

cancelled, certain claims may be amended, and the meaning of certain claim terms (some of which may be common to other asserted patents) may change. If the case is not stayed pending completion of the *inter partes* review, the Court would spend a great deal of time and effort analyzing and construing the claims, which would likely be cancelled, amended or changed in the proceeding before the patent office. As a result, staying the case in favor of the pending IPR would preserve judicial resources and avoid the wasting of time, money and effort by all parties.

Additionally, prior to this action being filed by Lego, SmallWork's intellectual property holding company Pono Paani, Inc. ("Pono Paani") sued Lego System A/S ("Lego's") licensee Belkin International, Inc. ("Belkin") for patent infringement in the Western District of Texas (Civil Action No. 1:14-cv-1089) (the "Austin Case"). Belkin is represented by the same counsel that represents Lego in this action. Belkin filed an *ex parte* reexamination proceeding against Pono Paani in the USPTO for Pono Paani's asserted patent in the Austin Case. Belkin and its attorneys supported a stay of the Austin Case while the reexamination proceeded. The court in the Austin Case granted the stay. The same reasoning is applicable here.

At this point in the case, the Court has not issued a *Markman* order. The most efficient process going forward would be for the Court to wait on the USPTO's decision in the *inter partes* review and then, based on that decision, issue a *Markman* order. This will ensure that the Court does not issue a *Markman* order that will need to be redone. The parties can periodically update the Court as to the status of the *inter partes* review so that the Court can evaluate whether or not the stay should be lifted at any point.

In the event that the Court does not grant the stay, SmallWorks requests, in the alternative, that the Court amend the current scheduling order. *Markman* briefing was completed by the parties in April of 2016. The Court has not issued a *Markman* order and has not scheduled a *Markman* hearing. Expert and fact discovery is set to close on January 27, 2017, with dispositive motions due on March 3, 2017. See Dkt. # 22. In paragraphs 6 and 7 of the Rule 26(f) Report (Dkt. #21), the parties agreed that initial expert reports are due sixty (60) days after the Court issues its *Markman* order, response reports due thirty (30) days after that, and reply reports due thirty (30) days after that. Under the current schedule, fact and expert discovery will close well before the initial expert reports are even due. Therefore, if the Court does not stay this action, SmallWorks requests that the Court extend the fact and expert discovery deadlines to give the Court time to issue a *Markman* order, and time for the parties to complete expert reports and finish fact and expert discovery. Counsel for SmallWorks has conferenced with counsel for Lego and both parties agree that the schedule should be amended if the Court does not stay this action.

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Respectfully Submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on December 21, 2016, I electronically filed the foregoing pleading with the clerk of Court using the electronic case filing system of the Court.

/s/ Ryan T. Beard
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