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

DIGITALDOORS, INC.,	§	
	§	
Plaintiff,	§	
	§	
v.	§	CIVIL ACTION NO. 2:22-CV-00457-JRG-RSP
	§	
INTERNATIONAL BUSINESS MACHINES CORPORATION,	§	
	§	
	§	
Defendant.	§	

ORDER

Before the Court is Defendant International Business Machines Corporation's ("IBM") Motion to Stay Pending *Inter Partes* Review Proceedings on All Seven Asserted Patents ("Motion"). **Dkt. No. 38**. For the following reasons, the Court **DENIES** the Motion.

I. BACKGROUND

Plaintiff DigitalDoors, Inc. filed a complaint against IBM on November 28, 2022, Dkt. No. 1 at 1,[1] and an amended complaint on February 24, 2023, Dkt. No. 18 at 1. DigitalDoors asserts that IBM infringes U.S. Patent Nos. 7,313,825, 7,322,047, 7,349,987, 7,552,482, 7,721,344, 7,958,268, and 8,468,244 (collectively, the "Asserted Patents"). Dkt. No. 18 at 1. On February 28, 2023, DigitalDoors served its infringement contentions, identifying the specific claims it contends IBM infringes. *See* Notice, Dkt. No. 19. On March 29, 2023, the Court issued a Docket Control Order. Dkt. No. 24. Pursuant to that Order, the claim construction hearing is set for March 7, 2024, fact discovery closes on March 21, 2024, expert discovery ends on May 6, 2024, and trial is set to begin on August 19, 2024, among other deadlines. *Id*.

[1] Citations correspond to those assigned through ECF.

Between May 31, 2023 and June 26, 2023, IBM filed petitions for *inter partes* review ("IPR") of the Asserted Patents, accounting for all seven patents and 54 claims. Dkt. No. 38 at 6–7. The Patent Trial and Appeal PTAB ("PTAB") may take up to six months to decide whether to institute on the IPR petitions. *See* 35 U.S.C. § 314(b). IBM acknowledges that the PTAB will not even decide whether to institute the IPRs until January 2024.

Two days after filing its final IPR petition, IBM filed the current Motion on June 28, 2023, requesting that the Court stay this case until the PTAB has concluded IPR of the Asserted Patents. Dkt. No. 38. As of the date of this Order, the PTAB has still not issued a decision regarding institution of the IPR petitions.

II. LEGAL STANDARD

"The party seeking a stay bears the burden of showing that such a course is appropriate." *Peloton Interactive, Inc. v. Flywheel Sports, Inc.*, No. 218-cv-390-RWS-RSP, 2019 WL 3826051, at *1 (E.D. Tex. Aug. 14, 2019) (quoting *Realtime Data, LLC v. Hewlett Packard Enter. Co.*, No. 6:16-cv-86-RWS-JDL, 2017 WL 3712916, at *3 (E.D. Tex. Feb. 3, 2017)); *accord Landis v. N. Am. Co.*, 299 U.S. 248, 255 (1936). "The decision of whether to extend a stay falls solely within the court's inherent power to control its docket." *Pers. Audio LLC v. Google, Inc.*, 230 F. Supp. 3d 623, 626 (E.D. Tex. 2017) (citing *ThinkOptics, Inc. v. Nintendo*, No. 6:11-cv-455-LED, 2014 WL 4477400, at *1 (E.D. Tex. Feb. 27, 2014)); *accord Clinton v. Jones*, 520 U.S. 681, 706 ("The District Court has broad discretion to stay proceedings as an incident to its power to control its own docket.") (citing *Landis*, 299 U.S. at 254).

District courts typically consider three factors when deciding whether to stay litigation pending IPR of the asserted patent(s): "(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 simplify issues in question in the litigation." *Trover Grp., Inc. v. Dedicated Micros USA*, No. 2:13-CV-1047-WCB, 2015 WL 1069179, at *2 (E.D. Tex. Mar. 11, 2015) (collecting cases).

III. ANALYSIS

IBM has not met its burden to show that a stay is appropriate as, most importantly, it did not show that the PTAB granted its petitions for IPR. Since IBM did not show there is a reasonable likelihood that the PTAB will invalidate all the asserted claims, its motion fails.

a. Undue Prejudice

IBM argues that DigitalDoors will not suffer any undue prejudice if the Court grants a stay pending IPR because DigitalDoors does not make any products or compete with IBM nor did it move for a preliminary injunction. Dkt. No. 38 at 9–11. IBM contends that DigitalDoors can therefore be sufficiently compensated through monetary relief for any purported damages. DigitalDoors counters that a stay would delay its interest in the timely enforcement of its patent rights since IPR proceedings may not complete until at least January 2025. Dkt. No. 39 at 5–6.

