

On August 6, 2013, this Court granted the parties' joint motion to stay all proceedings pending the outcome of the *inter partes* review initiated by Defendants, in which Defendants asserted that Claims 1, 20-22, 30, 31, 35, 67, 107, and 108 of the '067 patent are invalid. Dkt. No. 59. In granting the motion, the Court contemplated that the parties could move to lift the stay for good cause:

All pending motions are denied as moot without prejudice to re-filing once the stay is lifted. Any party may request the Court lift the stay for good cause, and the Court will do so only upon a showing of good cause.

Dkt No. 59.

On December 3, 2014, the Patent Trial and Appeal Board (PTAB) issued its Final Written Decision in the *inter partes* review. (Ex. A.) The PTAB concluded that claims 1, 20, 30, 31, 67, 107, and 108 of the '067 patent are unpatentable. The PTAB also held that Defendants/Petitioners had **not** shown by a preponderance of the evidence that claims 21 and 22 are unpatentable. (Ex. A at 25-26.) Thus, challenged Claims 21 and 22, along with other Claims in the '067 patent, are still presumed valid and enforceable, and the estoppel provisions of the post-grant review now apply.

ARGUMENT AND AUTHORITIES

District courts have broad discretion to stay an action pending the resolution of a post-grant proceeding such as an IPR. *See, e.g., See Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426-27 (Fed. Cir. 1988) (“Courts have inherent power to manage their dockets and stay proceedings, including the authority to order a stay pending conclusion of a PTO reexamination.”) When determining the appropriateness of a stay pending IPR, courts generally consider the following three factors: (1) whether a stay would unduly prejudice or present a clear tactical disadvantage to the nonmoving party; (2) whether a stay will simplify the issues in question and trial of the

case; and (3) whether discovery is complete and whether a trial date has been set. *See, e.g., In re Cygnus Telecommunications Tech., LLC, Patent Litig.*, 385 F. Supp. 2d 1022, 1023 (N.D. Cal. 2005). In this case, the parties jointly moved for a stay, and the Court granted that request. Dkt. No. 59.

But once the IPR is concluded, the reasons for the stay evaporate. There is no longer any risk of prejudice or disadvantage to one party; the IPR has already simplified issues, because some of the challenged claims are no longer viable, while other challenged claims (e.g., Claims 21 and 22) remain viable, and the estoppel provisions of the post-grant review now apply to all surviving claims; and discovery can now resume, and the Court can set a new trial date and establish new deadlines.

Following the conclusion of IPR reviews, Courts routinely lift stays that were imposed during their pendency. *See, e.g., Grobler v. Apple Inc.*, 2013 U.S. Dist. LEXIS 172832 at *5-8 (N.D. Cal., Dec. 8, 2013) (granting Plaintiff's motion to lift a stay after the IPR was terminated, finding that "Grobler is likely to suffer prejudice if the stay remains in place."); *Cheetah Omni, LLC v. Level 3 Communs., Inc.*, 2013 U.S. Dist. LEXIS 103531 at *3-5 (E.D. Tex., July 24, 2013) (district court granted plaintiff's renewed motion to lift the stay after the PTAB issued rulings upholding the validity of the patents-in-suit). *See also Network-1 Sec. Solutions, Inc. v. Alcatel-Lucent USA Inc.*, 2013 U.S. Dist. LEXIS 184844 at *6-7 (E.D. Tex. March 5, 2013) (granting joint motion to stay pending an IPR, and noting that "Any party may request the Court lift the stay once reexamination is completed.")

The *inter partes* review in this case is now complete, and challenged Claims 21 and 22 of the '067 patent have survived. And claims that were not challenged in the IPR are of course still presumed valid and enforceable.

