

Misc. No. _____

**United States Court of Appeals
for the Federal Circuit**

IN RE VULCAN INDUSTRIAL HOLDINGS, LLC, VULCAN ENERGY
SERVICES, LLC, AND CIZION, LLC D/B/A VULCAN INDUSTRIAL
MANUFACTURING, LLC,

Petitioners.

*On Petition for a Writ of Mandamus to the U.S. District Court for the
Western District of Texas in Case No. 6:20-cv-200-ADA, Hon. Alan D. Albright*

PETITION FOR WRIT OF MANDAMUS

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April 14, 2021

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CERTIFICATE OF INTEREST

Counsel for Petitioners certify the following:

1. Full Name of Party Represented by me:

Vulcan Industrial Holdings, LLC
Vulcan Energy Services, LLC
Cizion, LLC d/b/a Vulcan Industrial Manufacturing, LLC

2. Name of Real Party in interest (Please only include any real party in interest NOT identified in Question 3) represented by me is:

N/A

3. Parent corporations and publicly held companies that own 10% or more of stock in the party:

No publicly held companies own 10% or more of stock in the petitioners. Vulcan Energy Services, LLC, and Cizion, LLC d/b/a Vulcan Industrial Manufacturing, LLC, are both wholly owned subsidiaries of Vulcan Industrial Holdings, LLC.

4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court (and who have not or will not enter an appearance in this case):

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Dated: April 14, 2021

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STATEMENT OF RELATED CASES

Vulcan Industrial Holdings, LLC, Vulcan Energy Services, LLC, and Cizion, LLC d/b/a Vulcan Industrial Manufacturing, LLC (collectively, “Vulcan”) previously petitioned this Court for a writ of mandamus regarding the district court’s denial of Vulcan’s original motion to stay. *See In re: Vulcan Indus. Holdings, LLC, et al.*, Case No: 2020-151. On November 25, 2020, a panel consisting of Judges Moore, O’Malley, and Stoll denied Vulcan’s petition on the basis that, at the time, Vulcan’s Post Grant Review of the patent in suit had not been instituted. *In re Vulcan Indus. Holdings, LLC*, 830 F. App’x 318 (Fed. Cir. 2020).

INTRODUCTION

Vulcan Industrial Holdings, LLC, Vulcan Energy Services, LLC, and Cizion, LLC d/b/a Vulcan Industrial Manufacturing, LLC (collectively, “Vulcan”) petition this Court for mandamus relief to correct the district court’s abuse of discretion in denying Vulcan’s renewed motion for a stay pending consideration of its Post Grant Review (“PGR”). Although superficially addressing factors relevant to determining whether a stay is appropriate, the district court’s rationale makes clear that its denial was not an exercise in discretion at all. Rather, the district court has set up an impossible barrier to attaining a stay pending the determination of post-issuance challenges at the U.S. Patent and Trademark Office (“PTO”), and its reasoning makes clear that all such motions to stay would be denied regardless of the circumstances or merits of the particular case.

In adopting this position, the district court contravenes Congress’s expressed intent in authorizing various forms of post-issuance review of patents by the Patent Trial and Appeal Board (“PTAB”) in the Leahy-Smith America Invents Act (“AIA”). Congress recognized that a not insignificant number of patents are issued mistakenly, and therefore, provided mechanisms to challenge such patents that are more efficient and cost-effective than full-scale patent litigation in the district courts. PGRs in particular serve Congress’s goal, when allowed to proceed. PGRs can only be filed for a short period of time following a patent’s issuance (nine months), are

subject to a higher standard of review, and invoke broader estoppel provisions in connection with subsequent district court proceedings as compared with other forms of post-issuance review. Thus, a stay of district court litigation is particularly appropriate here, where the PGR was filed very shortly after the patent issued and the complaint was filed, the PGR was instituted on all asserted claims, and the PTO has already determined that “most, if not all, of the Challenged claims are unpatentable.” (Appx309.) By failing to meaningfully consider factors relevant to whether the district court litigation should be stayed, the district court disrupts and effectively negates these benefits.

RELIEF SOUGHT

Vulcan respectfully petitions for a writ of mandamus directing the District Court for the Western District of Texas to vacate its order denying Vulcan’s motion to stay and to enter an order staying the underlying district court litigation.

ISSUE PRESENTED

Whether the district court clearly abused its discretion by failing to meaningfully exercise its discretion and instead implementing a standard whereby virtually no patent infringement case would be subject to a stay pending resolution of post-issuance review of the subject patent.

STATEMENT OF THE FACTS

I. Vulcan’s Petition for Post Grant Review

U.S. Patent No. 10,591,070 (“the ’070 patent”) issued on March 17, 2020. (Appx23.) Just two days later, on March 19, 2020, Kerr Machine Co. (“Kerr”), sued Vulcan Industrial Holdings, LLC, for alleged infringement of the ’070 patent in the U.S. District Court for the Western District of Texas. (Appx53.) Vulcan Industrial Holdings, LLC, was served on April 7, 2020. *Id.*

Vulcan immediately began preparing a petition for post grant review (“PGR”) of the ’070 patent, and on May 26, 2020—approximately two months after the patent’s issuance—filed a highly detailed PGR petition seeking cancellation of the ’070 patent in its entirety. (*See* Appx84-280.) Vulcan’s petition demonstrates that most of the claims of the ’070 patent are anticipated and that the remainder are rendered obvious by each of three entirely different sets of highly material prior art. (Appx98-101.) All of the references relied on in Vulcan’s PGR petition are from the same field of art as the ’070 patent, and none was considered by the PTO during the prosecution of the ’070 patent. *Id.*

II. Vulcan’s Original Motion to Stay

On May 27, 2020, Vulcan Industrial Holdings, LLC, the only named defendant in the originally filed complaint, filed a motion to dismiss or transfer the district court action. (Appx53.) After Kerr amended its complaint to include

allegations against Cizion, LLC d/b/a Vulcan Manufacturing, LLC (“Vulcan Manufacturing”) and Vulcan Energy Services, LLC, Vulcan Manufacturing also filed a motion to dismiss or transfer the case on July 22, 2020. *Id.* Shortly thereafter, on July 31, 2020, Vulcan filed its original motion to stay the district court proceedings pending the outcome of the PGR petition. (Appx68-81.) At that time, the motions to dismiss or transfer had not been decided, discovery was not open, and no scheduling order had been entered. (Appx54.) The district court had scheduled a *Markman* hearing for December 3, 2020, and tentatively set trial for August 2, 2021. (Appx54, Appx67.)

