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

DEFENDANT APPLE INC.'S MOTION TO STAY PENDING PROCEEDINGS AT THE PATENT OFFICE OR, IN THE ALTERNATIVE TO CONTINUE TRIAL DUE TO THE COVID-19 PANDEMIC

I. INTRODUCTION

Apple respectfully requests that the Court stay this case pending review of the six currently asserted patents by the United States Patent and Trademark Office ("PTO"), or, at the very least, continue the March 22 trial to later this year when all trial participants will have had the opportunity to receive a COVID-19 vaccine. Because 7 of 10 currently asserted claims are now subject to some form of review by the PTO, and the remaining 3 soon will be, it is not necessary to risk the health of trial participants before the PTO finishes its review of the 10 asserted claims. All claims are likely to be cancelled by the PTO, and if any remain after the PTO proceedings conclude, then the resulting trial will be streamlined and, more important, safer.

As it currently stands, four out of six patents and seven out of ten claims that Maxell asserts are presently subject to review—either in *ex parte* reexamination ("EPR") or *inter partes* review ("IPR") proceedings—by the PTO. U.S. Patent Numbers 6,748,317, 6,580,999, and 8,339,493, and all asserted claims of each, are under review by the PTO in EPRs. U.S. Patent Number 6,329,794, and all asserted claims of that patent are subject to instituted IPR. And decisions whether to grant EPR requests regarding U.S. Patent Numbers 6,430,498 and 7,116,438 are expected any day. Apple respectfully submits that the resources of the Court and the parties—and the health of those who would participate in an in-person trial in March—are best conserved by staying this case while the PTO completes its work.

The fact that all 10 currently asserted claims are now or soon will be subject to some form of review at the PTO constitutes a material change in circumstance similar to the change that recently led Chief Judge Gilstrap to stay two different cases pending EPR notwithstanding imminent trials. *See Ramot at Tel Aviv Univ. Ltd. v. Cisco Sys., Inc.*, No. 2:19-CV-00225-JRG, 2021 WL 121154, at *2 (E.D. Tex. Jan. 13, 2021); *AGIS Software Dev. LLC v. Google LLC*, No.

2:19-CV-00361-JRG, at *5 (E.D. Tex. Feb. 9, 2021). As Judge Gilstrap recognized, "asserted claims that have been rejected in the reexamination proceedings are almost surely to be modified in some material way in response to their rejection, and they may be dropped completely," such that if the case were to proceed to trial, "there is a serious risk of wasted resources as to the parties and the Court." *Ramot*, 2021 WL 121154, at *2. The same is now true here, so the parties and the Court would benefit from a stay until the PTO outcomes are final.

But, even if the Court were not inclined to await those outcomes, the Court should minimally continue the trial to later this year, when the trial participants will have had the opportunity to be vaccinated for COVID. In November 2020, the Court continued the trial in this case to March as a result of the pandemic, but since then the pandemic has only gotten worse, particularly in Texas and Bowie County. And scientists have recently discovered a more contagious variant of COVID-19 that is beginning to spread in the United States. The CDC has warned that this new variant could lead to another increase in new cases, making it uncertain what the state of the pandemic in the U.S., Texas, and Bowie County will be as the March 22 trial nears. At the same time, the vaccine rollout is accelerating, and experts predict that by this July, a substantial majority of people who want a vaccine will be able to get one.

As demonstrated below, Dr. Benjamin Neuman, a virologist and head of the Biology Department at Texas A&M University-Texarkana, attests that proceeding with trial in March would present a substantial risk to the health and safety of the jurors and jury venire, the witnesses, the Court and its staff, the lawyers, and those in the surrounding communities who will interact with the trial participants. Declaration of Benjamin Neuman, Ph.D. ("Neuman Decl."), attached hereto as Exhibit 1, ¶¶ 19-25. Because of this, Apple requests that at a minimum the trial be continued to later in 2021, when the trial participants will have had an

opportunity to be vaccinated. Neither side will be prejudiced by a continuance, whereas proceeding with trial now will limit the parties' opportunity to present a full and fair case because several witnesses outside of Texas will be unable to safely appear at trial. Especially where many (if not all) of the asserted claims are likely to be cancelled by the Patent Office, such a continuance is warranted.

II. THIS CASE SHOULD BE STAYED PENDING THE OUTCOME OF POST-GRANT REVIEW PROCEEDINGS AT THE PATENT OFFICE.

Now that review proceedings have been granted or filed on all ten currently asserted claims, the Court should exercise its inherent power to control its own docket by staying these proceedings. *See Soverain Software LLC v. Amazon.com, Inc.*, 356 F. Supp. 2d 660, 662 (E.D. Tex. 2005) (*citing Landis v. N. Am. Co.*, 299 U.S. 248, 254 (1936)). District courts typically consider three factors when determining whether to grant a stay pending review proceedings by the PTO: "(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." Dkt. No. 587 (citing *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). "A stay is particularly justified when 'the outcome of a PTO proceeding is likely to assist the court in determining patent validity or eliminate the need to try infringement issues.'" *Ericsson Inc. v. TCL Commc'n Tech. Holdings, Ltd.*, No. 2:15-cv-00011, 2016 WL 1162162, at *1 (E.D. Tex. Mar. 23, 2016) (quoting *NFC Tech.* 2015 WL 1069111, at *1).

A. All Ten Currently-Asserted Claims Either Are or Will Soon be Subject to Review.

In late 2019 and early 2020, Apple filed IPR petitions challenging all asserted claims in the ten originally asserted patents. Apple then moved to stay the case pending the outcome of its IPR petitions. *See* Dkt. No. 239. The Court denied Apple's motion, but did so without prejudice because the PTAB had not issued its institution decisions. *See* Dkt. No. 298. A few months later, the PTAB instituted IPR proceedings on four of the ten originally asserted patents. The PTAB, however, denied institution on the remaining six originally asserted patents. Given that eight of the 20 originally asserted claims were subject to IPR proceedings, Apple renewed its motion to stay last August. Dkt. No. 481. The Court denied Apple's motion, finding that invalidation of the eight instituted claims would not meaningfully simplify the case where the majority of the then-asserted claims (12) remained to be resolved in this case. Dkt. No. 587 at 6.

Following the Court's ruling, Apple prepared and filed requests for EPR on all remaining asserted claims of the currently-asserted patents that are not subject to IPR proceedings.[1] Apple filed the first of those requests on December 10, 2020 and the last of them on February 12, 2021. The Patent Office has now found substantial new questions of patentability as to the currently-asserted claims of the '317 (in two separate reexaminations), '999, and '493 patents and therefore granted Apple's requests for EPR on those patents. This means that seven of the ten currently-asserted claims are now subject to EPR or IPR proceedings, and the remaining three claims are subject to pending requests for EPR, which Apple expects to be granted in the next several weeks. *See* Ex. 2 at 2 (average time from filing to decision on EPR ranges from less than

[1] On February 2, 2021, Maxell served its Identification of Narrowed Patents and Asserted Claims for Trial, narrowing the asserted claims to (1) '317 patent, claims 1 and 17; (2) '999 patent, claim 3; (3) '498 patent, claim 3; (4) '438 patent, claims 1 and 4; (5) '794 patent, claims 1 and 14; and (6) '493 patent, claims 5 and 6. *See* Ex. 3.

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