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 REPLY IN SUPPORT OF ITS OPPOSED MOTION TO SEVER NON-SELECTED PATENTS

Apple knows it must face adjudication of the narrowed patents; it does not seek dismissal with prejudice. But Apple also knows that dismissal without prejudice will only postpone the parties' trial on these patents for years. So rather than sever the case and face the inevitable in the most efficient, most equitable manner, Apple insists on the option that presents the most delay.

If the Non-Selected Patents are severed, the new case picks up where this one left off—ready for trial. There is no prejudice in maintaining the status quo. There is no duplication of work. There is no waste or inefficiency. But there is prejudice, waste, and inefficiency in dismissal. A new case following dismissal will put the parties back at square one facing the prospect of doing again all the work that has been done the last two years, giving Apple a clean slate on claim construction, infringement, validity, damages, and all of Apple's many failed procedural blocks—all before a new court. Maxell respects that hard decisions had to be made in view of COVID-19, but Maxell should not be forced to shoulder the bulk of the prejudice resulting therefrom. Maxell respectfully requests the Court exercise its discretion to sever to avoid that result.

A. Dismissal Is Not The Ordinary Practice For The Circumstances Here

Apple asserts it knows of no case supporting Maxell's request for severance here. But it is Apple's request that has no support. Apple cites no case where a court ordered dismissal of entire patents from a case purely for the sake of narrowing. Each case Apple cites involved a plaintiff that voluntarily dropped patents before trial and sought neither dismissal nor severance. At most, these cases stand for the proposition that a "Plaintiff's **voluntary election** not to pursue certain claims at trial operates as a dismissal without prejudice." *Realtime Data LLC v. Echostar Corp.*, No. 6:17-CV-00084-JDL, 2018 WL 6267332, at *4 (E.D. Tex. Nov. 29, 2018) (emphasis added). Given that Maxell's proposal was not accepted by Apple or adopted by the Court, there has been no voluntary election by Maxell and thus nothing that operates as a dismissal.

Moreover, severance is not the unusual tool Apple claims. Courts regularly employ severance to manage their dockets, accommodate court resources, and ensure that claims timely reach final judgment. *See, e.g.*, *Papst Licensing GmbH & Co., KG v. Apple, Inc.*, No. 6:15-CV-01095-RWS, 2018 WL 3656491, at *1 (E.D. Tex. Aug. 1, 2018) (ordering severance so that case could continue as to patent not subject to post-grant proceedings); *Harris Corp. v. Huawei Device USA, Inc.*, No. 2:18-CV-00439-JRG, 2019 WL 8135570, at *2 (E.D. Tex. June 12, 2019) (ordering severance of defendant's counter-claimed patents to simplify matter). Maxell does not request that the Court "deviate" from its "ordinary practice," but that the Court utilize a common tool to resolve the claims concerning the Non-Selected Patents in the most efficient manner.

B. Severance Most Efficiently Resolves The Parties' Dispute As A Whole

Given Apple's focus on judicial economy, its insistence on a result with the most negative impact on judicial economy is peculiar. Apple's argument rests on resolution of just this one case rather than resolution of the entire dispute over the ten patents asserted in the complaint. Severance and dismissal both permit this case to proceed to final judgment on the six elected patents without delay. Thus, the proper focus now is how to handle the rest of the dispute. Regardless of how the Court rules here, there will be a second case as to the Non-Selected Patents. Given that inevitability, the best way to preserve judicial and party resources is through severance so that the second case can pick up at the pre-trial stages rather than at the beginning, as would be the case if the patents are dismissed. Furthermore, as Maxell explained, starting anew will be in a new district, requiring a new court to expend resources familiarizing itself with the parties and the patents.[1] And there is no doubt the new court will have to deal at length with how to handle orders and

[1] Apple argues the Maxell's recent filings in W.D. Texas demonstrate that Maxell will not be prejudiced by losing its choice of venue. Apple's argument is nonsensical because the new court—whether in W.D. Texas or elsewhere—will still have to expend resources to become familiar with the parties and the patents.

representations that were rendered in this case.