Vulcan’s original motion to stay was filed on a Friday at approximately 4:30 pm local time. (Appx54.) The district court issued a text-only order denying Vulcan’s motion to stay two days later, on Sunday, August 2, 2020. (Appx54, Appx83.) That order reads, in its entirety:

Before the Court is Defendants’ motion to stay. The COURT DENIES the stay for at least the following reasons:

(1) The PTAB has not instituted the PGR.

(2) Even if the PTAB institutes, the Court anticipates that the trial date will occur before the PGR's final written decision.

(3) Allowing this case to proceed to completion will provide a more complete resolution of the issues including infringement, all potential grounds of invalidity, and damages.

(4) The Court believes in the Seventh Amendment.

(5) Plaintiff opposes the stay.

(Appx83.)

The following day, on August 3, 2020, the district court entered an “Order Setting Trial Date and Opening Discovery.” (Appx82.) Therein, the district court “*sua sponte*, set[] the trial date for September 7, 2021” and ordered the parties to “submit an amended proposed scheduling order through trial consistent with th[at] order within seven days.” *Id.* The district court held its Markman hearing on December 3, 2020, during which the trial was reset for September 27, 2021. Thus, the trial date has already been set and reset three times in this case. Even the current date outpaces the district court’s Order Governing Proceedings–Patent Case, which indicates that the district court’s default practice is to set a trial date for “52 weeks after Markman hearing (or as soon as practicable).” (Appx66.) Here, that would be December 3, 2021.

Vulcan filed a petition for a writ of mandamus regarding the district court’s cursory denial of Vulcan’s original motion to stay, and on November 25, 2020, this Court issued an Order noting:

Although the district court’s ruling that denied a stay was relatively cursory, it clearly relied on the fact that the Patent Office has not actually instituted review proceedings. Under such circumstances, we are unable to say that the district court clearly overstepped its authority or that Vulcan has shown a clear and indisputable right to

relief.

In re Vulcan Indus. Holdings, LLC, 830 F. App'x 318, 319 (Fed. Cir. 2020).

Accordingly, Vulcan's petition regarding its original motion to stay was denied. *Id.*

III. Institution of Vulcan's Post Grant Review

On December 3, 2020, the PTAB instituted Vulcan's PGR. (Appx281-359.) Thus, the PTAB must issue its final written decision no later than December 3, 2021. 35 U.S.C. § 326(a)(11). Additionally, the PTAB has scheduled oral argument, if requested, for September 1, 2021. (Appx368-369.) Of note, the PTAB specifically considered the timing of the district court litigation in deciding whether to exercise its discretion to institute review of Vulcan's PGR and found that "the scheduled trial date is not so close to ensure that the trial will begin prior to [its] final written decision." (Appx310.)

Moreover, despite the fact that the PTAB only needed to determine whether at least one of the challenged claims of the '070 patent was likely invalid, the PTAB went well beyond that minimum requirement, issuing a 78-page institution decision detailing the PTAB's reasoning that 19 of the 24 claims of the '070 patent—including both independent claims—are likely invalid, and that further information is needed on the five remaining dependent claims. (Appx281-359.) Specifically, the PTAB determined:

On the current record, we do not agree with Patent Owner that Petitioner's unpatentability arguments are weak. As

described in detail below, we determine that the information presented in the Petition, if such information is not rebutted, demonstrates that *most, if not all, Challenged Claims are unpatentable.*

(Appx309 (emphasis added).) Regarding the PTAB's specific reference to the Patent Owner's arguments, Kerr filed both a Patent Owner preliminary response and preliminary sur-reply attempting to rebut the evidence in Vulcan's petition and/or otherwise prevent the review of the '070 patent. (Appx282, Appx302.)

Finally, the PTAB's institution decision also recognized Vulcan's alacrity in this matter:

We also recognize that Petitioner diligently filed the Petition seven weeks after the complaint was served and just over two months after the '070 patent issued. We also consider the unique nature of a post-grant review, which sets a narrow, nine-month window, for challenging a newly-issued patent and the policies behind post-grant reviews.

(Appx307.)

IV. Vulcan's Renewed Motion to Stay and The District Court's Order

On December 16, 2020, Vulcan filed a renewed motion to stay in view of the PTAB's institution of Vulcan's PGR. (Appx55.) Vulcan's renewed motion to stay was fully briefed by December 30, 2020. (Appx56.) At that time, merits fact discovery had only just begun, and the district court had not been involved in the resolution of any discovery disputes. (See Appx14.)

Vulcan sought action on its renewed motion to stay as quickly as possible, but

in contrast to the denial of Vulcan’s original motion to stay (on a Sunday, two days after filing), no order on Vulcan’s renewed motion was forthcoming. Therefore, on February 2, 2021, Vulcan filed a notice seeking a hearing on its renewed motion to stay. (Appx56.) There was no response, but the district court scheduled a hearing on a discovery issue for March 10, 2021. (Appx371.) During that hearing, the district court indicated that it would rule on the renewed motion to stay. (Appx397.) After the March 10 hearing, a number of discovery issues were raised and decided by the district court without a decision on the renewed motion to stay. (Appx451.)

At a subsequent discovery hearing on March 25, 2021, Judge Albright allowed Kerr to expand its original allegations regarding infringement from a single product to include one other product. (Appx457.) In amended infringement contentions served that evening, however, Kerr instead accused not only the original ICON EVO product of infringement, but also “all generations of the ICON, Sentinel, and Atlas fluid ends capable of transferring wear from the housing to a consumable part through seal placement (the ‘Accused Instrumentalities’).” (Appx460.) Vulcan sought the district court’s assistance regarding the unwarranted expansion of Kerr’s allegations, but the district court allowed Kerr’s amended contentions and denied Vulcan’s request for additional time to provide discovery for the newly accused products. (Appx453-457.) Vulcan has since confirmed that for each of the accused products containing “a seal within an endless groove”—required by the ’070

patent—the accused models are “no longer being manufactured, sold, or offered for sale.” (Appx468.) Nonetheless, Kerr has used the additional contentions to greatly expand the scope of discovery in this case, prejudicing Vulcan.

