

**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

**MAXELL, LTD.'S SUR-REPLY IN OPPOSITION TO 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**

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Apple's Reply is a plea for the Court to depart from the typical conduct of Courts in this District. Apple asks the Court to stay the case based on speculation that the PTO may simplify some issues at some point down the road. But absent unique circumstances, Courts in this District do not grant stays based on speculation. Certainly here, where Apple's EPR requests were not filed until **after** trial was scheduled to take place, the Court should not make an exception to its general practice. At this point, Apple's requests have not even been granted for each asserted patent, let alone resulted in decisions rejecting any asserted claims.

Apple also should not be given the chance to reassert its motion for stay at a later date due to a continuance. Here, too, courts have been evaluating whether to hold trials during the COVID-19 pandemic and deciding that the benefits of proceeding outweigh the risks. The time to delay trial has passed. It is now time to focus on what the parties and the Court can do to ensure a safe and efficient process for those involved.

I. There Is No Policy Favoring Stays Prior To Issuance Of Any Office Actions in Pending EPRs.

A. Apple Has Not Rebutted Maxell's Arguments And Evidence Showing That Prejudice And The Stage of Proceedings Weigh Against Stay.

The Court has already held that Maxell will be prejudiced from a stay. Apple has not shown otherwise. Whether the resulting delay is as long as the EPRs are before the PTO (roughly two years) or one that lasts through appeals (roughly three years),¹ the conclusion is the same: it is a lengthy delay that is unreasonable for a case that is on trial's doorstep. *See, e.g.*, D.I. 298 at 3.

Nevertheless, Apple asserts that considering the delay from an appeal is improper. Apple is wrong here, too. Indeed, this Court explicitly considered appeals when evaluating the prejudice factor in connection with Apple's first motion to stay pending IPRs: "the time allowed for the IPR

¹ *See* Opp. at 6 (providing details regarding estimated time of proceedings).

decision **as well as a potential appeal** could cause a lengthy delay that would significantly prejudice Maxell.” D.I. 298 at 3 (emphasis added). Apple’s assertion that Judge Bryson “squarely rejected” that the time for appeals should be considered is overreaching. The cited **footnote** from Judge Bryson states merely: “It will not necessarily be warranted for the Court to continue the stay through any appellate proceedings That is an issue that can be revisited after the PTAB renders its decision.” *CyWee Grp. Ltd. v. Samsung Elecs. Co.*, No. 2:17-cv-00140, 2019 WL 11023976, at *10 n.5 (E.D. Tex. Feb. 14, 2019).

Apple also still has not shown that the stage of proceedings favors a stay. Saying trial is “the most burdensome” task for at least the sixth time does not make the argument any more convincing than when the Court first rejected it. And, contrary to Apple’s assertion, Maxell has disputed the argument—repeatedly. In fact, given that members of Maxell’s trial team are already in Texarkana preparing for the forthcoming pretrial conference and trial, Apple’s argument is weaker than ever. Maxell has already made significant trial-related outlays for hotel and workspace in Texarkana twice now. Any savings that may come from pushing this trial a third time would be insufficient to counter the outlays that have already been made (or the attendant cancellation fees).

Apple also still has not sufficiently explained its delay in filing the requests for EPR. Apple asserts that it decided to pursue the EPRs after receiving denials of its IPR petitions (Reply at 4), but offers no explanation for why it took up to almost eight months to do so, particularly where no previously unknown art was raised.² It is likely because the true explanation is the obvious one—Apple filed the EPRs as a last ditch effort to once again delay trial. Regardless, it has already been held that Apple’s delay in filing IPRs weighed against a stay, so Apple’s even later filing of EPRs surely cannot flip this factor to favor one.

² The IPR for the ’438 Patent was denied institution on June 19, 2020. Ex. D. The request for EPR for the ’438 Patent was filed February 12, 2021. Opp. at 3.

B. Apple Has Not Established That Simplification Is Anything But Speculative

While Maxell does not dispute that Courts in this District routinely hold that the most important factor is whether a stay is likely to simplify the issues for trial, it is equally true that Courts in this District routinely deny stays where such simplification is purely speculative, as here.

As clear from Maxell's Opposition, the typical practice in this District is to deny motions to stay pending EPR proceedings prior to the First Office Actions due to the speculative nature of simplification. Opp. at 10-11. Apple attempts to override this line of cases by pointing to one outlier decision. However, Maxell has already provided additional detail distinguishing that case (which included issued Office Actions on some asserted claims) and explaining what led to its atypical disposition. *Id.* Apple cannot show similar circumstances here. Accordingly, there is no reason for the Court to depart from its usual practice.

Despite the case law, Apple would like the Court to equate decisions granting institution of IPRs with ones granting EPRs. But they are not the same. For an IPR to be instituted, it must be shown that "there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition." 35 U.S.C. § 314(a). For EPRs, the threshold is lower. It need only be shown that the request raises "a substantial new question of patentability," which means "there is a substantial likelihood that a reasonable examiner would consider the prior art patent or printed publication important in deciding whether or not the claim is patentable." 35 U.S.C. § 303(a); MPEP § 2242. Given that over 90% of all EPR requests are granted, this is clearly not a particularly high hurdle. *See* Mot. at Ex. 5. In fact, all claims subject to EPR are only cancelled 14% of the time, which further confirms that initiation of an EPR proceeding is not a clear signal of invalidity. *Id.*

Apple attempts to fight back against these facts by asserting that the PTO "has devoted more than 150 pages analyzing the serious validity problems with Maxell's patents." Reply at 1.

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