IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

CALIFORNIA INSTITUTE OF TECHNOLOGY, *Plaintiff*, v. SAMSUNG ELECTRONICS CO., LTD., SAMSUNG ELECTRONICS AMERICA, INC., *Defendants*.	§ § § § § § § § § § § § §	CIVIL ACTION NO. 2:21-CV-00446-JRG

ORDER

Before the Court is the Motion to Stay Pending *Inter Partes* Review of the Asserted Patents (the "Motion) filed by Defendants Samsung Electronics Co., Ltd. and Samsung Electronics America, Inc. (collectively, "Samsung"). (Dkt. No. 83.) In the Motion, Samsung moves to stay this case pending *inter partes* review of all asserted claims of the patent-in-suit. (*Id.* at 1.)

I. BACKGROUND

Plaintiff California Institute of Technology ("Caltech") filed this case on December 3, 2021 asserting infringement of five patents: U.S. Patent No. 7,116,710 (the "'710 patent"), U.S. Patent No. 7,421,032 (the "'032 patent"), U.S. Patent No. 7,716,552 (the "'552 patent"), U.S. Patent No. 7,916,781 (the "'781 patent"), and U.S. Patent No. 8,284,833 (the "'833 patent"). (Dkt. No. 1). Caltech's Second Amended Complaint ("SAC"), filed on October 26, 2022, narrowed the case and asserted infringement of only the '710 patent, '032 patent, '781 patent, and '833 patent (collectively, the "Asserted Patents"). (Dkt. No. 75.)[1]

[1] The SAC is the operative complaint in this action. (*See, e.g.*, Dkt. No. 83 at 2.)

Between October 31, 2022 and November 1, 2022, Samsung filed petitions for *inter partes* review ("IPR") covering all asserted claims of the Asserted Patents. (Dkt. No. 83 at 2.) The Patent Trial and Appeal Board ("PTAB") provided Notices of Filing Date for each of the filed IPRs on November 10, 2022. (*Id*. at 3.) Caltech's Preliminary Responses are due on February 10, 2023, the PTAB's Institution Decisions are due on May 10, 2023, and, if instituted, the PTAB must make a final determination in each IPR by November 10, 2023. (*Id*.)

Claim construction began in this case on October 11, 2022 with the parties' exchange of proposed terms for construction. (Dkt. No. 94 at 5.) The *Markman* hearing is scheduled for February 28, 2023. (*Id*. at 4.) The deadline to substantially complete document production is on January 17, 2023 and expert reports are due to be exchanged beginning on April 24, 2023. (*Id*.) Trial is scheduled for September 11, 2023. (*Id*. at 1.)

II. LEGAL STANDARD

The district court has the inherent power to control its own docket, including the power to stay proceedings. *Clinton v. Jones*, 520 U.S. 681, 706 (1997). How to best manage the court's docket "calls for the exercise of judgment, which must weigh competing interests and maintain an even balance." *Landis v. N. Am. Co.*, 299 U.S. 248, 254–55 (1936).

"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 Techs. LLC v. HTC Am., Inc.*, 2015 WL 1069111, at *2 (E.D. Tex. Mar. 11, 2015). "Based on th[ese] factors, courts determine whether the benefits of a stay outweigh the inherent costs of postponing resolution of the litigation." *Id.*

III. DISCUSSION

After reviewing the arguments of the parties as presented in the briefing, the Court finds that stay is not appropriate for the reasons described herein.

A. A Stay Will Unduly Prejudice Caltech

As this Court has recognized, a plaintiff has a right to timely enforcement of its patent rights. *Trover Grp. Inc. v. Dedicated Micros USA*, 2015 WL 1069179, at *2 (E.D. Tex. Mar. 11, 2015). Caltech would be prejudiced by a delay in its ability to vindicate its patent rights caused by a stay, which weighs against granting this Motion.

Samsung contends that Caltech will not be prejudiced from a stay because "Caltech could have initiated this litigation against Samsung years ago" and therefore will not be "prejudiced by an additional brief delay in litigating its infringement claims while the IPR petitions are pending." (Dkt. No. 83 at 7–8.) According to Samsung, Caltech sued Broadcom and Apple for infringement of the Asserted Patents as early as 2016, and Caltech now "accuses many of the same Broadcom chips in this litigation…five-and-a-half years [later]." (*Id*. at 7.)

Caltech contends that just because it *could* have filed suit earlier "does nothing to change the fact that it is now entitled to timely enforcement of its patent rights." (Dkt. No. 88 at 12.) Caltech further argues that since the Asserted Patents have expired—and as Samsung's Accused Products age—the "risk of stale memories and lost evidence weighs in favor of denying" the stay. (Dkt. No. 88 at 11.)

