IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
WACO DIVISION

VOIP-PAL.COM, INC., Plaintiff, v. SAMSUNG ELECTRONICS CO., LTD., SAMSUNG ELECTRONICS AMERICA, INC., and SAMSUNG AUSTIN SEMICONDUCTOR, LLC Defendants.	Civil Action No. 6:21-cv-01246-ADA JURY TRIAL DEMANDED

DEFENDANTS' OPPOSED MOTION TO STAY PENDING *INTER PARTES* REVIEW

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I. INTRODUCTION

On January 31, the U.S. Patent and Trademark Office's Patent Trial and Appeal Board ("PTAB") instituted four *inter partes* reviews ("IPRs") of the asserted patents in this case, finding that there is a reasonable likelihood that many of the asserted claims of the patents-in-suit are invalid. Samsung respectfully moves this Court to stay this action pending the Final Written Decisions in these instituted IPRs. The factors typically considered by this Court when deciding whether to stay a case pending IPR weigh in favor of staying this case.

First, granting the requested stay will not prejudice VoIP-Pal or result in tactical disadvantage. A stay would merely delay VoIP-Pal's potential monetary recovery, which "does not constitute undue prejudice." *Kirsch Rsch. and Dev., LLC v. Tarco Specialty Prods., Inc.*, No. 6:20-cv-00318-ADA, 2021 WL 4555804, at *2 (W.D. Tex. Oct. 4, 2021) (quoting *Crossroad Sys., Inc. v. Dot Hill Sys. Corp.*, No. A-13-CA-800-SS, 2015 WL 3773014, at *2 (W.D. Tex. June 16, 2015). Further, VoIP-Pal has shown no urgency in investigating and filing this case, waiting seven years after Samsung's well-publicized introduction of one of the accused products, Samsung's Galaxy S5. VoIP-Pal's delayed action, combined with VoIP-Pal not selling competing products in the market and not seeking to preliminarily enjoin any alleged infringement, negates any claim that Plaintiff would suffer undue prejudice. *See VideoShare, LLC v. Meta Platforms Inc.*, No. 6-21-CV-00254-ADA, 2022 WL 2718986, at *4 (W.D. Tex. July 12, 2022), reconsideration denied, No. 6-21-CV-00254-ADA, 2022 WL 3142622 (W.D. Tex. Aug. 5, 2022).

Second, this case is still in its early stages. Fact discovery does not close until May 9, 2023. No depositions have been taken and neither party has produced documents other than a small initial production. A substantial amount of work in the case remains to be done, and significant resources will need to be expended to take it to trial.

Third, the IPRs will likely simplify the issues as the PTAB has already determined there is a reasonable likelihood that many of VoIP's asserted patent claims are invalid. Therefore, the totality of the circumstances in this case favors a stay.

II. STATEMENT OF FACTS

Plaintiff VoIP-Pal.com, Inc. ("VoIP-Pal") filed its Complaint against Defendants Samsung Electronics Co., Ltd., Samsung Electronics America, Inc., and Samsung Austin Semiconductor, LLC (collectively, "Samsung") on November 30, 2021, asserting U.S Patent Nos. 8,630,234 (the "'234 Patent") and 10,880,721 (the "'721 Patent"), both of which are in the same family. In its infringement contentions, VoIP-Pal asserted 53 claims[1] against Samsung. As the Court is aware, VoIP-Pal also asserted these patents against other defendants in this and other forums, resulting in multiple challenges to the validity of each asserted claim before this and other tribunals.

On June 30, 2022, Meta Platforms, Inc. ("Meta") filed four IPR petitions challenging a total of 79 claims from the '234 and '721 patents, which cover all claims asserted in this case. On August 23, 2022, Samsung filed four IPR petitions that were identical in substance to Meta's IPR petitions.

On January 31, 2023, the PTAB granted institution on all grounds of Meta's IPRs for the '234 and '721 Patents. Exs. 1-4. Samsung anticipates receiving institution decisions for its own substantively identical IPRs on the same patents on or before March 27, 2024, and expects joinder of Samsung's IPR's with Meta's on the Meta IPR schedule due to the fact that they are substantively identical. *See* 35 U.S.C. § 315(c).