On April 7, 2021, after further communication from Vulcan regarding this prejudice and the fact that the district court still had not ruled on Vulcan’s motion to stay, (Appx451), the district court denied Vulcan’s motion, (Appx1-6). In its denial, the district court made clear that its decision rested on the same factors raised in its August 2, 2020 denial of Vulcan’s original motion to stay. (Appx5-6.)

JURISDICTIONAL STATEMENT

This Court has jurisdiction under the All Writs Act, 28 U.S.C. § 1651, and because the underlying action is a patent case. *See* 28 U.S.C. § 1295; *In re Princo Corp.*, 478 F.3d 1345, 1351 (Fed. Cir. 2007) (noting that the Federal Circuit’s “jurisdiction over writs of mandamus in patent cases is exclusive, as our sister circuits have recognized.”).

STANDARD OF REVIEW

“The writ of mandamus is available in extraordinary situations to correct a clear abuse of discretion or usurpation of judicial power.” *In re TS Tech USA Corp.*, 551 F.3d 1315, 1318 (Fed. Cir. 2008) (citations omitted); *see also In re Cray Inc.*, 871 F.3d 1355, 1358 (Fed. Cir. 2017) (quoting *Schlagenhauf v. Holder*, 379 U.S. 104, 110 (1964); *Bankers Life & Cas. Co. v. Holland*, 346 U.S. 379, 383 (1953)). To

that end, this Court had recognized:

A writ of mandamus may issue where: (1) the petitioner has no other adequate means to attain the relief he desires; (2) the petitioner shows his right to mandamus is clear and indisputable; and (3) the issuing court is satisfied that the writ is appropriate under the circumstances.

In re Cray, 871 F.3d at 1358 (internal citations and quotations omitted).

Additionally, “[m]andamus may [] be appropriate in certain cases to further supervisory or instructional goals where issues are unsettled and important,” *In re Nintendo Co., Ltd.*, 544 F. App’x 934, 936 (Fed. Cir. 2013), or where a matter “presents an issue important to ‘proper judicial administration,’” *In re BP Lubricants USA Inc.*, 637 F.3d 1307, 1313 (Fed. Cir. 2011) (quoting *LaBuy v. Howes Leather Co.*, 352 U.S. 249, 259–260 (1957)).

ARGUMENT: REASONS WHY THE WRIT SHOULD ISSUE

I. The District Court Failed to Exercise Meaningful Discretion, and Its Order Frustrates Congressional Intent Regarding Post Grant Reviews

A decision as to whether a motion to stay should be granted typically is “committed to the sound discretion of the trial court.” *In re Corel Software LLC*, 778 F. App’x 951, 953 (Fed. Cir. 2019). But where, as here, a district court fails to meaningfully consider factors relevant to whether a particular case should be stayed in making that determination, it can be an abuse of discretion. *See id.*

Specifically, although the district court acknowledged factors that should be taken into account in deciding Vulcan’s renewed motion to stay, its order makes

clear that the district court relied on reasons for denial that would be common to all contested motions to stay a patent litigation case pending post-issuance review by the PTAB. Therefore, rather than examining circumstances specific to this case and exercising its discretion, the district court adopted a policy that would foreclose a stay in all such instances. This is improper and contravenes the intention of Congress in allowing such review, especially in the case of PGRs.

A. Congress intended PGRs to rid the system of invalid patents *before* such patents result in expensive litigation.

In a recent decision granting a motion to stay pending reexamination of a patent, Judge William Bryson, sitting by designation, examined the uncoded portion of the AIA directed to whether a stay of district court litigation should be granted pending review of covered business method patents (“CBM”), and confirmed that “[t]he legislative history of the AIA makes it apparent that Congress intended for district courts to be liberal in granting stays pending CBM review.” *British Telecommc’ns PLC v. IAC/InterActiveCorp*, No. 18-366-WCB, 2020 WL 5517283, at *3 (D. Del. Sept. 11, 2020). Indeed, in discussing the liberal standard envisioned for motions to stay district court litigation in view of CBM review, Senator Schumer, who co-offered the provisions, explained the problem previously faced with motions to stay in light of reexamination proceedings:

Too many district courts have been content to allow litigation to grind on while a reexamination is being conducted, forcing the parties to fight in two fora at the

same time. This is unacceptable, and would be contrary to the fundamental purpose of the Schumer-Kyl amendment to provide a cost-efficient alternative to litigation.

157 Cong. Rec. S1360, S1364 (daily ed. Mar. 8, 2011) (statement of Sen. Schumer).

Senator Schumer also explained that “[i]t is congressional intent that a stay should only be denied in extremely rare instances.” *Id.* at S1363.

Although these provisions are specific to CBM review, “[b]ecause of the benefits conferred by PTO post-grant proceedings, courts have concluded that the ‘liberal policy’ in favor of staying cases pending CBM review also applies to staying cases pending other post-grant proceedings.” *British Telecommc’ns*, 2020 WL 5517283, at *4 (collecting cases).

Further, PGR review (as compared to other forms of post-issuance review) is especially well situated with respect to the efficiency gains and benefits envisioned by Congress. That is because Congress envisioned PGRs as a mechanism whereby patents that had been mistakenly issued by the PTO could be promptly reevaluated early in their life, *before* “expensive litigation”:



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Other reforms included in the bill will improve the quality of U.S. patents over the long term. The bill creates a new post-grant review of patents, which can be sought within the first 9 months after the patent is issued and used to raise any challenge to the patent. This will allow invalid patents that were mistakenly issued by the PTO to be fixed early in their life, before they disrupt an entire industry or result in expensive litigation.

157 Cong. Rec. S1309, S1326 (daily ed. Mar. 7, 2011) (emphases added); *see also* The Patent Reform Act of 2007, 153 Cong. Rec. E773, E774 (“In an effort to address the questionable quality of patents issued by the PTO, the bill establishes a check on the quality of a patent *immediately after it is granted* The post-grant procedure is designed to allow parties to challenge a granted patent through a[n] expeditious and *less costly alternative to litigation.*”) (emphases added).