When this case is considered as a whole, the absurdity of Apple's argument is clear. Apple argues that severance should not be granted because a second trial would be burdensome and wasteful. (Opp. at 5). Instead, Apple urges the Court to dismiss the claims without prejudice such that the parties will not only have to go through a second trial, but also a second set of contentions, fact discovery, claim constructions, depositions, expert reports, expert depositions, summary judgment, and pretrial preparation.[2] Apple's position simply makes no sense.

C. Maxell's Request Is Neither Inconsistent With The Court's Order On Narrowing Nor Does It Expand The Case

As set forth in the Joint Status Report on narrowing, the Court and the parties "discussed potential proposals **to narrow the issues to be heard at the trial** for the above-captioned matter…." D.I. 603 (emphasis added). The purpose of narrowing was to ensure that the issues at trial could be addressed within the abbreviated time available. The parties accomplished that goal. The Court never once addressed what would happen to the non-selected patents.[3] Moreover, through severance, Maxell is not injecting new patents or claims. Maxell seeks to maintain, exactly, the scope of this case as it was four months ago when the parties were preparing for a December trial. Filing a new case, as Apple wants, is what raises the possibility of expansion. That is not what Maxell seeks here.

D. The Pendency Of Post-Grant Proceedings Is Irrelevant To This Motion

That Apple raises the post-grant proceedings at the PTO in its Opposition is as irrelevant

[2] Apple asserts that a new case need not start from scratch: "many discovery materials would carry over to a follow-on case (**assuming the parties agreed**)…." Opp. at 8 (emphasis added). Agreement is not a safe assumption and certainly not one on which Maxell is willing to stake the conduct of future litigations. Indeed, in another case pending between the parties before the USITC, Apple **refused** Maxell's proposal for the cross-use of discovery despite the fact that there are overlapping products and accused features between the two matters.

[3] Apple asserts that the Court adopted its narrowing proposal. That is not so. Apple's proposal on narrowing included that "Maxell would **dismiss** four of the ten patents from this case." D.I. 603 at 4 (emphasis added). The Court's order did **not** include such language. D.I. 619.

as it is unsurprising. Apple has sought delay based on such proceedings at every possible chance. But such proceedings do not offer a basis on which to grant or deny Maxell's motion, particularly when the EPRs have not reached the stage of First Office Actions. *See* D.I. 636. As stated above, there will be a second case as to the four Non-Selected Patents regardless of the resolution of this dispute. Apple will have the opportunity to address the impact of the PTO proceedings on the Non-Selected Patents there, and thus there is no risk of wastefulness that would result from severance versus dismissal. Indeed, severance would maintain this case before a court that is already well aware of the relevant PTO proceedings. Furthermore, to the extent a PTO proceeding does change the scope of an asserted patent, reopening discovery for the limited purpose of addressing such change is more efficient than starting a new case from the beginning.

E. Severance Does Not Render The Court's Narrowing Order One-Sided

Severance would place this case in the same position it was four months ago for the four Non-Selected Patents. There is no inequity to Apple from a severance versus dismissal. Apple did not narrow its invalidity case for the Non-Selected Patents. Ex. D, Apple's Identification of Narrowed Prior Art Invalidity Challenges. Similarly, the Joint Stipulation Regarding Representative Products for Trial does not apply to the Non-Selected Patents.[4] D.I. 625. Thus, there is no benefit to Maxell from Apple's compliance with its portion of the narrowing order as it concerns those Patents. Severance would merely limit Apple to the positions set forth in its Final Election of Prior Art. To assert that such result is inequitable is to reveal Apple's true intention—to take another shot at developing positions against the Non-Selected Patents.

[4] Apple's argument that it agreed to a representative product stipulation only because it believed Maxell was going to dismiss the patents is inapposite. What matters is what the Court ordered. The Court did not make the stipulation contingent on dismissal. Notably, Maxell also did not agree to dismiss four of its patents.

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