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 **LEAD CASE** **JURY TRIAL DEMANDED**

MAXELL, LTD.'S OPPOSED MOTION TO SEVER NON-SELECTED PATENTS

Maxell's Complaint in this matter asserts that Apple directly infringes at least ten of Maxell's patents, and that Apple has done so knowingly and willfully. Maxell has worked throughout this case—in discovery, claim construction, expert discovery, and pretrial—to prove its claims. As a result, Maxell is prepared to prove Apple's infringement of all ten patents and establish the appropriate royalty Apple owes Maxell as a result of that infringement.

When Maxell filed its case, it was prepared to narrow the asserted claims to a number that would be manageable for adjudication at a jury trial. Maxell voluntarily entered into a focusing order at the outset of the case that cemented such intention. But whereas Maxell was willing to limit asserted claims, it did not anticipate having to completely withdraw patents in the absence of a judgment.

Under normal circumstances, a jury could hear a ten patent case over a ten-day trial. Maxell is prepared—even now—to present the full case over the ten asserted patents to the jury in the time allotted. But Maxell also understands that circumstances today are anything but normal. The additional precautions and procedures necessitated by the COVID-19 Pandemic will reduce the time available for presentation of evidence during the trial day. As a result, the Court has ordered that Maxell can take only six of its initial ten patents to trial.

Maxell has no quarrel with the Court's directive. But the question remains what to do with the four non-selected patents that will not be heard by the jury at this trial. Apple should not be allowed to gain a strategic advantage as to those patents simply because the pandemic has prevented them from being addressed simultaneously with the others. Dismissing the patents without prejudice would give Apple this improper advantage, and is not appropriate here. There are only two options for how to handle these four patents: 1) sever them from the present case such that they may be addressed at a later trial in a separate case; or 2) bifurcate the present case

as to the selected and non-selected patents such that the Court can decide how to address matters post-trial. As set forth herein, **severance** presents the optimal solution in terms of balancing the Court's schedule, efficiency, and Maxell's interest in the timely enforcement of its rights in both the selected and non-selected patents.

There is no good reason for Apple to oppose Maxell's request for severance, and there is certainly no good reason for it to demand dismissal. The only basis for Apple opposing this motion would be in an attempt to delay Maxell's vindication of its patent rights or as part of its ongoing, albeit unsuccessful strategy to transfer this case out of the Eastern District of Texas. At worst, denial of this motion could undo years of litigation and force almost half of this lawsuit to be redone in its entirety before a different court, in a different district, under different rules.

I. Background

Apple has committed widespread infringement of Maxell's "smartphone" patent portfolio, which consists of more than 5,300 patents that cover a wide swath of technology present in today's smartphones, tablets, smart watches, and laptops, including for example, cameras, displays, navigation, video streaming, picture and video storage, telecommunications, security, and battery-saving technology. After years of failed negotiations, Maxell was left with no choice but to address Apple's continued infringement through litigation. In an attempt to capture and curtail the sweeping nature of Apple's infringement, Maxell filed this initial suit asserting infringement of ten of its patents.

On March 15, 2019, Maxell filed the Complaint governing this Action. D.I. 1. In its Complaint, Maxell set forth ten counts of infringement for ten separate patents. *Id*. On June 12, 2019, Maxell served its Patent Rule 3-1 and 3-2 Disclosure of Asserted Claims and Infringement Contentions. Ex. A, Excerpt of Maxell Infringement Contentions. Such contentions set forth 90 asserted claims across the ten asserted patents. *Id.* at 2.

Early in the case, Maxell and Apple agreed to focus patent claims and prior art to reduce costs. *See* D.I. 36. Accordingly, the Court entered an Order Focusing Patent Claims and Prior Art to Reduce Costs on July 2, 2019 (hereinafter, "Focusing Order"). D.I. 44. That Order required Maxell to narrow its assertions of infringement in this case to no more than five asserted claims per patent and no more than a total of 20 claims. *Id.* at ¶ 3. There was no requirement for Maxell to limit the number of patents asserted. *See id.* On March 17, 2020, Maxell complied with the Order by serving its Final Election of Asserted Claims. *See* Ex. B, Maxell Final Election. Maxell's Final Election maintained asserted claims across all ten originally asserted patents.

After being reset twice, this case is now headed to trial on March 22, 2021. D.I. 593. It is expected, however, that taking the necessary precautions to ensure the health and safety of all those involved in the conduct of an in-person trial during the Covid-19 Pandemic—and completing that trial within the days available, as limited by the Good Friday Holiday—will limit the time that Maxell and Apple have to present evidence from what was initially anticipated. Given such expectation, the Court requested the parties further meet and confer to narrow the issues to be heard at trial. The parties were unable to reach agreement on the appropriate narrowing and ultimately submitted competing proposals to the Court. D.I. 603. With respect to the number of asserted claims and patents, Maxell proposed dropping two of the ten asserted patents and narrowing its asserted claims to no more than twelve. *Id.* at 2. Apple's proposal required, in relevant part, that Maxell dismiss four of the ten patents from the case. *Id.* at 4.

On January 27, 2021, the Court issued its Order on the narrowing proposals. D.I. 619. In relevant part, the Order required that "Maxell shall narrow its case to no more than six patents and 10 asserted claims." *Id.* at 1. The Order did not mention, let alone require, dismissal of any patents, nor did it otherwise address how the Court will handle the non-selected patents. *See id.*

Maxell has now identified to Apple the six patents that it intends to present at trial. Ex. C, Maxell Identification of Narrowed Patents and Asserted Claims. The four patents that Maxell has not selected are U.S. Patent Nos. 6,408,193, 10,084,991, 6,928,306, and 10,212,586 (hereinafter, the "Non-Selected Patents"). *Id.*

II. Legal Standard

A district court has the inherent power to control its own docket. *Landis v. N. Am. Co.*, 299 U.S. 248, 254–55 (1936) (citations omitted). This includes the broad authority to sever claims. *Texas Instruments v. Linear Techs. Corp.*, No. 2:01-CV-004-DF, 2002 WL 34438843, at *2 (E.D. Tex. Jan. 15, 2002) (citing *Rice v. Sunrise Express, Inc.*, 209 F.3d 1008, 1016 (7th Cir. 2000)). Rule 21 of the Federal Rules of Civil Procedure permits the Court to sever claims in the interest of justice and to prevent delay or prejudice. *See id.*, at *2 (citing *Applewhite v. Reichold Chemicals. Inc.*, 67 F.3d 571, 574 (5th Cir. 1995)). A district court may order severance "in the interest of avoiding prejudice and delay, ensuring judicial economy, or safe-guarding principles of fundamental fairness." *In re EMC Corp.*, 667 F.3d 1351 at 1360 (Fed. Cir. 2012). Courts regularly invoke Rule 21, even absent findings of improper joinder, to sever claims where there are "sufficient other reasons for ordering a severance." *Saint Lawrence Commc'ns LLC v. Apple Inc.*, 2:16-CV-82-JRG, 2017 WL 3712912, at *1 (E.D. Tex. July 12, 2017). While the Court also has the authority to bifurcate cases pursuant to Rule 42(b), courts should not employ bifurcation where it would result in unnecessary delays or prejudice. *Laitram Corp. v. Hewlett-Packard Co.*, 791 F.Supp. 113, 115 (E.D. La. 1992) (citations omitted).

III. Argument

When the Parties met and conferred regarding a potential framework to narrow the issues for trial, Maxell proposed a framework wherein it would drop two patents without prejudice and present the remaining eight patents at trial. Although Maxell's proposal had the disadvantage of

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