Additionally, patent challengers face a higher barrier to institution of a PGR: not only must the petition be filed within nine months of patent grant/issuance, but also the PTAB must find that the petitioner “demonstrate[d] that it is *more likely than not* that at least 1 of the claims challenged in the petition is unpatentable.” 35 U.S.C. §§ 321(c), 324(a) (emphasis added). A petition for *Inter Partes* Review

(“IPR”), by contrast, may be filed at any time—or within one year of being served with a complaint for patent infringement—and the petitioner need only demonstrate that “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), 315(b) (emphasis added).

Similarly, the estoppel effects for PGRs are significantly broader than they are for other types of post-issuance review, such as IPRs. Both types of review preclude a petitioner from later asserting in a civil action any ground “that the petitioner raised or reasonably could have raised” during the review. 35 U.S.C. §§ 315(e)(1), 325(e)(2). But because the grounds that can be raised are significantly broader in a PGR—“on any ground” in a PGR, 35 U.S.C. § 321(b), versus “only on a ground that could be raised under section 102 or 103 and only on the basis of prior art consisting of patents or printed publications” in an IPR, 35 U.S.C. § 311(b)—the estoppel that attaches to a PGR is correspondingly broader than that of an IPR. Thus, the potential to simplify any litigation resulting from a patent subject to review is significantly higher in a PGR, and therefore, the policy in favor of staying parallel litigation is that much stronger for PGRs than for IPRs and other forms of post-issuance review.

The district court’s decision in this case did not consider or take into account any issues specific to PGR review even though Vulcan explained them in detail in its renewed motion to stay. (*See* Appx16-18.) This omission is counter to the express

intent of Congress in enacting the legislation that authorized PGRs in the first place, and the district court's failure to properly consider whether a stay is appropriate in this case constitutes an abuse of discretion.

B. The district court acknowledged factors relevant to considering a motion for a stay, but only addressed those factors superficially.

When deciding whether to grant a motion to stay, a district court's "'failure to meaningfully consider' the traditional stay factors" can be an abuse of discretion. *See In re Corel*, 778 F. App'x at 953 (citing *In re Link_A_Media Devices Corp.*, 662 F.3d 1221, 1223 (Fed. Cir. 2011)). Here, that is exactly what happened.

The district court identified three factors that courts in the Western District of Texas "should consider, among other factors, (1) the potential prejudice to the non-moving party; (2) the hardship and inequity to the moving party if the action is not stayed; and (3) judicial resources." (Appx3.) Although the district court superficially addressed these factors, the substance of that order makes clear that the four remaining reasons from the district court's denial of Vulcan's original motion to stay are controlling. (*See* Appx3-6.) Indeed, after acknowledging the factors it should consider, the district court concluded its opinion on the renewed motion as follows:

The Court lastly reiterates the applicable reasons that remain for denying the stay: (1) the Court anticipates that the trial date will occur before the PGR's final written decision, (2) allowing this case to proceed to completion will provide a more complete resolution of the issues including infringement, all potential grounds of invalidity, and damages, (3) the Court believes in the Seventh

Amendment, and (4) Plaintiff opposes the stay.

(Appx5-6.) As explained in greater detail in Section I.C., those reasons would prevent the district court from ever granting a motion to stay, and therefore, preclude any exercise of discretion. Moreover, an examination of the district court’s reasoning shows that this bias pervades the entirety of its opinion.

In relation to the first factor, the potential prejudice to Kerr, the district court did not make any findings as to actual prejudice that would be suffered by Kerr. Instead, the district court referred back to its original August 2, 2020 order and its “belie[f] that allowing this case to proceed to completion will provide a more complete resolution of the issues including infringement, all potential grounds of invalidity, and damages.” (Appx4.) The district court then asserted, without elaboration, that it believed the stay was a “delay tactic that would only benefit Vulcan.” *Id.* While Vulcan takes exception to such a characterization—especially in light of its alacrity not only in filing its PGR petition, but also its motion to stay—such a finding would have nothing to do with prejudice *to Kerr*, even if true. The district court then simply sums up its finding as suggesting Kerr “would be unduly prejudiced by granting the stay,” despite the fact that none of the issues it considered in connection with this factor actually relates to Kerr.

Regarding the second factor, hardship and inequity to Vulcan if the case is not stayed, the district court discounted any potential prejudice to Vulcan because

Vulcan was the one who filed the PGR. Therefore, according to the district court, “any hardship Vulcan may experience will be of its own creation.” (Appx5.) This would be true for any motion to stay pending post-issuance review, and if allowed, effectively allows the district court to nullify consideration of this factor. The district court also again falls back on its original August 2, 2020 order, concluding its consideration of this factor by suggesting that “allowing this case to proceed to completion in this Court will provide a more complete resolution of the issues including infringement, all potential grounds of invalidity, and damages, all without a PGR.” *Id.* As addressed in greater detail in Section I.C., this also would be common to any contested motion for a stay pending post-issuance review and does not reflect meaningful consideration of the facts and circumstances in this case.

Finally, regarding the last factor, judicial resources, the district court relied on the fact that after Vulcan filed its motion, the district court “conducted two discovery hearings and is five months away from trial.” (Appx5.) But “[t]he date on which the motion for a stay is filed is generally regarded as ‘the relevant time to measure the stage of litigation.’” *British Telecommc’ns*, 2020 WL 5517283, at *5 n.2 (quoting *VirtualAgility Inc. v. Salesforce.com, Inc.*, 759 F.3d 1307, 1317 (Fed. Cir. 2014)). Thus, the district court’s ongoing efforts to move this case towards trial during the pendency of Vulcan’s fully briefed motion to stay cannot justify denying Vulcan’s motion.

C. The district court’s reasons for denying Vulcan’s motion would result in denying any contested motion to stay.

As noted above, the district court reiterated the four remaining reasons from its original August 2, 2020 order (besides Vulcan’s PGR having not been instituted, which no longer applies) in its denial of Vulcan’s renewed motion to stay, and also relied on those reasons throughout its order. But those reasons would apply to any opposed motion to stay a district court patent infringement case pending post-issuance review by the PTAB and suggest that any such motion would be denied by the district court, regardless of the facts and circumstances of any particular case.

The first reason provided by the district court is that “the Court anticipates that the trial date will occur before the PGR’s final written decision.” (Appx5-6.) This reason is speculative, especially given that the district court has already moved the trial multiple times and the discrepancy between the current trial date and the expected date for trial based on the district court’s default order, which actually would place the start of trial on the same date as the statutory deadline for the final written decision, December 3, 2021.

