IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

IDENTITY SECURITY LLC, *Plaintiff,*	§	
v.	§	**CASE NO. 1:22-CV-00058-ADA**
APPLE INC., *Defendant.*	§	**JURY TRIAL DEMANDED**

ORDER DENYING MOTION TO STAY

Before the Court is Defendant Apple Inc.'s Motion to Stay Pending *Ex Parte* Reexaminations, filed April 21, 2023, and all related briefing. ECF Nos. 104, 114, 116. The Court orally **DENIED** Apple's motion to stay in the hearing held June 16, 2023. ECF No. 125. This order memorializes that ruling.

I. BACKGROUND

Identity Security sues Apple for patent infringement, alleging that Apple's "Secure Enclave" system, which provides security and authentication measures in various Apple products, infringes United States Patent No. 7,493,497, United States Patent No. 8,020,008, United States Patent No. 8,489,895, and United States Patent No. 9,507,948 (collectively, the Asserted Patents). ECF No. 91. The Patents-in-Suit share a common specification and describe a "digital identity device" that uses digital identity data and a microprocessor with a unique identifier to secure digital transactions. *Id.*

This case was transferred to the Austin Division on January 20, 2022. ECF No. 55. Following briefing, a tutorial, and a *Markman* hearing, the Court rendered a claims-construction order on November 2, 2022. ECF No. 77. The Court rendered a Scheduling Order on January 20,

2023 that opened fact discovery and set the case for jury trial. ECF No. 82. Trial in this case will be set in April of 2023. ECF No. 125 at 14:7–11.

Apple filed requests for *ex parte* reexaminations of the Asserted Patents in January of 2023 and in April of 2023. ECF No. 104 at 1. The United States Patent Office (PTO) granted four of Apple's requests for reexamination on April 3, 2023. *Id.* Apple moved to stay this action pending resolution of these reexaminations on April 21, 2023. *Id.*

II. LEGAL STANDARD

A district court has the inherent power to control its own docket, including the power to stay proceedings before it. *Clinton v. Jones*, 520 U.S. 681, 706 (1997). The court has discretion in deciding whether to stay a case in PTO proceedings, including *ex parte* reexaminations. *TC Tech. LLC v. T-Mobile USA, Inc.*, No. 6:20-CV-00899, 2021 WL 8083373, at *1 (W.D. Tex. Dec. 7, 2021). 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." *NFC Tech. LLC v. HTC Am., Inc.*, No. 2:13-CV-01058, 2015 WL 1069111, at *1 (E.D. Tex. Mar. 11, 2015) (citing *Gould v. Control Laser Corp.*, 705 F.2d 1340, 1342 (Fed. Cir. 1983)); *see also Evolutionary Intelligence, LLC v. Millennial Media, Inc.*, No. 5:13-CV-04206, 2014 WL 2738501, at *2 (N.D. Cal. June 11, 2014). However, "there is no *per se* rule that patent cases should be stayed pending PTO proceedings, because such a rule would invite parties to unilaterally derail litigation." *Realtime Data, LLC v. Rackspace US, Inc.*, No. 6:16-CV-00961 RWS-JDL, 2017 U.S. Dist. LEXIS 27421, at *6 (E.D. Tex. Feb. 27, 2017) (quotation and citation omitted).

To determine whether a stay is proper, the district court considers three factors: (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. *TC Tech.*, 2021 WL 8083373, at *2 (quoting *Kirsch Rsch. & Dev., LLC v. IKO Indus., Inc.*, No. 6:20-CV-00317, 2021 WL 4555610, at *1 (W.D. Tex. Oct. 4, 2021)). "Essentially, courts determine whether the benefits of a stay outweigh the inherent costs based on these factors." *EchoStar Techs. Corp. v. TiVo, Inc.*, No. 5:05-CV-00081, 2006 WL 2501494, at *1 (E.D. Tex. July 14, 2006).

III. ANALYSIS

A. Undue Prejudice

The first factor this Court considers is whether the stay will unduly prejudice Identity Security. Apple asserts that Identity Security cannot be prejudiced by a stay because it does not practice the Asserted Patents, does not compete with Apple, and can seek only monetary damages. ECF No. 104 at 4–5. Identity Security argues that a stay pending *ex parte* reexaminations would likely last over two years and such delay would prejudice Identity Security's interest in the timely enforcement of its patent rights. ECF No. 114 at 8–9.

