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

INTELLECTUAL VENTURES I LLC et al, Plaintiffs, ***v.*** **HEWLETT PACKARD ENTERPRISE CO., Defendant.**	**6:21-cv-00596-ADA**

ORDER DENYING HEWLETT PACKARD ENTERPRISE COMPANY'S OPPOSED MOTION TO STAY PENDING RESOLUTION OF *INTER PARTES* REVIEW

Before the Court is Defendant Hewlett Packard Enterprise Company's ("HPE") Opposed Motion to Stay Pending Resolution of *Inter Partes* Review of All Asserted Claims of the Asserted Patent. ECF No. 85 (the "Motion"). Plaintiffs Intellectual Ventures I LLC and Intellectual Ventures II LLC ("IV") filed an opposition on July 27, 2022, ECF No. 87, to which HPE replied on August 3, 2022, ECF No. 88.

I. BACKGROUND

IV filed this lawsuit against HPE on June 11, 2021, asserting four patents. *See* ECF No. 1. On December 3, 2021, IV amended its complaint to drop three of the four asserted patents, leaving only U.S. Patent No. 6,779,082 ("the '082 patent" or the "Asserted Patent"). *See* ECF No. 34. In its amended complaint, IV seeks only monetary damages, not an injunction. *Id.* at 23. The '082 patent expired on May 27, 2022. On September 27, 2021, the Court entered the Scheduling Order, with trial provisionally set for March 10, 2023. *See* ECF No. 30; *see also* ECF No 53 (resetting certain deadlines but leaving the trial date in place). Pursuant to the Scheduling Order, the parties completed claim construction briefing in February 2022, and HPE waived oral argument after the Court issued a preliminary claim construction ruling. *See* ECF Nos. 36, 40, 44, 47, 49.

On December 7, 2021, less than a week after IV filed its amended complaint dropping every asserted patent except for the '082 patent, HPE filed its IPR petition. *See* ECF No. 37. HPE requested review of claims 1-5 and 9-12 of the '082 patent, thereby challenging all claims asserted by IV in this case. ECF No. 85-1, Ex. 2. On June 7, 2022, the PTAB granted institution on multiple grounds for every asserted claim of the '082 patent. *Id.*, Ex. 3. The deadline for the PTAB to issue a Final Written Decision is June 7, 2023. *See* 35 U.S.C. § 316(a)(11).

II. LEGAL STANDARD

"District courts typically consider three factors when determining whether to grant a stay 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, 2015 WL 1069111, at *2 (E.D. Tex. Mar. 11, 2015); *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) (Bryson, J.).

III. ANALYSIS

A. Undue Prejudice to the Non-moving Party

The Court finds that a stay would inflict undue prejudice upon non-movant IV for at least the following two reasons.

First, a stay risks the loss of testimonial and documentary evidence potentially valuable to IV's case. *See Sonrai Memory Ltd. v. LG Elecs. Inc.*, No. 6:21-CV-00168-ADA, 2022 WL 2307475, at *2 (W.D. Tex. June 27, 2022); *see also Allvoice Developments US, LLC v. Microsoft Corp.*, No. 6:09-CV-366, 2010 WL 11469800, at *4 (E.D. Tex. June 4, 2010) (holding that a stay of ten months would "create a substantial delay that could cause prejudice by preventing Plaintiff

from moving forward with its infringement claims and by risking the loss of evidence as witnesses become unavailable and memories fade"); *Allure Energy, Inc. v. Nest Labs, Inc.*, No. 9-13-CV-102, 2015 WL 11110606, at *1 (E.D. Tex. Apr. 2, 2015); *Anascape, Ltd. v. Microsoft Corp.*, 475 F. Supp. 2d 612, 617 (E.D. Tex. 2007) (holding that delay also risks making witnesses harder to find).

Furthermore, this Court denied a motion to stay pending IPR in another case on similar grounds. *Sonrai Memory Ltd. v. LG Elecs. Inc.*, No. 6:21-CV-00168-ADA, 2022 WL 2307475, at *1 (W.D. Tex. June 27, 2022) ("LG"). This Court wrote, "[s]ome factors may diminish [the risk of loss of valuable evidence], like where the requested stay is of a brief and definite duration." *Id.* at *2. As in that motion, the factor is absent here. The statutory deadline for the PTAB to issue a FWD on HPE's petition is not until June 7, 2023, and it can be delayed for another six months to December 2023—not even taking into account possible appeal time. 35 U.S.C. § 316(a)(11); 37 C.F.R. § 42.100(c). Therefore, staying the case could result in a delay of up to 17 months. *See Multimedia Content Mgmt. LLC v. Dish Network*, No. 6:18-CV-00207-ADA, 2019 U.S. Dist. LEXIS 236670, at *5 (W.D. Tex. May 30, 2019) (noting the length of appeal and the statutory scheme's provision for delaying a FWD by six months if necessary).

