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United States District Court
Northern District of California

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION**

LYFT, INC.,
Plaintiff,
v.
AGIS SOFTWARE DEVELOPMENT LLC,
Defendant.

Case No. 21-cv-04653-BLF

**ORDER GRANTING PLAINTIFF
LYFT, INC.’S MOTION TO STAY
CASE PENDING PATENT OFFICE
PROCEEDINGS INVOLVING THE
PATENTS-IN-SUIT**

[Re: ECF No. 103]

Before the Court is Plaintiff Lyft, Inc.’s (“Lyft’s”) Motion to Stay Pending Patent Office Proceedings Involving the Patents-in-Suit. *See* Motion, ECF No. 103. This is a patent declaratory judgment action filed by Lyft against Defendant AGIS Software Development LLC (“AGIS Software”), which had previously asserted the five patents-in-suit against Lyft in the Eastern District of Texas.

Pursuant to Civil Local Rule 7-1(b), the Court finds that Lyft’s motion is appropriate for determination without oral argument. Based on the below reasoning, the Court GRANTS Lyft’s motion.

I. BACKGROUND

On January 29, 2021, AGIS Software filed a patent infringement action against Lyft in the Eastern District of Texas regarding the Patents-in-Suit based on “the Lyft and Lyft Driver applications and the related services and/or servers for the applications.” *See* Complaint, ECF No. 1 ¶ 4. The case was consolidated with AGIS Software’s cases against T-Mobile US, Inc., T-Mobile USA, Inc. (collectively, “T-Mobile”), Uber Technologies, Inc. (“Uber”), and WhatsApp, Inc. (“WhatsApp”) before Judge Gilstrap under the caption *AGIS Software Dev. LLC v. T-Mobile USA,*

1 *Inc.*, No. 2:21-cv-00072-JRG-RSP (E.D. Tex.) (“E.D. Texas Action”). On January 19, 2022,
2 Judge Gilstrap dismissed Lyft from the case for improper venue. *See* E.D. Texas Action, ECF No.
3 334. AGIS Software’s claims against T-Mobile, WhatsApp, and Uber in the Eastern District of
4 Texas have been dismissed as well. *See id.*, ECF Nos. 169, 220, 370.

5 On June 16, 2021, while AGIS Software’s Eastern District of Texas action against Lyft was
6 still pending, Lyft filed the present action for declaratory judgment of noninfringement of the same
7 patents asserted against it in the Texas case. *See* Complaint, ECF No. 1. Five patents are at issue
8 in this case: U.S. Patent Nos. 7,031,728 (“’728 Patent”); 7,630,724 (“’724 Patent”); 8,213,970
9 (“’970 Patent”); 10,299,100 (“’100 Patent”); and 10,341,838 (“’838 Patent”) (collectively, the
10 “Patents-in-Suit”).

11 On July 27, 2020, the USPTO granted Google LLC’s (“Google”) request for EPR of the
12 ’970 Patent challenging all claims at issue in the above-captioned case. In late 2021, reexamination
13 terminated with the issuance of a reexamination indicating amendments to the two challenged
14 independent claims—Claims 2 and 10. *See* Motion, ECF No. 103, Ex. 1. AGIS has not asserted
15 the new claims in this litigation. *See* Motion, ECF No. 103 at 2.

16 On October 22, 2021, Uber filed a Request for *ex parte* reexamination (“EPR”) of the ’728
17 and ’724 Patents, challenging each claim of these patents at issue in the above-captioned case. *See*
18 Appl. No. 90/014,889; Appl. No. 90/014,890. The USPTO granted the requests on
19 December 6 and 7, 2021, finding substantial new questions of patentability. *See* Motion,
20 ECF No. 103, Exs. 2 & 3. Despite petitioning for and receiving two-month extensions of time to
21 file its Patent Owner’s Statements in both EPR proceedings, AGIS Software ultimately failed to
22 submit Patent Owner Statements in either. *See* Motion, ECF No. 103, Exs. 4 & 5. Lyft indicates
23 that a first office action in the EPR proceedings is likely in short order. *See* Motion, ECF No. 103
24 (citing 37 C.F.R. § 1.550(a); Motion, ECF No. 103, Ex. 6 at 2).

