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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
OAKLAND DIVISION

WINDY CITY INNOVATIONS, LLC

Plaintiff,

v.

FACEBOOK, INC.

Defendant.

Case No. 4:16-cv-01730-YGR

**PLAINTIFF WINDY CITY  
INNOVATIONS, LLC'S REPLY IN  
SUPPORT OF MOTION TO LIFT  
STAY**

**DATE:** FEBRUARY 12, 2018

**TIME:** 2:00 P.M.

**CTRM:** COURTROOM 1, FOURTH FLOOR

**JUDGE:** HON. YVONNE GONZALEZ ROGERS

1 **I. INTRODUCTION**

2 Facebook’s opposition to Plaintiff Windy City’s motion to lift the stay portrays classic  
3 shifting sands litigation tactics. Facebook asked to stay the present litigation “pending Final  
4 Written Decisions” in its serial IPR filings in December 2016. Dkt. 76 at 4. After negotiation  
5 between the parties, Windy City stipulated to that request because the wording was sufficiently  
6 precise: “the parties agree that *after the Final Written Decisions* have issued in all of the  
7 Instituted IPR Proceedings, the parties shall jointly request that the Court schedule a joint status  
8 conference at the Court’s convenience . . . .” *Id.* (emphasis added). And Facebook represented to  
9 this Court that the Final Written Decisions, for which the case was stayed, would be issued  
10 within a maximum of one year and six months—the time by which the PTO had to issue its  
11 decisions pursuant to the Patent Statute. *Id.* at 3. Since that time, the PTAB has issued its “Final  
12 Written Decisions” for “all Instituted IPR proceedings,” finding against Facebook on over fifty  
13 of the challenged patent claims. By its very terms, the stay should be over.

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16 Yet now—arguing against the plain language of the stipulated stay, overlooking its past  
17 representations to the Court, and ignoring the PTAB’s findings—Facebook requests new relief in  
18 the form of an extended, indefinite, and potentially years-long stay. This is not the original  
19 scope of the stay, and continuing the stay is not the status quo. Facebook’s refusal to  
20 acknowledge its Bchange in position confirms that Facebook is merely seeking tactical and  
21 prejudicial delay. Having tried and failed at invalidating dozens of Windy City’s claims,  
22 Facebook should not be allowed to indefinitely prevent Windy City from proceeding in  
23 litigation. This case was filed over two and a half years ago, the time has come for it to proceed.  
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1 **II. BY ITS TERMS THE STIPULATED STAY IS NOW COMPLETE**

2 Facebook's Opposition skips past the language of the parties' original agreement, tacitly  
3 inviting the Court to disregard the scope and effect of that stipulation altogether. Dkt. No. 76 at  
4 3-4. The Court should decline Facebook's invitation.

5  
6 First, in seeking the stay, the parties framed the request as "pending Final Written  
7 Decisions of the Instituted IPR Proceedings." Dkt. 76 at 4. There can be no dispute that those  
8 decisions are no longer pending. The parties' stipulation also articulated that such a stay would  
9 take at most 1 year and 6 months—an 18-month time cap set by the IPR statute:

10 [P]ursuant to the Patent Statute, the PTO must issue a Final Written Decision in  
11 each Instituted IPR Proceeding within 1 year of the date of institution, which may  
12 be extended by no more than 6 months for good cause shown.

13 Dkt. 76 at 3:23-25. Facebook fails to even mention the 18-month time cap in its  
14 Opposition.

15 Second, Facebook's attempt to paint Windy City's motion as "prematurely lifting  
16 the stay," is a red-herring. Opp. at 9. While Facebook now suggests that the IPR  
17 proceedings are not over until "the appeal process is complete," *id* at 2, the stipulated stay  
18 language contemplates no such thing. Indeed, no reference to one's rights to appeal the  
19 PTAB's decisions, the Federal Circuit, or the other post-IPR relief is even mentioned.  
20 Rather, the parties' agreed-upon language forecloses Facebook's new interpretation,  
21 tying the stay duration to resolution of the Final Written Decisions. *See* Dkt. 76 at 3-4.

22  
23 Facebook's new position also flies in the face of arguments made by Facebook's  
24 outside law firm in other matters where their client stood in Windy City's shoes and  
25 argued against extending an IPR-based stay pending exhaustion of appeals:

26 [Defendant] was adamant in its original stay arguments that it was requesting only  
27 a short [] stay. It made this request knowing that it could lose the IPRs. It made this  
28 request knowing that if it lost the IPRs, appeal to the Federal Circuit was a  
possibility. Nothing unpredictable has happened since the original hearing that

1 justifies [defendant] now changing its request . . . [Defendant] asked for a [] stay,  
2 was granted that stay, and should now be held to its original request.