Another risk-mitigating factor this Court considered in *LG* was whether "the proceeding-to-be-stayed and the parallel proceeding implicate discovery of a similar scope and evidence in the latter can later be used in the former." *LG*, 2022 WL 2307475, at *2. Due to the limited scope—determinations made based on prior art alone—and minimal discovery of IPRs, this factor typically is not implicated in a motion to stay pending IPR. *Id.* (citing 35 U.S.C. § 311(b) (providing the limited scope of validity challenges in an IPR petition) and 37 C.F.R. § 42.51 (providing the limited scope of IPR discovery)).

Secondly, a stay may result in undue prejudice to IV because IV, like all patent holders, "has an interest in the timely enforcement of its patent rights." *LG*, 2022 WL 2307475, at *2; *see also Kirsch Research & Dev., LLC v. Tarco Specialty Products, Inc.*, No. 6:20-CV-00318-ADA, 2021 WL 4555804, at *2 (W.D. Tex. Oct. 4, 2021) (citing *MiMedx Group, Inc. v. Tissue Transplant Tech. Ltd.*, No. SA-14-CA-719, 2015 WL 11573771, at *2 (W.D. Tex. Jan 5, 2015)). The Federal Circuit has long favored "expeditious resolution of litigation." *Kahn v. GMC*, 889 F.2d 1078, 1080 (Fed. Cir. 1989); *see also United States ex rel. Gonzalez v. Fresenius Med. Care N. Am.*, 571 F. Supp. 2d 758, 763 (W.D. Tex. 2008) ("[T]he compensation and remedy due a civil plaintiff should not be delayed." (quoting *Gordon v. FDIC*, 427 F.2d 578, 580 (D.C. Cir. 1970))). To that end, Congress established the PTAB to provide "quick and cost-effective" resolutions of patent disputes. *LG*, 2022 WL 2307475, at *2; *see also Ethicon Endo-Surgery, Inc. v. Covidien LP*, 826 F.3d 1366, 1367 (Fed. Cir. 2016).

As in *LG*, this Court is set to resolve the parties' patent disputes before the PTAB determines "*only* invalidity based *only* on prior-art publications." 2022 WL 2307475, at *3. Pushing back trial for a limited proceeding (that may not eliminate the need for a jury trial) makes little sense here. *See id.* (denying LG's motion to stay pending IPR when PTAB expected to issue its FWD a month after this Court would reach a resolution); *USC IP P'ship, L.P. v. Facebook, Inc.*, No. 6-20-CV-00555-ADA, 2021 WL 6201200, at *2 (W.D. Tex. Aug. 5, 2021) (denying stay where a FWD was expected months after the scheduled jury trial); *Kerr Mach. Co. v. Vulcan Indus. Holdings, LLC*, No. 6-20-CV-00200-ADA, 2021 WL 1298932, at *2, 2021 U.S. Dist. LEXIS 67384, at *6 (W.D. Tex. Apr. 7, 2021) ("[T]he Court believes that allowing this case to proceed to completion will provide a more complete resolution of the issues including infringement, all potential grounds of invalidity, and damages.").

HPE asserts that IV will not be unduly prejudiced because it seeks only monetary relief. *See* ECF No. 85 at 3. "However, the Court has noted that '[a] patent holder has an interest in the timely enforcement of its patent right,' even when the patent holder has only sought monetary relief." *See USC IP P'ship, L.P. v. Facebook, Inc.*, No. 6-20-CV-00555-ADA, 2021 WL 6201200, at *2 (W.D. Tex. Aug. 5, 2021) (quoting *MiMedx Grp., Inc. v. Tissue Transplant Tech. Ltd.*, No. 14-CV-719, 2015 WL 11573771, at *2 (W.D. Tex. Jan 5, 2015); *see also, e.g.*, *Intell. Ventures I LLC v. TMobile USA, Inc.*, No. 2:17-CV-00577-JRG, 2018 WL 11363370, at *2 (E.D. Tex. Dec. 13, 2018) ("It is well established that Plaintiff's timely enforcement of its patent rights is entitled to some weight, even if that factor is not dispositive.").

Accordingly, this factor weighs against granting a stay.

B. Stage of the Proceedings

The advanced stage of the proceedings weighs against granting a stay. "[I]f the protracted and expansive discovery has already occurred, or the court has expended significant resources, then courts have found that this factor weighs against a stay. *CANVS Corp. v. United States*, 118 Fed. Cl. 587, 595 (2014). Simply put, this case is not in an early stage. the parties completed claim construction briefing in February of 2022, and HPE waived oral argument after the Court issued a preliminary claim construction ruling. *See* ECF Nos. 36, 40, 44, 47, 49. The Court entered its Claim Construction Order on December 1, 2022. ECF No. 103. The Amended Complaint in this case was filed over a year ago. *See* ECF No. 34. HPE additionally moved to transfer the case from Texas to Massachusetts and after the parties engaged in lengthy venue discovery and completed subsequent rounds of detailed briefing, this Court denied that motion. *See* ECF No. 72. The Federal Circuit already denied HPE's petition for mandamus. *See* ECF No. 90. And the parties fully briefed two separate motions to dismiss. *See* ECF Nos. 15, 24, 25, 35, 39, 41.