25 On January 29, 2022, Lyft filed IPR petitions challenging all claims of the ’838 and ’100
26 Patents at issue in the above-captioned action. *See* IPR2022-00513; IPR2022-00514;
27 IPR2022-00515. Lyft’s petitions are substantively identical to IPR petitions filed by Uber on
28 July 22, 2021, which were instituted by the PTAB on January 7, 2022, and subsequently terminated

1 due to settlement on March 17, 2022. *See* Motion, ECF No. 103, Exs. 7–9. AGIS Software filed
 2 Patent Owner’s Preliminary Responses on May 9, 2022, so the PTAB will issue its institution
 3 decisions within three months of that date. *See* 35 U.S.C. § 314(b)(1).

4 Lyft moves to stay the above-captioned case in light of the EPRs pending as to the ’728 and
 5 the ’724 Patents and Lyft’s pending IPR petitions as to the ’838 and ’100 Patents. Lyft argues that
 6 a stay is justified because (1) the case is at an early stage, since no merits discovery has taken place
 7 and the case deadlines are months or years away; (2) 64 of the 68 patent claims at issue in this case
 8 are likely to be or currently under EPR or IPR review, so simplification from a stay is almost certain;
 9 and (3) a stay would not prejudice non-competitor AGIS Software. *See* Motion, ECF No. 103;
 10 Reply, ECF No. 132. AGIS Software opposes, arguing that (1) the parties have engaged in
 11 jurisdictional discovery and exchanged contentions and some claim construction disclosures, so the
 12 stage of litigation weighs against a stay; (2) no IPR or EPR proceedings are pending as to the ’970
 13 Patent and Lyft’s IPR petitions as to the ’838 and ’100 Patents have not been instituted, so
 14 simplification is not assured; and (3) AGIS Software will be prejudiced by a stay, particularly given
 15 the advanced age of its CEO and primary witness. *See* Opposition, ECF No. 120.

16 II. LEGAL STANDARD

17 A district court has inherent power to manage its own docket and stay proceedings,
 18 “including the authority to order a stay pending conclusion of a PTO reexamination.” *Ethicon, Inc.*
 19 *v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (citation omitted). A court is under no obligation
 20 to stay proceedings pending parallel litigation in the PTAB. *See Aylus Networks, Inc. v. Apple, Inc.*,
 21 No. C–13–4700 EMC, 2014 WL 5809053, at *1 (N.D. Cal. Nov. 6, 2014) (citations omitted). The
 22 factors that courts in this District consider when determining whether to stay litigation are:
 23 “(1) whether discovery is complete and whether a trial date has been set; (2) whether a stay will
 24 simplify the issues in question and trial of the case; and (3) whether a stay would unduly prejudice
 25 or present a clear tactical disadvantage to the nonmoving party.” *PersonalWeb Techs., LLC v.*
 26 *Apple, Inc.*, 69 F.Supp.3d 1022, 1025 (N.D. Cal. 2014) (quoting *Telemac Corp. v. Teledigital, Inc.*,
 27 450 F.Supp.2d 1107, 1111 (N.D. Cal. 2006)). The moving party bears the burden of persuading the

No. 5:13–CV–04206–EJD, 2014 WL 2738501, at *3 (N.D. Cal. June 11, 2014).

III. DISCUSSION

As outlined above, the parties dispute whether the (1) stage of the case; (2) simplification; and (3) prejudice factors support a stay. The Court considers each factor in turn.

A. Stage of the Case

First, the Court considers whether the case has progressed significantly enough for a stay to be disfavored. *PersonalWeb*, 69 F.Supp.3d at 1025. Lyft argues that this factor favors a stay because there has been no discovery on the merits (only as to jurisdiction); the claim construction hearing is scheduled for September; and trial is not until late 2023. *See* Motion, ECF No. 103 at 4–5. Lyft also argues that resolution of various gating items lies ahead, including issues related to discovery and AGIS Software’s infringement contentions. *See id.*; Reply, ECF No. 132 at 3. AGIS Software argues that this factor does not favor a stay because infringement and invalidity contentions have been exchanged, jurisdictional discovery has taken place, and the parties have made claim construction disclosures. *See* Opposition, ECF No. 120 at 8–9.

