

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLORADO**

Civil Action No. 1:19-cv-00438-CMA-MEH

CELLECT, LLC,

Plaintiff,

v.

SAMSUNG ELECTRONICS CO. LTD., and  
SAMSUNG ELECTRONICS AMERICA, INC.,

Defendants.

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**DEFENDANTS' MOTION TO STAY PENDING *INTER PARTES* REVIEW AND *EX PARTE* REEXAMINATION OF THE ASSERTED CLAIMS**

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**CERTIFICATE OF CONFERRAL**

Counsel for Samsung certifies that the parties conferred by telephone on February 24, 2020, and by e-mail on February 25, 2020, regarding the issues raised herein. Despite substantive discussions, Collect opposes the relief requested herein.

**I. INTRODUCTION**

Last week, Samsung filed twenty petitions for *inter partes* review (“IPR”) and five requests for *ex parte* reexamination (“EPR”) with the United States Patent and Trademark Office (“PTO”) that collectively challenge the validity of all 56 claims across 11 patents asserted by Collect (“Asserted Claims”) against Samsung in this lawsuit.<sup>1</sup> These

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<sup>1</sup> Attached at Ex. A of the Declaration of Alexander Middleton in Support of Motion (“Middleton Decl.”) are cover pages and filing notices from Samsung’s 25 filings. Because these total about 2,000 pages, Samsung will provide them to the Court if desired.

expedited administrative proceedings will substantially streamline and simplify this case, reduce its overall burden, and conserve Court and party resources—the very objectives Congress intended IPRs/EPRs to achieve. Indeed, these proceedings may ultimately render every Asserted Claim unpatentable/unenforceable, thereby mooting this action in its entirety. Accordingly, Samsung respectfully requests that the Court stay this case.

This case is a large patent infringement action in which Collect has accused nearly 40 different Samsung smartphones and tablets of infringing the 56 Asserted Claims across 11 patents. Thus, this case is ideal for allowing the parties to utilize the IPR/EPR procedures as Congress intended. It is unsurprising then, that the four factors that Courts, including those in this District, analyze in evaluating a stay all weigh heavily in favor of imposing a stay here. A stay, for example, will simplify the case and streamline trial (factor 1) and reduce the burden on the Court and the parties (factor 4). As detailed below, the majority of IPRs and EPRs filed are instituted by the PTO and most result in claim cancellation. And once cancelled, any such claim cannot be asserted against Samsung because an invalid claim cannot be infringed. See, e.g., *Commil USA, LLC v. Cisco Sys., Inc.*, 135 S. Ct. 1920, 1929 (2015). Moreover, simplification and streamlining will be achieved even if fewer than all challenged claims are invalidated—Samsung, for example, will be statutorily estopped from asserting in this litigation that Collect’s remaining claims are invalid on any ground that Samsung raised or could have raised in the IPRs. See 35 U.S.C. § 325(e)(2).

Additionally, this case is still in its early stages (factor 2) and the majority of the work by the Court and the parties remains to be done. No depositions have been taken

(or even noticed), claim construction and expert discovery have not started, fact discovery will not close for many months, and a trial date has not been set.

Finally, a stay will not unduly prejudice Collect (factor 3). Collect is a non-practicing entity that delayed filing this lawsuit for five years, and any potential damage base is already capped because all patents are expired.

Considered together, all four factors strongly support a stay. Given that it is a near certainty that the IPRs and EPRs will result in invalidation of some, if not all, Asserted Claims, the early stage of this case, and Collect's five-year delay in bringing it, engaging in expensive and time-consuming discovery in parallel with the PTO would be wasteful and inefficient.

