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

ARBOR GLOBAL STRATEGIES LLC, *Plaintiff*, v. SAMSUNG ELECTRONICS CO., LTD., SAMSUNG ELECTRONICS AMERICA, INC., and SAMSUNG SEMICONDUCTOR, INC., *Defendants*.	§ § § § § § § § § § §	Case No. 2:19-cv-00333-JRG-RSP

ORDER

Before the Court is the Motion to Stay Pending *Inter Partes* Review, filed by Samsung Electronics Co., Ltd., Samsung Electronics America, Inc., and Samsung Semiconductor, Inc. Dkt. No. 46. After consideration, the Court **DENIES** the Motion to Stay without prejudice.

I. BACKGROUND

Plaintiff Arbor Global Strategies LLC ("Arbor") filed its complaint against Samsung Electronics Co., Ltd., Samsung Electronics America, Inc., and Samsung Semiconductor, Inc. (collectively, "Samsung") on October 11, 2019, asserting infringement of U.S. Patent Nos. 6,781,226, 7,282,951, and RE42,035 (collectively, the "Asserted Patents"). Dkt. No. 1 at 5–6. On March 9, 2020, Arbor served its infringement contentions, identifying the specific claims it contends Samsung infringes. *See* Dkt. No. 29. On April 7, 2020, the Court issued a Docket Control Order. Dkt. No. 34. Pursuant to that Order, the claim construction hearing is set for November 10, 2020, fact discovery closes on November 16, 2020, expert discovery ends on December 21, 2020, and trial is set to begin on April 5, 2021, among other deadlines. *Id*.

On May 29, 2020, Samsung filed petitions for *inter partes* review ("IPR") of the three Asserted Patents, accounting for all forty-five asserted claims. Dkt. No. 46 at 1–2. The Patent Trial and Appeal Board ("Board") may take up to six months to decide whether to institute on the IPR petitions. *See* 35 U.S.C. § 314(b). Therefore, the Board has until November 29, 2020, to issue its decision on whether to institute the petitions or not.[1]

A month after filing its petitions, Samsung filed the current Motion to Stay ("Motion") on June 29, 2020, requesting that the Court stay this case until the Board has concluded IPR of the Asserted Patents. Dkt. No. 46. Briefing on the Motion has now concluded.[2] As of the date of this Order, the Board has still not issued a decision regarding institution of the IPR petitions.

II. LEGAL STANDARD

"The party seeking a stay bears the burden of showing that such a course is appropriate." *Peloton Interactive, Inc. v. Flywheel Sports, Inc.*, No. 218-cv-390-RWS-RSP, 2019 WL 3826051, at *1 (E.D. Tex. Aug. 14, 2019) (quoting *Realtime Data, LLC v. Hewlett Packard Enter. Co.*, No. 6:16-cv-86-RWS-JDL, 2017 WL 3712916, at *3 (E.D. Tex. Feb. 3, 2017)); *accord Landis v. N. Am. Co.*, 299 U.S. 248, 255 (1936). "The decision of whether to extend a stay falls solely within the court's inherent power to control its docket." *Pers. Audio LLC v. Google, Inc.*, 230 F. Supp. 3d 623, 626 (E.D. Tex. 2017) (citing *ThinkOptics, Inc. v. Nintendo*, No. 6:11-cv-455-LED, 2014 WL 4477400, at *1 (E.D. Tex. Feb. 27, 2014)); *accord Clinton v. Jones*, 520 U.S. 681, 706 ("The District Court has broad discretion to stay proceedings as an incident to its power to control its own docket.") (citing *Landis*, 299 U.S. at 254).

[1] Arbor argues the Board's deadline to issue its institution decision is December 4, 2020. Dkt. No. 49 at 4. The Court's decision here is the same under either date.

[2] After Samsung filed the Motion on June 29, 2020, Arbor responded on July 13, 2020. Dkt. No. 49. Samsung then replied on July 21, 2020. Dkt. No. 52. Arbor did not file a sur-reply by the July 28th deadline.

District courts typically consider three factors when deciding whether to stay litigation pending IPR of the asserted patent(s): "(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 simplify issues in question in the litigation." *Trover Grp., Inc. v. Dedicated Micros USA*, No. 2:13-CV-1047-WCB, 2015 WL 1069179, at *2 (E.D. Tex. Mar. 11, 2015) (collecting cases).

III. ANALYSIS

Samsung has not met its burden to show that a stay is appropriate as, most importantly, it did not show that the Board granted its petitions for IPR. Since Samsung did not show there is a reasonable likelihood that the Board will invalidate all the asserted claims, its Motion fails.

a. Undue Prejudice

Samsung argues that Arbor will not suffer any undue prejudice if the Court grants a stay pending IPR because Arbor does not make any products or compete with Samsung nor did it move for a preliminary injunction. Dkt. No. 46 at 5–6. Samsung contends that Arbor can therefore be sufficiently compensated through monetary relief for any purported damages. Arbor counters that a stay would delay its interest in the timely enforcement of its patent rights since IPR proceedings may not complete until December 2022. Dkt. No. 49 at 11.

