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

ORDER

Before the Court is Apple's Motion to Stay Pending Proceedings at the Patent Office or, in the Alternative, to Continue Trial Due to the COVID-19 Pandemic (Docket No. 629). For the reasons set forth below, Apple's motion to stay is **DENIED WITHOUT PREJUDICE** and Apple's motion to continue in the alternative is **DENIED**.

BACKGROUND

Maxell filed its initial complaint on March 15, 2019, alleging that Apple's products infringe ten patents.[1] Docket No. 11. Jury selection and trial were set to begin on December 7, 2020, but trial was reset for March 22, 2021. Docket No. 593. In response to the parties' negotiations and the Court's order, Maxell narrowed its asserted claims to six patents: the '317, '999, '498, '493, '794 and '438 patents. *See* Docket Nos. 624, 628.

Of the six asserted patents, only the '794 patent is subject to IPR proceedings. Docket No. 629 at 1. Apple initially petitioned the Patent Trial and Appeal Board ("PTAB") for IPR of all

[1] U.S. Patent Nos. 6,748,317; 6,580,999; 8,339,493; 7,116,438; 6,408,193; 10,084,991; 6,928,306; 6,329,794; 10,212,586; and 6,430,498.

asserted claims of all 10 original patents-in-suit[2] and moved to stay the case pending the outcome of the petitions. *Id.* at 4; *see* Docket No. 239. The Court denied Apple's motion without prejudice as premature because the PTAB had not yet issued institution decisions. *See* Docket No. 298. The PTAB instituted IPR proceedings on four of the patents, including the '794 patent, but denied the other six. *Id.* Apple renewed its motion to stay pending the outcome of the IPR proceedings; the Court again denied Apple's motion, finding a stay inappropriate where only eight of the 20 then-asserted claims were subject to review. *See* Docket No. 587.

After the Court's order denying a stay, Apple filed requests for *ex parte* reexamination ("EPR") for all remaining claims in this case not subject to IPR. Docket No. 629 at 4. Of the six live patents in this case, the United States Patent and Trademark Office ("PTO") granted EPR on three—the '317, '999 and '493 patents—at the time of Apple's instant motion. Docket No. 629 at 1. Apple later filed notice of the PTO's decision to grant EPR on the '498 and '438 patents. Docket No. 649. The '794 patent is subject to IPR. In sum, as of the date of this order, each of the six asserted patents and associated claims are subject to either IPR (the '794 patent) or EPRs (the '317, '999, '493, '498 and '438 patents). *Id.*

LEGAL STANDARDS

The Court has the inherent power to control its own docket, including the power to stay proceedings. *Landis v. N. Am. Co.*, 299 U.S. 248, 254 (1936). "In deciding whether to stay litigation pending reexamination, courts typically consider: (1) whether a stay will unduly prejudice or present a clear tactical disadvantage to the nonmoving party, (2) whether a stay will simplify the issues in question and trial of the case, and (3) whether discovery is complete and whether a trial date has been set." *Soverain Software LLC v. Amazon.com, Inc.*, 356 F.Supp.2d

[2] Apple filed its IPR petition for the '794 patent on December 19, 2019. Docket No. 481-1 ¶¶ 21–31.

660, 662 (E.D. Tex. 2005) (citing *Xerox Corp. v. 3Com Corp.*, 69 F.Supp.2d 404, 406 (W.D.N.Y. 1999)).

"Trial judges have broad discretion in deciding requests for continuances." *United States v. German*, 486 F.3d 849, 854 (5th Cir. 2007). The Fifth Circuit typically looks to the totality of circumstances in evaluating trial court continuances. *U.S. v. Stalnaker*, 571 F.3d 428, 439 (5th Cir. 2009). In managing its docket during the pandemic, the Court has looked to several factors such as and including, but not limited to: (1) the risks posed by the pandemic and available safety protocols to mitigate and reduce such risks; (2) the prejudice to parties that would result from a continuance; and (3) the availability of remedial measures to address any due process concerns. *See, e.g.*, *Optis Wireless Tech., LLC v. Apple Inc.*, Case No. 2:19-cv-66-JRG, Docket No. 387 (E.D. Tex. July 21, 2020); *Image Processing Techs., LLC v. Samsung Elecs. Co.*, Case No. 2:20-cv-50-JRG, Docket No. 200 (E.D. Tex. June 29, 2020). In the present case, all factors weigh against granting a continuance.

