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

MAXELL, LTD.,

               Plaintiff

      v.

APPLE INC.,

               Defendant.

Civil Action No. 5:19-cv-00036-RWS

JURY TRIAL DEMANDED

APPLE INC.'S REPLY IN SUPPORT OF ITS RENEWED MOTION TO STAY
PENDING DETERMINATION OF _INTER PARTES_ REVIEW

Maxell does not (and cannot) credibly dispute that the PTAB proceedings on 40% of the asserted claims and 40% of the asserted patents will simplify this case. Maxell, by contrast, has refused to narrow this case in any meaningful manner, continuing to assert 20 claims (30 claims including dependencies) across 10 Patents-in-Suit. The dispositive motion and trial phases of this case, therefore, remain incredibly complex and burdensome on the Court and the parties, especially in the middle of a pandemic: the parties collectively served 36 expert reports, identified 75 "will call" and "may call" trial witnesses, including 20 experts, and filed 18 dispositive and *Daubert* motions. Any outcome from the PTAB proceedings is guaranteed to simplify issues for trial, and the PTAB has already scheduled hearings in March and April 2021, just months after the current trial date in this case. Thus, applying the stay factors leads to the clear conclusion that this case should be stayed because issue simplification will result, waste of judicial resources will be avoided, and Maxell will not suffer undue prejudice.

I.   A STAY IS GUARANTEED TO SIMPLIFY THIS CASE

The PTAB's review of at least four Patents-in-Suit is guaranteed to simplify this case. If the PTAB and Federal Circuit agree with Apple and invalidate the claims already under review, 40% of the asserted claims would be eliminated from the case. And if they agree with Maxell and affirm the validity of these claims, Apple would be statutorily estopped from presenting nearly 40% of its elected prior art. Either way, a stay will simplify the issues remaining for trial under any outcome of the PTAB proceedings. Maxell's argument to the contrary, that the IPRs will only "potentially" simplify the case is plainly incorrect. Opp. at 11-15.

The PTAB need not review all asserted claims or patents for IPRs to simplify a district court case. Indeed, in *Image Processing Techs., LLC v. Samsung Elecs. Co., Ltd.*, the Court found that "there [was] a material possibility that the outcome of all IPR proceedings [would] streamline the scope and resolution of this case," even though the PTAB was not reviewing all

asserted claims (or patents). No. 2:16-cv-505-JRG, Dkt. No. 306 at 2-3 (E.D. Tex. Oct. 25, 2017). And at a stage more advanced than this case—after completion of the Final Pretrial Conference and three weeks before trial—the Court found that the "benefits of a stay outweigh the costs of delaying trial" because a "stay has the potential to decrease the burdens on the Court and the parties." *Id.* The same analysis applies here—a stay is guaranteed to eliminate certain infringement or invalidity issues in this case, thus materially decreasing the burdens on the Court and the jury in this complex case. Accordingly, the "most important factor" in the Court's stay analysis—case simplification—weighs heavily in favor of a stay. *See NFC Tech. LLC v. HTC Am., Inc.,* No. 2:13-cv-1058-WCB, 2015 WL 1069111, at *4 (E.D. Tex. Mar. 11, 2015).

Maxell's specious argument about a stay introducing new issues into the case via Apple's future products (*see* Opp. at 14) fails for two reasons. First, the case simplification factor considers the existing disputes before the Court and the likelihood that a stay would simplify those disputes, not hypothetical disputes over future products not even in existence. *See NFC,* 2015 WL 1069111, at *2. Second, courts in this District typically proceed to trial without re-opening discovery (or the addition of new accused products) upon lifting a stay pending IPRs. *See, e.g.*, *Image Processing Techs., LLC v. Samsung Elecs. Co., Ltd.*, No. 2:20-cv-00050-JRG-RSP, Dkt. No. 3. Thus, a stay will not add new issues to the case. And in view of the certainty that the IPRs will simplify the disputes currently before the Court, this factor strongly favors a stay.