This litigation is still at an early stage: fact discovery will not close until May 9, 2023. Depositions have not been taken, and 30(b)(6) notices have not been served. Although VoIP-Pal

[1] VoIP-Pal's accompanying claim charts include 10 additional claims.

and Samsung have exchanged initial sets of interrogatories and requests for production, neither party has produced documents other than initial productions accompanying the parties' respective infringement and invalidity contentions. A Markman hearing was held on January 4, but the significant burdens of fact and expert discovery, dispositive motions, and trial remain to be completed. If this case continues, a significant amount of work will be required, and substantial resources will be expended to take it to trial.

III. LEGAL STANDARDS

A district court has the inherent power to control its own docket, including the power to stay proceedings before it. *Clinton v. Jones*, 520 U.S. 681, 706 (1997) ("The District Court has broad discretion to stay proceedings as an incident to its power to control its own docket."). This discretionary authority to stay exists when there is a pending IPR of the asserted patent. *See Kirsch*, 2021 WL 4555804, at *1. A stay is justified when "the outcome of a PTO proceeding is likely to assist the court in determining patent validity or eliminate the need to try infringement issues." *NFC Techs. LLC v. HTC Am., Inc.*, No. 2:13-cv-1058, 2015 WL 1069111, at *1 (E.D. Tex. Mar. 11, 2015) (Bryson, J.).

District courts typically consider three factors when weighing a stay pending IPR: "(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." *Sonrai Memory Ltd. v. W. Digital Techs., Inc.,* No. 6:21-CV-01168-ADA, 2022 WL 3108818, at *1 (W.D. Tex. Aug. 4, 2022) (citing *NFC Techs.*, 2015 WL 1069111, at *2).

IV. ARGUMENT

A. Factor No. 1: A Stay Will Not Unduly Prejudice VoIP-Pal

Granting the requested stay will not unduly prejudice VoIP-Pal. While VoIP-Pal has a general interest in timely enforcement of its patent rights, a delay associated with the IPR process, without more, does not constitute undue prejudice or justify denying a stay. *See e-Watch, Inc. v. ACTi Corp., Inc.,* No. SA-12-CA-695-FB, 2013 WL 6334372 at *8–9 (W.D. Tex. Aug. 9, 2013) ("[T]he mere fact and length of any delay . . . does not demonstrate prejudice sufficient to deny [a] request for a stay."). VoIP-Pal does not compete with Samsung in the sale of the allegedly infringing mobile devices, and, despite a boilerplate request for an injunction in its complaint, did not seek to preliminarily enjoin Samsung. To the extent any infringement allegations remain after a stay, VoIP-Pal can be fully compensated for any alleged harm by monetary damages. *See VirtualAgility Inc. v. Salesforce.com, Inc.*, 759 F.3d 1307, 1318 (Fed. Cir. 2014) ("[a]stay will not diminish the monetary damages to which [plaintiff] will be entitled if it succeeds in its infringement suit—it only delays realization of those damages"). "[T]he weight of Plaintiff's interest in timely enforcement is diminished here where a stay would merely delay Plaintiff's potential monetary recovery." *Kirsch,* 2021 WL 4555804, at *2; *see also Sonrai,* 2022 WL 3108818 at *2 (granting stay when court concluded that a stay would merely delay Plaintiff's potential monetary recovery where the last FWD is expected to be issued almost four months after the scheduled trial).

