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

AIRE TECHNOLOGY LTD., Plaintiff v. APPLE INC., Defendant.	Civil Action No. 6:21-cv-01101-ADA

APPLE INC.'S OPPOSED MOTION TO STAY PROCEEDING PENDING MANDAMUS REVIEW

Defendant Apple, Inc. ("Apple") respectfully moves the Court for a stay of all proceedings in this Court pending the resolution of Apple's Petition for Writ of Mandamus to the Court of Appeals for the Federal Circuit, filed September 1, 2022 (the "Petition"). A copy of the Petition (without Exhibits) is attached here as Exhibit A.

I. INTRODUCTION

The Discovery and Scheduling Order (the "Order"), DE 54, violates Fifth and Federal Circuit precedent instructing district courts to give top priority to transfer motions and to address them at the outset of litigation, before addressing any substantive portion of the case. The Order postpones the transfer decision until after fact discovery, the deadline to add parties, the final contention deadline, the pleading amendment deadline, two rounds of compulsory claim/prior art combination narrowing, and the commencement of pretrial disclosure exchanges. This *sua sponte* schedule amendment violates the Federal Circuit's command that trial courts may not frustrate 28 U.S.C. § 1404 (a)'s purpose by forcing the parties here "to expend resources litigating substantive matters in an inconvenient venue while a motion to transfer lingers unnecessarily on the docket." *In re Google Inc.*, No. 2015-138, 2015 WL 5294800, at *1 (Fed. Cir. 2015). The Federal Circuit

has made clear that a district court's significant delay in ruling on a transfer motion merits mandamus relief.

Apple respectfully submits that the Petition raises at least a "*substantial case* on the merits," which weighs in favor of a stay. *Standard Havens Prods., Inc. v. Gencor Indus., Inc.*, 897 F.2d 511, 513 (Fed. Cir. 1990). All other traditional factors also weigh in favor of a stay at this time. Thus, a short and immediate stay of litigation during mandamus review is warranted. *See id.*; *Team Worldwide Corp. v. Wal-Mart Stores, Inc.*, No. 2:17-CV-00235-JRG, 2018 WL 2722051, at *2 (E.D. Tex. June 6, 2018) (applying the traditional stay factors in the mandamus context).

II. APPLICABLE LAW

District courts possess an inherent power to manage their own docket, including the power to stay proceedings. *Clinton v. Jones*, 520 U.S. 681, 706 (1997). District courts traditionally look to four factors in determining whether a stay is appropriate when an order is subject to appellate review: "(1) whether the stay applicant has made a strong showing that he is likely to succeed on the merits; (2) whether the applicant will be irreparably injured absent a stay; (3) whether the issuance of the stay will substantially injure the other parties interested in the proceeding; and (4) where the public interest lies." *Nken v. Holder*, 556 U.S. 418, 434 (2009); *see also Team Worldwide*, 2018 WL 2722051, at *2.

Even where a district court does not agree that the appeal is "likely to succeed on the merits," the Federal Circuit has held that this factor is relaxed "'where [the] movant . . . can nonetheless demonstrate a *substantial case* on the merits,' *provided* the other factors militate in movant's favor." *Standard Havens*, 897 F.2d at 513; *see, e.g.*, *In re Deutsche Bank Tr. Co. Americas*, 605 F.3d 1373, 1377 (Fed. Cir. 2010) (Federal Circuit granted stay pending resolution of mandamus proceeding). Similarly, the Fifth Circuit holds that although each part of the test

must be met, a "movant need not always show a 'probability' of success on the merits; instead, the movant need only present a substantial case on the merits when a serious legal question is involved and show that the balance of equities weighs heavily in favor of granting the stay." *Ruiz v. Estelle*, 650 F.2d 555, 565 (5th Cir. 1981); *see also Campaign for S. Equality v. Bryant*, 773 F.3d 55, 57 (5th Cir. 2014) (same).

Applying this standard, other district courts in Texas have granted stays of proceedings in patent cases pending the Federal Circuit's resolution of a petition for writ of mandamus. *See, e.g.*, Order for Stay, *Raytheon Co. v. Cray, Inc.*, No. 2:15-CV-01554-JRG (E.D. Tex. July 18, 2017), ECF No. 315; *Queens Univ. at Kingston v. Samsung Elecs. Co.*, No. 2:14-cv-43-JRG-RSP, 2015 WL 10936048 (E.D. Tex. Aug. 28, 2015).

III. ARGUMENT

A. Apple has presented a substantial case on the merits of its appeal.

A stay is appropriate where the movant can "demonstrate a *substantial case* on the merits," provided the other factors militate in the movant's favor. *Standard Havens*, 897 F.2d at 513; *see also Ruiz*, 650 F.2d at 565 ("If a movant were required in every case to establish that the appeal would probably be successful, the Rule would not require as it does a prior presentation to the district judge whose order is being appealed.") That standard is satisfied here.

