

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

UNM RAINFOREST INNOVATIONS,
Plaintiff,

v.

ZYXEL COMMUNICATIONS CORPORATION,
Defendant.

6:20-CV-00522-ADA

ORDER GRANTING PLAINTIFF'S MOTION TO LIFT STAY

Before the Court is Plaintiff UNM Rainforest Innovations' ("UNMRI" or "Plaintiff") Opposed Motion to Lift Stay filed on November 1, 2022. ECF No. 93. Defendant ZyXEL Communications Corporation ("ZyXEL" or "Defendant") filed a response to UNMRI's Motion on November 8, 2022. ECF No. 94. UNMRI filed a reply on November 15, 2022. ECF No. 95. The Court held a hearing on this Motion on December 6, 2022. ECF No. 100. The Court granted the Motion. This order memorializes the Court's ruling.

I. BACKGROUND

Plaintiff UNMRI maintains the present case and three related cases before this Court: *UNM Rainforest Innovations v. TP-Link Techs. Co., Ltd.*, No. 6:19-CV-00262-ADA (W.D. Tex.); *UNM Rainforest Innovations v. ASUSTeK Comput., Inc.*, No. 6:20-CV-00142-ADA (W.D. Tex.); and *UNM Rainforest Innovations v. D-Link Corp.*, No. 6:20-CV-00143-ADA (W.D. Tex.). In each case, UNMRI alleges infringement of U.S. Patent Nos. 8,249,204 (the "'204 Patent"), 8,565,326 (the "'326 Patent"), and 8,265,096 (the "'096 Patent"). ECF No. 1.

The Court first stayed the present action on July 28, 2021, pending resolution of *UNM Rainforest Innovations v. Industrial Technology Rsch. Inst., et al.*, No. D-2020-CV-2021-02803 (N.M. Dist. Ct.) (the “New Mexico Action”). ECF No. 93 at 3. The New Mexico Action has since been dismissed without resolution of the patent ownership issue. *Id.* at 3. The Court continued the stay on June 27, 2022, pending resolution of *inter partes* review (“IPR”) proceedings before the Patent Trial and Appeal Board (“PTAB”). ECF No. 81.

The Patent Trial and Appeal Board (“PTAB”) instituted IPR of claims 1–4 and 6–8 of the ’096 Patent. ECF No. 93 at 3. The PTAB issued a Final Written Decision on July 15, 2022, finding only claim 8 to be patentable. *Id.* Petitioner filed a Notice of Appeal to the Federal Circuit on September 12, 2022, challenging the patentability of claim 8, and UNMRI filed a Notice of Cross-Appeal on September 16, 2022. *Id.* The PTAB allowed substitute claims 44–47, 49, and 50 of the ’096 Patent. *Id.* The Patent and Trademark Office (“PTO”) will not issue a certificate on the substitute claims until the Federal Circuit appeal has terminated. 37 C.F.R. § 42.80.

The PTAB instituted IPR of claims 1, 2, and 11–13 of the ’204 Patent. ECF No. 93 at 3–4. The PTAB issued a Final Written Decision on July 15, 2022, finding each asserted claim unpatentable. *Id.* The PTAB instituted IPR of claims 1–5 of the ’326 Patent. *Id.* at 4. The PTAB issued a Final Written Decision on August 15, 2022, finding each claim unpatentable. *Id.* The PTAB allowed substitute claims 6, 7, 9, and 10, but denied substitute claim 8. *Id.* The PTO will not issue a certificate on the substitute claims until after “the time for appeal has expired or any appeal has been terminated” with respect to the IPR decision. 37 C.F.R. § 42.80.

Of all asserted claims, the PTAB found only claim 8 of the ’096 Patent patentable. ECF No. 93 at 4. UNMRI intends to reduce its infringement contentions to the sole surviving claim. *Id.*