The parties have also expended significant time and resources into the substance of this case. Fact discovery closed on October 7, 2022, with trial set for March 10, 2023. *See* ECF No. 53. Importantly, the Court has expended significant resources getting to this point and is prepared to move forward on this Action. *See Sonrai Memory Ltd. v. Texas Instruments Inc.*, No. 6:21-CV-1066-ADA-DTG, 2022 WL 2782744, at *1 (W.D. Tex. May 18, 2022) (denying motion to stay pending IPR where the parties had not started claim construction briefing, where fact discovery was not open, and the "placeholder date" for trial was still over a year out).

Given the foregoing, this factor weighs against granting a stay.

C. Simplification of Issues

Simplification of the issues is the "most important factor" in the stay analysis. *Tarco*, 2021 WL 4555804, at *3; *see also LG*, 2022 WL 2307475, at *3.

1. Strength of HPE's IPR Petition

Without doubt, this case would be simplified if the PTAB invalidated all asserted claims of the '082 patent in HPE's IPR, assuming the Federal Circuit upheld that decision on a potential appeal. But for this factor to favor a stay, HPE "must show more than a successful petition, they must show that the PTAB is likely to invalidate every asserted claim." *Kirsch*, 2021 WL 4555804, at *3 (quoting *Scorpcast v. Boutique Media*, No. 2:20-cv-00193-JRG-RSP, 2021 WL 3514751, at *3 (E.D. Tex. June 7, 2021)). HPE failed to meet that burden.

The IPR institution ruling does not indicate that the PTAB is likely to invalidate every asserted claim. To be sure, it states that "[p]etitioner has shown a reasonable likelihood of prevailing against at least one of the challenged claims. For the reasons explained below, we institute an inter partes review on the challenged claims of the '082 patent." ECF No. 85-4 at 2. The PTAB, however, writes,

> "[f]or the foregoing reasons and ***on the present record***, we determine that the Petition demonstrates a reasonable likelihood that Petitioner would prevail in establishing the unpatentability ***of at least one*** of the challenged claims of the '082 patent. ***At this stage of the proceeding***, we have not made a final determination with respect to the patentability of any of the challenged claims."

Id. at 42 (emphasis added).

The language in the institution ruling does not support HPE's claim that the PTAB is likely to invalidate all asserted claims. Rather, the PTAB merely indicates that HPE met its initial institution burden. HPE's motion and supporting arguments attempt to shoehorn the institution ruling to favor granting a stay. That attempt was unsuccessful. *See Ravgen, Inc. v. Lab. Corp. of Am. Holdings*, No. 6:20-cv-00969-ADA, ECF No. 185 at 8 (W.D. Tex. Aug. 16, 2022) (movant's failure to show that "the Board is likely to invalidate every asserted claim" was a "fatal error," as "[i]nstitution alone is not enough").

2. IPR Estoppel Does Not Sufficiently Simplify the Issues

Section 315(e) of Title 35 subjects IPR petitioners to estoppel once the PTAB issues a FWD. The Court is "not persuaded by [HPE's] argument that the issues in this case will be simplified even if the PTAB confirms the validity of any of the asserted claims. Although [HPE] would be estopped from challenging the validity of the asserted claims on grounds raised or could have been reasonably raised in the IPRs, [HPE] can still challenge in this Court the invalidity of the asserted claims on other grounds, especially those grounds that rely on system prior art, which could not be relied on during IPRs." *See USC IP P'ship*, 2021 WL 6201200, at *2 (citations to the record omitted) (citing 35 U.S.C. §§ 311(b), 315(e)); *see also, e.g.*, *Intell. Ventures II LLC v. Kemper Corp.*, No. 6:16-CV-0081, 2016 WL 7634422, at *3 (E.D. Tex. Nov. 7, 2016) ("[R]egardless of any estoppel, defendants have considerable latitude in using prior art systems . . . [allegedly] embodying the same patents or printed publications placed before the PTO in IPR proceedings.").

In fact, HPE's Final Invalidity Contentions include six alleged prior art products and systems, which HPE will presumably argue are not covered by IPR estoppel. "It is unclear how forcing [HPE] to rely on other prior art for its invalidity case constitutes a 'simplification' of the invalidity issue as opposed to simply a second chance to invalidate the asserted claims." *LG*, 2022 WL 2307475, at *4.

Therefore, this factor weighs against a stay.

IV. CONCLUSION

The Court finds that no factor weighs in favor of granting a stay. IV would be prejudiced by delay of this trial, slated to occur before the PTAB issues a FWD in the HPE IPR. This Action is in an advanced stage, and HPE has failed to support its claims about the strength of its IPR petition.

HPE's Motion to Stay, ECF No. 85, is therefore **DENIED**.

SIGNED this 22nd day of December, 2022.

ALAN D ALBRIGHT
UNITED STATES DISTRICT JUDGE