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13 **UNITED STATES DISTRICT COURT**  
14 **CENTRAL DISTRICT OF CALIFORNIA**  
15 **SOUTHERN DIVISION**

16 UNILOC 2017 LLC,  
17  
18 Plaintiff,  
19 v.  
20 NETSUITE INC.,  
21 Defendant.

Case No. 8:19-cv-01151-JLS-DFM

**MEMORANDUM OF POINTS AND  
AUTHORITIES IN SUPPORT OF  
NETSUITE'S MOTION TO STAY  
DISCOVERY PENDING LIMITED  
MARKMAN PROCEEDING**

Judge: Hon. Josephine L. Staton  
Date: January 10, 2020  
Time: 10:30 AM  
Location: Ronald Reagan Federal  
Building, Courtroom 10A

1     **I.     INTRODUCTION**

2             The patents asserted in this case—U.S. Patent Nos. 6,324,578 (“the ’578  
3 patent”) and 7,069,293 (“the ’293 patent”)—have a long litigation history. As  
4 Defendant NetSuite Inc. (“NetSuite”) set out in its pending Motion to Dismiss First  
5 Amended Complaint, Judge Schroeder of the United States District Court for the  
6 Eastern District of Texas has already construed numerous claim terms in a manner  
7 that, if adopted here, would absolve NetSuite of liability. Indeed, the construction of  
8 just one of these terms—“application program(s)/ application(s)” —is likely to be  
9 case-dispositive if the Court confirms Judge Schroeder’s ruling. *See* D.I. 27. Uniloc  
10 has all but agreed. In the face of NetSuite’s September 12, 2019 Motion to Dismiss  
11 (D.I. 24), Uniloc filed a first Amended Complaint that mainly *deleted* factual detail  
12 and clearly based the sole remaining infringement read on a construction of  
13 “application program(s) / application(s)” that Judge Schroeder has already rejected.  
14 *See* D.I. 27 at 15. Staying discovery pending confirmation of Judge Schroeder’s  
15 construction, either as part of NetSuite’s pending Motion to Dismiss, or an  
16 abbreviated *Markman* proceeding, is the fastest and most efficient way to proceed,  
17 before the parties spend time and resources on discovery, and before the Court spends  
18 time and resources resolving unnecessary discovery disputes or dealing with other  
19 motion practice.

20             Moreover, Uniloc is a non-practicing entity that has asserted these patents on-  
21 and-off for years (including against NetSuite in 2016, before voluntarily dismissing  
22 the case). It does not request an injunction. *See* D.I. 26. Nor could it, because one of  
23 the asserted patents is already expired and the other expires in early 2021, before any  
24 likely trial in this case. In other words, Uniloc will not be prejudiced by a short delay  
25 to the start of discovery, which can likely be completed, if need be, in nearly the same  
26 time frame as may otherwise have been permitted, following any *Markman* ruling  
27 that diverges from Judge Schroeder’s prior construction of “application program(s) /  
28 application(s).” Accordingly, this Court should exercise its broad case management

1 powers to stay non-claim construction discovery until claim construction issues have  
2 been resolved.

## 3 **II. FACTS**

4 A single claim construction issue, already decided by another federal Judge, is  
5 dispositive of this case. More specifically, each of the asserted patent claims contains  
6 the limitation “application program(s),” which has already been construed by Judge  
7 Schroeder in the Eastern District of Texas in a manner that, if adopted here, would  
8 absolve NetSuite of liability and end the case. *See* D.I. 27.

### 9 **A. The ADP Cases**

10 In July 2016, Uniloc’s predecessors-in-interest asserted, *inter alia*, the ’578 and  
11 ’293 patents against ADP, LLC in the Eastern District of Texas, which was  
12 consolidated with several other suits (“the ADP Cases”). D.I. 27-1 at 6. After more  
13 than a year of litigation and extensive claim construction briefing and argument,  
14 Judge Schroeder issued a claim construction order construing several key terms of the  
15 claims that Uniloc is now asserting against NetSuite, including the term “application  
16 program(s) / application(s)” to mean “the code associated with the underlying  
17 program functions *that is a separate application from a browser interface and does*  
18 *not execute within the browser window.”* *Id.* (emphasis added). Judge Schroeder’s  
19 construction of the term “application program(s) / application(s)” relied on the  
20 applicant’s limiting arguments made during prosecution of the related U.S. Patent No.  
21 6,510,466 (“the ’466 patent”), which he held to be equally applicable to the ’578 and  
22 ’293 patents. *Id.* at 6-7. Uniloc never appealed this claim construction order,  
23 meaning that it continues to govern in the ADP Cases. *Id.*

### 24 **B. The Present NetSuite Case**

25 On June 10, 2019, Uniloc brought a complaint against NetSuite asserting the  
26 same ’578 and ’293 patents that are at issue in the ADP cases. D.I. 1.<sup>1</sup> On September  
27

28 <sup>1</sup> This is the second time NetSuite has been sued on these patents. In August 2016,  
Uniloc’s predecessors-in-interest asserted the ’578 and ’293 patents against NetSuite

1 12, 2019, NetSuite filed a motion to dismiss under Federal Rule of Civil Procedure  
2 12(b)(6) on the ground that Uniloc’s Complaint fails to state a plausible claim for  
3 infringement under Judge Schroeder’s governing construction of the term  
4 “application program (s) / application(s).” *See* D.I. 24.