Even if any prejudice may exist, VoIP-Pal's lack of urgency in investigating and filing this case undermines any claim that it is undue. VoIP-Pal acquired the patents-in-suit in 2013.[2] Yet,

[2] The '234 Patent was originally assigned to Digifonica (International) Limited, which was acquired by VoIP-Pal in 2013. *See SEC filing*, https://www.sec.gov/Archives/edgar/data/1410738/000158069516000354/vplm-1012g_042116.htm

despite the accused Samsung products and their predecessors with the accused voice-over-WiFi feature being on the market since that time, VoIP-Pal did not bring this suit until November 2021. For example, VoIP-Pal accuses the Galaxy S5 smartphone, which launched in 2014.[3] This court has concluded that where, as here, there was a prolonged delay in filing an infringement case, "any prejudice suffered by [plaintiff] . . . would not be undue." *TC Tech. LLC v. T-Mobile USA, Inc.*, No. 6-20-CV-00899-ADA, 2021 WL 8083373, at *2 (W.D. Tex. Dec. 7, 2021); *see also VideoShare*, 2022 WL 2718986, at *4 (delay in filing suit is a factor in giving reduced weight to any undue prejudice suffered by plaintiff).

B. Factor No. 2: This Case Has Not Reached an Advanced Stage

This case is still at a relatively early stage. Fact discovery does not close until May 9, 2023. No depositions have been taken and neither party has produced documents other than an initial limited production. A large amount of work will need to be done, and significant resources will be expended to take it to trial.

While a Markman hearing was held on January 4, the significant burdens of fact and expert discovery, dispositive motions, and trial still must be completed. This Court has granted stays in light of IPR proceedings when a motion to stay was filed after the Markman hearing took place but the parties had only begun written discovery and no depositions had been taken. *See, e.g., Sonrai*, 2022 WL 3108818, at *3 (granting a stay six months after *Markman* hearing on a motion filed two months after *Markman* hearing); *see also Kirsch,* 2021 WL 4555804 at *1–2 (granting stay filed after *Markman* hearing).

Importantly, the Court is likely to invest substantial time and resources on hearings and discovery disputes (*e.g.,* discovery motions, dispositive motions, motions *in limine, Daubert*

[3] *See, e.g.,* https://www.cnet.com/tech/mobile/samsung-galaxy-s5-price-199-99-on-contract-preorders-begin-march-21/.

motions), and potentially the pre-trial conference and trial. Given the high likelihood that the IPR petitions will impact, if not dispose of, the asserted claims, a stay is justified to avoid the needless waste of judicial and party resources. In short, this factor also weighs in favor of a stay.

C. Factor No. 3: A Stay Will Greatly Simplify Or Eliminate Issues In This Case

Whether a stay will simplify the issues in this case is the "most important factor" in the stay analysis. *Sonrai*, 2022 WL 3108818, at *3.

> Congress's purpose in creating an inter partes review procedure was to allow the administrative agency that issues patents to consider new information bearing on whether those patents should be canceled or confirmed. Giving the agency the authority to consider the validity of patents in the inter partes review process was designed in large measure to simplify proceedings before the courts and to give the courts the benefit of the expert agency's full and focused consideration of the effect of prior art on patents being asserted in litigation.

TC Tech., 2021 WL 8083373, at *3 (citation omitted). Here, a stay will simplify the issues and streamline or even eliminate trial, thereby reducing the burden on the Court and the parties, for the following three reasons: !

First, the PTAB instituted Meta's IPR petitions challenging 79 claims, including all 53 claims asserted here, as well as the 10 additional charted claims.[4] As such, Meta's IPRs could fully resolve the instant matters. *See Fresenius USA, Inc. v. Baxter Int'l, Inc.*, 721 F.3d 1330, 1340 (Fed. Cir. 2013) ("[W]hen a [patent] claim is cancelled, the patentee loses any cause of action based on that claim, and any pending litigation in which the claims are asserted becomes moot."). Further, the PTAB expressly analyzed 35 asserted or charted claims, including all the asserted independent claims and the only "exemplary" asserted claims discussed in the complaint here. The PTAB did not adopt any of VoIP-Pal's arguments, or otherwise indicate that it may be leaning VoIP-Pal's way on any asserted claims. In the two IPRs instituted against the '721 Patent, the

[4] *See* footnote 1, *supra*.