DigitalDoors's concern is entitled to some weight. *Uniloc USA, Inc. v. Acronis, Inc.*, No. 615-cv-1001-RWS-KNM, 2017 WL 2899690, at *2 (E.D. Tex. Feb. 9, 2017) (citing *NFC Tech. LLC v. HTC Am., Inc.*, No. 2:13-CV-1058-WCB, 2015 WL 1069111, at *2 (E.D. Tex. Mar. 11, 2015)). This factor is present in every case in which a patentee resists a stay, and is therefore not sufficient, standing alone, to defeat a motion to stay. *Id*. (citing *NFC Tech.*, 2015 WL 1069111, at *2); *see also Trover*, 2015 WL 1069179, at *2 (collecting cases). Where, as here, a patentee seeks exclusively monetary damages, as opposed to a preliminary injunction or other relief, "mere delay in collecting those damages does not constitute undue prejudice." *Id*. (quoting *SSL Servs., LLC v. Cisco Sys., Inc.*, No. 2:15-cv-433-JRG-RSP, 2016 WL 3523871, at *2 (E.D. Tex.

June 28, 2016)) (citing *VirtualAgility Inc. v. Salesforce.com*, 759 F.3d 1307, 1318 (Fed. Cir. 2014)). Nevertheless, since the final written decision could issue after the scheduled trial, this factor weighs slightly against a stay.

b. Stage of the Case Proceedings

IBM argues a stay is warranted because this case is still in its early stages, with most of the significant pre-trial events yet to occur, including *Markman* hearing, depositions, expert discovery, and summary judgment. Dkt. No. 38 at 11–13. DigitalDoors counters that much work has already been done, such as serving initial disclosures, infringement contentions, invalidity contentions, and interrogatory requests as well as the start of claim construction briefing. Dkt. No. 39 at 6–7. DigitalDoors also notes that a trial date has been set, starting on August 19, 2024. *Id*.

"Usually, the Court evaluates the stage of the case as of the time the motion was filed." *Peloton Interactive*, 2019 WL 3826051, at *5 (quoting *Papst Licensing GMBH & Co., KG v. Apple, Inc.*, 6:15-cv-1095-RWS, slip op. at 7 (E.D. Tex. June 16, 2017)) (citing *VirtualAgility*, 759 F.3d at 1317). The Motion was filed on June 28, 2023. At that point, a trial date had been set, Dkt. No. 24, a Discovery Order had been entered, Dkt. No. 25, and as DigitalDoors noted, much discovery had occurred. However, IBM is correct in asserting that a great deal of discovery was still left at that point. Accordingly, this factor is neutral.

c. Issue Simplification

Whether a stay "will result in simplification of the issues before a court is viewed as the most important factor when evaluating a motion to stay." *Uniloc USA*, 2017 WL 2899690, at *3 (citing *Intellectual Ventures II LLC v. Kemper Corp.*, No. 6:16-cv-81-JRG, 2016 WL 7634422, at *2 (E.D. Tex. Nov. 7, 2016); *NFC Tech.*, 2015 WL 1069111, at *4). "Simplification of the

issues depends on whether the PTAB decides to grant the petition." *Id*. (citing *Trover*, 2015 WL 1069179, at *4; *Loyalty Conversion Sys. Corp. v. Am. Airlines, Inc.*, No. 2:13-cv-655-WCB, 2014 WL 3736514, at *2 (E.D. Tex. July 29, 2014)).

In its IPR petitions, IBM challenges all the asserted claims in this case. IBM also contends that the PTAB proceedings will simplify the issues for this Court. Dkt. No. 38 at 13–15. But the PTAB has not yet rendered an institution decision. The "universal practice" in this District, as well as the practice of most district courts, is to deny a motion for stay when the PTAB has not yet acted on a petition for IPR. *AGIS Software Dev. LLC v. Google LLC*, No. 2:19-CV-00359-JRG, 2021 WL 465424, at *2 (E.D. Tex. Feb. 9, 2021) (collecting cases); *see also Trover*, 2015 WL 1069179, at *6 (collecting cases).

In sum, IBM needs to show that every asserted claim has a reasonable likelihood of being invalidated by the PTAB for the Court to grant IBM's Motion. Here, the PTAB has not publicly determined that any asserted claim has a reasonable likelihood of being invalidated. Accordingly, the simplification factor strongly weighs against a stay. Since this factor weighs strongly against a stay, one factor is neutral, and one factor weighs slightly against a stay, the Motion is denied.

IV. CONCLUSION

For the reasons stated, the Court **DENIES** IBM's Motion (Dkt. No. 38).

SIGNED this 23rd day of July, 2023.

ROY S. PAYNE
UNITED STATES MAGISTRATE JUDGE