The Court agrees with Identity Security. As a patent holder, Identity Security has an inherent interest in the timely enforcement of its patent rights. *See MiMedx Grp., Inc. v. Tissue Transplant Tech. Ltd.*, No. SA-14-CA-719, 2015 WL 11573771, at *2 (W.D. Tex. Jan. 5, 2015). The parties contend that an average *ex parte* reexamination pends before the PTO for 25.8 months from filing. ECF No. 114 at 9. Considering that this litigation has already been pending for over two years, the Court finds that Identity Security would be unduly prejudiced by a stay. The Court concludes that the first factor weighs against a stay.

B. Stage of Proceedings

The second factor this Court considers is whether the litigation has reached an advanced stage. Apple contends that the litigation is still in its "early stages" because fact discovery began

on January 20, 2023. ECF No. 104 at 5. Apple agues that "the bulk of discovery and litigation activities" are still to be completed. *Id.* at 7. In response, Identity Security notes that the parties have already served numerous interrogatories and requests for production, with Apple having already produced about 7111,000 pages of discovery and Identity Security having produced about 24,000 pages of discovery. ECF No. 114 at 10. The Court agrees with Identity Security that discovery has progressed beyond any "early stage" of litigation.

Further, the Court has also "expended significant resources" on this case, which likewise weighs against a stay. *See CANVS Corp. v. U.S.*, 118 Fed. Cl. 587, 595–96 (2014) (quoting *Universal Elecs., Inc. v. Universal Remote Control, Inc.*, 943 F. Supp. 2d 1028, 1031–32 (C.D. Cal. 2013) ("The Court's expenditure of resources is an important factor in evaluating the stage of the proceedings.")); *SenoRx, Inc. v. Hologic, Inc.*, No. 12-173-LPS-CJB, 2013 WL 144255, at *5–6 (D. Del. Jan. 11, 2013) ("[Once] the Court and the parties have already expended significant resources . . . the principle of maximizing the use of judicial and litigant resources is best served by seeing the case through to its conclusion."). The Court has held a *Markman* Hearing, issued a claims-construction order, and scheduled the case for fact discovery and trial. ECF Nos. 66, 77, 82, 125. Apple waited 20 months from the beginning of this lawsuit to file requests for *ex parte* reexaminations—a significant period that has imposed large costs on the parties and the Court. ECF No. 114 at 1. Considering the effort that the parties have already expended in this litigation, along with the parties' use of the Court's resources, the Court finds that the proceedings have reached an advanced stage. The Court concludes that this factor weighs heavily against a stay.

C. Simplification of Issues

The third and final factor this Court considers is whether a stay would likely result in a simplification of issues before the court. *See NFC Tech.*, 2015 WL 1069111, at *4, *5 (citing *In*

re Etter, 756 F.2d 852, 857 (Fed. Cir. 1985) ("When [a] patent is concurrently involved in litigation, an auxiliary function is to free the court from any need to consider prior art without the benefit of the PTO's initial consideration")). Apple argues that the reexaminations will cancel at least some of the asserted claims and will also "provide valuable guidance regarding the scope of the claims." ECF No. 104 at 8. Identity Security contends that *ex parte* reexaminations are "the form of reexamination less likely to simplify issues" and, even if the PTO cancels some of the asserted claims, the Court will nonetheless have to deal with the same "core infringement and invalidity disputes." ECF No. 114 at 4–5.

The Court again agrees with Identity Security and finds that the *ex parte* reexaminations will not meaningfully simplify the issues in this case. Considering the average length of PTO reexaminations, the upcoming trial date in April of 2024 (ECF No. 125 at 14:7–11), and the low probability that the reexaminations will meaningfully simplify the remaining issues, the Court concludes that this factor weighs against a stay.

IV. CONCLUSION

Having considered each of the three factors, the Court concludes that a stay is not appropriate in this case. As noted in the June 16, 2023 hearing before the Court, Defendant Apple Inc.'s Motion to Stay Pending *Ex Parte* Reexaminations (ECF No. 104) is **DENIED**. *See* ECF No. 125 at 7:5–6).

SIGNED this 29th day of June, 2023.

ALAN D ALBRIGHT
UNITED STATES DISTRICT JUDGE