JS-6

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES – GENERAL

Case No. SA CV 15-0278-DOC (RNBx)
Case No. SA CV 15-0648-DOC (RNBx)
Case No. SA CV 15-0650-DOC (RNBx)
Case No. SA CV 15-0652-DOC (RNBx)
Case No. SA CV 15-0653-DOC (RNBx)
Case No. SA CV 15-0654-DOC (RNBx)
Case No. SA CV 15-0656-DOC (RNBx)
Case No. SA CV 15-0657-DOC (RBNx)
Case No. SA CV 15-0658-DOC (RNBx)
Case No. SA CV 15-1274-DOC (KESx)

Date: January 12, 2016

Title: LIMESTONE V. MICRON TECHNOLOGY, ET AL.
LIMESTONE V. DELL INC.
LIMESTONE V. LENOVO UNITED STATES INC.
LIMESTONE V. HEWLETT PACKARD COMPANY
LIMESTONE V. ACER AMERICA CORPORATION
LIMESTONE V. KINGSTON TECHNOLOGY CO INC.
LIMESTONE V. PNY TECHNOLOGIES, INC.
LIMESTONE V. TRANSCEND INFORMATION, INC.
LIMESTONE V. OCZ STORAGE SOLUTIONS, INC.
LIMESTONE V. APPLE INC.

PRESENT:

THE HONORABLE DAVID O. CARTER, JUDGE

Deborah Goltz	Not Present
Courtroom Clerk	Court Reporter

ATTORNEYS PRESENT FOR PLAINTIFF:	ATTORNEYS PRESENT FOR DEFENDANT:
None Present	None Present

PROCEEDINGS (IN CHAMBERS): **ORDER GRANTING MOTIONS TO STAY CASE PENDING *INTER PARTES* REVIEW [62], [36], [37], [35], [34], [38], [36], [36], [47]**

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES – GENERAL

Defendants Micron Technology, Inc. ("Micron"), Dell Inc. ("Dell"), Lenovo United States Inc. ("Lenovo"), Hewlett Packard Company ("Hewlett Packard"), Acer America Corporation ("Acer"), Kingston Technology Co Inc. ("Kingston"), PNY Technologies, Inc. ("PNY"), Transcend Information, Inc. ("Transcend"), OCZ Storage Solutions, Inc. ("OCZ"), and Apple Inc. ("Apple") (collectively, "Defendants") have each filed a Motions to Stay Case Pending *Inter Partes* Review.[1] Because the issues and arguments raised in the motions are similar, the Court addresses all ten motions in an omnibus order. The Court finds the matter appropriate for resolution without oral argument. Fed. R. Civ. P. 78; L.R. 7-15. Having reviewed the moving papers and considered the parties' argument, the Court hereby GRANTS the Motions to Stay the Cases Pending *Inter Partes* Review.

I. Background

Plaintiff Limestone Memory Systems LLC ("Limestone") is a California corporation that "is in the business of licensing patented technology." Complaint ("Compl.") (Dkt. 1) ¶ 1.[2] On February 7, 2015, Limestone filed a Complaint styled *Limestone v. Micron, et al.*, alleging willful infringement of three patents ("Micron Matter"). On April 23, 2015, Limestone filed its First Amended Complaint ("FAC") asserting two additional patents (Dkt. 32). On April 23, 2015, Limestone initiated separate lawsuits against Defendants Dell, Lenovo, Hewlett Packard, Kingston, PNY, OCZ, Transcend, and Acer alleging willful infringement. Several months later, on August 10, 2015, Limestone filed an additional lawsuit against Apple.

Broadly, Limestone alleges that Micron manufactures DRAM and flash memory chips that infringe Limestone's patents. *Id.* ¶ 26. Limestone further alleges that the non-Micron Defendants have violated its patents by incorporating the infringing Micron chips into its products. *See, e.g., id.* ¶ 14. Limestone specifically alleges infringement of U.S. Patent Nos. 5,805,504 ("the '504 patent"), 5,894441 ("the '441 patent"), 5,943,260 ("the '260 patent"), 6,233,181 ("the '181 patent"), and 6,697296 ("the '296 patent").

[1] *See* Case No. 15-0278 (Dkt. 62); Case No. 15-0648 (Dkt. 35); Case No. 15-0650 (Dkt. 37); Case No. 15-0652 (Dkt. 35); Case No. 15-0653 (Dkt. 34); Case No. 15-0654 (Dkt. 38); Case No. 15-0656 (Dkt. 39); Case No. 15-0657 (Dkt. 36); Case No. 15-0658 (Dkt. 32); Case No. 15-1274 (Dkt. 47).

Limestone has asserted only one patent against some Defendants, while asserting all five patents against others.

On October 27, 2015, Micron filed petitions for *inter partes* review ("IPR") with the United States Patent and Trademark Office ("USPTO") that challenge all five of the patents asserted in this case.[3] Micron contends that "twenty[-]three of the twenty[-]six asserted claims are unpatentable due to either anticipation or obviousness." Mot. at 2.[4] By statute, the Patent Trial and Appeal Board ("PTAB") is required to decide whether institute the IPR petitions by April 27, 2016, and if decides to do so, it must render a decision regarding unpatentability within twelve months of institution.