Samsung additionally argues that Caltech will not suffer any undue prejudice from a stay because it does not make any products and does not compete with Samsung, and thus can be compensated with monetary relief for any damages or prejudice. (Dkt. No. 83 at 8.) Caltech argues that its "status as a non-practicing entity has no bearing on whether it will be prejudiced by a stay because every patentee has equal rights under the law to enforce his patent rights." (Dkt. No. 88 at

12–13 (citing *Parallel Networks, LLC v. Netflix, Inc*., 2008 WL 8793607, at *2 (E.D. Tex. Dec. 23, 2008)).) Indeed, "the mere fact that [a plaintiff] is not currently practicing the patents does not mean that, as a matter of law, it is not prejudiced by a substantial delay of an imminent trial date." *Rembrandt Wireless Techs., LP v. Samsung Elecs. Co. Ltd.*, 2015 WL 627887, at *2 (E.D. Tex. Jan. 29, 2015).

Samsung further contends that it will be unduly prejudiced by a stay because it will have to incur the burden of continuing to defend against the allegations of infringement of the Asserted Patents. (Dkt. No. 83 at 9.) Samsung's argument is inapposite, as the present factor in the stay analysis looks to "whether a stay will unduly prejudice or present a clear tactical disadvantage *to the nonmoving party*." *Tessera Advanced Techs., Inc. v. Samsung Electronics Co. Ltd.*, 2018 WL 3472700, at *1 (E.D. Tex. July 19, 2018) (emphasis added). Further, despite Samsung's assertions, both parties have already expended significant time and resources during discovery, claim construction, and motion practice over the nearly thirteen months this case has been pending. Any further delay would require the parties to sink additional resources into the case, all the while postponing Caltech's vindication of its patent rights. *NFC Tech. LLC v. HTC Am., Inc.*, No. 2:13-cv-1058, 2015 WL 10691111, at *2 (E.D. Tex. Mar. 11, 2015).

Samsung requests a stay "pending final resolution of the IPRs." (Dkt. No. 83 at 2.) Granting the stay requested by Samsung would thus require the parties to incur the substantial expenses of conducting the *inter partes* review at the PTAB until any final determination is made. The IPR proceedings at the PTAB are currently in their infancy (having been requested almost a year after the filing of the present action), and therefore granting a stay would require both Samsung and Caltech to conduct the entire *inter partes* review proceeding from its initial stages. By contrast, the present case is approximately eight months from jury selection, and the parties have behind

them a large portion of the expense related to discovery and claim construction. Accordingly, this factor weighs against staying these proceedings.

B. The Stage of This Litigation Disfavors a Stay

The stage of the case also disfavors a stay. This case has been pending for over a year and is set for jury selection on September 11, 2023, approximately eight months away and approximately two months before final written decisions would issue (should the PTAB choose to institute the IPRs). (Dkt. No. 94 at 1.) The *Markman* hearing is set for February 28, 2023. (*Id*. at 4.) Samsung waited ten months after this case was initiated to file its IPRs and to seek a stay from the Court. In that time, the parties engaged in extensive discovery, including the exchange of "tens of thousands of documents," interrogatories, depositions, source code inspection, third-party discovery, and infringement and invalidity contentions. (Dkt. No. 88 at 3.) As of this Order, the parties are engaged in the claim construction process and are nearing completion of document production. (Dkt. No. 94 at 4.) Thus, at this stage, a stay would do nothing more than draw out the time to trial.

C. A Stay is Unlikely to Simplify the Issues in this Case

The Court finds that a stay pending IPR would do little to simplify the issues in this case at this juncture. Samsung argues that a stay will simplify or eliminate issues in this litigation because the outcome of the IPRs has the potential to address every asserted claim in all Asserted Patents. (Dkt. No. 83 at 1–2; 4–7.) However, it is the Court's established policy that motions to stay pending IPR proceedings that have not yet been instituted are inherently premature. At this stage—before the PTAB has made any decision as to institution of the Petitions—it is impossible for the Court to determine "whether the stay will likely result in simplifying the case before the court" without engaging in speculation. *NFC Tech.*, 2015 WL 10691111, at *2.

Samsung cites to generic statistics that "the PTAB instituted 66% of trial petitions" in 2022 to conclude that it is likely that the PTAB will likewise institute Samsung's IPRs. (Dkt. No. 83 at 5.) The Court is not persuaded by such speculation. Indeed, Samsung's Motion ignores that "[p]rior to Samsung's petitions, 16 petitions for IPR have been filed on the Asserted Patents," of which, "only eight resulted in institution by the PTAB." (Dkt. No. 88 at 9.) Further, "[o]f the 60 claims for which the PTAB granted institution, only five were ultimately found invalid[.]" (*Id.*) In fact, "***[a]ll of the claims*** for which Samsung is seeking IPR have already been before the PTAB, and it has either declined to institute IPR or found that the petitioner failed to show that the claims are invalid." (*Id.*) (emphasis in original). Given the substantial history of the Asserted Patents before the PTAB, the Court is not inclined to grant a stay based on pure conjecture that the PTAB will suddenly change its course of action this time around. Accordingly, this factor weighs against a stay.

IV. CONCLUSION

For the foregoing reasons, Samsung's Motion to Stay Pending *Inter Partes* Review of the Asserted Patents (Dkt. No. 83) is **DENIED**.

So ORDERED and SIGNED this 20th day of January, 2023.

RODNEY GILSTRAP
UNITED STATES DISTRICT JUDGE