

1
2
3
4
5
6
7
8 UNITED STATES DISTRICT COURT
9 SOUTHERN DISTRICT OF CALIFORNIA
10

11 QUALCOMM INCORPORATED,
12 Plaintiff,
13 v.
14 APPLE INCORPORATED,
15 Defendant.

Case No.: 3:17-cv-2403-CAB-MDD
ORDER ON MOTION TO STAY
[Doc. No. 160]

16
17 Defendant Apple, Inc., has filed a motion to stay litigation while the patents at issue
18 are under petition for *Inter Partes* Review (“IPR”) by the U.S. Patent Trial and Appeal
19 Board (“PTAB”) of the U.S. Patent and Trademark Office (“PTO”). The Court finds the
20 motion suitable for determination on the papers submitted and without oral argument in
21 accordance with Civil Local Rule 7.1(d)(1). For the reasons set forth below, the motion
22 is granted.

23 **I. Background**

24 On November 29, 2017, plaintiff Qualcomm Inc., filed a complaint against Apple,
25 asserting infringement of United States Patents Nos. 8,683,362 (“the ‘362 patent”);
26 8,497,928 (“the ‘928 patent”); 8,665,239 (“the ‘239 patent”); 9,203,940 (“the ‘940
27 patent”); and 7,844,037 (“the ‘037 patent”). [Doc. No. 1.] Following a joint motion to
28 extend Apple’s time to file a responsive pleading, Apple answered on January 22, 2018.

1 [Doc No. 51.] The Court held a case management conference on February 7, 2018, at
2 which time Apple represented it intended to seek IPR on all of the asserted patents and
3 indicated an expectation of filing the applications with the PTAB within the next two
4 months. [Doc No. 64.]

5 The parties were directed to proceed with the exchange of infringement and
6 invalidity contentions pursuant to this District's Local Patent Rules. Dates were set for the
7 filing of claim construction briefs, and a tutorial and claim construction hearing was
8 scheduled for October 10 and 11, 2018. On July 31, 2018, however, Apple filed the instant
9 motion [Doc. No. 160] for a stay based on its filed applications for IPR of all the patents
10 asserted in the litigation. Qualcomm filed an opposition to the motion to stay on August
11 21, 2018. [Doc. No. 168.] Apple filed a reply on August 28, 2018. [Doc. No. 176.]

12 Apple has petitioned for review of all the asserted claims of the five patents at issue
13 in this case with the exception of two asserted claims in the '928 patent. The PTAB's
14 decisions whether to institute will not issue until approximately January 2019 and may not
15 result in institution of IPR as to any of the patents. Nevertheless, the Court finds it a prudent
16 exercise of resources to temporarily stay this matter until the PTAB decides whether to
17 institute IPR.

18 **II. Legal Standard**

19 Courts have inherent power to manage their dockets and stay proceedings. The party
20 seeking a stay bears the burden of showing that such a course is appropriate. *See Landis*
21 *v. N. Am. Co.*, 299 U.S. 248, 255 (1936). A stay pending an administrative proceeding is
22 not automatic; rather, it must be based upon the circumstances of the case before the court.
23 *See Comcast Cable Commc'ns Corp. LLC v. Finisar Corp.*, No. 06-cv-04206-WHA, 2007
24 WL 1052883, at *1 (N.D. Cal. Apr. 5, 2007) ("From a case management perspective, the
25 possible benefits must be weighted in each instance against the possible drawbacks.").

26 Courts generally consider three factors to determine whether to impose a stay
27 pending parallel proceedings in the PTAB: (1) whether a stay will simplify the issues in
28 question and trial of the case; (2) whether discovery is complete and a trial date set; and

1 (3) whether a stay would unduly prejudice or present a clear tactical disadvantage to the
2 nonmoving party. *TAS Energy, Inc. v. San Diego Gas & Elec. Co.*, No. 12-cv-2777-GPC-
3 BGS, 2014 WL 794215, at *3 (S.D. Cal. Feb. 26, 2014) (citing *Telemac Corp. v.*
4 *Teledigital, Inc.*, 450 F. Supp. 2d 1107, 1111 (N.D. Cal. 2006)). Judicial consideration is
5 not limited to these factors, but rather can include a review of totality of the circumstances.
6 A court’s consideration of a motion to stay should be guided by “the liberal policy in favor
7 of granting motions to stay proceedings pending the outcome of USPTO reexamination or
8 reissuance proceedings.” *ASCII Corp. v. STD Entm’t USA, Inc.*, 844 F. Supp. 1378, 1381
9 (N.D. Cal. 1994).

