

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

CTEXT IP LLC,

Plaintiff,

v.

APPLE INC.,

Defendant.

Case No. 1:24-cv-08821-JMF

ORAL ARGUMENT REQUESTED

**APPLE INC.'S MEMORANDUM OF LAW IN SUPPORT OF ITS
MOTION TO STAY PENDING *INTER PARTES* REVIEW**

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TABLE OF EXHIBITS

Exhibit	Document
1	U.S. Patent No. 10,009,304 ('304 patent)
2	U.S. Patent No. 9,246,857 ('857 patent)
3	Petition for <i>Inter Partes</i> Review of '304 Patent
4	Petition for <i>Inter Partes</i> Review of '857 Patent

TABLE OF ABBREVIATIONS

Abbreviation	Definition
'304 patent	U.S. Patent No. 10,009,304
'857 patent	U.S. Patent No. 9,246,857
Apple	Defendant Apple Inc.
Asserted Patents	'304 patent and '857 patent, collectively
PTO	Patent and Trademark Office
PTAB	Patent Trial and Appeal Board
IPR	<i>inter partes</i> review

Apple respectfully moves to stay this case pending final resolution of PTO proceedings challenging the validity of every patent claim asserted in this case. A stay would narrow the issues for trial, as both of the patents-in-suit are under review before the PTAB in IPR proceedings. If the PTAB invalidates the patents—which it is likely to do if institution is granted—this case will be avoided entirely. At a minimum, the IPR proceedings will likely narrow or eliminate issues (including as a result of positions the parties take in the IPRs) that would otherwise be litigated redundantly in this forum. In sum, every recognized stay factor strongly favors a stay here.

Several recent decisions from courts in this District and the Eastern District of New York have granted stays prior to an institution decision from the PTAB because the “potential benefits” of review “outweigh a short delay if a stay is granted and the IPR is denied.” *E.g., Slingshot Printing LLC v. Canon U.S.A., Inc.*, 2022 WL 17361232, at *4 (E.D.N.Y. Dec. 1, 2022) (collecting cases); *Nike, Inc. v. Luhulemon USA Inc.*, 2023 WL 2214884, at *2 (S.D.N.Y. Feb. 24, 2023) (collecting cases). That is even more true here, where the litigation is in its earliest stages: no answer has been filed, the initial pretrial conference has not yet happened, no scheduling order has been filed, no discovery requests have been served, no fact witnesses (party or non-party) have been deposed or scheduled for deposition, expert discovery has not begun, the Markman hearing has not been scheduled, the Court has not yet construed any claim terms, and trial has not been scheduled. Thus, a stay would best preserve judicial and party resources. In addition, even if the IPR petitions are denied, the positions that CText takes in opposing review—which become part of the intrinsic record of the patent—may help clarify the scope of the claims and assist the Court in its claim construction analysis. A stay also would not prejudice CText, which does not sell products and does not compete with Apple in the marketplace. Any possible prejudice could be fully addressed by monetary damages if CText ultimately prevails.

I. PROCEDURAL BACKGROUND

CText accuses Apple of infringing two related patents: the '857 patent and the '304 patent. The patents both relate to “correlating conversations in a messaging environment, such as in a chat application for a mobile phone.” '857 patent, 1:15–17. The '304 patent is a continuation of the '857 patent, both patents name the same inventor, claim priority to the same Provisional Applications Nos. 61/920,177 (filed in 2013), 62/000,220 (filed in 2014), and 62/061,308 (filed in 2014), and share a common specification. Rosenthal Decl. Exs. 1–2. The '857 patent issued on January 26, 2016 and the '304 patent issued on June 26, 2018. *Id.* CText accuses Apple of directly and indirectly infringing the two patents-in-suit. Dkt. 1 (Compl.).

On November 20, 2024, CText filed its Original Complaint for patent infringement against Apple. Dkt. 1 ¶¶ 23, 34. On February 10, 2025, Apple filed a motion to dismiss that complaint on the basis that the claims of the '857 and '304 patents are not patent eligible. Dkts. 20, 21. On March 3, 2025, CText filed its First Amended Complaint (“FAC”). Dkt. 24; Dkt. 24–8 at 3–23. On June 30, 2025, the Court denied Apple’s motion to dismiss the FAC on patent ineligibility grounds. Dkt. 31.

The deadlines for the close of fact and expert discovery, claim and prior art narrowing, and pre-motion letters for proposed summary judgment and *Daubert* motions have not yet been set. The Court has not yet set a trial date.