Arbor's concern is surely entitled to some weight. *Uniloc USA, Inc. v. Acronis, Inc.*, No. 615-cv-1001-RWS-KNM, 2017 WL 2899690, at *2 (E.D. Tex. Feb. 9, 2017) (citing *NFC Tech. LLC v. HTC Am., Inc.*, No. 2:13-CV-1058-WCB, 2015 WL 1069111, at *2 (E.D. Tex. Mar. 11, 2015)). However, this factor is present in every case in which a patentee resists a stay, and is therefore not sufficient, standing alone, to defeat a motion to stay. *Id*. (citing *NFC Tech.*, 2015 WL 1069111, at *2); *see also Trover*, 2015 WL 1069179, at *2 (collecting cases). Where, as here, a

patentee seeks exclusively monetary damages, as opposed to a preliminary injunction or other relief, "mere delay in collecting those damages does not constitute undue prejudice." *Id*. (quoting *SSL Servs., LLC v. Cisco Sys., Inc.*, No. 2:15-cv-433-JRG-RSP, 2016 WL 3523871, at *2 (E.D. Tex. June 28, 2016)) (citing *VirtualAgility Inc. v. Salesforce.com*, 759 F.3d 1307, 1318 (Fed. Cir. 2014)). Accordingly, absent a showing of any case-specific prejudice, this factor is neutral.

b. Stage of the Case Proceedings

Samsung argues a stay is warranted because this case is still in its early stages, with most of the significant pre-trial events yet to occur, including *Markman* hearing, depositions, expert discovery, and summary judgment. Dkt. No. 46 at 6–7. Arbor counters that much work has already been done, such as serving initial disclosures, infringement contentions, invalidity contentions, and interrogatory requests as well as the start of claim construction briefing. Dkt. No. 49 at 10. Arbor also notes that a trial date has been set, starting on April 5, 2021. *Id*.

"Usually, the Court evaluates the stage of the case as of the time the motion was filed." *Peloton Interactive*, 2019 WL 3826051, at *5 (quoting *Papst Licensing GMBH & Co., KG v. Apple, Inc.*, 6:15-cv-1095-RWS, slip op. at 7 (E.D. Tex. June 16, 2017)) (citing *VirtualAgility*, 759 F.3d at 1317). The Motion was filed on June 29, 2020. At that point, a trial date had been set, Dkt. No. 34, a Discovery Order had been entered, Dkt. No. 35, and as Arbor noted, much discovery had occurred. However, Samsung is correct in asserting that a great deal of discovery was still left at that point. Accordingly, this factor is neutral.

c. Issue Simplification

Whether a stay "will result in simplification of the issues before a court is viewed as the most important factor when evaluating a motion to stay." *Uniloc USA*, 2017 WL 2899690, at *3 (citing *Intellectual Ventures II LLC v. Kemper Corp.*, No. 6:16-cv-81-JRG, 2016 WL 7634422, at

*2 (E.D. Tex. Nov. 7, 2016); *NFC Tech.*, 2015 WL 1069111, at *4). "Simplification of the issues depends on whether the PTAB decides to grant the petition." *Id*. (citing *Trover*, 2015 WL 1069179, at *4; *Loyalty Conversion Sys. Corp. v. Am. Airlines, Inc.*, No. 2:13-cv-655-WCB, 2014 WL 3736514, at *2 (E.D. Tex. July 29, 2014)).

In its IPR petitions, Samsung challenges all the asserted claims in this case. Samsung also contends that the Board proceedings will greatly simplify the issues for this Court. Dkt. No. 46 at 4–5. However, the Board has not rendered an institution decision yet. The "universal practice" in this District, as well as the practice of most district courts, is to deny a motion for stay when the Board has not yet acted on a petition for IPR. *Trover*, 2015 WL 1069179, at *6 (collecting cases); *see also Peloton Interactive*, 2019 WL 3826051, at *2 (citation omitted). The reasoning behind this is that unless the Board indicates there is a serious chance it will invalidate all the asserted claims, the Court will not needlessly wait to rule on the remaining asserted claims. Essentially, there is no reason to delay the inevitable.

In sum, Samsung needs to show that every asserted claim has a reasonable likelihood of being invalidated by the Board for the Court to grant Samsung's Motion. Here, the Board has not publicly determined that any asserted claim has a reasonable likelihood of being invalidated. Accordingly, the simplification factor strongly weighs against a stay. Since this factor weighs strongly against a stay while the other two are neutral, the Motion is denied without prejudice.

Thus, Samsung may refile its Motion if the Board institutes on all three Samsung petitions for *inter partes* review. However, recent events have changed the stay analysis so that Samsung will need to do more than just show its petitions have been instituted. *See Peloton Interactive*, 2019 WL 3826051, at *2. Until recently, the Board would institute on a claim-by-claim basis, determining whether a particular claim had a reasonable likelihood of being invalidated—a

practice called partial institution. However, in *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348 (2018), the Supreme Court prohibited this practice and required the Board to either institute on all the claims in the petition or none at all. Since the PTAB can no longer partially institute IPR proceedings, institution decisions may not be as useful as they were in the past for providing an indication of whether all claims would be found unpatentable. Therefore, to meet its burden, Samsung may need to show that the Board is likely to invalidate every asserted claim—a showing that may require more than just pointing to a successful petition.

IV. CONCLUSION

For the reasons stated, the Court **DENIES** Samsung's Motion. Dkt. No. 46.

SIGNED this 10th day of August, 2020.

ROY S. PAYNE
UNITED STATES MAGISTRATE JUDGE