IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

IOENGINE, LLC, *Plaintiff*, v. PAYPAL HOLDINGS, INC., *Defendant*.	§ § § § § § § § § § § § § §	Civil Action No. 18-452-WCB
INGENICO INC., *Plaintiff*, v. IOENGINE, LLC, *Defendant*.	§ § § § § § § § § § § § § § §	Civil Action No. 18-826-WCB
IOENGINE, LLC, *Counterclaim Plaintiff*, v. INGENICO INC., INGENICO CORP., and INGENICO GROUP, S.A., *Counterclaim Defendants*.	§ § § § § § § § § § § § § § § §	

MEMORANDUM OPINION AND ORDER

Before this Court are motions by Ingenico Inc., Ingenico Corp., and Ingenico Group S.A. (collectively, "Ingenico") and by PayPal Holdings, Inc., ("PayPal") for stays of Civil Action Nos. 18-452 and 18-826 pending *inter partes* review ("IPR") in IPR2019-00416 by the Patent Trial and Appeal Board ("PTAB"). The motions are granted.

BACKGROUND

IOENGINE, LLC ("IOENGINE") is the assignee of U.S. Patent Nos. 8,539,047 ("the '047 patent"), 9,059,969 ("the '969 patent"), and 9,774,703 ("the '703 patent"), each of which is entitled "Apparatus, Method and System for a Tunneling Client Access Point." *IOENGINE LLC v. PayPal Holdings, Inc.*, No. 18-cv-452 ("*PayPal Action*"), Dkt. No. 1, at 4. The applications that led to the '047, '969, and '703 patents were continuation applications from U.S. Patent Application No. 10/807,731, which issued as U.S. Patent No. 7,861,006 ("the '006 patent"). *Id.*; *PayPal Action*, Dkt. No. 60, at 1 n.1.

On March 23, 2018, IOENGINE filed a complaint against PayPal in a case designated as Civil Action No. 18-452. The complaint alleged that PayPal had infringed the '047, '969, and '703 patents in connection with mobile credit card reader products that included products that Ingenico, Inc., had supplied to PayPal. *PayPal Action*, Dkt. No. 1, at 4; *Ingenico Inc. v. IOENGINE LLC, Inc.*, No. 18-cv-826 ("*Ingenico Action*"), Dkt. No. 1, at 2–3. The filing of the complaint against PayPal triggered an indemnity request by PayPal to Ingenico Inc. *Ingenico Action*, Dkt. No. 1, at 3.

In response, on June 1, 2018, Ingenico Inc. filed a declaratory judgment action against IOENGINE, in a case designated as Civil Action No. 18-826. Ingenico Inc. sought a declaration of non-infringement of the three patents-in suit in the *PayPal Action*. IOENGINE filed an answer

to Ingenico Inc.'s declaratory judgment complaint on August 17, 2018, and included counterclaims alleging infringement of the same three patents not only by Ingenico Inc., but also by two related companies, Ingenico Corp. and Ingenico Group S.A.

The three asserted patents contain a total of 189 claims. IOENGINE's infringement contentions, served on March 1, 2019, asserted 20 of those 189 claims: claims 1-2, 4, 12, and 25 of the '047 patent; claims 2-4 and 7 of the '969 patent; and claims 55-57, 61, 100, 104-06, 110-11, and 123 of the '703 patent. *Ingenico Action*, Dkt. No. 104, at 2.

Between December 2018 and April 2019, PayPal and Ingenico separately filed a total of 12 petitions for *inter partes* review. Collectively, the petitions challenged all the asserted claims of the three patents in suit and certain other claims of those patents as well. The tables below summarize the subject matter and timeline for each of those IPR petitions:

