

United States District Court
Northern District of California

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

UNILOC USA INC, et al.,
Plaintiffs,

v.

LG ELECTRONICS U.S.A. INC., et al.,
Defendants.

Case No. 18-cv-06737-JST

**ORDER GRANTING MOTION TO
STAY PROCEEDINGS PENDING
RESOLUTION OF IPR**

Re: ECF No. 85

UNILOC USA INC, et al.,
Plaintiffs,

v.

LG ELECTRONICS U.S.A. INC., et al.,
Defendants.

Case No. 18-cv-06739-JST

Re: ECF No. 73

UNILOC USA INC, et al.,
Plaintiffs,

v.

LG ELECTRONICS U.S.A. INC., et al.,
Defendants.

Case No. 18-cv-06740-JST

Re: ECF No. 77

Before the Court are Defendants’ motions to stay proceedings pending resolution of their petitions for *inter partes* review (“IPR”) of the patents asserted in these actions. No. 18-cv-06737-JST, ECF No. 85.¹ Plaintiffs oppose the motions. ECF No. 94. For the reasons set forth below,

¹ Defendants have filed identical motions in No. 18-cv-06739-JST, ECF No. 73, and No. 18-cv-06740-JST, ECF No. 77. Given that the parties have also filed identical briefs on each motion, the

1 the motions are GRANTED.

2 **I. BACKGROUND**

3 On March 9, 2018, Plaintiffs Uniloc USA, Inc. and Uniloc Luxembourg S.A. (collectively,
4 “Uniloc”) filed these three patent infringement cases against LG Electronics, Inc., LG Electronics,
5 U.S.A., and LG Electronics MobileComm U.S.A., Inc. (collectively, “LGE”) in the Northern
6 District of Texas. ECF No. 1. In each case, Uniloc alleges that LGE electronic devices
7 implementing 3G, LTE, Bluetooth, and HPSA/HPSA+ standards infringe one of Uniloc’s patents:
8 (1) U.S. Patent No. 6,868,079 (“the ’079 patent”), *see* No. 18-cv-06737-JST, ECF No. 28 ¶ 16;
9 (2) U.S. Patent No. 7,020,106 (“the ’106 patent”), *see* No. 18-cv-6739-JST, ECF No. 27 ¶ 23; and
10 (3) U.S. Patent No. 7,167,487 (“the ’487 patent”), *see* No. 18-cv-06740-JST, ECF No. 30 ¶ 24.
11 All three cases were transferred to this district in November 2018. ECF No. 46. The Court related
12 the cases on January 15, 2019, ECF No. 74, and joined Uniloc 2017 LLC as Plaintiff on February
13 19, 2019. ECF No. 83.

14 LGE² has petitioned the United States Patent and Trademark Office (“PTO”) for *inter*
15 *partes* review of the ’079, ’106, and ’487 patents. ECF No. 85 at 6. On November 12, 2018, LGE
16 filed two IPR petitions challenging claims of the ’106 patent. *See* IPR2019-00219 (claims 15-18);
17 IPR2019-00220 (claims 15, 17-18). Under the governing statute and its own regulations, the PTO
18 is due to determine whether to institute IPR on these petitions by May 20, 2019. ECF No. 85 at 6;
19 *see also* 35 U.S.C. §§ 313-314; 42 C.F.R. §§ 42.106-.107.

20 On the same day, LGE submitted two more IPR petitions challenging claims of the ’487
21 patent. *See* IPR2019-222 (claims 1-6); IPR2019-00252 (claims 11-13). The PTO’s decision
22 whether to institute IPR is expected by June 6, 2019. ECF No. 85 at 7. More recently, on March
23 4, 2019, non-party Microsoft Corp. also petitioned for IPR review of the same claims of the ’487
24 patent, asserting additional grounds why those claims are invalid. *See* IPR2019-00744 (claims 1-
25 6); IPR2019-00745 (claims 11-13). At the latest, the PTO would render an institution decision on
26 Microsoft’s petitions by September 28, 2019.