Moreover, the district court’s setting and resetting of the trial date also illustrates why this cannot be a proper reason for denying Vulcan’s motion to stay. The district court first “*sua sponte*, set[] the trial date for August 2, 2021” shortly after Vulcan filed its motion to dismiss or transfer, which is not quite 35 weeks after the *Markman* hearing, or approximately 33% faster than the district court’s default

schedule. (Appx67.) The day after denying Vulcan’s original motion to stay, the district court again entered an order setting a trial date, this time “*sua sponte*, set[ting] the trial date for September 7, 2021.” (Appx82.) That date was still significantly earlier than expected under the default order, and if nothing else demonstrated that any trial date set so early in the case cannot be considered firm. This is further reiterated by the district court again moving the trial date at the time of the *Markman* hearing, this time to September 27, 2021. The shifting dates and the Court’s *sua sponte* setting of them in connection with the filing/deciding of motions to dismiss, transfer, or stay also underscores that such dates are fluid.

The second reason identified by the district court is that “[a]llowing this case to proceed to completion will provide a more complete resolution of the issues including infringement, all potential grounds of invalidity, and damages.” (Appx6.) As explained in greater detail in Section II.E., however, this reason turns the traditional stay factors on their head. Deciding issues related to infringement, damages, and all possible grounds for invalidity would provide a “more complete resolution,” but that is not the relevant inquiry. If it were, then a stay would never be appropriate in a patent infringement case, because the PTAB cannot decide issues related to infringement or damages. But as expressed in the traditional stay factors, the proper question is whether granting a stay would *simplify* issues in the litigation. *Tinnus Enters., LLC v. Telebrands Corp.*, No. 6:15-cv-551-RC-JDL, 2017 WL

379471, at *2 (E.D. Tex. Jan. 24, 2017). And as shown in Section II.E., here it undoubtedly would.

Additionally, to the extent the PTAB invalidates some or all of the claims of the '070 patent in the PGR, trial in the district court would not provide a “more complete resolution” as to those claims and may actually introduce further inefficiencies. At the very least, there is a real chance that any trial result may be rendered moot by the PTAB’s final written decision.

The third reason identified by the district court is that “[t]he Court believes in the Seventh Amendment.” (Appx6.) Without further explanation or context, the district court’s invocation of the Seventh Amendment’s right to trial by jury seems to indicate that a delay for any reason—including to accommodate an otherwise appropriate stay—would be an affront to that Constitutional right. But if the PTAB ultimately determines that any claims of the '070 patent are valid, Kerr’s allegations of infringement still will proceed to trial. If the PTAB invalidates all of the asserted claims of the '070 patent, there will be no trial, but there is no constitutional right to a jury trial on invalid claims of a patent. *See Arunachalam v. Int’l Bus. Machines Corp.*, 759 F. App’x 927, 932-33 (Fed. Cir. 2019). Thus, the district court’s “belie[f] in the Seventh Amendment” should not factor into consideration of a motion to stay. *See Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365, 1379 (2018) (“Because inter partes review is a matter that Congress can properly

assign to the PTO, a jury is not necessary in these proceedings.”); *MCM Portfolio LLC v. Hewlett-Packard Co.*, 812 F.3d 1284, 1293 (Fed. Cir. 2015) (“Because patent rights are public rights, and their validity susceptible to review by an administrative agency, the Seventh Amendment poses no barrier to agency adjudication without a jury.”), *cert. denied*, 137 S. Ct. 292 (2016); *see also Sec. People, Inc. v. Lee*, No. 2016-2378, 2017 WL 1963332, at *1–2 (Fed. Cir. Feb. 23, 2017), *reh’g denied*, 2017 WL 1963330 (Fed. Cir. May 11, 2017), *cert. denied sub nom. Sec. People, Inc. v. Iancu*, 138 S. Ct. 1714 (2018).

The fourth reason identified by the district court is that “Plaintiff opposes the stay.” (Appx6.) That reason, of course, is common to any opposed motion to stay. Therefore, it should be irrelevant to the district court’s meaningful consideration as to whether a stay is appropriate in a particular case.

When viewed in context, it appears that the district has adopted an approach whereby motions to stay pending PTAB review can be dismissed out of hand, and are not given the consideration that Congress intended. In particular, Reasons 2 – 4 will be common to every contested motion to stay a patent infringement case in light of PTAB review, and Reason 1 can be readily adjusted by the district court *sua sponte* setting a trial date that will always “beat” the PTAB’s final written decision, even if that trial date is later moved. The district court’s failure to meaningfully exercise its discretion when considering a motion to stay is a clear abuse of

discretion.

D. A writ of mandamus is appropriate to correct the district court’s failure to consider Vulcan’s motion to stay.

Courts have recognized that although the party seeking mandamus must show that it has no other adequate means to attain the desired relief, “the ‘no other means’ requirement is not intended to ensure that [the party] exhaust every possible avenue of relief at the district court before seeking mandamus relief.” *In re TS Tech*, 551 F.3d at 1322. Given the district court’s superficial treatment of Vulcan’s motion, and the district court’s continued reliance on the reasons identified in its August 2, 2020 order, it is clear that further action in the district court short of the issuance of a writ would be futile.

For these same reasons, and because Vulcan will suffer irreparable harm without mandamus, this writ is appropriate under the circumstances. Vulcan filed its PGR petition in good faith shortly after the ’070 patent issued, fully expecting that the PGR mechanism would be respected and allowed to proceed in the manner it was intended. Vulcan quite literally challenged the ’070 patent at the earliest possible opportunity. In doing so, Vulcan incurred considerable expenses, followed the procedures outlined by Congress, and complied with the spirit and intent of the law. If Vulcan now is forced to expend even more resources simultaneously maintaining its PGR and defending itself in district court, then Congress’s intent in providing an alternative to “expensive litigation” will be mooted. And beyond