3 Ex. A (ACQIS Memorandum in Opposition to Further Stays at 12, *ACQIS, LLC v. EMC*  
4 *Corp.*, No. 14-CV-13560 (D. Mass. Apr. 4, 2016), Dkt. No 128). Well said. Just as the  
5 defendant in *ACQIS, LLC v. EMC Corp.* was held to the terms of its original requested  
6 relief, Facebook should be too—Facebook made its request knowing that it could lose  
7 some or all of its IPRs.

8 Finally, although Facebook is entitled to appeal the Final Written Decisions,  
9 granting a new stay request based on that entitlement is impractical. Its appeal to the  
10 Federal Circuit is a new and different proceeding to be conducted in an entirely different  
11 forum, requiring the parties and the Court to formulate new language covering a wide  
12 array of possibilities and unknowns. The tail-end of Facebook’s appeal rights would  
13 likely extend the stay for at least two years (or more),<sup>1</sup> pushing any trial in this case until  
14 2021 or 2022—six or seven years after the case was filed. Besides impeding the just and  
15 speedy determination of this action, delaying resolution until some undetermined future  
16 date discourages substantive progress in resolving this case altogether.

### 19 **III. FURTHER DELAY HAS LITTLE CHANCE OF SIMPLIFYING ANYTHING**

20 The original stay was predicated on the IPRs simplifying the issues for trial. That has  
21 occurred. Now that the PTAB has issued Final Written Decisions in the IPRs, the universe of  
22 patent claims have been narrowed and a record has been established. And importantly, Facebook  
23 is now estopped from raising invalidity defenses, significantly reducing the issues to be tried to a  
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26 <sup>1</sup> The median disposition time for Federal Circuit merits panels’ decisions exceeds 13 months  
27 without considering any subsequent appeals. See [http://www.cafc.uscourts.gov/sites/default/files/the-court/statistics/Med\\_Disposition\\_Time\\_MERITS\\_chart.pdf](http://www.cafc.uscourts.gov/sites/default/files/the-court/statistics/Med_Disposition_Time_MERITS_chart.pdf). Unlike the IPR proceedings,  
28 however, there is no set date at which all appeals would be certain to be finished. Moreover, it would likely take a year or more to trial in this Court once the case resumed.

1 jury. This estoppel applies immediately, irrespective of the pendency of any appeals. Thus,  
2 there is no need to wait until any future appeals are completed.

3 Moreover, the probability that the Federal Circuit will overturn the PTAB's findings is  
4 scant. As commentators have noted, "[t]he Federal Circuit has overwhelmingly affirmed the  
5 rulings of the Patent Trial and Appeal Board on the validity of patents" and "[t]he odds are  
6 clearly against success when you bring a PTAB case to the Federal Circuit." Ex. B (*Federal*  
7 *Circuit Mostly Affirming Patent Board Validity Rulings*, 92 PTCJ 178 (May 20, 2016)). Indeed,  
8 as of December 2017, the Federal Circuit has *affirmed* approximately 75% of PTAB appeals on  
9 every issue. Ex. C (Federal Circuit PTAB Appeal Statistics – December 15, 2017).

11 Facebook's generic arguments as to why it will succeed on appeal can be easily rejected,  
12 and in any event are not enough to warrant extending the stay. For example, Facebook argues  
13 that the surviving asserted claims of the '245 patent are similar to claims that were found invalid.  
14 As an initial matter, it is unremarkable that claims in the same patent family are comparable. But  
15 more to the point, Facebook made these arguments to the PTAB and the board rejected them.  
16 The same PTAB panel considered *all* of Facebook's IPRs and that panel upheld the validity of  
17 the surviving claims. On appeal, the Board's rejection of Facebook's arguments will be affirmed  
18 if supported by substantial evidence. *See Kennametal, Inc. v. Ingersoll Cutting Tool Co.*, 780  
19 F.3d 1376, 1381 (Fed. Cir. 2015) ("[O]bviousness under § 103 is a question of law based on  
20 underlying findings of fact. . . . We review the Board's factual findings for substantial evidence . .  
21 . ."). There is no reason to believe that Facebook's once-rejected arguments will be successful at  
22 the Federal Circuit. And Facebook's speculative hope that it might obtain a different result is  
23 plainly insufficient to warrant extending the stay. *See Zoll Med. Corp. v. Respironics, Inc.*, No.  
24 CV 12-1778-LPS, 2015 WL 4126741, at \*1 (D. Del. July 8, 2015) ("The pendency of an appeal  
25 from the IPR, and the possibility that the Federal Circuit may reverse the PTO (and thereby  
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