motion." *Realtime Data*, 2017 WL 772654, at *4.

Instead, the inquiry into undue prejudice must "focus[] on the patentee's need for an expeditious resolution of its claim." *VirtualAgility Inc. v. Salesforce.com, Inc.*, 759 F.3d 1307, 1318 (Fed. Cir. 2014) (finding clear error in denying stay). AICP, which was formed just 2 months before the complaint was filed, Dkt. 99-12, articulates no specific need for expeditious resolution, Dkt. 108 at 6-9, and never sought a preliminary injunction, *VirtualAgility*, 759 F.3d at 1319.

Further, a delay in damages recovery does not result in undue prejudice because, as AICP concedes, it does not compete with TSMC in the marketplace. Dkt. 108 at 8. So, monetary relief would adequately compensate it, since a "stay will not diminish the monetary damages to which [AICP] will be entitled if it succeeds in its infringement suit—it only delays realization of those damages[.]" *VirtualAgility*, 759 F.3d at 1318. And any delay from a stay would not be "indefinite" because the PTAB must issue its decision within one year from institution. 35 U.S.C. § 316(a)(11).

Second, AICP's concerns about possible loss of evidence or memory are speculative. Dkt. 108 at 7-8. It has not even identified by name any party or third-party witnesses who would be unavailable, or any relevant corporate documents that could be lost. *Id.* The Federal Circuit rejected a similar argument, stating that "[w]ithout more, however, these assertions here are not sufficient to justify a conclusion of undue prejudice." *VirtualAgility*, 759 F.3d at 1319.

AICP's cited cases are also inapposite. *EMG Tech., LLC v. Apple, Inc.*, 2010 WL 10029483 (E.D. Tex. Nov. 15, 2010), and *BarTex Rsch., LLC v. FedEx Corp.*, 611 F. Supp. 2d 647 (E.D. Tex. 2009), both involved motions to stay pending *inter partes* reexaminations that were filed late in the litigation and that would have resulted in a delay of six to seven years. *EMG*, 2010 WL 10029483, at *2; *BarTex*, 611 F.Supp.2d at 648, 650-52. And the stay motions in AICP's other cited cases were denied because the motions were filed in late stages of litigation, while trial here is over a year away. *See Rembrandt Wireless Techs., LP v. Samsung Elecs. Co.*, 2015 WL 627887, at *1 (E.D. Tex. Jan. 29, 2015) (trial less than a month away); *Tessera Advanced Techs., Inc. v. Samsung Elecs. Co.*, 2018 WL 3472700, at *2-3 (E.D. Tex. July 19, 2018) (claim construction underway and defendant waited longer than TSMC to file IPRs); *Realtime Data LLC v. Actian Corp.*, 2016 WL 3277259, at *3 (E.D. Tex. June 14, 2016) (*Markman* hearing eve).

Finally, AICP's remaining reasons are also unpersuasive. The presumption of validity does not apply in IPRs, and is thus simply irrelevant. *Compare* Dkt. 108 at 8-9, *with* 35 U.S.C. § 316(e) (IPR preponderance of evidence standard). And AICP is incorrect that prejudice to TSMC is irrelevant, Dkt. 108 at 7 & 9, because courts do consider the waste of party resources in litigating invalid claims. *E.g.*, *Ramot at Tel Aviv Univ. Ltd. v. Cisco Sys., Inc.*, 2021 WL 121154, at *2 (E.D. Tex. Jan. 13, 2021) (recognizing "serious risk of wasted resources as to the parties and the Court."); *CyWee Grp. Ltd. v. Samsung Elecs. Co.*, 2019 WL 11023976, at *9 (E.D. Tex. Feb. 14, 2019)

(similar). Hence, the prejudice factor also favors a stay.

III. THE STAGE OF THE CASE FAVORS A STAY

AICP does not dispute that the major milestones in this case—including the *Markman* hearing, the close of fact and expert discovery, and trial—are many months or over a year away. Dkt. 83 at 2-6; Dkt. 99 at 10-11; Dkt. 108 at 9-10. Indeed, this case remains at an early stage, with TSMC's motion to transfer still pending, and venue discovery still open for about 45 days. Dkt. 107. To date, no depositions have been taken. Dkt. 108 at 9-10. Thus, "the most burdensome parts of the case . . . all lie in the future." *Cywee*, 2019 WL 11023976, at *6.

AICP nonetheless complains about TSMC taking seven months to file its IPR petitions. Dkt. 108 at 9-10. But AICP did not serve its initial infringement contentions until January 7, 2025, and then amended them a month later on February 5, 2025, as it admits. *Id.* at 3. TSMC diligently prepared its IPR petitions once AICP's contentions showed how it applied the asserted claims and filed them within 2-2.5 months later.

AICP is incorrect that serving infringement contentions "weighs against a stay," Dkt. 108 at 9-10, because its cited case actually found this third factor to be neutral after balancing the case's "early stages" against the case's progress with respect to discovery and disclosures. *EON Corp. IP Holdings, LLC v. Sensus USA Inc*, 2009 WL 9506927, at *4 (E.D. Tex. Dec. 18, 2009). Nor did *KIPB LLC v. Samsung Elecs. Co.*, rule that the invalidity contention date is a late stage event, 2019 WL 6173365, at *4 (E.D. Tex. Nov. 20, 2019). To the contrary, this Court has granted stays after infringement and invalidity contentions. *E.g.*, *Intell. Ventures II LLC v. BITCO Gen. Ins. Corp.*, 2016 WL 4394485, at *3 n.7 (E.D. Tex. May 12, 2016). This third factor thus favors a stay.

IV. CONCLUSION

The Court should stay this case pending resolution of TSMC's IPRs.

Dated: May 20, 2025.

Respectfully Submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that counsel of record who are deemed to have consented to electronic services are being served with a copy of this document via the Court's CM/ECF system per Local Rule CV-5(a)(3) on May 20, 2025.

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