In the Micron Matter, Defendant Micron filed a Motion to Stay on December 1, 2015 (Dkt. 62). Limestone opposed the Motion to Stay on December 21, 2015 (Dkt. 64), and Defendant replied on December 28, 2015 (Dkt. 65). At various points in December, each of the non-Micron Defendants filed separate Motions to Stay the cases pending *inter partes* review.

II. Legal Standard

Courts in this District consider three factors in determining whether to stay a case pending IPR: "(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." *Universal Elecs., Inc. v. Universal Remote Control, Inc.*, 943 F. Supp. 2d 1028, 1030–31 (C.D. Cal. 2013).

The inquiry is not limited to these three factors. Rather, "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). "Courts have inherent power to manage their dockets and stay proceedings, including the

[3] IPR2016-00093 (the '504) patent; IPR2016-00094 (the '441 patent); IPR2016-00095 (the '260 patent); IPR2016-00096 (the '181 patent); and IPR2016-00097 (the '296 patent).
[4] Micron states that it did not file challenge the remaining three claims because Limestone's infringement allegations

authority to order a stay pending conclusion of a PTO reexamination." *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426–27 (Fed. Cir. 1988) (citations omitted).

Though a stay is never required, it may be "particularly justified where the outcome of the reexamination would be likely to assist the court in determining patent validity and, if the claims were cancelled in the reexamination, would eliminate the need to try the infringement issue." *In re Cygnus Telecomms. Tech., LLC, Patent Litig.*, 385 F. Supp. 2d 1022, 1023 (2005) (citing *Gould v. Control Laser Corp.*, 705 F.2d 1340, 1342 (Fed. Cir. 1983)). Indeed, "an auxiliary function [of the IPR] is to free the court from any need to consider prior art without the benefit of the PTO's initial consideration." *In re Etter*, 756 F.2d 852, 857 (Fed. Cir. 1985). Thus, "[t]here is a liberal policy in favor of granting motions to stay proceedings pending the outcome" of re-examination, especially in cases that are still in the initial stages of litigation and where there has been little or no discovery." *Aten*, 2010 WL 1462110, at *6 (quotations omitted).

III. Discussion

The Court will now assess the three factors in determining whether a stay is appropriate.

A. Stage of the Proceeding

The first factor is the stage of the proceedings, including "whether discovery is complete and whether a trial date has been set." *Aten Intern, Co., Ltd. v. Emine Tech. Co., Ltd.*, 2010 WL 1462110, at *6 (citations omitted). Micron contends its "case is still in its infancy." Mot. at 4. The company notes that while the parties have exchanged initial disclosure information, discovery has not begun for the Non-Micron Defendants, no depositions have been conducted in the case, "Plaintiff has not served a single interrogatory, no invalidity contentions or claim constructions have been exchanged, and no expert discovery has been undertaken." *Id.* Thus, Micron argues that a stay will serve to conserve both the parties and Court's resources. *Id.* at 5; *see Universal Electronics*, 943 F. Supp. 2d at 1031 ("The Court's expenditure of resources is an important factor in evaluating the stage of the proceedings."). Further, the Court notes that it has not yet set a

trial date for any of the ten consolidated cases. *See* Minute Order Re: Dates for Scheduling Conference and Plaintiff's Motion to Consolidate (Dkt. 56) at 2.

Limestone contends the litigation has materially progressed. Opp'n at 14. Specifically, Limestone notes that "discovery is well under way, though not complete." *Id.* Limestone notes that it "has served its infringement contentions and by January 21, 2016 Micron will have served its non-infringement and invalidity contentions." *Id.* Limestone adds that the "parties have spent months negotiating a stipulated protective order, but to no avail." *Id.*

The Court agrees with Micron that these cases are still in their infancy. Discovery is still in its early stages (and in fact has not yet begun for some Defendants), the parties have not briefed the Court on claim construction, and the Court has not set a trial date. "[C]onsidering the general time line of patent litigation, there is more work ahead of the parties and the Court than behind the parties and the Court." *Semiconductor Energy Laboratory Co., Ltd. v. Chimei Innolux Corp.*, No. SACV 12-21-JST (JPRx), 2012 WL 7170593 (C.D. Cal. Dec. 19, 2012) (quoting *Tierravision, Inc. v. Google, Inc.*, No. 11cv2170 DMS (BGS), 2012 WL 559993, at *2 (S.D. Cal. Feb. 21, 2012) (granting stay where *Markman* briefs were soon due and parties had exchanged proposed claim constructions and extrinsic evidence). Courts in this district have found stays warranted under similar circumstances. *Big Baboon, Inc. v. Dell, Inc.*, No. CV 09- 1198 SVW (SSx), 2011 U.S. Dist. LEXIS 155536, at *46 (C.D. Cal. Feb. 8, 2011) (finding a stay appropriate where discovery had continued for over a year, no claim construction had been undertaken, and no trial date had been set).

Because these cases are still in its very early stages, this factor weighs heavily in favor of granting a stay.

B. Simplification of Issues in Question

The second factor the Court considers is "whether a stay will simplify the issues in question and trial of the case." *Aten*, 2010 WL 1462110, at *6. "[W]aiting for the outcome of the reexamination could eliminate the need for trial if the claims are cancelled or, if the claims survive, facilitate trial by providing the court with expert opinion of the

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