UNMRI requests that the Court allow it to add substitute claims once the PTO issues its certificates. *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 District Court has broad discretion to stay proceedings as an incident to its power to control its own docket.”). “In particular, the question whether to stay proceedings pending *inter partes* review of a patent is a matter committed to the district court's discretion.” *Multimedia Content Mgmt. LLC v. Dish Network L.L.C.*, No. 6:18-CV-00207-ADA, 2019 WL 11706231, at *1 (W.D. Tex. May 30, 2019) (citing *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426–27 (Fed. Cir. 1988)). However, stays are justified if “the outcome of a PTO proceeding is likely to assist the court in determining patent validity or eliminate the need to try infringement issues.” *Videoshare, LLC v. Meta Platforms Inc.*, No. 6:21-CV-00254-ADA, 2022 WL 3142622, at *1 (W.D. Tex. Aug. 5, 2022) (citing *Gould v. Control Laser Corp.*, 705 F.2d 1340, 1342 (Fed. Cir. 1983)); *see also Evolutionary Intel., LLC v. Millennial Media, Inc.*, No. 5:13-CV-04206-EJD, 2014 WL 2738501, at *2 (N.D. Cal. June 11, 2014). Nevertheless, “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, L.L.C. v. Rackspace US, Inc.*, No. 6:16-CV-00961-RWS-JDL, 2017 WL 772654, at *2 (E.D. Tex. Feb. 27, 2017) (quoting *Soverain Software LLC v. Amazon.com, Inc.*, 356 F. Supp. 2d 660, 662 (E.D. Tex. 2005)).

“District courts typically consider three factors when determining whether to stay a case pending *inter partes* review of a patent in suit: (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.” *NFC Tech. LLC v. HTC Am., Inc.*, No. 2:13-CV-1058-WCB, 2015 WL 1069111, at *2 (E.D. Tex. Mar. 11, 2015) (citations omitted); *see also CyWee Grp. Ltd. v. Samsung Elecs. Co.*, No. 2:17-CV-00140-WCB-RSP, 2019 WL 11023976, at *2 (E.D. Tex. Feb. 14, 2019). “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-81-DF, 2006 WL 2501494, at *1 (E.D. Tex. July 14, 2006).

III. DISCUSSION

In this case, the Court considers two issues (1) whether the Court should lift the stay because the New Mexico Action has been dismissed and (2) whether the Court should lift the stay because the PTAB has issued final written decisions for the three IPR proceedings challenging the asserted patents. Each is discussed in more detail below.

A. The New Mexico Action

UNMRI argues that the stay should be lifted because the New Mexico Action has been dismissed. ECF No. 93 at 4–5. UNMRI argues that “[t]o the extent that any dispute regarding standing and/or ownership remains, it is appropriately adjudicated by this Court.” *Id.* at 5. ZyXEL argues that the foundational issue of patent ownership still needs to be resolved. ECF No. 94 at 8. ZyXEL further argues that the only court that has adjudicated the ownership issue is a Taiwanese court that adjudicated the issue with respect to Industrial Technology Research Institute’s (“ITRI”) ownership of the Taiwanese patents. *Id.* at 9. ZyXEL argues that the Court should stay the proceedings pending resolution of an appeal in the case in Taiwan. *Id.* at 10. In its reply, UNMRI argues that there is no justification for continuing the stay pending the Taiwanese litigation because no court in Taiwan possesses jurisdiction over UNMRI. ECF No. 95 at 4.

The Court agrees with UNMRI that the New Mexico Action no longer warrants staying this case. The New Mexico Action has been resolved. The Court also believes that the stay should not continue because of the Taiwanese litigation. The Taiwanese case involves the original patentee, ITRI, not UNMRI. Thus, while issues before the Taiwanese court may touch on the patent ownership issue, the Taiwanese court will not resolve the issue of whether UNMRI owns the asserted patents. Thus, a stay pending the appeal in the Taiwanese litigation would not simplify the issues before this Court.

If ZyXEL seeks to renew its challenge to UNMRI's standing in this case, the Court is willing to consider a motion for reconsideration of the Court's order denying ZyXEL's Motion to Dismiss for Lack of Standing.

B. The IPR Proceedings

For stays pending IPR proceedings, the Court considers three factors when considering motions to grant or lift a stay: (A) whether the stay will unduly prejudice the party opposing the stay; (B) whether the proceedings before the Court are at an advanced stage; and (C) whether the stay will likely result in simplifying the case before the Court. *NFC Tech.*, 2015 WL 1069111, at *2.

1. Undue Prejudice to Plaintiff

Continuing the stay would unduly prejudice UNMRI for at least two reasons. First, a stay risks the "loss of evidence as witnesses become unavailable and memories fade." *Allvoice Devs. US, LLC v. Microsoft Corp.*, No. 6:09-CV-366, 2010 WL 11469800, at *4 (E.D. Tex. June 4, 2010). Second, "[a] patent holder has an interest in the timely enforcement of its patent right," even when the patent owner has only sought monetary relief. *MiMedx Grp., Inc. v. Tissue Transplant Tech. Ltd.*, No. SA-14-CA-719, 2015 WL 11573771, at *2 (W.D. Tex. Jan. 5, 2015) (quoting *Lennon Image Techs., LLC v. Macy's Retail Holdings, Inc.*, No. 2:13-CV-00235-JRG,

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