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

MAXELL LTD.,	§	
	§	
Plaintiff,	§	CIVIL ACTION NO. 5:19-CV-00036-RWS
	§	
v.	§	
	§	
APPLE INC,	§	
	§	
Defendant.	§	

ORDER

Before the Court is Apple's Motion to Stay Pending *Inter Partes* Review of the Patents-in-Suit. Docket No. 239. Having considered the briefing, Apple's motion is **DENIED WITHOUT PREJUDICE.**

I. Background

Maxell filed its initial complaint on March 15, 2019, alleging that Apple's products infringed ten patents.[1] Docket No. 11. Jury selection and trial are set to begin on October 26, 2020. Docket No. 232. Apple has petitioned the Patent Trial and Appeal Board ("PTAB") for *inter partes* review ("IPR") of all asserted claims of the ten patents-in-suit. Docket No. 239 at 1. Apple filed petitions for the '438, '991, '794 and '586 patents on December 19, 2019; for the '193 and '306 patents on December 20, 2019; for the '317, '999 and '498 patents on January 13, 2020; and for the '493 patent on March 17, 2020. Docket No. 239-1 ¶¶ 5–14. Apple now moves to stay

[1] The ten patents-in-suit are U.S. Patent Nos. 6,748,317; 6,580,999; 8,339,493; 7,116,438; 6,408,193; 10,084,991; 6,928,306; 6,329,794; 10,212,586; and 6,430,498.

this case pending resolution of the IPRs. Docket No. 239. Apple anticipates that the PTAB will issue institution decisions on every petition by September 2020.[2]

II. Legal Standard

"District courts typically consider three factors when determining whether to grant a stay pending inter partes review of a patent in suit: (1) whether the stay will unduly prejudice the nonmoving party, (2) whether the proceedings before the court have reached an advanced stage, including whether discovery is complete and a trial date has been set, and (3) whether the stay will likely result in simplifying the case before the court." *Fall Line Patents, LLC v. Am. Airlines Grp.*, No. 6:17-cv-00202-RWS, 2018 WL 4169251, at *1 (E.D. Tex. May 21, 2018); *NFC Techs. LLC v. HTC Am., Inc.*, Case No. 2:13-cv-1058-WCB, 2015 WL 1069111, at *2 (E.D. Tex. Mar. 11, 2015).

III. Analysis

Apple argues that the case should be stayed pending resolution of the IPRs, asserting that all three factors weigh in favor of a stay. Docket No. 239. To the Court's knowledge, however, the PTAB has not yet acted on any of Apple's petitions. "Where a motion to stay is filed before the PTAB decides whether to institute, courts often withhold ruling pending action on the petitions by the PTAB or deny the motion without prejudice to refiling in the event that the PTAB institutes a proceeding." *See Fall Line Patents*, 2018 WL 4169251, at *1 (collecting cases); *see also Trover Group, Inc. v. Dedicated Micros USA*, No. 2:13-cv-1047-WCB, 2015 WL 1069179, at *6 (E.D. Tex. Mar. 11, 2015) ("This Court's survey of cases from the Eastern District of Texas shows that when the PTAB has not yet acted on a petition for *inter partes* review, the courts have uniformly

[2] Institution decisions for the first four petitions are anticipated in June 2020, for the second two petitions in July 2020 and for the third set of petitions in August 2020. Docket No. 239-1 ¶¶ 5–13. The date for the '493 patent institution decision is not set but is expected in September 2020. *Id.* ¶ 14.

denied motions for a stay."). The circumstances in this case do not warrant deviation from the traditional practice. At this time, the factors weigh against a stay.

1. Undue Prejudice

Apple argues that Maxell will not suffer undue prejudice or tactical disadvantage because Maxell does not practice the patents-in-suit and can be fully compensated for any alleged harm through monetary damages. Docket No. 239 at 3–4. In opposition, Maxell asserts that the stay would significantly delay vindication of its patent rights and that Apple "waited until the second to last possible day to file the final of its IPR petitions."[3] Docket No. 267 at 3–4.

"The mere fact that [Maxell] is not currently practicing the patents does not mean that, as a matter of law, it is not prejudiced by a substantial delay of an imminent trial date." *See Rembrandt Wireless Techs., LP v. Samsung Elecs. Co.*, No. 2:13-cv-213-JRG-RSP, 2015 WL 627887, at *2 (E.D. Tex. Jan. 29, 2015). Maxell has an interest in the timely enforcement of its patent rights. *See Realtime Data LLC v. Actian Corporation*, No. 6:15-cv-463-RWS-JDL, 2016 WL 3277259, at *2 (E.D. Tex. June 14, 2016); *NFC Tech.*, 2015 WL 1069111, at *2 (finding that interest in timely vindication of rights is entitled weight and cuts slightly against a stay). Assuming the PTAB institutes at least one IPR petition, the time allowed for the IPR decision as well as a potential appeal could cause a lengthy delay that would significantly prejudice Maxell. *Realtime Data*, 2016 WL 3277259, at *2 (explaining the potential delay awaiting completion of the IPR and appeals and finding that delay weighed against a stay). The prejudice factor at this time, therefore, cuts slightly against a stay.