10 **III. Discussion**

11 **A. Simplification of Issues and Trial**

12 Apple has petitioned for review of all the asserted claims of the patents at issue, with
13 the previously noted exception of two claims of the ‘928 patent. Decisions whether to
14 institute on each of these petitions will necessarily impact the scope of the issues for
15 litigation and trial. Should the PTAB institute on any one or more of the petitions, those
16 patents and all their asserted claims will be subject to review “in accordance with or in
17 conformance to the petition.” *SAS Inst., Inc. v. Iancu*, 138 S.Ct. 1348, 1355 (2018)
18 (whether to institute an *inter partes* review is a binary choice – “either institute review or
19 don’t”). As a result, for any petition on which the PTAB institutes IPR, each of the
20 challenged claims will either (1) be confirmed, estopping Apple from asserting invalidity
21 challenges in this case that it raised or could reasonably have raised in the IPR, or (2) be
22 invalidated, reducing the number of issues before the Court.

23 This factor weighs in favor of a limited stay of proceedings until the PTAB issues
24 its decisions on whether to institute IPR. *See e.g., Wi-Lan Inc. v. LG Elecs. Inc.*, No. 3:17-
25 cv-00358-BEN-MDD, 2018 WL 2392161, at*2 (S.D. Cal May 22, 2018) (while review is
26 not guaranteed and, therefore, the benefits of review are only speculative at this juncture,
27 in light of the Supreme Court’s mandate to review all contested claims upon a grant of IPR
28 and the complexity of this case the Court finds this factor weighs in favor of a limited stay);

1 *Nichia Corp. v. Vizio, Inc.*, SA CV 18-00362 AG (KESx), 2018 WL 2448098, at *2-3 (C.D.
2 Cal. May 21, 2018) (Vizio filed IPR petitions on all the asserted claims, and although the
3 potential for simplification was speculative at the time, the Court determined the stay
4 would be relatively short and the action could continue with minimal delay if institution
5 was denied); *Am. GNC Corp. v. LG Elecs. Inc.*, No. 3:17-cv-1090-BAS-BLM, 2018 WL
6 1250876, at *3 (S.D. Cal. March 12, 2018) (if the court were to wait for the PTAB to accept
7 the IPR petitions before staying the case, the court risks wasting resources; the limited
8 nature of a stay outweighs the risk of unnecessary expenditure of resources before the
9 determination to institute or not).

10 In this case with five patents and numerous claims at issue, the PTAB's decisions
11 whether to institute will impact the contours of the case. If the PTAB institutes and cancels
12 all the asserted claims of any patent, it will remove that patent from the case, thereby
13 significantly reducing the scope of this litigation. Alternatively, if the PTAB declines to
14 institute or institutes and confirms any patent, statutory estoppel may simplify the assertion
15 of invalidity defenses. This factor favors a temporary stay.

16 **B. Timing**

17 Regarding the stage of the proceedings, courts consider timing issues such as
18 whether discovery is complete, the status of claim construction, and whether a trial date
19 has been set. *Universal Elecs., Inc. v. Universal Remote Control, Inc.*, 943 F. Supp. 2d
20 1028, 1030-31 (C.D. Cal. 2013). Since the case management conference in February 2018,
21 the parties have engaged in motion practice regarding the pleadings, including a motion for
22 judgment on the pleadings challenging the patentability of the '362 and '239 patents, under
23 35 U.S.C. § 101, which the Court denied without prejudice. [Doc. No. 143]. They have
24 exchanged infringement and invalidity contentions, provided discovery responses, and
25 submitted briefing for the claim construction hearing. The Court is cognizant of the
26 resources expended by the parties to prepare for the scheduled claim construction hearing,
27 but the hearing has not occurred yet and the Court has not construed the claims. Moreover,
28 Qualcomm's submissions to the PTAB in response to Apple's IPR petitions may inform

1 the construction of disputed claim terms. *See Core Optical Techs, LLC v. Fujitsu Network*
2 *Commc 'ns, Inc.*, No. SA CV 16-00437-AG (JPRx), 2016 WL 7507760, at *2 (C.D. Cal.
3 Sept. 12, 2016) (even if no patent claim is eliminated, the intrinsic record developed during
4 the IPR may inform on issues like claim construction).

