

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. SACV 19-2192-GW-ADSx Date November 12, 2020  
Title *Ancora Technologies, Inc v. TCT Mobile (US), Inc., et al.*

Present: The Honorable GEORGE H. WU, UNITED STATES DISTRICT JUDGE

Javier Gonzalez

Terri A. Hourigan

Deputy Clerk

Court Reporter / Recorder

Tape No.

Attorneys Present for Plaintiffs:

Attorneys Present for Defendants:

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**PROCEEDINGS: TELEPHONIC HEARING ON TCL'S MOTION TO STAY [59]**

Court and counsel confer. The Tentative circulated and attached hereto, is adopted as the Court's Final Ruling. The Court would DENY Defendants' motion to stay this case pending IPR. Defendants may renew the motion if the PTAB institutes IPR.

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*Ancora Techs., Inc. v. TCT Mobile (US) Inc. et al.*, Case No. 8:19-cv-02192-GW-(ASx) (Lead Case);  
*Ancora Techs., Inc. v. TCT Corp. et al.*, Case No. 2:20-cv-01252-GW-(ASx) (Consolidated Case)  
Tentative Ruling on Motion to Stay Pending *Inter Partes* Review

## I. Background

Plaintiff Ancora Technologies., Inc. sued TCL Corp., TCL Communication Ltd., TCL Communication Holdings Ltd., and TCL Communication Technology Holdings Ltd. on August 27, 2019, alleging infringement of U.S. Patent No. 6,411,941 (the “941 Patent”). *Ancora Techs., Inc. v. TCL Corp. et al.*, Case No. 2:20-cv-01252-GW-(ASx) (“Consolidated Case”), Docket No. 1; *see also* Docket No. 12 (Consolidated Case Amended Complaint).

On November 12, 2019, TCT Mobile (US) Inc. and Huizhou TCL Mobile Communication Co., Ltd. separately sued Plaintiff, seeking declaratory judgement of non-infringement of the ‘941 Patent. *TCT Mobile (US) Inc. et al. v. Ancora Techs., Inc.*, Case No. 8:19-cv-02192-GW-(ASx) (“Lead Case”), Docket No. 1. The two actions have been consolidated so that Plaintiff now accuses TCT Mobile (US) Inc., Huizhou TCL Mobile Communication Co., Ltd., Shenzhen TCL Creative Cloud Technology Co., Ltd., TCL Communication Ltd., TCL Communication Technology Holdings Ltd., TCT Mobile (US) Holdings Inc., TCT Mobile, Inc., and TCT Mobile International Ltd.<sup>1</sup> of infringing the ‘941 Patent. Docket No. 29; *see also* Docket No. 23 (Joint Stipulation to realign parties); Docket No. 24 (Lead Case First Amended Complaint); Docket No. 44 (Lead Case Second Amended Complaint).<sup>2</sup>

The parties completed claim construction briefing on September 21, 2020 and presented a claim construction tutorial on October 1, 2020. *See* Docket Nos. 52-57. The Court held a *Markman* hearing on October 15, 2020 and took the matter under submission. *See* Docket No. 60.

On September 10, 2020, Defendants filed a petition for *inter partes* review (“IPR”) of the ‘941 Patent with the Patent Trial and Appeal Board (“PTAB”). *See* Docket No. 59-3. The PTAB will decide whether to institute review by March 2021. *See* Docket No. 59-1 at 5; Docket No. 63 at 10. Before the Court now is Defendants’ October 14, 2020 motion to stay this case

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<sup>1</sup> TCL Communication Holdings Ltd. and TCL Corp. are no longer parties to this case. *See* Consolidated Case, September 12, 2019 Docket Entry (no docket number); Lead Case, Docket No. 26.

<sup>2</sup> Subsequent docket citations are to the Lead Case unless otherwise noted.

pending IPR proceedings by the PTAB. *See* Docket No. 59-1 (“Motion”). Plaintiff opposes, *see* Docket No. 63 (“Opp’n”), and Defendants have filed a reply brief. *See* Docket No. 64 (“Reply”).

## II. Legal Framework

Courts have discretion to control their dockets and ensure that their cases are managed in the interest of justice. *See Clinton v. Jones*, 520 U.S. 681, 706 (1997) (“[T]he District Court has broad discretion to stay proceedings as an incident to its power to control its own docket.”). In deciding whether to stay an action pending an IPR, a court’s discretion is typically guided by three factors: “(1) whether discovery is complete and whether a trial date has been set; (2) whether a stay will simplify the issues in question and trial of the case; and (3) whether a stay would unduly prejudice or present a clear tactical disadvantage to the nonmoving party.” *Aten Int’l Co., Ltd v. Emine Tech. Co., Ltd.*, No. SACV 09-0843 AG (MLGx), 2010 WL 1462110, at \*6 (C.D. Cal. Apr. 12, 2010) (*quoting Telemac Corp. v. Teledigital, Inc.*, 450 F. Supp. 2d 1107, 1111 (N.D. Cal. 2006)); *Murata Machinery USA v. Daifuku Co., Ltd.*, 830 F.3d 1357, 1361 (Fed. Cir. 2016); *see also Semiconductor Energy Lab. Co., Ltd. v. Chimei Innolux Corp.*, No. SACV 12-21-JST (JPRx), 2012 WL 7170593, at \*1 & n.1 (C.D. Cal. Dec. 19, 2012) (stating that the same three-factor framework for staying the case applies regardless of whether a request for reexamination or an IPR is pending); Peter S. Menell et al., Fed. Judicial Ctr., Patent Case Management Judicial Guide § 2.2.6.4.2 (3d ed. 2016). The inquiry, however, is not limited to these factors and “the totality of the circumstances governs.” *Allergan Inc. v. Cayman Chem. Co.*, No. SACV 07-01316-JVS-(RNBx), 2009 WL 8591844, at \*2 (C.D. Cal. Apr. 9, 2009) (citation omitted).