Apple timely filed the IPR petitions for both asserted patents on July 7, 2025, well within the one-year statutory deadline, challenging the '857 patent in IPR2025-01112 and the '304 patent in IPR2025-01113. 35 U.S.C. § 315(b); Rosenthal Decl. Exs. 3–4. The petitions argue each of the claims in both patents-in-suit are invalid under 35 U.S.C. § 103 in view of prior art not previously considered by the PTO. The PTAB will issue its decision on whether to institute IPR proceedings within six months, and render a final written decision 12 months thereafter (which

can only be extended for an additional six months with good cause). 35 U.S.C. §§ 313, 314(b), 316(a)(11); 37 C.F.R. § 42.107.

II. LEGAL STANDARDS

Courts have the “inherent power to stay an action pending *inter partes* review.” *Nike*, 2023 WL 2214884, at *1 (quoting *Goodman v. Samsung Elecs. Am, Inc.*, 2017 WL 5636286, at *2 (S.D.N.Y. Nov. 22, 2017)); *OV Loop, Inc. v. Mastercard Inc.*, 2023 WL 7905690, at *2 (S.D.N.Y. Nov. 16, 2023) (same); *Slingshot*, 2022 WL 17361232, at *2 (same). “Courts in this district consider three factors when deciding whether to grant a stay pending IPR: (1) whether a stay will simplify the issues in question and trial of the case; (2) the state of the proceedings; and (3) whether a stay will prejudice the nonmoving party.” *Nike*, 2023 WL 2214884, at *1 (quotation and citation omitted). Analysis of the prejudice prong considers four sub-factors: “(1) the timing of the review request; (2) the timing of the request for [a] stay”; (3) “the status of the review proceedings”; and (4) “the relationship of the parties.” *Package Apparel, Inc. v. Tommy John, Inc.*, 2024 WL 4117200, at *5 (S.D.N.Y. Sept. 9, 2024) (quotation and citation omitted). These factors are not exclusive, and courts may consider the “totality of the circumstances.” *Slingshot*, 2022 WL 17361232, at *2.

In deciding a motion to stay, courts may also consider that “Congress developed IPR to promote the policy goals of streamlining the patent process in general and in focusing patent enforcement litigation, thus limiting costs for all parties and preserving judicial resources.” *OV Loop*, 2023 WL 7905690, at *3 (quotation and citation omitted). Even before institution, staying district court litigation allows the PTO to “exercise its expertise” before “considerable judicial resources” are expended, and is “aligned with Congress’ goals for the IPR process.” *Id.*; *Deckers Outdoor Corp. v. Next Step Grp., Inc.*, 2024 WL 1077875, at *1–2 (S.D.N.Y. Feb. 29, 2024) (finding that an IPR decision would render analogous decision making by the district court “unnecessary” or at least “narrow[] the issues before the Court”).

III. ARGUMENT

All three factors strongly favor a stay. Most significantly, the IPRs will likely eliminate patents, claims, or invalidity theories from the case and thus simplify the issues for trial—indeed, the IPRs are likely to dispose of this case entirely. Further, this case is in the earliest stages of discovery, no discovery requests have been served, no fact depositions have been scheduled, no trial date has been set, and Apple timely filed the IPR petitions within seven months of this case being filed and served this motion within two business days of filing the petitions. Finally, a stay would not prejudice CText, which is a non-practicing entity that offers no products and does not compete with Apple in the marketplace.

A. A Stay Would Significantly Simplify the Issues in This Case

A stay should be granted because, as a court in this District correctly observed, “[t]here is great efficiency in permitting the office that granted the patent upon which the complaint is based the right to determine first whether that patent should be cancelled or enforced.” *Pakage Apparel*, 2024 WL 4117200, at *3; *see also Synkloud Techs., LLC v. Cartessa Aesthetics, LLC*, 2022 WL 1046261, at *2 (E.D.N.Y. Apr. 6, 2022) (“any of the conceivable potential outcomes of IPR will lead to a simplification of the present case by rend[er]ing claims moot or narrowing the issues”); *Slingshot*, 2022 WL 17361232, at *3 (granting a stay and noting that IPR proceedings “would streamline this litigation”); *OV Loop*, 2023 WL 7905690, at *2 (granting a stay and holding that, if instituted, IPR proceedings would simplify the issues “under all potential outcomes”); *Varia Holdings LLC v. Apple Inc.*, No. 23-cv-7477 (E.D.N.Y. Apr. 8, 2025) (granting motion to stay where Apple argued that postponing argument and decision on motion to dismiss and claim construction until after IPRs were resolved would conserve Court and party resources); *see id.* at Dkt. 73 (Apr. 7, 2025) (stipulation to stay).