II. THE STAGE OF THE LITIGATION FAVORS A STAY BECAUSE IT AVOIDS THE WASTE OF RESOURCES AND REDUCES THE BURDEN OF TRIAL

The stage-of-litigation factor—which is analyzed as of the date when Apple first moved to stay—also favors a stay. *See VirtualAgility Inc. v. Salesforce.com, Inc.*, 759 F.3d 1307, 1316-17 (Fed. Cir. 2014). When Apple first moved, the parties were conducting fact depositions,

expert discovery hadn't started, and trial was months away. Opp. at 7-10. Maxell cannot dispute

that "the bulk of the expenses that the parties would incur … [were] still in the future,"

particularly given that the parties have since filed 18 dispositive and *Daubert* motions and

exchanged 36 expert reports. *NFC Techs.*, 2015 WL 1069111, at *3. Even if the Court evaluates

this factor based on the timing of Apple's renewed motion, as Maxell incorrectly suggests, it still

favors a stay. The Court and the parties still have significant, resource-intensive tasks to come:

preparing for and participating in an all-day hearing on the 18 pending motions, on which the

Court will then have to issue written opinions; filing and arguing motions *in limine* and other

pre-trial submissions, all of which the Court will have to resolve; preparing for and participating

in the pretrial conference; and—the "most burdensome task"—trial. *Smartflash LLC v. Apple*

Inc., 621 F. App'x 995, 1005 (Fed. Cir. 2015). Because much of this work may prove to have

been wasted when the PTAB decides the pending IPRs, the stage of this case favors a stay.

Moreover, trying claims that are currently under the PTAB's review is not only a waste

of time and resources in and of itself, but could also result in requiring a second trial, thereby

actually doubling the resources needed to resolve the parties' disputes. Absent a stay, the jury

will consider claims that may be cancelled or amended during IPR, thus necessitating another

trial to reevaluate damages issues and/or address amended claims. Because "the burden imposed

on a jury in a patent trial is extraordinary," staying the case would undoubtedly reduce that

burden on the Court, the parties, and the jury. *Robert Bosch LLC v. Pylon Mfg. Corp.*, No. 08-

542-SLR, 2009 WL 2742750, at *1 (D. Del. Aug. 26, 2009).

Furthermore, the resources Maxell has allegedly expended in the litigation are of no

moment to this factor or to the Court's consideration of a stay. *See Versata Software, Inc. v.*

Callidus Software, Inc., 771 F.3d 1368, 1375 (Fed. Cir. 2014) ("the district court clearly erred in

evaluating the burden-of-litigation factor exclusively through [a] backward-looking lens" as "[t]he correct test is one that focuses prospectively on the impact of the stay on the litigation, not on the past actions of the parties"). Maxell cannot complain about litigation expense when it was the party that brought this case and chose to assert an unreasonably large number of patents and claims against thousands of different combinations of products and software versions.

Moreover, despite Maxell's arguments to the contrary, and its insistence on litigating this case in a spaghetti-on-the-wall manner, the facts paint a clear picture of Apple's diligence in timely preparing and filing IPRs against all 10 of the Patents-in-Suit within the statutory framework outlined in 35 U.S.C. § 315. Indeed, Apple filed all of the currently-instituted IPRs within six months of Maxell identifying its asserted claims. Moreover, Apple filed its final IPR petition just one month after Casio's completion of its production in response to Apple's third-party subpoena for the Casio prior art. Mot. at 12. Maxell's criticism of Apple's timing willfully ignores the difference between contentions and evidence (Opp. at 11), and, furthermore, Maxell's claim that Apple "unreasonably delayed" is just as tired as it is incorrect (*id.* at 10-11).

III.   MAXELL WILL NOT SUFFER UNDUE PREJUDICE

Maxell has not identified—and cannot identify—any undue prejudice that it would suffer from the proposed stay. In *SSL Servs., LLC v. Cisco Sys., Inc.*, the Court found that any "prejudice from delay in enforcing [the plaintiff's] patent rights" is "present in every patent case," and therefore it does not constitute "undue prejudice." No. 2:15-cv-433-JRG-RSP, 2016 WL 3523871, at *2 (E.D. Tex. June 28, 2016). The same analysis applies here—Maxell's complaint that a stay would prevent "timely enforcement" of its patent rights is simply "too generic" to avoid a stay. *Realtime Data, LLC v. Rackspace US, Inc.*, No. 6:16-CV-00961-RWS-JDL, 2017 WL 772654, at *4 (E.D. Tex. Feb. 28, 2017).

Maxell would suffer no "case-specific prejudice" from a stay and it has presented no

DOCKET ALARM

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts

Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research

With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips

Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS
Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS
Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS
Sync your system to PACER to automate legal marketing.

fastcase®
Smarter legal research.