

**UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION**

HEADWATER RESEARCH LLC,

Plaintiff,

v.

WALMART INC.,

Defendant.

Case No. 2:25-cv-00961-JRG-RSP
(LEAD CASE)

HEADWATER RESEARCH LLC,

Plaintiff,

v.

AMAZON.COM SERVICES LLC,

Defendant.

Case No. 2:25-cv-00897-JRG-RSP
(MEMBER CASE)

DEFENDANT AMAZON.COM SERVICES LLC'S MOTION TO STAY PENDING *EX PARTE* REEXAMINATION AND *INTER PARTES* REVIEW

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I. INTRODUCTION

Plaintiff Headwater Research LLC (“Headwater” or “Plaintiff”) has asserted only two patents in this litigation: U.S. Patent Nos. 9,198,117 (the “’117 Patent”) and 8,667,571 (the “’571 Patent”). Despite the early stage of this litigation, both patents are already the subjects of proceedings before the U.S. Patent and Trademark Office. An *ex parte* reexamination (“EPR”) against the ’117 Patent has been underway since February 2025, and the Patent Office has already issued a non-final office action canceling a number of the asserted claims. A final office action is expected in the latter half of 2026. Likewise, within two months of the filing of the Complaint, Defendant Amazon Services LLC (“Amazon” or “Defendant”) promptly filed an *inter partes* review (“IPR”) challenging the ’571 Patent, with a final written decision expected by April 2027. The *Markman* hearing is set for March 29, 2027. ECF No. 67 at 4. By then, a final office action in the ’117 Patent EPR and an institution decision in the ’571 Patent IPR will almost certainly have issued.

Staying this action now—before the commencement of fact discovery—will significantly reduce the burden on the parties and the Court by simplifying the issues to be tried. This is particularly salient now that the other three consolidated defendants—Target, Uber, and Walmart—have moved to stay this case as well. *See* ECF Nos. 58, 68, 73. Headwater is also a non-practicing entity, seeks only monetary relief, and would bear no undue prejudice. As this Court has repeatedly noted, a stay during the pendency of an EPR is especially important because there is a strong likelihood that any surviving claims would be modified—potentially nullifying claim construction, non-infringement, and invalidity positions likely to arise in the interim. *See, e.g., AGIS Software Dev. LLC v. Google LLC.*, No. 2:19-cv-00361-JRG, 2021 WL 465424, at *3 (E.D. Tex. Feb. 9, 2021) (staying case until the resolution of a pending EPR, in part given the “serious

risk of wasted resources” by the parties and the Court and given the likelihood that the asserted claims “will be modified in some material way” or canceled). As all three stay factors favor a stay pending resolution of the ’117 Patent EPR and the recently filed ’571 Patent IPR, Defendant’s Motion should be granted.

II. BACKGROUND

Headwater filed this case on August 27, 2025. No. 2:25-cv-00897, ECF No. 1. In its Complaint,¹ Headwater accused Amazon of infringing the ’117 and ’571 Patents. ECF No. 51. Amazon filed its answer on December 2, 2025. ECF No. 60. Fact discovery will not commence until December 22, 2025. The *Markman* hearing is scheduled for March 29, 2027 and trial is set for September 27, 2029. ECF No. 67.

On October 23, 2025, the Court issued a *sua sponte* order consolidating this action with other cases recently filed by Headwater in the Eastern District of Texas.² ECF No. 8. Multiple motions to stay based on the customer suit exception are currently pending in the Walmart, Uber, and Target Actions. ECF Nos. 58, 68, 73. These are based on the overlap between Headwater’s allegations in cases first filed against Google LLC³ in the Western District of Texas and the series of follow-on suits Headwater subsequently filed asserting the same patents and same infringement theories against companies that use Google’s same technology. *See* ECF Nos. 58, 68, 73.

¹ Headwater filed its First Amended Complaint against Amazon, the operative complaint in this matter, on November 17, 2025.