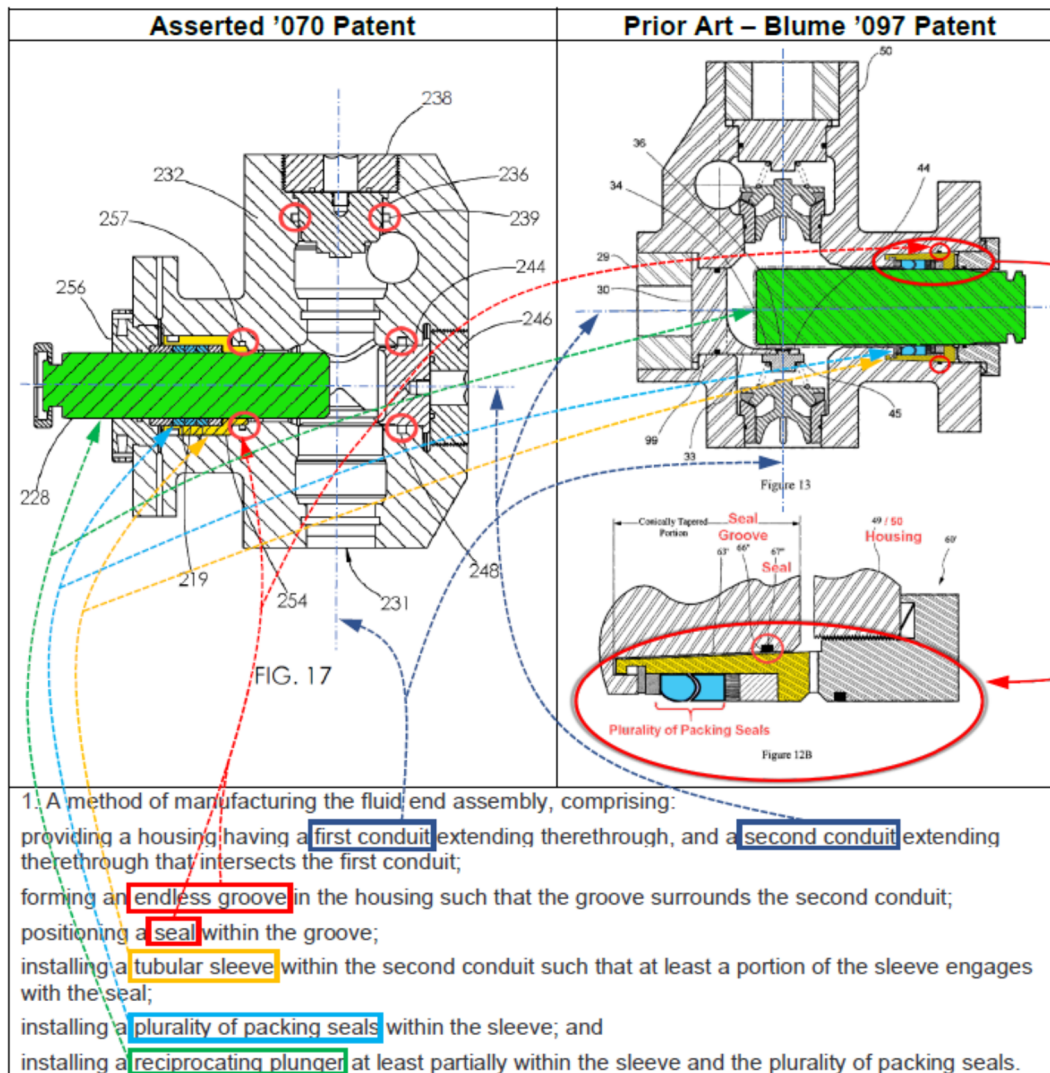
monetary harm, allowing the district court's order to stand based on the relied-upon reasons effectively removes the ability of any defendant in this district to obtain a stay of litigation pending post-issuance review.

Finally, other courts have recognized that “writs of mandamus are supervisory in nature and are particularly appropriate when the issues also have an importance beyond the immediate case.” *In re Volkswagen of Am., Inc.*, 545 F.3d 304, 319 (5th Cir. 2008) (citing *United States v. Bertoli*, 994 F.2d 1002, 1014 (3d Cir. 1993)). Because the district court's actions risk completely frustrating Congress's intent in implementing PGRs in particular, as well as perhaps other forms of post-issuance review, mandamus is appropriate for supervisory and instructional reasons as well.

II. Vulcan's Motion to Stay Should Be Granted.

A. Vulcan's PGR Petition Is Exceptionally Strong

Upon reviewing the '070 patent, Vulcan determined that the claims of the '070 patent are unambiguously disclosed in the prior art and that *all* of the patent's claims are very likely to be cancelled in their entirety by the PTAB. For example, Claim 1 of the '070 patent reads identically on the prior art:



(See Appx5.)

The PTAB agreed, finding in its institution decision that “most, if not all, of the Challenged claims are unpatentable.” (Appx309.) Accordingly, this is not a run-of-the-mill case in which the merits of a patent validity challenge are nuanced and obscure, or rely on complicated and conflicting expert testimony. Given the strength of Vulcan’s validity challenge, it is very likely that the PTAB will cancel all of the ’070 patent’s claims in their entirety. This fact alone strongly favors a stay of the

district court litigation while the PTAB conducts the PGR proceeding.

B. All of the Traditional Stay Factors Support Granting a Stay

When the traditional stay factors are properly considered, all of those factors heavily weigh in favor of granting Vulcan's motion to stay. Vulcan notes that although the Western District of Texas relies on slightly different factors in considering motions to stay, a meaningful consideration of any set of factors demonstrates that a stay should be granted in this case. Therefore, rather than simply issuing a writ directing the district court to vacate its denial of Vulcan's motion, Vulcan respectfully requests that this Court additionally direct the district court to grant Vulcan's motion to stay.

Most district courts considering whether a stay of district court litigation during the pendency of post-issuance review by the PTAB examine the following factors:

- (1) whether the stay will unduly prejudice the nonmoving party or present a clear tactical disadvantage to 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.

Tinnus Enters., 2017 WL 379471, at *2 (internal citations omitted); *see also British Telecomm's*, 2020 WL 5517283, at *3 (further noting that "[t]he Federal Circuit

and various district courts have held that courts may weigh the fourth factor set forth in the CBM statute when considering staying cases that are co-pending with other types of post-grant proceedings”). District courts retain the discretion to consider issues beyond the traditional stay factors, but must consider whether a stay would be appropriate given the totality of the circumstances. *British Telecommc’ns*, 2020 WL 5517283, at *5.