The IPRs will streamline this case in several ways, regardless of their outcome. For

instance, because Apple’s IPR petitions challenge all asserted claims in this case, the IPRs stand to dispose of the case entirely by invalidating all the claims. In that scenario, after all appeals are exhausted, the IPR decisions would have “an immediate issue-preclusive effect on any pending or co-pending actions involving the patent[s].” *XY, LLC v. Trans Ova Genetics*, 890 F.3d 1282, 1294–95 (Fed. Cir. 2018). In addition, even if the IPRs do not result in invalidation of all asserted claims, the Court “would still benefit from the PTO’s expert guidance” as detailed in its IPR decisions, and, if the IPR proceedings are instituted and reach a final written decision, “[the defendant] would be estopped from arguing that the claims are invalid on any ground that [it] raised or could have raised during IPR.” *OV Loop*, 2023 WL 7905690, at *3; *Molo Design, Ltd. v. Chanel, Inc.*, 2022 WL 2135628, at *2 (S.D.N.Y. May 2, 2022) (same); 35 U.S.C. § 315(e)(2). Likewise, as to questions of claim scope and Apple’s alleged infringement, CText’s IPR statements will become part of the intrinsic record of the patent. *Aylus Networks, Inc. v. Apple Inc.*, 856 F.3d 1353, 1360 (Fed. Cir. 2017). Thus, allowing the IPRs to run their course while this case is stayed “will ensure that claims are not argued one way in order to maintain their patentability and in a different way against accused infringers.” *Id.*

The procedural stage of this case also warrants a finding that the case simplification factor weighs in favor of a stay. Because a proposed scheduling order has yet to be filed in this case, the PTAB will likely issue institution decisions before the parties exchange opening *Markman* briefs, before the Court holds a *Markman* hearing, and well before it issues a claim construction ruling. Accordingly, allowing this litigation to proceed while waiting for the institution decisions runs the risk of wasting significant judicial and party resources. Indeed, courts in this District and the Eastern District of New York have in numerous instances stayed litigation after “a petition is filed with the PTO but [while] a decision on whether to institute proceedings is pending” because of the high probability of institution and because the “potential benefits [of review] outweigh a short

delay if a stay is granted and the IPR is denied.” *Slingshot*, 2022 WL 17361232, at *4 (collecting cases); *Package Apparel*, 2024 WL 4117200, at *4 (granting a stay pre-institution because, even if “the PTAB were to reject Defendant’s request for an IPR,” the “stay would be relatively short”); *Nike*, 2023 WL 2214884, at *2 (noting that waiting for IPR institution before deciding whether to stay the litigation “does not appear to be the majority position in this Circuit”); *Molo Design*, 2022 WL 2135628, at *3 (granting pre-institution stay and noting that “the modest delay imposed by waiting for the PTAB’s initial decision is outweighed by the potential benefit of obtaining the PTAB’s expertise on a complex topic”); *Deckers*, 2024 WL 1077875, at *2 (granting pre-institution stay and noting that the “Court will benefit from the PTAB’s guidance on the construction of certain claim terms and validity”) (quotation and citation omitted).

Here, every single prior art reference relied upon in Apple’s IPR petitions is new to the PTO. Thus, it is likely that the PTO will institute the IPRs and ultimately invalidate the claims. Because the pending IPRs will simplify the issues in this case regardless of outcome and could potentially dispose of this case entirely, this factor weighs heavily in favor of a stay.

B. The Very Early Procedural Stage of This Case Favors a Stay

A stay is also warranted because this case is still in its earliest procedural stages. *Slingshot*, 2022 WL 17361232, at *3 (“The earlier the stage of the proceedings, the greater the reason to grant a stay.”). Courts routinely consider factors including the extent of discovery exchanged, close of fact or expert discovery deadlines, the status of depositions and expert reports, and the status of claim construction in deciding this factor. *Molo Design*, 2022 WL 2135628, at *2; *Slingshot*, 2022 WL 17361232, at *3 (collecting cases). Here, discovery is in its earliest stages: no discovery requests have been served, no deadline for substantial completion of document discovery has even been proposed, let alone set, and no fact witness depositions have been scheduled.

Nor has any substantive progress been made in the case. No proposed scheduling order

has been filed and no trial date has been set. There is no question that this case—for both the parties and the Court—has far more work in the future than in the past. All or much of that future work is likely to be avoided with a stay. *See, e.g., Kannuu Pty Ltd. v. Samsung Electronics Co., Ltd.*, 2021 WL 195163, at *10 (S.D.N.Y. Jan. 19, 2021) (granting motion to stay where fact discovery had not closed, the parties had “yet to engage in expert discovery,” and “neither a claim construction hearing nor a trial ha[d] been scheduled”); *Nanobebe US Inc. v. Mayborn (UK) Ltd.*, 2023 WL 4993642, at *3 (S.D.N.Y. Aug. 4, 2023) (granting motion to stay even after court had held a *Markman* hearing and issued a claim construction order because “fact discovery [was] still ongoing, depositions [had] not even concluded, expert discovery [was] yet to be done” and “a trial date [had] not been set”). The very early stage of this case strongly favors a stay.