² This case was consolidated with *Headwater Rsch. LLC v. Walmart Inc.*, No. 2:25-cv-00961-JRG-RSP (E.D. Tex.) (“Walmart Action”); *Headwater Rsch. LLC v. Uber Techs., Inc., et al.*, No. 2:25-cv-00897-JRG-RSP (E.D. Tex.) (“Uber Action”); and *Headwater Rsch. LLC v. Target Corp.*, No. 2:25-cv-00963-JRG-RSP (E.D. Tex.) (“Target Action”).

³ *Headwater Rsch. LLC v. Google LLC*, No. 7:25-cv-00231 (W.D. Tex.) and *Headwater Rsch. LLC v. Google LLC*, No. 7:25-cv-00367 (W.D. Tex.).

Both the '117 and '571 Patents are subject to review by the Patent Office. On December 3, 2024, Samsung filed a request for *ex parte* reexamination of all claims of the '117 Patent, and a reexamination was ordered on February 10, 2025. Ex. 1;⁴ Ex. 2 at 7. Headwater petitioned for reconsideration, but the Office recently denied that petition on September 18, 2025. Ex. 3; Ex. 4; Ex. 5. On December 2, 2025, the Patent Office issued a non-final office action cancelling claims 1-6, 9, 11-14, and 16-18. Ex. 6. A final office action is expected between May 2026 and January 2027. *See* Ex. 7 at 2 (noting the median and average duration of EPRs from filing to final determination are 18.7 and 25.1 months, respectively).

On October 14, 2025, Defendant filed a petition for *inter partes* review challenging all claims of the '571 Patent. Ex. 8. An institution decision is expected no later than April 2026 and, if instituted, a final written decision is expected no later than April 2027. *See* 35 U.S.C. § 314(b); 37 C.F.R. § 42.107(b); 35 U.S.C. § 316(a)(11).

III. LEGAL STANDARDS

In deciding whether to stay litigation pending an EPR or IPR, courts in this district consider three factors: “(1) whether a stay will unduly prejudice or present a clear tactical disadvantage to the nonmoving party, (2) whether a stay will simplify the issues in question and trial of the case, and (3) whether discovery is complete and whether a trial date has been set.” *Ramot at Tel Aviv Univ. Ltd. v. Cisco Sys., Inc.*, No. 2:19-cv-00225-JRG, 2021 WL 121154, at *1 (E.D. Tex. Jan. 13, 2021); *SSL Servs., LLC v. Cisco Sys., Inc.*, No. 2:15-cv-433-JRG-RSP, 2016 WL 3523871, at *1 (E.D. Tex. June 28, 2016), quoting *NFC Tech. LLC v. HTC Am., Inc.*, No. 2:13-cv-1058-WCB,

⁴ All exhibits cited herein are attached to the Declaration of Janice L. Ta in Support of Defendant Amazon.com Services LLC’s Motion to Stay Pending *Ex Parte* Reexamination and *Inter Partes* Review, filed with this motion.

2015 WL 1069111, at *2 (E.D. Tex. Mar. 11, 2015) (applying the same test in the context of a motion to stay pending resolution of an IPR).

IV. ARGUMENT

A. A Stay Would Not Unduly Prejudice Headwater

A stay will not unduly prejudice Headwater because (1) the case is still in its infancy; (2) Headwater is a non-practicing entity that seeks only monetary damages; (3) the parties are not competitors; and (4) Headwater's own delay in bringing this case belies any stated need for an expeditious resolution of its claims.

1. This Case Is Still in Its Infancy

Headwater will suffer no undue prejudice given the infancy of this litigation. As discussed in Section IV.C. below, this case is in the earliest stages: fact discovery has not started. Headwater has not yet expended meaningful resources on this litigation, minimizing the burden (if any) that will be caused by a stay.