In its denial of Vulcan’s renewed motion to stay, the district court followed a line of Western District of Texas cases that have rejected consideration of the traditional stay factors in favor of slightly different factors. (Appx2-3 (relying on *Yeti Coolers, LLC v. Home Depot U.S.A., Inc.*, No. 1:17-cv-342-RP, 2018 WL 2122868, at *1 n.1 (W.D. Tex. Jan. 8, 2018) (rejecting the these factors)).) Specifically, the district court suggested that the relevant factors for consideration should be: “(1) the potential prejudice to the non-moving party; (2) the hardship and inequity to the moving party if the action is not stayed; and (3) judicial resources.” *Id.*

Given the discretionary nature of the stay inquiry and the similarities between the traditional stay factors and the Western District of Texas factors, Vulcan is not arguing that the district court’s reliance on these different factors justifies mandamus relief. Rather, as specified above, the fact that the district court did not meaningfully consider the particular facts and circumstances of this case under either standard

justifies relief here.

Further, Vulcan notes that a stay should be granted here regardless of which standard is applied. For ease of reference, Vulcan addresses each of the traditional stay factors below, but further notes that the first factor is the same for both standards, that the second Western District of Texas factor (hardship and inequity to Vulcan) will be addressed under the third traditional factor (whether a stay would simplify issues), and that the third Western District of Texas factor (judicial resources) will be addressed under the second traditional factor (the stage of the proceedings).

C. Staying the district court litigation would not prejudice Kerr.

At the time of Vulcan's renewed motion to stay, only a single product was accused of infringement (the ICON EVO product), and that product was no longer being manufactured, sold, or offered for sale. (Appx15.) Although Kerr has since expanded the scope of its allegations of infringement, it remains true that no product accused of infringement is currently being manufactured, sold, or offered for sale by Vulcan:

Interrogatory No. 14

Identify every Vulcan fluid end that has ever contained a seal in the housing capable of facilitating the transfer of wear, including the model name, the version/generation number of the model, and whether the model is still being manufactured, used, sold, or offered for sale.

RESPONSE:

The following Vulcan fluid ends have contained a seal within an endless groove formed in the housing and packing bore wear sleeve installed within this bore. Vulcan is without sufficient information to determine whether this facilitates the transfer of wear.

(a) Sentinel Gen II: This model is no longer being manufactured, sold, or offered for sale. At least one unit is currently being used by Vulcan customers.

(b) ICON Gen II: This model is no longer being manufactured, sold, or offered for sale. At least one unit is currently being used by Vulcan customers.

(c) ICON EVO: This model is no longer being manufactured, sold, or offered for sale. At least one unit is currently being used by Vulcan customers.

(Appx460.)

Therefore, the district court case relates solely to alleged past infringement, and any reasonable allegations of prejudice from Kerr could relate solely to the prompt enforcement of its patent rights. *See VirtualAgility*, 759 F.3d at 1318 (a stay “will not diminish the monetary damages to which [a patentee] will be entitled if it succeeds in its infringement suit—it only delays realization of those damages”). “However, that interest [in prompt enforcement] is present in every case in which a patentee resists a stay, and that interest is therefore insufficient, standing alone, to establish the undue prejudice necessary to defeat a stay motion.” *British Telecommc’ns*, 2020 WL 5517283, at *6. The district court did not identify any undue prejudice to, or clear tactical disadvantage against, Kerr in its denial of Vulcan’s motion to stay, nor do any of the reasons provided by the district court in

its denial address this factor.

Additionally, courts often examine four subfactors in analyzing whether a plaintiff would suffer undue prejudice if its case were stayed pending a petition before the PTAB: “(1) the timing of the request for review; (2) the timing of the request for a stay; (3) the status of the review proceedings; and (4) the relationship of the parties.” *RetailMeNot, Inc. v. Honey Sci. LLC*, C.A. No. 18-937-CFC-MPT, 2020 WL 373341, at *7 (D. Del. Jan. 23, 2020) (citations omitted). The district court found *RetailMeNot* persuasive but not controlling, and did not further address any of the specific subfactors identified therein. Each favors a stay in this instance.

1) Vulcan filed its PGR petition almost immediately after Kerr filed this lawsuit.

The PTO issued the '070 patent on March 17, 2020, (Appx23); Kerr filed this lawsuit on March 19, 2020, (Appx53); Kerr served Vulcan on April 7, 2020, *id.*; and Vulcan quickly filed its PGR petition on May 26, 2020, less than two months later, (Appx84). This is not a situation where Vulcan engaged in gamesmanship by delaying the filing of its petition until the last possible moment, and such concerns should hardly factor into the analysis for PGR petitions. Because a PGR petition must be filed within nine months of a patent's issuance, concerns over dilatory filing of a PGR petition should typically be negligible, as they are here.

2) Vulcan filed its motion to stay shortly after filing its PGR petition

Similarly, Vulcan filed its motion to stay less than two months after filing its PGR petition and while this case is still in its preliminary stages. (Appx54.) Following the denial of Vulcan's original motion, Vulcan filed its renewed motion for a stay within two weeks of the PTAB granting institution of Vulcan's PGR. The timing of Vulcan's request for a stay also demonstrates that Vulcan does not have any dilatory or other improper motive.

3) A final written decision on Vulcan's PGR is expected by December 3, 2021.

The PTAB instituted Vulcan's PGR on December 3, 2020, and must issue its final written decision no later than December 3, 2021. 35 U.S.C. § 326(a)(11). Thus, a stay here would be for a finite and relatively short period of time.

4) Vulcan has already removed the allegedly infringing product from the market.

Although Kerr and Vulcan are competitors in the fluid end manufacturing space, Vulcan no longer manufactures, sells, or offers for sale any of the accused products. (*see* Appx460.) Therefore, Kerr will not suffer any alleged erosion of market share or further purported damages during the pendency of the PGR proceeding. Any purported harm Kerr may have suffered has already occurred and can be remedied through money damages, if any.

D. When Vulcan filed its original and renewed motions to stay, the proceedings in the district court were in their preliminary stages, and judicial resources would be preserved in granting a stay.

As a preliminary matter, “[t]he date on which the motion for a stay is filed is generally regarded as ‘the relevant time to measure the stage of litigation.’” *British Telecommc’ns*, 2020 WL 5517283, at *5 n.2 (quoting *VirtualAgility*, 759 F.3d at 1317). Thus, the relevant date for Vulcan’s renewed motion to stay is December 16, 2020, though Vulcan also notes that it filed its original motion to stay on July 31, 2020. (Appx54-55.)