## II. BACKGROUND

### A. IPRs and EPRs Are Designed to Reduce Unnecessary Litigation Costs and Shift Patent Validity Burdens from the Court to the PTO

Congress introduced IPR as an administrative adversarial proceeding to challenge patent validity in order to limit excessive and unnecessary litigation costs. See 35 U.S.C. §§ 311-319; *Cocona, Inc. v. VF Outdoor, LLC*, No. 1:16-cv-02703-CMA-MLC, ECF No. 71, at 3 (D. Colo. Mar. 19, 2018) ("*Cocona*," Middleton Decl. Ex. F).<sup>2</sup> The IPR process permits a patent infringement defendant to file, within one year of being served with a complaint, a petition challenging any claim of that patent. See 35 U.S.C. § 315(b). The

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<sup>2</sup> *Inter partes* review (IPRs) replaced *inter partes* reexaminations in 2012 under the Leahy–Smith America Invents Act ("AIA"). See *Cocona*, at 3 (citation omitted). Unlike an *inter partes* reexamination conducted before a single examiner (MPEP § 2655), an IPR is conducted before a panel of three administrative patent judges, and the parties have the right to an oral hearing. 35 U.S.C. § 6; 35 U.S.C. § 316(a) (10).

Patent Trial and Appeal Board (“PTAB”; the PTO body that handles IPRs, but not EPRs) will review this petition (and any patent owner response) and will institute the IPR if there is a “reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” 35 U.S.C. § 314(a). If instituted, the PTAB then conducts a full review of the challenged claims and issues a final written decision setting forth its detailed analysis and conclusion within one year. See 35 U.S.C. §§ 316(a)(c), 316(a)(11), 318(a); 37 C.F.R. § 42.100(c). Any unpatentable claim is canceled. 35 U.S.C. § 318(b). If the petitioner fails to prove that a claim is unpatentable, that petitioner is statutorily estopped from later asserting in district court that “the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that inter partes review.” 35 U.S.C. § 315(e)(2).

“Congress instituted the reexamination process to shift the burden of reexamination of patent validity from the courts to the PTO” with the intent of “utilizing the PTO’s specialized expertise to reduce costly and timely litigation.” *eSoft, Inc. v. Blue Coat Sys., Inc.*, 505 F. Supp. 2d 784, 786 (D. Colo. 2007) (quotation and citations omitted). Like IPRs, EPR requests can be based on invalidating prior art. 35 U.S.C. § 303(a). But, like here, EPRs can also be based on grounds not permitted in IPRs (e.g., obviousness-type double patenting). Within three months of an EPR request being filed, the PTO must determine whether a “substantial new question of patentability” exists. *Id.* If so, the PTO examines the patent in an *ex parte* proceeding. 35 U.S.C. § 304. A “PTO decision to cancel a patent renders the patent unenforceable in pending litigation.” *eSoft*, 505 F. Supp. 2d at 786 (citing *Broad. Innovation, L.L.C. v. Charter Commc’ns, Inc.*, No. 03–CV–

2223–ABJ–BNB, 2006 WL 1897165, at \*2 (D. Colo. July 11, 2006)).

IPRs and EPRs have been highly effective at eliminating invalid claims while any parallel federal litigation is stayed. The PTAB has instituted **67 percent** of requests for post-grant reviews (including IPRs) for electrical patents (like the Asserted Patents) and invalidated claims in **81 percent** of those proceedings. See Middleton Decl. Ex. B (Trial Statistics–December 31, 2019, U.S. Patent & Trademark Office), at \*7, 11. Similarly, the PTO has instituted **91 percent** of EPRs and canceled or amended claims in **79 percent** of those proceedings. *Id.*, Ex. C (*Ex Parte* Reexamination Filing Data – September 30, 2018, U.S. Patent & Trademark Office), at 2-3.

The IPR/EPR legislative history reflects congressional approval of courts liberally granting stays pending the completion of these proceedings. See *Cocona*, at 4 (citation omitted). The IPR process, for example, is designed to further the AIA’s goal of “establish[ing] a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.” *Id.*, at 3 (citation omitted). Staying related litigation pending IPRs “effectuates the intent of the AIA by allowing the agency with expertise to have the first crack at cancelling any claims that should not have issued in the patents-in-suit before costly litigation continues.” *Software Rights Archive, LLC v. Facebook, Inc.*, Nos. C-12-3970 RMW, C-12-3971 RMW, C-12-3973 RMW, 2013 WL 5225522, at \*6 (N.D. Cal. Sept. 17, 2013).

Similarly, recognizing that EPRs “provide an inexpensive, expedient means of determining patent validity,” courts have held that EPR determinations “if available and practical, should be deferred to by the courts.” *eSoft*, 505 F. Supp. 2d at 787 (quoting

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