2. Headwater Is Not Unduly Prejudiced Because It Is A Non-Practicing Entity That Seeks Only Monetary Damages

A stay does not unduly prejudice a plaintiff who is only entitled to monetary relief. Headwater has stated that it is not seeking injunctive relief. *See* No. 2:25-cv-00897, ECF No. 1 at 14 (requesting only monetary relief). “[M]ere delay in collecting those damages does not constitute undue prejudice.” *Stragent LLC v. BMW of N. Am., LLC*, No. 6:16-CV-446, 2017 WL 3709083, at *2 (E.D. Tex. July 11, 2017); *see also NFC Tech.*, 2015 WL 1069111, at *2 (“[D]elay in the vindication of 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.”). A “stay will not diminish the monetary damages to which [Headwater] will be entitled if it succeeds in its infringement suit—it only delays realization of those damages.” *Uniloc 2017 LLC v. LG Elecs. U.S.A., Inc.*, No. 3:18-

CV-3071-N, 2020 WL 374545, at *1 (N.D. Tex. Jan. 23, 2020) (quoting *VirtualAgility, Inc. v. Salesforce.com, Inc.*, 759 F.3d 1307, 1318-19 (Fed. Cir. 2014)).

3. Headwater Is Not Unduly Prejudiced Because the Parties Are Not Competitors

Headwater and Amazon are not competitors. Headwater does not appear to have any current business operations other than maintaining and asserting a patent portfolio. *See, e.g., Headwater Rsch. LLC v. Samsung Elecs. Co. Ltd.*, No. 2:23-cv-00103-JRG-RSP, ECF No. 360 at 2 (E.D. Tex. Mar. 28, 2025) (noting “Headwater’s status as a non-practicing entity”). This weighs against any finding of undue prejudice. *See NFC Tech.*, 2015 WL 1069111 at *3 (finding that a “generalized claim of injury is entitled to little weight” where plaintiff and defendant do not compete and “monetary relief will be sufficient to compensate it for any injury to its patent rights”); *Uniloc 2017*, 2020 WL 374545, at *1 (“While ‘competition between parties can weigh in favor of finding undue prejudice,’ [plaintiff] and Defendants are not competitors.”) (quoting *VirtualAgility*, 759 F.3d 1307 at 1318).

4. Any Prejudice to Headwater Is Self-Inflicted by Its Own Delay in Bringing This Case

Headwater’s own delay in bringing this case belies any stated need for an expeditious resolution of its claims. *VirtualAgility*, 759 F.3d at 1318 (“[W]hether the patentee will be *unduly prejudiced* by a stay . . . focuses on the patentee’s need for an expeditious resolution of its claim”) (emphasis in original). Headwater filed the instant case nearly a decade after the ’117 and ’571 Patents issued. No. 2:25-cv-00897, ECF Nos. 1-1; 1-2. And it chose to accuse instrumentalities that have existed for nine years or more—Amazon Device Messaging was released in 2012, and Firebase Cloud Messaging was available as of at least 2016. *See* No. 2:25-cv-00897, ECF No. 1-3 at 1 (accusing “Firebase Cloud Messaging”); ECF No. 1-4 at 1 (accusing “Amazon’s ADM

system”); Ex. 9 (Firebase Cloud Messaging product page on July 2016); Ex. 10 (noting ADM release in December 2012). Yet, Headwater felt no urgency in bringing these infringement assertions. It cannot credibly claim that it will suffer undue prejudice from pausing the litigation during the pendency of IPR and EPR proceedings that would meaningfully simplify the issues before the Court. *See VirtualAgility*, 759 F.3d at 1319 (finding a one-year delay between the asserted patent’s issuance and the infringement suit’s filing weighed against undue prejudice).

B. A Stay Will Simplify the Issues Before the Court

A stay would also simplify the issues before the Court for at least two reasons.

First, all claims of the two asserted patents have been challenged in the pending EPR and IPR proceedings, such that these proceedings have the potential to dispose of all—or nearly all—of the issues in this litigation. “A stay is particularly 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 Tech.*, 2015 WL 1069111, at *1; *see also Versata Software, Inc. v. Callidus Software, Inc.*, 771 F.3d 1368, 1371-72 (Fed. Cir. 2014); *NFC Tech.*, 2015 WL 1069111, at *7 (“[A]ny disposition by the PTAB is likely to simplify the proceedings before this Court.”).