27 _____
28 ² LGE filed its petitions with non-parties Apple, Inc., Samsung Electronics Co. Ltd., and Samsung

1 Finally, on January 10, 2019, LGE filed an IPR petition seeking review of claims 17 and
2 18 of the '079 patent. IPR2019-00510. A response from the PTO is due by August 21, 2019.

3 On March 8, 2019, LGE filed these motions to stay proceedings until the seven IPR
4 petitions described above have been resolved. ECF No. 85.

5 Under the current case schedule, LGE's invalidity contentions are due by May 13, 2019.
6 *Id.* at 11. A scheduling order for claim construction has been issued, with a claim construction
7 discovery cut-off of August 19, 2019, and the *Markman* hearing calendared for November 4, 2019.
8 ECF No. 93. No further dates are set.

9 II. LEGAL STANDARD

10 "Courts have inherent power to manage their dockets and stay proceedings, including the
11 authority to order a stay pending conclusion of a PTO reexamination." *Ethicon, Inc. v. Quigg*, 849
12 F.2d 1422, 1426-27 (Fed. Cir. 1988) (internal citations omitted). In determining whether to stay a
13 case pending review by the PTO, courts consider the following factors: (1) whether discovery in
14 the case is complete and whether a trial date has been set; (2) whether a stay would simplify the
15 issues in question and trial of the case; and (3) whether a stay would unduly prejudice or present a
16 clear tactical disadvantage to the non-moving party. *In re Cygnus Telecomms. Tech., LLC, Patent*
17 *Litig.*, 385 F. Supp. 2d 1022, 1023 (N.D. Cal. 2005); *see also Murata Mach. USA v. Daifuku Co.*,
18 830 F.3d 1357, 1361 (Fed. Cir. 2016) (applying the framework applicable to motions to stay
19 pending reexamination by the PTO to motions to stay pending the newer *inter partes* review
20 process). While case law supplies these general considerations, the Court ultimately must decide
21 whether to issue a stay on a case-by-case basis. *Asetek Holdings, Inc. v. Cooler Master Co., Ltd.*,
22 No. 13-cv-00457-JST, 2014 WL 1350813, at *1 (N.D. Cal. Apr. 3, 2014).

23 III. DISCUSSION

24 A. Stage of the Proceedings

25 The first factor asks the Court to consider the progress already made in the case, such as
26 the completion of discovery, the setting of a trial date, or whether claim construction has occurred.
27 *Universal Elecs., Inc. v. Universal Remote Control, Inc.*, 943 F. Supp. 2d 1028, 1031 (C.D. Cal.

28 2012). Although courts generally evaluate the state of the litigation at the time the motion to stay

1 was filed, they may also consider subsequent progress in the case. *GoPro, Inc. v. C&A Mktg.,*
2 *Inc.*, No. 16-CV-03590-JST, 2017 WL 2591268, at *3 (N.D. Cal. June 15, 2017); *see also*
3 *VirtualAgility Inc. v. Salesforce.com, Inc.*, 759 F.3d 1307, 1317 & n.6 (Fed. Cir. 2014).

4 Here, the parties agree that “very little discovery” has occurred. ECF No. 94 at 6; ECF No.
5 96 at 6. Indeed, when LGE filed these motions, the Court had yet to issue a scheduling order. *Cf.*
6 ECF No. 93. Although the Court may take into account the deadlines it subsequently set, *see*
7 *GoPro*, 2017 WL 2591268, at *3, the fact remains that those deadlines are not imminent. Claim
8 construction discovery closes more than five months after the stay motion was filed, a *Markman*
9 hearing is set for almost eight months from that same filing date, and there is no trial scheduled.
10 ECF No. 93. LGE has not yet served its invalidity contentions, and the parties have not yet begun
11 claim construction proceedings. *See generally* Patent L.R. 4.³

