## IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF TEXAS TYLER DIVISION

REALTIME DATA, LLC,	§	
	§	
	§	
Plaintiff,	§	CIVIL ACTION NO. 6:16-CV-00961
	§	RWS-JDL
	§	
<b>v.</b>	§	
	§	
RACKSPACE US, INC., NETAPP, INC.,	§	
and SOLIDFIRE, INC.,	§	
	§	
Defendants.	§	

## MEMORANDUM OPINION AND ORDER

Before the Court is Defendants NetApp, Inc. and SolidFire, LLC's (collectively, "NetApp") Renewed Motion to Stay Litigation Pending *Inter Partes* Review. (Doc. No. 130.) Plaintiff Realtime Data LLC ("Realtime") has filed an Opposition (Doc. No. 147).

The Court set out many of the relevant facts relating to NetApp's Motion in its previous Order denying NetApp's original Motion to Stay pending IPR, issued February 28, 2017. (*See* Doc. No. 105.) Since that time, NetApp, Inc. has filed two IPR petitions with respect to the '530 and '908 Patents. *See* IPR2017-1195, IPR2017-01196. NetApp filed the instant renewed motion on April 5, 2017. In its Motion, NetApp further represents that it agrees "to be bound by the full statutory estoppel provisions of 35 U.S.C. § 315(e)(2) if the Court stays this action pending resolution of the *inter partes* reviews filed on the patents asserted against NetApp, Inc. and SolidFire, LLC." (Doc. No. 130-2, ¶3.) A *Markman* Hearing is set in this matter for April 27, 2017. (Doc. No. 100.) Trial in this matter is set for January 22, 2018. (*Id.*)



Also relevant to this Motion, Realtime recently settled its dispute with respect to Oracle America, Inc. Realtime and Oracle jointly moved to terminate at least five IPRs asserted by Oracle against Realtime's patents.<sup>1</sup> *See* IPR2016-00373; IPR2016-00374; IPR2017-00108; IPR2017-00167; IPR2017-00168. The PTAB granted each of Realtime and Oracle's requests. *See id.* 

The following chart illustrates the relevant status of PTAB challenges with respect to each of the asserted patents.

U.S. Pat.	Any IPRs instituted?	All asserted claims covered by instituted IPR(s)?	All asserted claims covered by instituted IPR(s) or IPR petition(s)?	Is NetApp a petitioner in any IPRs? <sup>2</sup>
7,378,992	Yes (FD <sup>3</sup> due 11/1/17)	Yes	Yes	No
7,415,530	Yes (FD due 11/1/17)	No (Claim 20 not covered)	Yes	Yes
8,643,513	Yes (FD due 11/1/17)	Yes	Yes	No
9,116,908	Yes (FD due 11/4/17)	No (Claim 3 not covered)	Yes	Yes
9,054,728	No <sup>4</sup>	No claims covered	No (Claim 17 not covered)	No <sup>5</sup>

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<sup>&</sup>lt;sup>5</sup> NetApp has expressed its intent to file an IPR petition that will also cover Claim 17 of the '728 Patent by the end of April 2017. However, it has not yet done so. Thus, the Court does not consider this representation in its analysis.



<sup>&</sup>lt;sup>1</sup> Oracle has also filed two other IPR petitions against Realtime's '530 and '908 Patents. *See* IPR2016-01671; IPR2016-01672. However, the PTAB recently granted Oracle's Motion for Joinder of these IPRs with IPRs filed by Dell, Inc. et al. *See* IPR2016-00972; IPR2016-01002. To the best of the Court's knowledge, Oracle and Realtime have not sought termination of these IPRs.

<sup>&</sup>lt;sup>2</sup> NetApp has not joined or petitioned any IPRs that are instituted at this time.

<sup>&</sup>lt;sup>3</sup> "FD" stands for Final Decision. The PTAB must issue a Final Decision within one year of the date an IPR petition is instituted. 35 U.S.C. § 316(a)(11).

<sup>&</sup>lt;sup>4</sup> For the two patents that have not yet received any institution decisions, Final Decisions would not be expected until approximately May or June 2018 at the earliest.

7,161,506 No No claims covered Yes No
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In deciding whether to stay a given action, courts frequently consider three factors: (1) whether the stay would unduly prejudice or present a clear tactical disadvantage to the non-moving party; (2) whether a stay will simplify the issues in question and trial of the case; and (3) whether discovery is complete and whether a trial date has been set. *Soverain*, 356 F.Supp.2d at 662.

Even a quick glance at the chart above indicates the complex status of PTAB proceedings with respect to NetApp and the asserted patents in this case. Given this complexity, it is not at all clear that a stay would simplify the issues and trial in this case. A significant number of asserted claims (approximately one third) are not subject to instituted IPRs. Further, at least one claim is not subject to an IPR petition at all. The Court's concerns are somewhat lessened by the fact that the '728 and '506 Patents share a common specification and claim similar subject matter with some of the asserted patents subject to instituted IPRs. However, particularly given that there is at least one claim not subject to IPR petition at all, at this time there is no possibility that the IPR proceedings could fully resolve patent validity.

Further, Oracle's recent settlement with Realtime and those parties' Joint Motions to Terminate IPRs highlight the fact that for parties who are not actively participating in IPR proceedings, statutory estoppel alone may complicate rather than simplify district litigation. Given concerns regarding the applicability and extent of full statutory estoppel, a defendant's active participation in IPR proceedings is an important consideration in the Court's analysis. Since the Order denying NetApp's previous Motion to Stay, NetApp has taken a more active role in IPR proceedings, specifically by filing IPR petitions against two of the asserted patents. However, Realtime is asserting six patents in this action. NetApp has failed to take an active



role in IPR proceedings against the remaining four of these six patents, whether by seeking joinder of an existing IPR or filing its own IPRs.

As to undue prejudice, Oracle and Realtime's Motions to Terminate show that a third party simply agreeing to be bound by statutory estoppel is no guarantee that the third party will actually be estopped from asserting grounds that were raised in an instituted IPR proceeding. Without this guarantee of a Final Determination and the corresponding estoppel, a stay will result in at least some prejudice to Realtime.

Finally, this matter is no longer in its "nascent stages." The parties are now on the eve of a *Markman* hearing. Indeed, the parties have expended significant resources in litigating disputes raised by NetApp, including its Motion to Strike a Claim Construction Expert Declaration and Motion to Strike Realtime's Infringement Contentions. These considerations also factor into Realtime's prejudice. NetApp's argument that the Court should give weight to the earlier timing of its first Motion to Stay is unpersuasive. NetApp filed that Motion solely in reliance on IPR petitions filed by other entities, not on the basis of any of its own efforts.

The Court acknowledges that NetApp adjusted its litigation strategy in response to the Court's previous Order denying NetApp's Motion to Stay pending IPR by 1) filing two IPR petitions and 2) agreeing to statutory estoppel with respect to IPR petitions filed by other entities. However, this matter involves asserted claims from six patents at a wide range of stages in both PTAB proceedings and district court litigation. The status of Realtime's patents is further complicated by NetApp's decision to participate in IPRs with respect to just two of those six patents, and NetApp's ability to continue filing IPRs if it so chooses until at least June 29, 2017 (one year from the date Realtime filed suit). The Court concludes that litigation should proceed



until there is more certainty regarding issue simplification and lack of undue prejudice in this matter.

Accordingly, the Court **DENIES** NetApp's Renewed Motion to Stay Litigation Pending *Inter Partes* Review. (Doc. No. 130.)

So ORDERED and SIGNED this 24th day of April, 2017.

JOHN D. LOVE UNITED STATES MAGISTRATE JUDGE

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