Here, the ’571 Patent IPR challenges every claim of that patent. Ex. 8 at 1. The ’117 EPR has also been granted, and the Examiner has issued a non-final office action cancelling claims 1-6, 9, 11-14, and 16-18. Ex. 6. This favors granting a stay. Ex. 2; *AGIS Software*, 2021 WL 465424, at *1 (granting motion to stay following grant of an EPR); *Ramot*, 2021 WL 121154, at *2 (same). The potential to simplify issues before the Court is particularly important in the case of EPRs where, as here, the patent owner may modify the claims. *See M.P.E.P.* § 2258. As this Court has noted, asserted claims that have already been rejected in an EPR are “almost surely to be modified in some material way in response to their rejection.” *Ramot*, 2021 WL 121154, at *2 (staying

litigation pending resolution of an EPR, in part because “there is a serious risk of wasted resources as to the parties and the Court” given that the asserted claims “will not likely stay as they were when this suit was filed.”); *AGIS Software*, 2021 WL 465424, at *3 (same). This raises the risk of having to re-litigate claim construction, infringement, and invalidity on amended claims if this litigation is not stayed. Ex. 7 at 2 (claims cancelled or modified in 79.8% of EPRs filed by third party requestors as of September 30, 2024). Avoiding a do-over of the parties’ claim construction, infringement, and invalidity claims and defenses would significantly reduce expenditures, costs, and fees. Staying this case until the resolution of the EPR and IPR proceedings will provide clarity and efficiency, allowing the Court and the parties to focus only on the claims that survive.

Additionally, the pending EPR and IPR will provide additional intrinsic evidence that will assist the Court in claim construction by simplifying—or eliminating—disputes between the parties. *See Aylus Networks, Inc. v. Apple Inc.*, 856 F.3d 1353 (Fed. Cir. 2017) (holding that statements made by a patent owner during an IPR proceeding is intrinsic evidence that can constitute “prosecution disclaimer” and can limit the scope of patent claims in subsequent litigation). In short, staying this litigation until the resolution of both proceedings will meaningfully simplify proceedings before the Court.

Second, the remaining defendants in the consolidated case—Target, Uber, and Walmart—have all requested a stay in this action under the customer-suit exemption in favor of co-pending litigation in the Northern District of California against Google, such that a stay across the board, would simplify the entire consolidated case. ECF Nos. 58, 68, 73. *See Uniloc USA, Inc. v. Samsung Elecs. Am., Inc.*, No. 2:16-CV-638-JRG, 2017 WL 9885168, at *1 (E.D. Tex. June 13, 2017) (granting motion to stay pending IPR and ordering multiple consolidated cases stayed, finding that “a stay in this case will also simplify the issues for the remaining consolidated cases, given that

[they] involve the same patents” and therefore “a stay of these proceedings as to all [consolidated] cases is warranted”); *PersonalWeb Techs., LLC v. Facebook, Inc.*, No. 5:13-CV-01356-EJD, 2014 WL 116340 (N.D. Cal. Jan. 13, 2014) (granting co-pending motions to stay in multiple district court actions involving different defendants and overlapping patents, noting the scope of all cases would likely be narrowed and simplified, and the potential for streamlining the proceedings). Indeed, the ’117 and ’571 Patents in this litigation have been asserted in five litigations that are pending across two separate districts.⁵ All of these cases are still in their infancy. Staying this litigation until the Patent Office proceedings conclude would simplify matters for this Court across several matters, avoiding the need to litigate similar claims in multiple actions that are proceeding in parallel, and avoiding the risk of inconsistent judgments across districts.

Although Defendant is aware of this Court’s preference for staying cases only following the institution of an IPR, that the ’571 Patent IPR is awaiting institution does not weigh against a stay under these circumstances. The ’571 Patent IPR’s institution decision is likely to issue around April 2026—before a final office action is expected in the ’117 Patent EPR between May 2026 and January 2027. *See supra*, p.2. Both the IPR institution and EPR final written decisions are likely to issue well before the March 29, 2027 *Markman* hearing in this case. ECF No. 67 at 4.