Plaintiffs asserted that defendants were directly infringing “one or more claims” of the ‘067 patent, “including at least claim 107.” Dkt. No. 1, ¶ 12. As noted above, the PTAB found that Claims 1, 20, 30, 31, 67, 107, and 108 are unpatentable. (Ex. A at 25.) However, Plaintiffs’ original complaints were not limited to just Claim 107, as evidenced by the “one or more claims of the ‘067 patent,” and “at least Claim 107” language. Dkt. No. 1, ¶ 12. The claims that were found unpatentable will not be part of the suit going forward, which means the claims and issues for trial have been simplified and streamlined. Moreover, the Court’s order granting the joint motion to amend the docket control order (Dkt. No. 57), specifically allowed the parties to seek leave to amend pleadings, even if the amendment altered infringement or invalidity contentions:

It is not necessary to file a Motion for Leave to Amend before the deadline to amend pleadings. It is necessary to file a Motion for Leave to Amend after the deadline. However, if the amendment would affect infringement contentions or invalidity contentions, a motion must be made pursuant to Patent Rule 3-7 irrespective of whether the amendment is made prior to this deadline.

Dkt. No. 57 at 1, emphasis added.

If the stay is lifted, Plaintiffs intend to seek leave to amend their complaints to remove claims that were found unpatentable, and to expressly identify by number additional infringed claims, including at least those claims Defendants had put at issue in the IPR proceedings and that the PTAB had confirmed as being valid.

Accordingly, Plaintiffs request that this Court lift the stay currently pending (Dkt. No. 59), so that Plaintiffs can seek leave to amend their complaints and infringement contentions as necessary. The parties can then resume discovery, and prepare for trial.

Respectfully submitted,

By: /s/ Terrance C. Newby

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ATTORNEYS FOR PLAINTIFFS

CERTIFICATE OF SERVICE

I hereby certify that on the 13th day of February, 2015, I electronically filed the foregoing document with the clerk of the Court for the U.S. District Court, Eastern District of Texas, Tyler Division, using the electronic case filing system of the court. The electronic case filing system sent a "Notice of Electronic Filing" to the attorneys of record who have consented in writing to accept this Notice as service of this document by electronic means.

Dated this 13th day of February, 2015.

/s/ Terrance C. Newby

CERTIFICATE OF CONFERENCE

Pursuant to Local Rule CV-7(h), I hereby certify that on the 5th day of February, 2015, I had a personal conference by telephone with Defendants' counsel. Participants included Terrance Newby, Todd Johnson, and Scott Johnson on behalf of Plaintiffs, and Megan Redmond and Melissa Smith on behalf of all Defendants. Defendants' counsel advised me that Defendants would oppose this motion to lift the stay, for the following reasons: Defendants believe the only asserted claim is Claim 107, which has been held unpatentable. Defendants contend the stay should not be lifted, except to dismiss the case. Plaintiffs contend the stay should be lifted to allow for amended pleadings and amended infringement contentions, as set forth above. The parties were unable to reach an agreement on whether the stay should be lifted. Accordingly, this opposed motion presents an open issue for the court to resolve.

Respectfully submitted,

By: /s/ Terrance C. Newby
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Dated this 13th day of February, 2015.

I declare under penalty of perjury that the foregoing is true to the best of my knowledge.

Respectfully submitted,

Dated: February 13, 2015

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Dated this 13th day of February, 2015.

/s/ Terrance C. Newby

EXHIBIT A

Trials@uspto.gov
571-272-7822

Paper 38
Entered: December 3, 2014

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

DISTINCTIVE DEVELOPMENTS, LTD, ELECTRONIC
ARTS INC., GAMELOFT S.E., HALFBRICK STUDIOS PTY
LTD., LAMINAR RESEARCH LLC, MOJANG AB, and
SQUARE ENIX, INC.,
Petitioner,

v.

UNILOC USA, INC. and UNILOC LUXEMBOURG S.A.,
Patent Owner.

Case IPR2013-00391
Patent 6,857,067 B2

Before JAMESON LEE, ALLEN R. MacDONALD, and
MATTHEW R. CLEMENTS, *Administrative Patent Judges*.

CLEMENTS, *Administrative Patent Judge*.