Ingenico IPRs

IPR Petition Number	Challenged Patent	Challenged Claims	Filing Date	Institution Decision Date/Due Date	Final Written Decision Due Date
IPR2019-00416	'047 patent	1-21, 23-25, 27, 28	12/17/2018	07/15/2019	07/15/2020
IPR2019-00584	'703 patent	1-54	01/22/2019	08/12/2019	08/12/2020
IPR2019-00879	'969 patent	1-8, 10-16, 19-21, 24-29	03/25/2019	10/16/2019	10/16/2020
IPR2019-00929	'703 patent	55-63, 65-72, 74, 75, 77, 78, 81-87, 89, 90, 92-98, 100, 101, 103-112, 114-121, 123, 124, 126-129	04/05/2019	10/10/2019	10/10/2020

PayPal IPRs

IPR Petition Number	Challenged Patents	Challenged Claims	Filing Date	Institution Decision Date/Due Date	Final Written Decision Due Date
IPR2019-00884	'047 patent	1-9, 12-16, 18-31	03/29/2019	10/17/2019	10/17/2020
IPR2019-00885	'047 patent	1, 7, 9-11, 14, 16-17	03/29/2019	10/17/2019	10/17/2020
IPR2019-00886	'047 patent	1-4, 6-9, 12-16, 18-31	03/29/2019	11/10/2019	11/10/2020
IPR2019-00887	'047 patent	5, 10-11, 17	03/29/2019	11/10/2019	11/10/2020
IPR2019-00906	'969 patent	1-22, 24-29	04/04/2019	12/06/2019	12/06/2020
IPR2019-00907	'969 patent	1-22, 24-29	04/04/2019	12/06/2019	12/06/2020
IPR2019-00930	'703 patent	55-72, 74-75, 77-79, 81-87, 89-90, 92-98, 100-101, 103-121, 123-124, 126-129	04/08/2019	11/15/2019	11/15/2020
IPR2019-00931	'703 patent	55-72, 74-75, 77-79, 81-87, 89-90, 92-98, 100-101, 103-121, 123-124, 126-129	04/08/2019	11/15/2019	11/15/2020

The PTAB has already acted on two of Ingenico's IPR petitions. On July 15, 2019, the PTAB granted the petition in IPR2019-00416, and on August 12, 2019, it denied the petition in IPR2019-00584.[1]

In its decision instituting review in IPR2019-00416, the PTAB construed the terms "interactive user interface" and "communicate through the terminal network interface with the communications network node"/ "cause a communication to be sent through the terminal network

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[1] As PayPal points out, Dkt. No. 114, at 4, IPR2019-00584 sought review of claims are not at issue in the two district court actions.

interface to a communications network node," which are two of the eight terms that the parties identified as disputed terms in their Joint Claim Construction Chart in the district court cases. *Ingenico Inc. v. IOENGINE, LLC*, No. IPR2019-00416, Paper 20 (P.T.A.B. July 15, 2019); *PayPal Action*, Dkt. No. 91, at 1–2.

On July 17, 2019, Ingenico moved for a stay of the *Ingenico Action* pending the resolution of IPR2019-00416. *Ingenico Action*, Dkt. No. 103. Thereafter, on July 30, 2019, PayPal moved for a stay of the *PayPal Action* pending the resolution of the same IPR. *PayPal Action*, Dkt. No. 93. At the current stage of the proceeding, the parties are engaged in claim construction briefing and have conducted a significant amount of discovery. The following case milestones, however, lie ahead:

(1) a claim construction hearing is scheduled for August 29, 2019;

(2) fact discovery is continuing and does not close until October 30, 2019;

(3) all depositions remain to be taken;

(4) expert discovery has yet to begin; it is scheduled to close on February 18, 2020;

(5) a pretrial conference is scheduled for July 20, 2020; and

(6) trials in the two cases are scheduled to be conducted in July and August 2020.

See PayPal Action, Dkt. No. 49; *Ingenico Action*, Dkt. No. 57; *see also PayPal Action*, Dkt. No. 94, at 5; *Ingenico Action*, Dkt. No. 104, at 2.

DISCUSSION

The question whether a stay of district court proceedings should be granted when *inter partes* review is instituted on some or all of the claims at issue in the district court litigation has arisen frequently since the enactment of the Leahy-Smith America Invents Act ("AIA") in 2011.

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