## III. Discussion

As Defendants note, it is this Court’s practice to deny motions to stay until after the PTAB decides whether it will institute an IPR. *See* Motion at 12; *see also BlackBerry Ltd. v. Facebook, Inc.*, No. 2:18-cv-01844-GW-(KSx), Initial Thoughts Regarding Joint Report, Docket No. 166 (“The Court notes, however, that it is this Court’s practice to deny motions to stay until after the PTAB has made a decision regarding whether it will actually institute an IPR; and it may also deny the stay even if an IPR has been granted if the issues raised in the IPR would not strongly impact the litigation or if a party has dallied in filing the IPR request.”); Updated Tentative Ruling on Renewed Motion to Stay Case Pending Instituted *Inter Partes* Review

Proceedings, Docket No. 652 at 2 (stating that the defendants in *BlackBerry Ltd.* “withdrew the motion after the Court stated . . . that it is disinclined to grant stays pending IPR proceedings until after the [PTAB] has issued a decision indicating that it would actually institute an IPR” and only considering the renewed motion to stay after the PTAB instituted IPR for the asserted claims).

The Court would follow its usual practice here and deny Defendants’ motion to stay the case, as the PTAB has not decided whether to institute IPR. “A court is under no obligation to stay proceedings pending parallel litigation in the PTAB.” *DiCon Fiberoptics, Inc. v. Preciseley Microtechnology Corp.*, No. 15-CV-01362-BLF, 2015 WL 12859346, at \*1 (N.D. Cal. Oct. 13, 2015). Because the Court can only speculate as to whether the PTAB will grant review and to what extent, the Court would not find a stay warranted until the PTAB institutes IPR. *See Polaris Innovations Limited v. Kingston Technology Company, Inc.*, No. SACV 16-00300-CJC-(RAOx), 2016 WL 7496740, at \*2 (C.D. Cal. November 17, 2016) (holding that a stay of a patent infringement action is not warranted when based on nothing more than the fact that an IPR petition was filed, as any simplification as a result of PTAB proceedings is inherently speculative at this point); *DiCon Fiberoptics, Inc.*, 2015 WL 12859346, at \*2 (denying motion to stay and finding that “the question of whether a stay will simplify and streamline the issues depends entirely on whether the PTAB decides to grant the IPR petition”). The Court has considered the parties’ arguments regarding each factor and would find that the circumstances weigh against granting a stay pending the PTAB’s decision on whether to institute IPR.

Defendants nevertheless argue “that the facts of this case, in combination with the change in policy at the Patent Office in the past nine months warrant a departure from the Court’s usual inclination on this issue.” *See* Motion at 12-13. First, Defendants contend that the facts of this case “show that [Plaintiff] will be uniquely *unharm*ed by a stay in this case.” *Id.* at 13. Defendants argue that the ‘941 Patent expired before Plaintiff brought this suit against Defendants, and thus Plaintiff’s “own actions demonstrate its lack of urgency and the lack of harm that it would suffer if this case were stayed for a maximum six months while the institution decision on [Defendants’] *inter partes* review petition is pending.” *Id.* Plaintiff can only seek damages for Defendants’ activities performed before this lawsuit began, because it was legally impossible for Defendants to infringe the patent by the date that Plaintiff filed this case. *See* Reply at 5. Further, Plaintiff is a non-practicing entity. Plaintiff does not practice the ‘941

Patent, make or sell products, or compete in the marketplace with Defendants. *See* Motion at 11, Reply at 7. Plaintiff acknowledges it is not a competitor, but argues it would be unduly prejudiced by a stay because (1) Defendants waited until the last day to file the IPR petition; (2) Defendants thus caused Plaintiff to expend significant resources construing disputed claim terms; (3) the PTAB will not decide whether to institute review until March 2021; and (4) while Plaintiff is not currently Defendants' competitor, it still has an interest in enforcing its patent. *See* Opp'n at 11-12.

While the Court would find Defendants' arguments regarding lack of prejudice persuasive, the Court still is inclined to deny Defendants' motion to stay this case for reasons the Court has already explained. At this point, the Court can only speculate as to whether the PTAB will institute IPR and would not find a stay warranted until the PTAB does so.

Defendants next argue that the Court should depart from its usual practice and grant a stay at this stage because the PTAB has changed its policy regarding how it approaches institution decisions for IPR. *See* Motion at 13. Citing *NHK Spring Co. v. Intri-Plex Technologies, Inc.*, IPR2018-00752, Paper 8 (P.T.A.B. Sept. 12, 2018) and *Apple Inc. v. Fintiv Inc.*, IPR2020-00019, Paper 11 at 5 (P.T.A.B. Mar. 20, 2020), Defendants note that the PTAB "has greatly increased the frequency of its '*NHK / Fintiv* denials'" using "six non-exclusive factors for determining 'whether efficiency, fairness, and the merits support the exercise of authority to deny institution in view of an earlier trial date in the parallel proceeding'" set forth in *Fintiv*. *See* Motion at 13-14 (quoting *Fintiv*, 2020 WL 2126495, at \*3). The PTAB considers the following factors:

1. whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
2. proximity of the court's trial date to the Board's projected statutory deadline for a final written decision;
3. investment in the parallel proceeding by the court and the parties;
4. overlap between issues raised in the petition and in the parallel proceeding;
5. whether the petitioner and the defendant in the parallel proceeding are the same party; and
6. other circumstances that impact the Board's exercise of discretion, including the merits.

*See Fintiv*, 2020 WL 2126495, at \*3.

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