

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

AGIS SOFTWARE DEVELOPMENT LLC, v. T-MOBILE USA, INC., and T-MOBILE US, INC.,	Case No. 2:21-CV-00072-JRG-RSP (Lead Case)
AGIS SOFTWARE DEVELOPMENT LLC, v. LYFT, INC.	Case No. 2:21-CV-00024-JRG-RSP (Member Case)
AGIS SOFTWARE DEVELOPMENT LLC, v. UBER TECHNOLOGIES, INC. d/b/a UBER.	Case No. 2:21-CV-00026-JRG-RSP (Member Case)
AGIS SOFTWARE DEVELOPMENT LLC, v. WHATSAPP, INC.,	Case No. 2:21-CV-00029-JRG-RSP (Member Case)

**DEFENDANT WHATSAPP'S MOTION TO STAY PENDING *INTER PARTE*
REVIEWS AND *EX PARTE* REEXAMINATION**

I. INTRODUCTION

All the asserted claims of the six patents asserted against Defendant WhatsApp LLC (“Defendant” or “WhatsApp”) are subject to pre-institution petitions for *inter partes* review or *ex parte* reexamination. Accordingly, WhatsApp respectfully requests that this Court stay further proceedings pending the PTO’s resolution of these IPR and reexamination proceedings. Each factor considered for a stay—simplification of issues, stage of the proceedings, and potential undue prejudice to the non-moving party—favors granting a stay.

A stay will simplify the issues. This is not a typical pre-institution motion for stay. WhatsApp’s IPRs and the reexamination are particularly likely to succeed based on multiple prior holdings by the Patent Trial and Appeal Board (“PTAB”) of the PTO. Five of the six proceedings are based on petitions that were previously instituted (but terminated upon settlement) or prior art that the PTAB found invalidated similar claims (a decision summarily affirmed the Federal Circuit). Thus, the PTAB has already provided strong signs that the asserted claims in each of AGIS’s asserted patents will be found invalid. In fact, the asserted claims of one of the asserted patents currently stands rejected by the PTO, despite amendment by AGIS. Consequently, even if the claims were to survive, they may not be the same claims as currently asserted. A stay pending resolution of the IPRs and reexamination therefore has a high probability of greatly simplifying—if not completely eliminating—issues that a jury will need to consider.

Markman has not yet occurred, and fact and expert discovery are not complete. The *Markman* hearing is set for October 26, 2021, and jury selection is not until March 7, 2022. No depositions have been taken. As such, now is an ideal time to stay the case before the parties and the Court devote significant resources to *Markman*, fact discovery, expert discovery, and trial.

Plaintiff is not prejudiced by a stay. The Plaintiff, AGIS, is a patent assertion entity that does not compete with WhatsApp, so money damages will adequately compensate it for any

alleged harm and it will suffer no prejudice and no tactical disadvantage from a stay. Indeed, this Court has already stayed a number of other cases brought by AGIS pending IPRs and *ex parte* reexamination. See *AGIS Software Development LLC v. Google LLC et al.*, C.A. No. 2:19-cv-00361-JRG, Dkt. No. 219 (Feb. 9, 2021).

Because all three factors weigh in favor of a stay, Defendant respectfully requests that the Court stay this action. In the alternative, should the Court conclude that this case does not warrant a stay before the PTO grants institution on the IPRs, Defendant requests the Court deny this Motion without prejudice and with leave to renew the Motion (with expedited briefing) upon the PTAB's issuance of IPR institution decisions or the PTO's ordering of *ex parte* reexamination proceedings.

II. FACTUAL BACKGROUND

A. Current Proceedings

On January 29, 2021, AGIS filed this lawsuit against WhatsApp asserting six patents: U.S. Patent Nos. 7,031,728 (“the ’728 Patent”), 7,630,724 (“the ’724 Patent”), 9,408,055 (“the ’055 Patent”), 9,445,251 (“the ’251 Patent”), 9,467,838 (“the ’838 Patent”), and 9,749,829 (“the ’829 Patent”) (collectively, the “Asserted Patents”).

