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

VOIP-PAL.COM, INC., Plaintiff, v. AMAZON.COM, INC.; AMAZON.COM SERVICES LLC; and AMAZON WEB SERVICES, INC., Defendants.	CIVIL ACTION NO. 6:20-CV-272-ADA

OPPOSED MOTION TO STAY PENDING THE OUTCOME OF *EX PARTE* REEXAMINATION REJECTING ALL ASSERTED CLAIMS

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I. INTRODUCTION

This case should be stayed pending the outcome of a United States Patent Office *ex parte* reexamination given the high likelihood that the reexamination will eliminate the need to try this case. The only asserted patent in this case, U.S. Patent No. 10,218,606 ("the '606 patent"), is the seventh member of its family to be litigated. All six other family members have been invalidated. Now, the PTO has issued a non-final office action rejecting every asserted claim of the '606 patent. (Ex. 1.)[1] As this Court has observed, claims are invalidated or amended in over 80 percent of instituted *ex parte* reexaminations. That outcome is even more likely here because the PTO has already rejected all asserted claims. *TC Tech. LLC v. T-Mobile USA, Inc.*, 6:20-cv-00899-ADA, 2021 WL 8083373, at *3 (W.D. Tex. Dec. 7, 2021) (staying litigation, in part because "in 80% of ex parte reexaminations, the claims are cancelled or amended" and "[i]nvalidation is especially likely because the examiner has already rejected both claims as invalid in an initial office action"); *see also* "*Ex Parte* Reexamination Filing Data - September 30, 2020," available at https://www.uspto.gov/sites/default/files/documents/ex_parte_historical_stats_roll_up_21Q1.pdf (last accessed July 6, 2023).

Without a stay, the Court and the parties will be forced to engage in the futile exercise of litigating patent claims that are likely to be invalidated—eliminating the need to try this case—or amended—raising the issue of intervening rights and requiring, at a minimum, new contentions and new claim constructions and raising the possibility of re-opening of fact and expert discovery. There is no need to waste Court or party time and resources in this manner. As a non-practicing entity, VoIP-Pal will suffer no undue prejudice or tactical disadvantage if this case is stayed. The status of this litigation also favors a stay, with no trial date set and fact discovery having just begun.

[1] All cited exhibits are to the Declaration of Daniel T. Shvodian, filed concurrently herewith.

Furthermore, this case would not be stayed for long. The PTO stated that it expects its next office action to be final. That decision is expected to issue well before VoIP-Pal's May 2024 proposed trial date and would impact this litigation. That decision would also allow this litigation to resume in a timely manner in the unlikely event that any asserted claim survives.

II. LEGAL STANDARD

A district court has the inherent power to control its docket, including to stay proceedings before it. *TC Tech. LLC*, 2021 WL 8083373, at *1 (granting motion to stay pending *ex parte* reexamination) (internal citation omitted).) Courts consider three factors when deciding whether to stay a case pending the resolution of PTO proceedings: "(1) whether granting the stay will simplify the issues for trial; (2) the status of the litigation, particularly whether discovery is complete and a trial date has been set; and (3) whether a stay would cause the non-movant to suffer undue prejudice from any delay, or allow the movant to gain a clear tactical advantage." *TC Tech. LLC v. Sprint Corp.*, 16-cv-00153-WCB, 2021 WL 4521045, at *2 (D. Del. Oct. 4, 2021).

As this Court has recently held, 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." *TC Tech. LLC.*, 2021 WL 8083373, at *1 (quoting *NFC Tech. LLC v. HTC Am., Inc.*, 2:13-cv-1058, 2015 WL 1069111, at *1 (E.D. Tex. Mar. 11, 2015)). Proceedings directed to all asserted claims that can "dispose of the entire litigation" present "the ultimate simplification of issues." *VirtualAgility Inc. v. Salesforce.com, Inc.*, 759 F.3d 1307, 1314 (Fed. Cir. 2014).

The reasoning in the legislative history of the AIA that Congress intended "for district courts to be liberal in granting stays" pending post-grant review applies equally here. "Congress intended to place 'a very heavy thumb on the scale in favor of a stay being granted'" once the

Patent Office institutes review. *TC Tech. LLC*, 2021 WL 4521045, at *3 (granting motion to stay pending *ex parte* review) (quoting 157 Cong. Rec. S1363, 2011).

III. ARGUMENT

A. A Stay Will Simplify the Issues before the Court and Likely Eliminate the Need for Trial.

The "most important" factor in determining whether to issue a stay is whether it "will result in simplification of issues before the Court." *TC Tech.*, 2021 WL 8083373, at *3 (granting motion to stay pending *ex parte* re-examination) (internal citation omitted).

This factor strongly favors imposing a stay because the pending *ex parte* reexamination is likely to eliminate the need for a trial. As this Court has observed, *ex parte* reexaminations are likely to eliminate the need for trial where, as here, the PTO has issued a non-final office action rejecting all asserted claims. *Id*. at *3 (staying case in view of pending *ex parte* reexamination, in part because "[i]nvalidation is especially likely because the examiner has already rejected [all asserted] claims as invalid in an initial office action"). The possibility of invalidating asserted claims before the PTO is "the ultimate simplification of issues" and strongly favors imposing a stay. *VirtualAgility Inc.*, 759 F.3d at 1314; *AGIS Software Dev. LLC v. Google LLC*, 2:19-CV-00361-JRG, 2021 WL 465424, at *2 (E.D. Tex. Feb. 9, 2021) (staying litigation, noting that when the "PTO has granted EPR[]s as to all claims of all asserted patents, this Court has likewise routinely stayed cases").

This factor favors a stay, even if VoIP-Pal is able to amend the asserted claims. Any amendments would force the parties to re-litigate this case because it would raise new issues (such as intervening rights) and would require new contentions, new *Markman* proceedings, and potentially new fact and expert discovery. Given the overwhelming likelihood that the asserted claims will not survive the *ex parte* reexamination in their current form, the Court and the parties should

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