FINAL WRITTEN DECISION
35 U.S.C. § 318(a) and 37 C.F.R. § 42.73

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I. INTRODUCTION

Distinctive Developments, Ltd., Electronic Arts Inc., Gameloft S.E., Halfbrick Studios Pty Ltd., Laminar Research LLC, Mojang AB, and Square Enix, Inc. (collectively, “Petitioner”) filed an Amended Petition requesting *inter partes* review of claims 1, 20–22, 30, 31, 35, 67, 107, and 108 (“the challenged claims”) of U.S. Patent No. 6,857,067 B2 (Ex. 1001, “the ’067 patent”). Paper 11 (“Pet.”). Uniloc USA, Inc., and Uniloc Luxembourg S.A. (“Patent Owner”) filed a Preliminary Response. Paper 14 (“Prelim. Resp.”). On December 18, 2013, we instituted an *inter partes* review of claims 1, 20–22, 30, 31, 67, 107, and 108 on certain grounds of unpatentability alleged in the Petition. Paper 15 (“Dec. to Inst.”). After institution of trial, Patent Owner filed a Patent Owner Response (Paper 22, “PO Resp.”) to which Petitioner filed a Reply (Paper 24, “Pet. Reply”).

Oral argument was held on July 11, 2014.¹

We have jurisdiction under 35 U.S.C. §§ 6(c) and 314. This Final Written Decision is issued pursuant to 35 U.S.C. § 318(a) and 37 C.F.R. § 42.73.

For the reasons that follow, we determine that Petitioner has shown by a preponderance of the evidence that claims 1, 20, 22, 30, 31, 67, 107, and 108 of the ’067 patent are unpatentable, but has not shown by a preponderance of the evidence that claims 21 and 22 are unpatentable.

¹ A transcript of the oral hearing is included in the record as Paper 37 (“Tr.”).

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31–33. Petitioner counters that Deluca discloses voice paging and the ALOHA protocol. Pet. Reply 15.

As discussed above, we construe “telephone” to require both an earpiece for use in a telephone system and a microphone for use in a telephone system. We agree with Patent Owner that Deluca does not disclose a microphone or other audio input for portable communications device 122. We are not persuaded that Deluca’s mention of voice paging in the Background of the Invention (Ex. 1001, 1:18–22) discloses that portable communications device 122 can be a telephone. Likewise, we are not persuaded that the mention of the ALOHA protocol (*Id.* at 13:52–55) and “other communication protocols which support two-way communication” (*Id.* at 14:3–5) disclose that portable communications device 122 can be a telephone. Petitioner relies upon Dr. Tygar’s testimony that “[i]t was generally known at the time that the ALOHA protocol could be used in two-way cellular voice communications.” Ex. 1015 ¶ 10. Even assuming that to be true, though, it does not imply that every device capable of using the ALOHA protocol, such as portable communications device 122, is necessarily capable of two-way voice communication.

In view of the foregoing, we conclude that Petitioner has not demonstrated by a preponderance of the evidence that Deluca discloses a “cellular telephone,” as required by claims 21 and 22.

Conclusion

For the foregoing reasons, we determine that Petitioner has established by a preponderance of the evidence that claims 1, 20, 30, 31, 67, 107, and 108 are unpatentable under 35 U.S.C. § 102(b) as

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anticipated by Deluca, but has not established by a preponderance of the evidence that claims 21 and 22 are unpatentable under 35 U.S.C. § 102(b) as anticipated by Deluca.

III. CONCLUSION

We have considered the record before us in this *inter partes* review proceeding. We conclude that Petitioner has met its burden of proof by a preponderance of the evidence in showing that claims 1, 20, 30, 31, 67, 107, and 108 of the '067 patent are unpatentable based upon the following grounds of unpatentability:

Reference	Basis	Claims challenged
Cronce	§ 102	67, 107, and 108
Deluca	§ 102	1, 20, 30, 31, 67, 107, and 108

We further conclude that Petitioner has not met its burden of proof by a preponderance of the evidence in showing that claims 21 and 22 are unpatentable under 35 U.S.C. § 102(b) as anticipated by Deluca.

IV. ORDER

Accordingly, it is

ORDERED that claims 1, 20, 30, 31, 67, 107, and 108 of the '067 patent are held unpatentable;

FURTHER ORDERED that claims 21 and 22 have not been shown to be unpatentable; and

FURTHER ORDERED that, because this is a Final Written Decision, the parties to the proceeding seeking judicial review of the decision must comply with the notice and service requirements of 37 C.F.R. § 90.2.

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Dated this 13th day of February, 2015.

/s/ Terrance C. Newby