C. The Early Stage of This Case Weighs in Favor of a Stay

This case is still in its infancy. Fact discovery has not even started. Defendant’s diligence in requesting this stay weighs strongly in favor of a stay. “Staying a case at an early juncture can

⁵ *Headwater Rsch. LLC v. Google LLC*, No. 7:25-cv-00367-DC-DTG (W.D. Tex.); *Headwater Rsch. LLC v. Walmart Inc.*, No. 2:25-cv-00961-JRG-RSP (E.D. Tex.); *Headwater Rsch. LLC v. Uber Techs., Inc., et al.*, No. 2:25-cv-00962-JRG-RSP (E.D. Tex.); *Headwater Rsch. LLC v. Target Corp.*, No. 2:25-cv-00963 (E.D. Tex.); *Headwater Rsch. LLC v. Supercell Oy*, No. 2:25-cv-00964-JRG-RSP (E.D. Tex.); *Headwater Rsch. LLC v. Tencent Holdings Ltd.*, No. 2:25-cv-00965-JRG-RSP (E.D. Tex.).

advance judicial efficiency and maximize the likelihood that neither the court nor the parties expend their assets addressing invalid claims.” *Landmark Tech., LLC v. iRobot Corp.*, No. 6:13-cv-411-JDL, 2014 WL 486836, at *3 (E.D. Tex. Jan. 24, 2014) (cleaned up). Indeed, the Court has weighed this factor in favor of a stay in cases that are even further along than the instant action. *See, e.g., Ramot*, 2021 WL 121154, at *2 (staying case pending EPR despite “discovery [being] complete, pretrial briefing submitted, and jury selection impending” given the “significant resources yet to be expended” by the parties); *AGIS Software*, 2021 WL 465424, at *3 (same). Here, “the most burdensome parts of the case”—fact discovery, depositions, claim construction, expert discovery, pre-trial motions—“all lie in the future.” *CyWee Grp. Ltd. v. Samsung Elecs. Co.*, No. 2:17-cv-00140-WCB-RSP, 2019 WL 11023976, at *6 (E.D. Tex. Feb. 14, 2019). The stage of the case weighs in favor of a stay.

V. CONCLUSION

For the foregoing reasons, Defendant’s Motion to Stay Pending the *ex parte* reexamination of the ’117 Patent and the *inter partes* review of the ’571 Patent should be granted.

DATED: December 23, 2025

By: /s/ Janice L. Ta

Thomas N. Millikan, CA SBN 234430
Email: *TMillikan@perkinscoie.com*
PERKINS COIE LLP
11452 El Camino Real, Ste. 300
San Diego, CA 92130
Tel. 858-720-5700

Janice L. Ta, TX SBN 24075138
Email: *JTa@perkinscoie.com*
PERKINS COIE LLP
405 Colorado Street, Ste. 1700
Austin, TX 78701
Tel. 737-256-6120

Nathaniel B. Sabri, *pro hac vice*
Email: *NSabri@perkinscoie.com*
Mathieu A. Swiderski, *pro hac vice*
Email: *MathieuSwiderski@perkinscoie.com*
PERKINS COIE LLP
505 Howard Street, Ste. 1000
San Francisco, CA 94105
Tel. 415-344-7000

David R. Pekarek Krohn, WI SBN 1092062
Email: *DPekarekkrohn@perkinscoie.com*
Adam Hester, WI SBN 1128794
Email: *AHester@perkinscoie.com*
PERKINS COIE LLP
33 East Main Street, Suite 201
Madison, WI 53703
Tel. 608-663-7460

Deron R. Dacus, TX SBN 00790553
Email: *ddacus@dacusfirm.com*
THE DACUS FIRM
821 ESE Loop 323
Tyler, TX 75701
Tel. 903-705-1117

ATTORNEYS FOR DEFENDANT
Amazon.com Services LLC

CERTIFICATE OF CONFERENCE

Counsel for Defendant Amazon.com Services LLC contacted counsel for Plaintiff Headwater Research LLC on December 19, 2025, December 22, 2025, and December 23, 2025 requesting to meet and confer regarding this motion. Counsel for Plaintiff responded on December 23, 2025. The parties telephonically met and conferred on December 23, 2025. Plaintiff opposes this motion and the relief requested herein.

/s/ Janice L. Ta

Janice L. Ta

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document has been served on all parties of record via the Court's CM/ECF system on December 23, 2025.

/s/ Janice L. Ta

Janice L. Ta