When Vulcan filed its renewed motion to stay, the case was at an ideal time for a stay. The Court had just completed claim construction, and merits fact discovery was only beginning. (Appx55.) In fact, Kerr filed a Second Amended Complaint on September 25, 2020, and the parties served their respective Initial Disclosures only on December 10, 2020. *Id.* The parties were still months away from providing final infringement and invalidity contentions and from conducting expert discovery. *Id.* Thus, granting a stay at this preliminary juncture would conserve the resources of the Court and the parties by avoiding the most burdensome stages of the litigation. *See CyWee Grp. Ltd. v. Samsung Elecs. Co.*, No. 217CV00140WCBRSP, 2019 WL 11023976, at *6–7 (E.D. Tex. Feb. 14, 2019); *SZ DJI Tech. Co. v. Yuneec Int’l Co.*, No. CV 16-0595-BRO (KKX), 2016 WL 9114148, at *2 (C.D. Cal. Dec. 1, 2016).

The district court admits that “staying this case for resolution by the PTAB would preserve some Court’s resources,” but suggests that because the district court already “expended considerable time and effort to get this case resolved—to stay the case now would squander those efforts.” (Appx5.) But those efforts referred to by the district court—conducting two discovery hearings and moving the case to within five months of trial—happened *after* Vulcan filed its renewed motion to stay. In fact, that motion was fully briefed and ready for resolution by December 30, 2020, but the district court delayed ruling on it for several months (during which multiple discovery issues were raised, heard by the district court, and ruled on).

E. A stay will simplify the issues in this case.

As noted by Judge Bryson in the *British Telecommunication’s* case, “[a] stay is particularly justified when ‘the outcome of a PTO proceeding is likely to assist the court in determining patent validity or eliminate the need to try infringement issues.’” *British Telecommc’ns*, 2020 WL 5517283, at *2 (quoting *NFC Tech. LLC v. HTC Am., Inc.*, No. 2:13-cv-1058, 2015 WL 1069111, at *1 (E.D. Tex. Mar. 11, 2015)). Vulcan’s PGR will simplify or even dispose of this case completely because “[w]hen a claim is cancelled [by the PTAB], the patentee loses any cause of action based on that claim, and any pending litigation in which the claims are asserted becomes moot.” *Tinnus Enters.*, 2017 WL 379471, at *2 (citations omitted). Additionally, the prospect for simplification is enhanced where, as here, the PGR

petition is compelling and “*all* of the litigated claims are undergoing administrative review.” *Id.* (emphasis in original).

In the context of whether Vulcan would suffer a clear hardship or inequity if its motion to stay were denied, the district court recognized these potential benefits, but suggested they would accrue only if “Vulcan prevails on all of their claims.” (Appx4-5.) This ignores, however, that even a rejection of Vulcan’s arguments by the PTAB can simplify issues in the district court litigation. Once the PTAB institutes review, it must “address *every* claim the petitioner has challenged.” *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1354–55 (2018) (emphasis in original). This means that “any conclusion that the PTAB reaches will have a likely effect on litigation by limiting the arguments [petitioner] can make regarding validity” due to the broad estoppel provisions applicable to unsuccessful petitions for post-grant review. *RetailMeNot*, 2020 WL 373341, at *5 (citations omitted).

The district court’s order also suggests that allowing this case to proceed will allow for a full resolution of all issues, including issues related to alleged infringement and damages. (Appx4-5.) But that turns the traditional stay factor on its head and is not the proper focus. In all motions to stay patent infringement cases pending PTAB review, it always will be true that allowing the district court case to proceed necessarily would address certain issues—including alleged infringement and damages—that the PTAB cannot. The traditional stay factor, however, calls

upon the district court to consider whether the PTAB review will *simplify* matters in the district court action, and as demonstrated in Section I.A., such concerns also are consistent with congressional intent with respect to administration of post-issuance review by the PTAB.

As referenced throughout this petition, Vulcan has been and continues to suffer hardship and inequity related to the ongoing proceedings concerning the '070 patent on parallel tracks, especially since the PTAB has already determined that “most, if not all, of the Challenged claims are unpatentable.” (Appx309.) At a minimum, if the district court case is not stayed soon, Vulcan will be forced to engage in costly expert discovery in both the PTAB and the district court. The parties also still have significant fact discovery to conduct, including several depositions on both sides and discovery into the new allegations of infringement allowed by the district court that greatly expanded the scope of the district court case after Vulcan’s motion to stay was fully briefed. Thus, Vulcan’s prejudice continues to grow. Additionally, as currently scheduled, oral arguments in Vulcan’s PGR would be on September 1, 2021. Trial in the district court case, if the current date holds, would proceed just over three weeks later, on September 27, 2021. Especially when viewed through the lens of the potential simplification of issues in this case, combined with the fact that Kerr will not suffer any ongoing or undue prejudice since Vulcan no longer sells or manufactures the accused products, there is no justifiable reason to

go forward with the district court action before the resolution of Vulcan's PGR.

CONCLUSION

For the reasons set forth above, the district court's denial of Vulcan's motion to stay was a clear abuse of discretion, and the district court's order should be vacated and reversed.

Respectfully submitted,

Dated: April 14, 2021

/s/ Joshua P. Davis

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on April 14, 2021, a true and correct copy of the above and foregoing document was filed with the Clerk of Court for the United States Court of Appeals for the Federal Circuit using the appellate CM/ECF system.

I further certify that the following participants in the underlying litigation were served the Petition for Writ of Mandamus and Supporting Appendix of Exhibits by Federal Express at the following addresses of record:

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Date: April 14, 2021

Signature: /s/ Joshua P. Davis
Joshua P. Davis

CERTIFICATE OF COMPLIANCE

This petition complies with the relevant type-volume limitations of Federal Rules of Appellate Procedure 21(d) and 32(c)(2) because the filing has been prepared using a proportionally spaced typeface and includes 7,783 words, excluding the parts of the document exempted by the Federal Rules of Appellate Procedure or Federal Circuit Rules.

Respectfully submitted,

Dated: April 14, 2021

/s/ Joshua P. Davis

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