5 Significant fact and expert discovery and dispositive motion practice are still ahead.
6 A pretrial conference is presently scheduled for June 2019, but no trial date has been set.
7 [Doc. No. 102.] Trial is not imminent and the majority of fact and expert discovery is still
8 to be completed. The stage of the proceedings does not weigh against issuing a temporary
9 stay. *See, e.g., TAS Energy, Inc.*, 2014 WL 794215, at *3 (“While the case is not in its
10 early stages, it is in the midst of discovery and no trial date has been set. Moreover,
11 significant amount of work still remains such as expert discovery, summary judgment
12 motions and trial.”); *PersonalWeb Techs, LLC, v. Facebook, Inc.*, Case Nos. 5:13-CV-
13 01356-EJD; 5:13-CV-01358-EJD; 5:13-CV-01359-EJD, 2014 WL 116340, at *4 (N.D.
14 Cal Jan. 13, 2014) (stating that case was not so far advanced that a stay would be improper
15 where parties had not yet engaged in significant costly work of expert discovery and
16 summary judgment motions, and the pretrial conference was still six months away); *Am.*
17 *GNC Corp.*, 2018 WL 1250876, at *2 (that the parties have completed certain benchmarks
18 under the Patent Local Rules does not mean the case has progressed so significantly that a
19 stay would be improper).

20 This factor favors a temporary stay.

21 **C. Undue Prejudice or Clear Tactical Advantage**

22 Despite the fact that the petitions were not filed as expeditiously as anticipated in
23 Apple’s case management statement [Doc. No. 64], based on the number of patents and
24 claims involved, the Court does not conclude that the additional time taken to prepare and
25 file the applications was the result of tactical delay. Moreover, a delay inherent in the
26 reexamination process does not constitute undue prejudice. *AT&T Intellectual Prop. I v.*
27 *Tivo, Inc.*, 774 F. Supp. 2d 1049, 1054 (N.D. Cal 2011); *Research in Motion Ltd., v. Visto*
28 *Corp.*, 545 F. Supp. 2d 1011, 1012 (N.D. Cal. 2008) (mere delay in the litigation does not

1 establish undue prejudice). Finally, because Apple and Qualcomm are not direct
2 competitors, any harm from a stay can be addressed through damages. *PersonalWeb*
3 *Techs, LLC*, 2014 WL 116340, at *5.

4 This factor favors a temporary stay.


5 **IV. Conclusion**

6 The Court finds Apple's motion for stay timely and that staying this case will not
7 cause Qualcomm undue prejudice. Further PTAB's decisions to institute IPR may simplify
8 the case and may further inform the Court on matters of claim construction. Apple's
9 motion for a stay is therefore **GRANTED** pending the PTAB's decisions whether to
10 institute IPR.

11 As the Court has previously noted, the patents in this case are diverse. They are from
12 unrelated families and cover divergent technologies. The PTAB may decide to institute
13 IPR as to all, some, or none of these patents. The litigation is hereby stayed until those
14 determinations are made. As the patents do not overlap and are independent of each other,
15 litigation will commence again immediately for any patents on which IPR is not instituted,
16 and the Court will promptly reschedule the claim construction hearing as to those patents.
17 The parties shall jointly notify the Court immediately of the PTAB's decisions whether to
18 institute as to each patent as the decisions are individually received.

19 It is **SO ORDERED**.

20 Dated: August 29, 2018

21 
22 _____
23 Hon. Cathy Ann Bencivengo
24 United States District Judge
25
26
27
28