5 On October 1, 2019, Uniloc filed a first Amended Complaint that mainly  
6 deleted details about its infringement position, without adding any new substantive  
7 allegations or addressing NetSuite’s earlier motion to dismiss. *Compare* D.I. 1 with  
8 D.I. 26 (Uniloc’s Original vs. Amended Complaints). To the contrary, Uniloc now  
9 specifically alleges that “[a]n application program can be executed on a server within  
10 a user’s browser window,” which directly conflicts with Judge Schroeder’s ruling that  
11 the application program *cannot* execute within a user’s browser window. *See* D.I. 26,  
12 ¶ 6; D.I. 27-1 at 6, 10, 12-15. On October 16, 2019 NetSuite filed a Motion to  
13 Dismiss Uniloc’s First Amended Complaint (“Motion to Dismiss”) on the basis that  
14 the first Amended Complaint again fails to state a plausible claim for infringement  
15 based on the term “application program(s) / application(s).” *See* D.I. 27.

16 On October 18, 2019, the parties filed their Joint Report Pursuant to Federal  
17 Rule of Civil Procedure 26(f), Local Rule 26-1(a)-(f), and the Court’s September 16,  
18 2019 Order. *See* D.I. 29. In this report, NetSuite proposed an expedited schedule for  
19 a limited claim construction proceeding because a simple confirmation of Judge  
20 Schroeder’s construction of “application program(s) / application(s)” will be case-  
21 dispositive and it would be most efficient to resolve that issue before proceeding with  
22 the rest of the litigation. *See id.*

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28 in the Eastern District of Texas (“the 2016 Action”). D.I. 27-1 at 7. The parties  
litigated for more than a year, until Uniloc voluntarily dismissed the case on  
September 29, 2017. *Id.* at 7-8.

1 **III. ARGUMENT**

2 **A. The Court has Broad Discretionary Powers to Control the Timing of**  
3 **Claim Construction and Discovery**

4 “[A] district court has broad powers of case management, including the power  
5 to limit discovery to relevant subject matter and to adjust discovery as appropriate to  
6 each phase of litigation . . . . When a particular issue may be dispositive, the court  
7 may stay discovery concerning other issues until the critical issue is resolved.” *Vivid*  
8 *Techs., Inc. v. Am. Sci. & Eng’g, Inc.*, 200 F.3d 795, 803-804 (Fed. Cir. 1999)  
9 (affirming stay of discovery pending resolution of early claim construction) (citing  
10 Fed. R. Civ. P. 1, 26); *Little v. City of Seattle*, 863 F.2d 681, 685 (9th Cir. 1988)  
11 (“[T]he district court has wide discretion in controlling discovery. Such rulings will  
12 not be overturned unless there is a clear abuse of discretion.”); *Mireskandari v. Daily*  
13 *Mail & Gen. Tr. PLC*, No. CV 12-02943 MMM (FFMx), 2013 WL 12129944, at \*1  
14 (C.D. Cal. Jan. 14, 2013) (“The court has the discretion to stay proceedings and  
15 discovery as part of its ‘inherent power to control the disposition of the causes on its  
16 docket in a manner which will promote economy of time and effort for itself, for  
17 counsel, and for litigants.’”).

18 The factors to be considered in deciding whether to stay discovery pending  
19 resolution of a potentially dispositive issue are: “(1) the interests of the plaintiff in  
20 proceeding expeditiously with the civil action and the potential prejudice to plaintiffs  
21 of a delay; (2) the burden on the defendants; (3) the convenience to the court; (4) the  
22 interests of persons not parties to the civil litigation; and (5) the public interest.” *See*  
23 *Top Rank, Inc. v. Haymon*, No. CV 15-4961-JFW (MRWx), 2015 WL 9952887, at \*2  
24 (C.D. Cal. Sept. 17, 2015) (staying discovery pending resolution of motion to  
25 dismiss). Additional factors considered in this District include:

- 26 1. whether the issue is potentially dispositive of the entire case;  
27 2. whether the issue can be decided without additional discovery;

28

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