The Court finds that the stage of the case strongly favors a stay. An operative complaint is not even on file, and all of the most burdensome stages of litigation lie far in the future. The limited jurisdictional discovery the parties have engaged in and the contentions they have exchanged weigh little against a stay, particularly where questions regarding AGIS Software’s infringement contentions have yet to be resolved. *See* Motion to Amend Infringement Contentions, ECF No. 84; Motion, ECF No. 103 at 5 (“[AGIS Software] has not yet confirmed whether it will attempt to assert the claims of the ’970 Patent that emerged from reexamination.”).

Accordingly, the Court finds this factor weighs strongly in favor of a stay.

B. Simplification

The second factor courts consider is “whether a stay will simplify the issues in question and trial of the case[.]” *PersonalWeb*, 69 F.Supp.3d at 1025. Lyft argues that a stay would likely simplify the case. Lyft argues that the IPR petitions regarding the ’100 and ’838 Patents and the EPR requests regarding the ’728 and ’724 Patents cover 64 of the 68 claims at issue in this case—

1 Based on USPTO and PTAB statistics, Lyft argues that there is around a 99.8% chance that at least
 2 one of the four challenged patents will be impacted by the currently pending EPR and IPR
 3 proceedings. *See id.* at 6; Reply, ECF No. 132 at 1. Further, Lyft argues that simplification is not
 4 speculative here, because the PTAB has previously instituted IPR based on the same invalidity
 5 grounds as it presents for the '100 and '838 Patents. *See* Motion, ECF No. 103 at 3; Reply, ECF
 6 No. 132 at 1–2. Further, Lyft argues that the USPTO found substantial new questions of
 7 patentability in the EPRs of the '728 and '724 Patents, and AGIS Software failed to file a patent
 8 owner response. *See* Motion, ECF No. 103 at 2–3; Reply, ECF No. 132 at 2. In response, AGIS
 9 Software argues that the '970 Patent is not subject to USPTO review; the IPRs as to the '100 and
 10 '838 Patents have not been instituted; and it is speculative that the USPTO will change or invalidate
 11 the '728 and '724 claims through EPR review, which lacks any estoppel effect in any case. *See*
 12 Opposition, ECF No. 120 at 4–6.

13 The Court finds that the simplification factor favors a stay. The vast majority of claims at
 14 issue in this case—94%—are likely to be or currently under review in post-grant proceedings.
 15 Further, the statistics Lyft presents are compelling. It is overwhelmingly likely based on the current
 16 state of the IPRs and EPRs that the claims at issue in this case change or are invalidated based on
 17 post-grant proceedings, or else clarification of the Patents-in-Suit results.

18 Courts often disfavor stays pending IPR prior to institution. *See, e.g., Skillz Platform Inc. v.*
 19 *AviaGames Inc.*, No. 21–cv–02436–BLF, 2022 WL 1189882, at **3–4 (N.D. Cal. Apr. 21, 2022).
 20 But the facts of this case regarding the '100 and '838 Patents are more compelling than in a typical
 21 stay motion filed prior to institution of pending IPR petitions. It is undisputed here that Lyft's IPR
 22 petitions as to the '100 and '838 Patents are “substantively identical” to Uber's IPR petitions on
 23 which the PTAB previously instituted review (but subsequently terminated due to settlement). *See*
 24 Motion, ECF No. 103 at 3. Accordingly, as to the '100 and '838 Patents, the simplification factor
 25 weighs in favor of a stay—much as it would in a situation in which IPR review had already been
 26 instituted as to these patents. *See Lighting Sci. Grp. Corp. v. Shenzhen Jiawei Photovoltaic Lighting*
 27 *Co., Ltd.*, No. 16–cv–03886–BLF, 2017 WL 2633131, at *3 (N.D. Cal. June 19, 2017)

28 (Simplification favors a stay where it is “highly likely” that “the PTAB repeats its previous

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