PUBLIC VERSION

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
TEXARKANA DIVISION

MAXELL, LTD., *Plaintiff*, v. APPLE INC., *Defendant*.	Case No. 5:19-cv-00036-RWS **JURY TRIAL DEMANDED** PUBLIC VERSION

MAXELL, LTD.'S SURREPLY IN OPPOSITION TO APPLE INC.'S MOTION TO STAY PENDING DECISION ON ITS MOTION TO TRANSFER VENUE PURSUANT TO 28 U.S.C. § 1404(a)

If Apple genuinely wanted this case to progress on the merits, it would permit the case to actively continue while the Court considers Apple's motion to transfer. The work currently being done by the parties is inevitable regardless of where the case is ultimately tried. Indeed, since Apple filed its motion to transfer, discovery has moved forward. Apple, despite long touting the number of pages of documents produced and files of source code made available for inspection, has only in recent weeks produced significant non-public, non-duplicative documents that provide insight into the proprietary design and operation of the accused functionalities. The parties have also made progress on claim construction, completing the narrowing of terms to be construed, exchanging proposed constructions, and conducting expert discovery. All efforts that will ensure the orderly progression of the case whether it is transferred or not. At this point, the only thing that would render the ongoing work between the parties wasteful would be to grant Apple's motion and put an unnecessary and unsupported stop to the case.

Apple's only challenge to the fact that the current work is inevitable is that there are "crucial differences" in the Local Rules between the Eastern District of Texas and the Northern District of California. But Apple fails to provide any example of a difference that would render unnecessary the current work being performed. Apple is only citing to differences in the rules as a pretext to further delay the case. Indeed, the parties are working through document production, written discovery, and claim construction of already-identified terms—the substance of which would be the same here as in California notwithstanding any differences in the local rules.

Apple argues it will suffer prejudice and unnecessary expense from having to litigate in an allegedly inconvenient venue. Yet, Apple itself litigated the case in this district for months before filing its motion to transfer. Moreover, Apple benefits just as much as Maxell from having discovery and claim construction move forward. For example, and contrary to Apple's allegations otherwise, Maxell's extensive source code review and supplemental infringement contentions help

to narrow the case for all parties as it moves forward.

I. ARGUMENT

A. Apple Does Not Cite to Any Case Law that Supports its Motion

Apple's continued reliance on *In re Fusion-IO* is unfounded. There, the Federal Circuit merely provided guidance in dicta to the district court to resolve transfer motions expeditiously and did not compel the district court to grant a stay, as Apple claims. In any event, Apple's reading of *In re Fusion-IO* ignores the relevant procedural posture of the case. The Federal Circuit denied Fusion-IO, Inc.'s petition for writ of mandamus on December 21, 2012. 489 F. Appx. 465 (Fed. Cir. 2012). Back in the district court, Fusion-IO, Inc. filed its renewed motion to transfer and motion to stay on December 26, 2012. *Solid State Storage Solutions, Inc. v. Stec, Inc.*, No. 2:11-cv-391-JRG-RSP (E.D. Tex.), D.I. 282 and 283. Notably, the Markman hearing was set for two weeks later on January 9, 2013. D.I. 187. Thus, there was a high risk that the court would conduct the claim construction hearing and render a substantive decision on claim construction prior to resolving the pending motion to transfer. The Federal Circuit's comments in *In re Fusion-IO* regarding the timing of motions to stay and motions to transfer venue do not compel or urge this Court to order a stay in this case. There is no reason to believe that this Court will render new decisions on the merits of this action before a decision on Apple's motion to transfer.

Although Apple argues, relying on *In re Google Inc.*, that it is currently expending resources litigating in an allegedly inconvenient venue (Reply at 2), the work the parties are currently doing on the case—discovery and claim construction—will have to be done regardless of location and are not impacted by the location of the case. Apple is not expending any unnecessary expenses absent a stay; Apple is merely completing necessary work that would occur whether the case is litigated here or in California. Apple's document production and written discovery do not require Apple to travel to East Texas since the discovery has been conducted via

electronic and telephonic means. Similarly, the duties related to claim construction have not required Apple to travel to any place it would not otherwise have had to travel (*e.g.*, all related travel have been to the experts' locations for depositions, travel that would have taken place regardless of venue).

Staying the inevitable discovery during the pendency of a non-dispositive motion only serves to delay the resolution of this case. Such a delay will severely prejudice Maxell, not Apple. Apple's contentions of undue hardship and duplicative litigation tasks lack merit. *See Evolutionary Intelligence LLC v. Facebook, Inc.*, No. 6:12-cv-784, 2013 WL 12144118, at *2 (E.D. Tex. Feb. 27, 2013) (denying motion to stay pending motion to transfer in part because "Defendants have not identified any hardship or inequity that would result if these actions are not stayed").

B. Maxell Will Be Prejudiced by a Stay

Apple's assertion that Maxell will not suffer any prejudice from a stay continues to ignore this Court's precedent that acknowledges non-practicing entities are prejudiced by a stay. *Realtime Data LLC v. Actian Corporation*, No. 6:15-cv-463, 2016 WL 3277259, at *2 (E.D. Tex. June 14, 2016) (stating that plaintiff, a non-practicing entity, would be prejudiced by a stay because plaintiff "has an interest in the timely enforcement of its patent rights."); *Rembrandt Wireless Techs., LP v. Samsung Elecs. Co.*, 2015 WL 627887, at *2 (E.D. Tex. Jan. 29, 2015) ("The mere fact that [plaintiff] is not currently practicing the patents does not mean that, as a matter of law, it is not prejudiced"). Contrary to Apple's argument, a stay would prejudice Maxell even though Maxell does not itself practice the asserted patents by delaying the ultimate resolution of this case.

Moreover, Apple's alleged surprise that Maxell's licensees would be prejudiced by a stay is contrived. Maxell's discovery responses, the exact same discovery responses Apple refers to in its Reply, include this specific argument about harm to Maxell's licensees. *See* Ex. A at 15-16 (Excerpt of July 29, 2019 Interrogatory Response) ("Maxell's licensees, the users of the

technology of the Asserted Patents, compete for market share with Apple....Apple's use of the technology of the Asserted Patents without a license threatens and erodes the market share of Maxell's licensees and encourages third parties to also improperly use the technology of the Asserted Patents without a license. This in turn has a direct and substantial impact on Maxell as a licensor, including loss of commercial negotiating power, increased legal fees and time in negotiating with such third parties, and damaged relationships with Maxell's licensees who paid for the competitive advantage ….''). Apple can hardly claim surprise when Maxell included this argument in both the initial and supplemental interrogatory responses (served July 29 and October 9, 2019, respectively).

C. A Stay Will Not Simplify the Issues

Apple relies on the differences in Local Rules between this district and NDCA to support its request for a stay. Reply at 4-5. However, the only difference between the local rules that Apple has identified is that NDCA's Local Rules also require damages contentions. Such contentions would have no impact on claim construction and little, if any, impact on discovery (and in particular, on document production). In short, Apple has not identified any differences in the local rules that would require discovery or claim construction efforts be duplicated or redone if the case is transferred to NDCA. *See Cummins-Allison Corp. v. SBM Co., Ltd.*, No. 9:07-cv-196, 2008 WL 11348281, at *2 (E.D. Tex. May 21, 2008) citing *Imax Corp. v. In-Three, Inc.*, 385 F.Supp.2d 1030, 1033 (C.D. Cal. 2005) (stating that if the stay will not reduce the number of issues, then a stay would not preserve many resources).

Apples further argues that Maxell's willful infringement claims implicate [redacted]

[redacted]

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