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AND AFFILIATED PARTNERSHIPS

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The Honorable George C. Hanks, Jr.
United States District Judge
U.S. District Courthouse
601 Rosenberg, Sixth Floor
Galveston, Texas 77550

Re: Case No. 4:17-cv-00589, In the United States District Court of Texas, Houston Division; SandBox Logistics, LLC and Oren Technologies, LLC v. Proppant Express Investments, LLC; Proppant Express Solutions, LLC, and Liberty Oilfield Services, LLC.

Case No. 3:16-cv-00012, In the United States District Court of Texas, Galveston Division; Sandbox Logistics, LLC and Oren Technologies, LLC v. Grit Energy Solutions, LLC; Proppant Express Investments, LLC; and Proppant Express Solutions, LLC

Dear Judge Hanks:

The Court should decline Defendants' invitation to stay the entirety of this case (Dkt. 147), as the vast majority of the issues and claims at bar will not be impacted by any IPR proceedings, discovery is nearly complete, and staying this case would give Defendants an unfair, years-long opportunity to harm SandBox, their only direct competitor, by blatantly infringing SandBox's patents.

A Stay Will Not Simplify the Issues in this Case

The vast majority of the claims at issue here are not the subject of any instituted IPR and will have to be resolved by this Court no matter what the Patent Office does. As shown in the attached table (Ex. 1), the instituted IPRs pertain to only a subset of the currently

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asserted claims—less than 40% of the total.¹ For one of those patents on which an IPR was instituted (the ‘518 Patent), Defendants are accused of infringing claims 4, 5, and 10, but did not attempt to challenge the validity of those claims at the Patent Office, such that this Court will have to resolve Defendants’ infringement of that patent irrespective of any IPR proceedings. And Defendants have not even filed an IPR petition on the ‘785 Patent such that Defendants’ assertions that this hypothetical filing will be successful—and thus simplify issues in this case—are pure speculation and provide no basis for staying the case now. *Chrimar Sys., Inc. v. Adtran, Inc.*, No. 6:15-cv-618, 2016 WL 4080802, at *3 (E.D. Tex., Aug. 1, 2016) (“Because the PTAB has not granted any of the [IPR] petitions [directed to the asserted patent], Defendants’ assertions that the PTAB will invalidate the claims of the patent—and therefore simplify the issues—is purely speculative.”). Likewise, the pending breach of contract claims will not be simplified by any IPR proceedings.

Substantial Progress has been Made in this Case

SandBox filed suit against PropX’s predecessor in January 2016 and since that time, the parties have nearly completed fact discovery. The parties have produced over 88,000 documents and have taken 3 depositions of party witnesses in related litigations (all of which have been cross-designated for use in this case), with two more depositions (of Josh Oren, SandBox’s CEO and inventor on the ‘785 Patent, and PropX’s CEO) to be completed in less than a month. Additionally, claim construction briefing has been complete since December, Dkt. 118, expert reports will be exchanged in just under two months (on April 26) and dispositive motions will be filed on August 16. Dkt. 45. Trial is set for December 2018, and the two instituted IPRs will not reach final written decision until months later, in 2019, with appeals likely not resolved until more than a year after that, in late 2020. Thus, all of the invalidity issues, along with every other issue in this case, will be resolved well before the Patent Office makes any final determination concerning SandBox’s ‘518 and ‘626 Patents.

A Stay Would Unduly Prejudice SandBox and Put It At a Tactical Disadvantage

¹ Defendants make uncited assertions about Patent Office statistics concerning invalidation of claims, which SandBox disputes.

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SandBox and Defendants are direct competitors and PropX's business is to sell clones of SandBox's proppant containers. There can be no serious question that delaying the resolution of this case directly aids Defendants' efforts to take SandBox's market share, to the obvious prejudice of SandBox.² Courts routinely conclude that the parties' status as direct competitors is a significant factor weighing against stays. See *Tesco Corp. v. Weatherford Int'l, Inc.*, 599 F. Supp. 2d 848, 851 (S.D. Tex. 2009) ("Where the parties are direct competitors, a stay would likely prejudice the non-movant."); see also *Thermolife Int'l, LLC v. Prosource Performance Prods.*, No. CV 15-2037, 2015 WL 9480023, at *6 (D.N.J. Dec. 29, 2015) ("The Court finds that ***because the parties are direct competitors***, a stay of this litigation would result in prejudice to Plaintiff."). Further, Defendants' strategy of spacing out their IPR filings creates a proposed stay, if allowed, that would last for years after the current trial date. In particular, assuming a '785 IPR petition is filed in mid-March (as Defendants propose), the Patent Office's institution decision would not be until mid-September, after expert reports and discovery and after summary judgment briefs are on file. And, if instituted, that IPR would not be decided until a year later (in mid-September 2019) more than 10 months after the December 2018 trial in this action. By then, validity will have long since been resolved. SandBox is entitled to its day in Court and should not have to abide the real-world consequences of a years-long stay merely because Defendants unilaterally elected to delay their IPR filings.

Respectfully Submitted,

/s/ Gianni Cutri
Attorney for Plaintiffs

cc:

Counsel for Defendants

² Defendants claim that SandBox "refused" to produce damages information is incorrect. To the contrary, Defendants have impeded SandBox's ability to quantify the sales lost by refusing to provide complete sales information that would allow SandBox to do so.

EXHIBIT 1

Patent/Issue	Asserted Claims	Instituted Claims	Simplification
'785	1, 3, 6-11, 13-19, 21-23 = 18 claims	None (no IPR filed)	None
'929	1-7, 10, 12-19 = 16 claims	None (no decision on IPR)	None
Contract Claims	N/A	N/A	None
'518	1-6, 8, 10, 13, 15 = 10 claims	1-3, 6, 8, 13, 15 = 7 claims	Claims 4, 5, and 10 must be resolved by the Court
'626	1-7, 12-20 = 16 claims	1-7, 12-20 = 16 claims	Only a portion of invalidity (i.e., with respect to "paper art") ¹

Total asserted claims = 60

Total instituted claims = 23

% of asserted claims instituted = 38%

¹ The IPR proceedings concern only patents and printed publications, not other types of prior art.