Both the Federal Circuit and Fifth Circuit have held that a request for transfer is a threshold matter that a district court must address at the outset of litigation. *E.g.*, *In re EMC Corp.*, 501 F. App'x 973, 976 (Fed. Cir. 2013) (non-precedential) (noting the "the importance of addressing motions to transfer at the outset of litigation"); *In re Nintendo Co.*, 544 F. App'x 934, 941 (Fed. Cir. 2013) ("[A] trial court must first address whether it is a proper and convenient venue before addressing any substantive portion of the case."); *In re Horseshoe Ent.*, 337 F.3d 429, 433 (5th Cir. 2003) (stating that disposition of transfer motion "should have taken a top priority" in the

litigation). The transfer statute is designed "to protect litigants, witnesses, and the public against unnecessary inconvenience and expense." *Cont'l Grain Co. v. Barge FBL-585*, 364 U.S. 19, 27 (1960). But that goal is "thwarted" when defendants must participate in protracted litigation before transfer is resolved. *EMC*, 501 F. App'x at 976; *see also In re Apple*, 979 F.3d 1332, 1339 (Fed. Cir. 2020) (faulting district court for "barrel[ing] ahead on the merits in significant respects," including overseeing discovery disputes and claim construction, before issuing a transfer decision). Indeed, the Federal Circuit has repeatedly endorsed the Third Circuit's precedent holding that "it is not proper to postpone consideration of the application for transfer under § 1404(a) until discovery on the merits is completed, since it is irrelevant to the determination of the preliminary question of transfer." *McDonnell Douglas Corp. v. Polin*, 429 F.2d 30, 30-31 (3d Cir. 1970) (vacating order that required all merits discovery to be completed before district court would resolve transfer motion).[1]

When district courts fail to afford that priority to transfer motions, the Federal Circuit has used its mandamus authority to ensure that those courts do not "frustrate 28 U.S.C. § 1404(a)'s intent" by forcing litigants "to expend resources litigating substantive matters in an inconvenient venue while a motion to transfer lingers unnecessarily on the docket." *Google*, 2015 WL 5294800, at *1; *see also In re SK hynix Inc.*, 835 F. App'x 600, 600-01 (Fed. Cir. 2021) (non-precedential); *In re TracFone Wireless, Inc.*, 848 F. App'x 899, 901 (Fed. Cir. 2021) (non-precedential); *cf. In re Netflix, Inc.*, No. 2021-190, 2021 WL 4944826, at *1 (Fed. Cir. Oct. 25, 2021) ("Delays in resolving transfer motions, coupled with ongoing discovery, claim construction,

[1] *See Apple*, 979 F.3d at 1337; *Google*, 2015 WL 5294800, at *1; *Nintendo*, 544 F. App'x at 941; *EMC*, 501 F. App'x at 975 n.1; *In re Fusion-IO, Inc.*, 489 F. App'x 465, 466 (Fed. Cir. 2012) (non-precedential).

and other proceedings, frustrate the purpose of § 1404(a).") (denying mandamus because magistrate had ruled on venue motion after petition was filed).

The Order is directly contrary to the foregoing precedent. While it defers the *Markman* hearing and claim-construction order "until the Court resolves the transfer motion," DE 54 at 5, the scheduling order here guarantees that the Court and parties will undertake many other important substantive steps in this case before the Court determines whether the Western District is the venue where trial will ultimately take place. Most notably, the order ensures that this Court will oversee all of fact discovery, including resolving any discovery disputes pursuant to its own procedures for resolving discovery disputes. *See*, OGP Version 4.1 at 3-5. But the Federal Circuit has specifically identified these steps as ones that should await a transfer decision. *See Apple*, 979 F.3d at 1338 (faulting district court for holding "a discovery hearing and issu[ing] a corresponding discovery order"); *SK hynix*, 835 F. App'x at 600-01 (staying "all discovery" until transfer was resolved and faulting district court for "order[ing] the parties to engage in extensive discovery"); *Google*, 2015 WL 5294800, at *1 (faulting district court for "proceeding through to the close of fact discovery" and conducting "a hearing related to several discovery disputes").

In addition, the Order ensures that the parties must complete multiple other substantive steps here in the Western District of Texas before this Court will consider whether this case should be transferred to the Northern District of California. In particular, the parties must comply with deadlines to: add parties; serve final infringement and invalidity contentions under this Court's Standing Orders; amend pleadings; narrow the asserted claims and prior art according to this Court's Standing Orders (any disputes over which this Court will resolve); and exchange preliminary exhibit and witness lists for trial. All of this will take place before the parties are even permitted to resume briefing on Apple's transfer motion. In short, the Order guarantees that the

DOCKET ALARM

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts

Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research

With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips

Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS
Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS
Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS
Sync your system to PACER to automate legal marketing.