12 The Court has previously found that this factor weighed in favor of a stay in cases where
13 the parties had invested far more resources and moved their cases closer to resolution than is the
14 case here. In *GoPro*, for instance, “the parties had already exchanged infringement and invalidity
15 contentions and made their corresponding document productions under Patent Local Rules 3-2 and
16 3-4, exchanged written discovery, and made their initial claim construction disclosures.” 2017
17 WL 2591268, at *3. And after the motion was filed, “the parties provided their respective
18 technology tutorials and the Court expended resources in reviewing the parties’ claim construction
19 disclosures and preparing for the tutorial and *Markman* hearing.” *Id.* Nonetheless, the Court
20 concluded that the case was “in its early stages,” relying on the more burdensome nature of the
21 remaining discovery and the lack of a schedule for dispositive motions or a trial date. *Id.*

22 Similarly, in *SAGE Electrochromics, Inc. v. View, Inc.*, the parties had “exchanged
23 documents, responded to discovery requests, litigated a discovery dispute, underwent claim
24 construction for four patents, and briefed claim construction on the remaining five patents.” No.
25 12-CV-06441-JST, 2015 WL 66415, at *2 (N.D. Cal. Jan. 5, 2015). The Court reached the same

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27 ³ The parties dispute, with little discussion and without any supporting evidence, whether LGE has
28 served invalidity contentions. ECF No. 94 at 6; ECF No. 96 at 7 n.3. Given that Uniloc is the
29 party attempting to prove that this event occurred, the Court resolves this dispute in LGE’s favor

1 conclusion. *Id.*; see also *Cypress Semiconductor Corp. v. GSI Tech., Inc.*, No. 13-CV-02013-JST,
2 2014 WL 5021100, at *2 (N.D. Cal. Oct. 7, 2014) (finding factor supported stay where “the Court
3 has not set dates for the close of fact or expert discovery, no depositions have been taken or
4 scheduled, little expert discovery has been conducted, claim construction has only occurred with
5 respect to the patents that are not the subject of this motion, and no dispositive motions have been
6 scheduled or heard.”).

7 Uniloc’s emphasis on the “substantial efforts” already invested by both parties does not
8 distinguish this case. ECF No. 94 at 6-7. Uniloc cites resources expended on motions regarding
9 preliminary motions to transfer, to substitute a party, and to consolidate these cases, *id.*, but even
10 assuming those efforts were “substantial,” the parties have barely begun to address the merits of
11 Uniloc’s claims. The Court also finds that the parties’ efforts related to LGE’s motions to dismiss
12 do not weigh against a stay. As LGE notes, Uniloc has twice responded by filing (or requesting
13 leave to file) an amended complaint, ECF Nos. 28, 90, and so no court has reached the merits of
14 the issues raised by these motions. *Cf. Symantec Corp. v. Zscaler, Inc.*, No. 17-CV-04426-JST,
15 2018 WL 3539267, at *2 (N.D. Cal. July 23, 2018) (finding that this factor favored a stay even
16 where the Court had already “ruled on one motion to dismiss and a motion for judgment on the
17 pleadings”). To the extent that Uniloc believes that its efforts on this front will be wasted, Uniloc
18 is at least partly at fault for adopting this seemingly inefficient approach. See *SAGE*, 2015 WL
19 66415, at *3 (rejecting prejudice argument because “as a result of its continued amendments to its
20 complaint and infringement contentions, [plaintiff] bears some responsibility for the already-
21 protracted length of the litigation”).

22 This factor accordingly weighs in favor of stay.

23 **B. Simplification of the Issues and Trial in this Case**

24 The next factor asks the Court to examine whether and to what degree a stay will simplify
25 the litigation. *PersonalWeb Techs., LLC v. Facebook, Inc.*, No. 5:13-CV-01356-EJD, 2014 WL
26 116340, at *4 (N.D. Cal. Jan. 13, 2014).

27 Uniloc does not dispute that the IPR petitions collectively challenge every claim asserted
28 in these three cases. ECF No. 85 at 10; cf. ECF No. 94 at 5-6. Accordingly, resolution of these

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