On May 19, 2021, AGIS served its infringement contentions, and on July 21, 2021, WhatsApp served its invalidity contentions. Given that AGIS had identified over 200 claims in its preliminary infringement contentions, on August 6, 2021, the parties agreed to focus the number of patent claims and prior art. Accordingly, on August 24, 2021, AGIS narrowed the number of asserted claims to the following:

Patent	Asserted Claims
U.S. Patent No. 7,031,728	7
U.S. Patent No. 7,630,724	9, 10, 12, 13, 15
U.S. Patent No. 9,408,055	3, 10
U.S. Patent No. 9,445,251	5, 6, 7, 22, 23 24, 25, 29, 30. 35
U.S. Patent No. 9,467,838	55, 56, 58, 60, 61, 644, 65, 66, 67, 84

U.S. Patent No. 9,749,829	1, 4, 7, 12, 13, 15, 16, 30, 32, 34
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There is a significant amount of work left to be done in the case. Venue is still in dispute, with a hearing set for September 15, 2021. Dkt. Nos. 63, 82, 88. No depositions have been taken. The *Markman* hearing is set for October 26, 2021, and jury selection is not until March 7, 2022. Dkt. No. 80.

B. Prior PTAB Rulings on AGIS's Asserted Patents

The PTAB has already made findings in prior IPR petitions that cast grave doubt on the validity of the Asserted Patents.

'055, '838, '251, and '829 Patents: Broken Priority Chain

The PTAB determined the appropriate priority date for the '055, '838, '251, and '829 Patents is October 31, 2014, and not the date claimed on the face of the patents—and asserted by AGIS—of September 21, 2004. As a result, AGIS's own patent in the chain of priority (the '724 Patent) is prior art. Specifically, the PTAB found that the four asserted patents' priority claim was broken by intervening U.S. Patent No. 8,880,042 ("042 Patent"), which failed to properly claim priority to the '724 Patent. *See* Ex. H at 23 (finding AGIS failed to incorporate a predecessor patent by reference for the '055 Patent); Ex. I at 26 (same for the '251 Patent); Ex. J at 19 (same for the '838 Patent); Ex. K at 14 (same for the '829 Patent). The PTAB thus found AGIS failed to meet its burden that its patents were entitled to a priority date earlier than October 31, 2014. *Id.* As the PTAB noted, if "any application in the priority chain fails to make the requisite disclosure of subject matter, the later-filed application is not entitled to the benefit of the filing date of applications preceding the break in the priority chain." *Id.* at 12.

'055, '838, '829 Patents: Invalidity

Many of claims in the '055 Patent have already been found invalid by the PTAB in a decision that was summarily affirmed by the Federal Circuit. On December 2, 2019, the PTAB issued a Final Written Decision finding that Google had shown, by a preponderance of the evidence, that claims 1, 2, 5–7, 14, 15, 17, 21–25, 27, 28, 30, 32–34, 36, 37, 40–43, 45, 49, and 54 of the '055 Patent are unpatentable. *See* Ex. C. The PTAB concluded that the claims were obvious over U.S. Patent No. 6,366,782 (“Fumarolo”), U.S. Publication No. 2004/0054428 (“Sheha”), U.S. Publication No. 2004/0157590 (“Lazaridis”), U.S. Publication No. 2005/0221876 (“Van Bosch”), and U.S. Publication No. 2002/0027901 (“Liu”). *Id.* at 33, 35, 39, 46. The Federal Circuit issued an affirmance pursuant to Fed. Cir. R. 36 on February 4, 2021. *AGIS Software Development, LLC v. Google LLC*, 835 F. App'x 607 (Fed. Cir. 2021).

On May 15, 2020, Google challenged the surviving claims of the '055 Patent in a request for *ex parte* reexamination, asserting the same grounds of invalidity. *See* Ex. G. All the challenged claims currently stand rejected by the PTO. *Id.* at 45.

The PTAB also found that Apple showed in its IPRs a likelihood of success in invalidating two of AGIS's Asserted Patents, the '838 and '829 Patents. Apple had filed an IPR petition challenging the patentability of claims 1–84 of the '838 Patent using the predecessor '724 Patent as prior art. *See* Ex. I. After concluding the priority date was October 31, 2014, the PTAB determined that Apple had shown a likelihood of success in proving the invalidity of at least claims 1, 54, 55, and 84. *Id.* at 36. Similarly, for the '829 Patent, the PTAB found that Apple demonstrated a reasonable likelihood that at least claim 1 was unpatentable in light of the predecessor '724 Patent. Ex. K at 28. Apple's IPRs were terminated only because Apple and AGIS reached a settlement.

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