PTAB found that the Meta petitions established a reasonable likelihood of obviousness against each and every one of the 39 challenged claims in view of the Buckley-Bates combination. IPR2022-01234 Inst. Dec., Ex. 1, at 33; IPR2022-01235 Inst. Dec., Ex. 2, at 35. Similarly, in the two IPRs instituted against the '234 Patent, the PTAB found that the Meta petitions established a reasonable likelihood of obviousness against all independent claims based on multiple grounds. IPR2022-01231 Inst. Dec., Ex. 3, at 19; IPR2022-01232 Inst. Dec., Ex. 4, at 18. And in each of the institution decisions, the PTAB analyzed fewer than all of the asserted grounds, so it may find certain asserted claims obvious in view of other grounds, as well. The likelihood of simplification is therefore high. *See Sonrai*, 2022 WL 3108818, at *4 (weighing this factor in favor of a stay where the PTAB found a reasonable likelihood of prevailing against all asserted claims).

Second, even if the IPR proceedings result in the cancellation of less than all of the asserted claims, the issues before the Court will still be simplified. For example, the IPR proceedings would simplify prior-art-related discovery, trial, and any dispositive briefing on invalidity. *See* 35 U.S.C. § 315(e); *Cal. Inst. of Tech. v. Broadcom Ltd.,* 25 F.4th 976, 991 (Fed. Cir. 2022). If this motion is granted, Samsung agrees to be bound by the estoppel scope of §315(e), even if Samsung's IPRs are denied institution, which is unlikely given that they are substantively identical to the instituted Meta IPRs. This agreement is consistent with similar agreements in *Kirsch*.

Third, the risk of wasting litigation effort and court resources also favors the stay. *Kirsch,* 2021 WL 4555610, at *3 ("The Court finds that, given the number of grounds that PTAB instituted IPR upon, there is a good chance the PTAB will invalidate the . . . patent, rendering continued litigation of this case wasteful."). There is little, if any, benefit to litigating invalidity in a district court action while the same issues are being litigated before the PTAB. *Evolutionary Intel., LLC*

v. Apple, Inc., No. C 13-04201 WHA, 2014 WL 93954, at * 3 (N.D. Cal. Jan. 9, 2014). Therefore, the simplification factor strongly supports a stay. !

V. CONCLUSION

Samsung respectfully requests that the Court stay this case under its inherent powers pending final resolution of Meta's and Samsung's IPRs.

Dated: February 27, 2023

Respectfully submitted,

/s/ Neil P. Sirota

Neil P. Sirota (admitted *pro hac vice*)
neil.sirota@bakerbotts.com
Joshua M. Friedman (admitted *pro hac vice*)
joshua.friedman@bakerbotts.com
BAKER BOTTS L.L.P.
30 Rockefeller Plaza
New York, NY 10112-4498
Phone: (212) 408-2500
Fax: (212) 408-2501

Morgan Mayne
morgan.mayne@bakerbotts.com
State Bar No. 24084387
BAKER BOTTS L.L.P.
2001 Ross Ave Suite 900
Dallas, TX 75201
Tel.: (214) 953-6500
Fax: (214) 661-6500

ATTORNEYS FOR DEFENDANTS SAMSUNG ELECTRONICS CO., LTD., SAMSUNG ELECTRONICS AMERICA, AND SAMSUNG AUSTIN SEMICONDUCTOR LLC

CERTIFICATE OF CONFERENCE

Pursuant to Local Rule CV-7(G), counsel for defendants has conferred with counsel for VoIP-Pal in a good-faith effort to resolve the matter presented herein. Counsel for VoIP-Pal stated that VoIP-Pal opposes this motion.

Dated: February 27, 2023

/s/Neil P. Sirota
Neil P. Sirota

CERTIFICATE OF SERVICE

I hereby certify that all counsel of record who are deemed to have consented to electronic service are being served this 27th day of February, 2023, with a copy of this document via the Court's CM/ECF system per Local Rule CV-5(a).

Dated: February 27, 2023

/s/ Neil P. Sirota
Neil P. Sirota