C. A Stay Would Not Prejudice CText

Because CText is a non-practicing entity that does not compete with Apple and does not sell any products, CText will not be prejudiced by a stay at this early stage of the case. To determine “whether a party will suffer undue prejudice or be at a clear tactical disadvantage” from a stay, courts analyze four sub-factors: “(1) the timing of the review request; (2) the timing of the request for stay; (3) the status of the review proceedings; and (4) the relationship of the parties.” *Synkloud*, 2022 WL 1046261, at *2. And “mere delay in the litigation does not establish undue prejudice.” *Id.* at *3; *OV Loop*, 2023 WL 7905690, at *4 (same).

Timing of the review request and the request to stay. “The weight of authority in this circuit counsels in favor of granting a stay when a party files its IPR petition(s) within the statutory deadline.” *OV Loop*, 2023 WL 7905690, at *4. Apple timely filed the IPR petitions only seven months in, well before the one-year statutory deadline. *See* 35 U.S.C. § 315(b). Apple filed its IPR petitions within five business days of the Court denying its motion to dismiss. Apple also served its motion to stay within two business days of filing the petitions. Thus, because Apple

timely filed the IPR petitions and served this motion, these two subfactors weigh in favor of a stay. *OV Loop*, 2023 WL 7905690, at *4; *Slingshot*, 2022 WL 17361232, at *4 (holding that the timing of the IPR petition filing and corresponding stay motion weighed in favor of a stay where the IPR petition was filed approximately eight months after the filing of the complaint).

Status of the review proceeding. As discussed above (*supra* section III.B.), recent decisions in this District and the Eastern District of New York have acknowledged a trend in favor of granting stays before the PTO decides whether to institute the review. *Nike*, 2023 WL 2214884, at *2 (waiting for IPR institution before deciding whether to stay the litigation “does not appear to be the majority position in this Circuit”); *Synkloud*, 2022 WL 1046261, at *4. And that is for good reason—courts have recognized that the “high probability” of institution, combined with the “potential benefits” of review, including the simplification of the issues before the court, conservation of judicial and party resources, and the benefit of the PTAB’s expertise, outweigh the potential “short delay” to the litigation if the petition is denied. *Slingshot*, 2022 WL 17361232, at *4–5 (concluding that a stay would “streamline” the litigation and “eliminate counterproductive litigation costs”); *Molo Design*, 2022 WL 2135628, at *3 (stating that “the modest delay imposed by waiting for the PTAB’s initial decision is outweighed by the potential benefit of obtaining the PTAB’s expertise on a complex topic”). Indeed, in *Synkloud*, the court held that granting a stay before institution was “in line with the AIA’s overarching goal of the IPR process—to streamline the patent system and eliminate counterproductive litigation costs,” and that denying a stay “based on this factor may lead to duplication of labor-intensive stages of discovery.” 2022 WL 1046261, at *4. Thus, this factor favors a stay where the IPRs have been filed but not yet instituted.

The relationship of the parties. A possibility of “undue prejudice” or threat of tactical disadvantage may exist where the parties are competitors. *Slingshot*, 2022 WL 17361232, at *5. But where, as here, there can be no dispute that no market competition exists, courts routinely

grant stays, in part because a stay does not “diminish the monetary damages that Plaintiffs may recover” and only delays their realization. *Id.* (citation omitted). Here, CText is a non-practicing entity that does not compete with Apple in the marketplace, and does not sell products. CText therefore faces no meaningful loss of goodwill, market share, or any other form of harm from the alleged infringement that could not be cured through monetary damages. That monetary damages would make CText whole for any alleged infringement is further supported by the fact that CText has not sought injunctive relief in this matter. *Nike*, 2023 WL 2214884, at *3 (“Where a plaintiff . . . failed to seek an injunction, courts give reduced weight to any [claims of] undue prejudice.”) (quotation and citation omitted).

In sum, all four sub-factors determining whether “a party will suffer undue prejudice or be at a clear tactical disadvantage” strongly favor a stay. *Slingshot*, 2022 WL 17361232, at *3.

IV. CONCLUSION

For the foregoing reasons, Apple respectfully requests that the Court grant its motion and stay this action pending final resolution of the IPRs.

Dated: July 9, 2025

Respectfully submitted,

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CERTIFICATE OF COMPLIANCE WITH L.R. 7.1(c)

The undersigned hereby certifies that this document complies with the word-count limitations set by Local Rule 7.1(c). The document contains 3,068 words.

/s/ Brian Rosenthal

Brian Rosenthal

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of this document has been served on all counsel of record via email on July 9, 2025.

/s/ Brian Rosenthal

Brian Rosenthal