DISCUSSION

Apple asks the Court to stay this case pending review of the six asserted patents by the PTO or, alternatively, continue the trial date until all trial participants have had the opportunity to receive a COVID-19 vaccine. Docket No. 629 at 1. Maxell opposes both requests, arguing that the outcome of the pending PTO reviews is speculative and unclear and that the Court and parties are prepared to safely proceed with trial on March 22, 2021, as scheduled. Docket No. 636 at 1–2. The Court will first review Apple's motion to stay.

I. Apple's Motion to Stay

Apple argues that the case should be stayed pending resolution of the review proceedings, asserting that all three factors weigh in favor of a stay. Docket No. 629 at 6. Maxell responds that

the motion is yet another speculative attempt by Apple to further delay the vindication of Maxell's patent rights. Docket No. 636 at 1–2. Maxell contends that all three factors weigh against a stay. *Id.* The Court will discuss each factor in turn.

a. Prejudice

Apple renews arguments raised in previous motions to stay that Maxell will not suffer undue prejudice because it does not practice the patents-in-suit and can be fully compensated for any alleged harm through monetary damages. Docket No. 629 at 9; *see also* Docket No. 481 at 12–13. In its previous orders denying Apple's motions to stay pending PTO review proceedings, the Court has consistently found that the prejudice factor weighs against a stay. Docket No. 587 at 3; Docket No. 298 at 3. Indeed, the prejudice Maxell would suffer from further delay of timely enforcement of its patent rights has only grown with time. *Blitzsafe Texas LLC v. Maserati North America Inc., et al.*, Case No. 2:19-cv-00378-JRG, Docket No. 285 at 4 (E.D. Tex. Feb. 16, 2021) ("Time is not an ally of prompt and fair adjudication of parties' rights given the always present risk of fading memories and witnesses who may become unexpectedly unavailable."); *see also Soverain*, 356 F.Supp.2d at 662; *ThinkOptics, Inc. v. Nintendo of Am., Inc.*, 2014 WL 4477400, at *1 (E.D. Tex. Feb. 27, 2014; *Trover Grp., Inc. v. Dedicated Micros USA*, Case No. 2:13-cv-1047, 2015 WL 1069179, at *2 (E.D. Tex. Mar. 11, 2015).

Further, as the Court has previously held, "[t]he mere fact that Maxell is not currently practicing the patents does not mean that, as a matter of law, it is not prejudiced by a substantial delay of an imminent trial date." Docket No. 587 at 3 (citing *Rembrandt Wireless Techs., LP v. Samsung Elecs. Co.*, Case No. 2:13-cv-213-JRG-RSP, 2015 WL 627887, at *2 (E.D. Tex. Jan. 29, 2015)); Docket No. 298 at 3 (same). And Maxell's interest in timely enforcing its patents is valid

"regardless [of] whether the parties' products directly compete." *ThinkOptics*, 2014 WL 4477400, at *1. The prejudice factor accordingly weighs against a stay.

b. Stage of the Proceedings

Apple argues—as it has before—that while the case is on the eve of trial, the stage of proceedings favors a stay because trial is "the most burdensome task" in a patent case. Docket No. 629 at 10. Maxell responds that the advanced stage of the case weighs heavily against a stay, as all that is left to complete is the trial itself, and Apple's timing in filing its EPR requests strongly implies that Apple's motive is to delay this case. Docket No. 636 at 8–9.

This factor includes two sub-factors: "(1) whether discovery is complete and whether a trial date has been set; and (2) whether the movant has unreasonably delayed filing its IPR petition and motion to stay." *Stragent, LLC v. BMW of N. Am., LLC*, Case No. 6:16-cv-446-RWS-KNM, 2017 WL 2839260, at *2 (E.D. Tex. Apr. 20, 2017). When the Court first denied Apple's motion to stay, it found that the stage of the case weighed against a stay because "[t]he case is not in its infancy and is far enough along that a stay would interfere with ongoing proceedings." Docket No. 298 at 4 (citing *Uniloc 2017 LLC v. Samsung Elec. Am., Inc.*, Case No. 2:19-cv-00259-JRG-RSP, 2020 WL 143360, at *5 (E.D. Tex. Mar. 24, 2020); *NFC Techs. LLC v. HTC Am., Inc.*, Case No. 2:13-cv-1058-WCB, 2015 WL 1069111, at *4 (E.D. Tex. Mar. 11, 2015)). In denying Apple's subsequent motion, the Court noted that "the fact that proceedings have advanced even further since the Court's order and both the parties and the Court have expended significant resources in the progress of this case weighs more heavily against a stay than before." Docket No. 587 at 4. Apple provides no reason why the stage of the case would not weigh even more heavily in opposition to a stay than it did when the Court denied its two previous motions.

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