[3] Maxell also argues that monetary damages will be an insufficient remedy because it seeks injunctive relief. Docket No. 289 at 5. However, the fact that Maxell did not seek a preliminary injunction "contradicts [its] assertion that it needs injunctive relief as soon as possible." *See Virtual Agility Inc. v. Salesforce.com, Inc.*, 759 F.3d 1307, 1319 (Fed. Cir. 2014); *Uniloc 2017 LLC v. Samsung Elec. Am., Inc.*, No. 2:19-cv-00259-JRG-RSP, 2020 WL 1433960, at *4 (E.D. Tex. Mar. 24, 2020) (finding that failure to seek a preliminary injunction weighs against any potential prejudice a patentee may suffer).

2. Stage of the Proceedings

Apple argues that the parties are still engaged in discovery and that it diligently filed the petitions within four-and-a-half months of Maxell's preliminary claim election. Docket No. 239 at 3. Moreover, Apple asserts that, because trial is seven months away, the bulk of the expenses the parties would incur are still in the future. *Id.* at 4. In response, Maxell asserts that fact discovery is nearly complete and that Apple unreasonably delayed in filing the IPRs. Docket No. 267 at 8–9.

This factor includes two sub-factors: "(1) whether discovery is complete and whether a trial date has been set; and (2) whether the movant has unreasonably delayed filing its IPR petition and motion to stay." *Stragent, LLC v. BMW of N. Am., LLC*, Case No. 6:16-cv-446-RWS-KNM, 2017 WL 2839260, at *2 (E.D. Tex. Apr. 20, 2017).[4] Maxell initiated this action more than a year ago, and trial for this matter is scheduled for October 26, 2020. Docket No. 232. Claim construction is complete, and the parties have nearly completed fact discovery, save for depositions that could not be completed due to COVID-19. *See* Docket No. 231 (requesting the deadline to conduct depositions be extended to April 21, 2020 in view of complications arising from COVID-19). The case is not in its infancy and is far enough along that a stay would interfere with ongoing proceedings. *See Uniloc* 2017, 2020 WL 143360, at *5 (finding progress of case partially through discovery weighed slightly against a stay even though defendant was not dilatory in filing the IPR petitions); *NFC*, 2015 WL 1069111, at *4 (finding that stage of case, with a month remaining in discovery, was neutral or weighed slightly against a stay).

As to the second factor, Apple has not sufficiently explained its delay in filing the petitions. Apple filed its first wave of petitions nine months after Maxell filed suit and six months after

[4] Some courts evaluate delayed IPR filings under the "undue prejudice" prong. *See e.g., TracBeam, L.L.C. v. T-Mobile US, Inc.*, No. 6:14-cv-678, 2016 WL 9225574, at *1 (E.D. Tex. Mar. 29, 2016).

Maxell served its initial infringement contentions.[5] Apple filed its last petition, however, nearly a year after the action was filed, one day short of the one-year deadline, and nine months after receiving Maxell's initial infringement contentions. Docket No. 267 at 8–9. Courts in this district have found that such delay weighs against a stay. *See Tessera Advanced Technologies, Inc. v. Samsung Electronics Co., Ltd.*, Case No. 2:17-cv-00671-JRG, 2018 WL 3472700, at *3 (E.D. Tex. July 19, 2018) (finding IPRs filed nine months after initiation of trial and five months after service of infringement contentions weighed against a motion to stay).

Apple notes that it filed the petitions within four months of Maxell's preliminary claim election but does not explain how the narrowed claims assisted in its preparation of the petitions. *Realtime Data v. Actian Corporation*, Case No. 6:15-cv-463-RWS-JDL, 2016 WL 9340796, at *2 (E.D. Tex. Nov. 29, 2016); *Parthenon Unified Memory Architecture LLC v. HTC Corps. & HTC Am., Inc.*, No. 2:14-cv-00690, 2016 WL 3365855, at *2 (E.D. Tex. June 17, 2016); *see also e-Watch, Inc. v. Mobotix Corp.*, Case No. SA-12-CA-492-FB, 2013 WL 12091167, at *6 (W.D. Tex. May 21, 2013) (finding that waiting for infringement contentions did not justify delay in filing IPRs where defendant sought IPR on more claims than those asserted). Apple does not address, let alone deny, the fact that its petitions are not limited to the elected claims and instead challenge 86 of the 90 originally asserted claims. Moreover, even if Apple's initial petitions were to be considered timely, Apple has not explained the three-month delay between its initial and final IPR filings.

Combined, the stage of the case and Apple's delayed filing weigh against a stay.

[5] Maxell served supplemental infringement contentions on March 13, 2020.

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