

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION

INDACON, INC.

Plaintiff,

v.

FACEBOOK, INC.,

Defendant.

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CIV. NO. SA-10-CA-966-OLG

ORDER

Defendant, Facebook, Inc., seeks a stay pending review of United States Patent No. 7,836,043 ("043 patent") by the United States Patent Office and Trademark Office ("PTO"). (Docket No. 66). Plaintiff, Indacon, has responded. (Docket no. 72). Upon consideration of the motion, response, and applicable law, Facebook's motion to stay is **DENIED** (docket no. 66).

PROCEDURAL BACKGROUND

Indacon brought this action against Facebook in December of 2010, alleging that Facebook has been infringing upon Indacon's U.S. Patent No. 6,834,276, which was issued on December 21, 2004, and Indacon's U.S. Patent No. 7,836,043, which was issued on November 16, 2010, and had the same specification as the '276 Patent but with different claims.¹ Both patents pertain to a system for data acquisition and perusal developed and patented by Indacon employees. In its most recent pleading, Indacon alleges

¹As patents are typically designated by their last three digits, the Court refers to these patents as "Patent '276" and "Patent '043".

that Facebook is infringing upon at least eight claims of the '276 patent and at least two claims of the '043 patent. (Docket no. 13, Plaintiffs' Third Amended Complaint). A scheduling order was entered in March of 2011 and trial was initially set for November 23, 2011. (Docket no. 16). However, the scheduling order has been modified several times and the Markman hearing, originally set for September 14, 2011, has been reset twice, and is presently set for November 2, 2011. (Docket nos. 34, 56 and 58). On October 14, 2011, Facebook filed the present motion, seeking to stay the case in view of its request for an inter partes patent reexamination.

APPLICABLE LAW

The district court has the inherent power to control its own docket, including the power to stay proceedings. *Southwire Co. v. Cerro Wire, Inc.*, 750 F.Supp.2d 775, 778 (E.D.Tex.2010) (citing *Soverain Software LLC v. Amazon.com, Inc.*, 356 F.Supp.2d 660, 662 (E.D.Tex.2005)). In considering whether to stay litigation pending reexamination, courts typically consider: (1) whether a stay will 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 a trial date has been set. *Soverain Software LLC*, 356 F.Supp.2d at 662. While there may be advantages to granting a stay pending reexamination, "[a] court is under no obligation to delay its own proceedings by yielding to ongoing PTO patent

reexaminations, regardless of their relevancy to infringement claims which the court must analyze.” *NTP, Inc. v. Research In Motion, Ltd.*, 397 F.Supp.2d 785, 787 (E.D.Va.2005) (citing *Viskase Corp. v. Am. Nat’l Can Co.*, 261 F.3d 1316, 1328 (Fed.Cir.2001); *Medichem, S.A. v. Rolabo, S.L.*, 353 F.3d 928, 936 (Fed.Cir.2003); *Patlex Corp. v. Mossinghoff*, 758 F.2d 594, 602-03 (Fed.Cir.1985)). The party seeking the stay has the burden of showing “there is a pressing need for a delay.” *Castanho v. Jackson Marine, Inc.*, 484 F.Supp. 201, 209 (E.D.Tex.1980 (citing *Landis v. North Am. Co.*, 299 U.S. 248, 255 (1936))).

DISCUSSION

Facebook asserts that this stay is necessary because based on a recent Markman briefing by Indacon, Facebook has filed “a request for inter partes reexamination by the United States Patent and Trademark Office (“PTO”) of the only patent Plaintiff Indacon, Inc. (“Indacon”) has asserted in this action that is eligible for inter partes reexamination, based on invalidating prior art Facebook recently obtained that the PTO did not consider during the original prosecution of the patent.” More specifically, Facebook seeks to have the PTO invalidate both of the asserted ‘043 patent claims (claims 19 and 21) and three related claims (claims 20, 22, and 23), based on the following three prior art references: Weitzman, ZyINDEX, and Hall. Facebook argues that this Court should “temporarily” stay this litigation because discovery is far from

complete and a trial date has not been set; a stay will simplify the issues, particularly the claim construction issues; and a stay will not unduly prejudice Indacon.

Indacon opposes the stay, arguing that Facebook ultimately "seeks to stay the case for several years pending patent reexamination proceedings." Indacon further maintains that a stay is unwarranted for the following reasons: Indacon will suffer severe prejudice from a stay because of the significant time and money invested to date, and the fact that key witnesses may be unavailable for a trial years from now; Facebook waited until the eve of the Markman hearing to file this motion and it is merely a dilatory tactic; and a stay will not simplify the issues since Facebook has requested reexamination of only one of the two patents.

After careful consideration, the Court finds that Facebook's request for inter partes reexamination by the PTO does not warrant a stay in this case at this time. While discovery is not complete and, in fact, a motion to compel discovery responses from Facebook is pending, this appears to be the only factor that arguably weighs in favor of granting a stay. The Court is unable to ascertain at this juncture whether a stay will simplify the issues as the Court cannot predict whether the PTO's final determination will amend or reject the claims at issue, and if so, to what extent.

What is clear is that Indacon will be unduly prejudiced by an

indefinite delay. Although Facebook styles this motion as a "temporary" stay, it argues that recent statistics show that the PTO has granted 95% of requests and that this process typically takes sixty to ninety days. Facebook further asserts that "44% of *inter partes* reexaminations result in all claims canceled or disclaimed, 43% result in changed claims, and only 13% confirm all claims." Facebook does not indicate how long the process of reexamination takes but readily admits that following the PTO's reexamination, an evaluation will have to be made as to whether to further stay the case. Moreover Facebook has requested review of only one of the two patents and of five of the ten claims alleged to have been infringed upon. Delaying the entire case for up to two years based on only one of the two patents alleged to have been infringed upon would appear to present a clear tactical disadvantage to Indacon. Additionally, ultimate resolution of the reexamination proceedings and any appeals could take several years. In the meantime, Indacon will not be able to prosecute its claims with respect to the remaining patent. Accordingly, the first and second factors weigh in favor of denying a stay.

As Facebook has failed to meet its burden of demonstrating that there is a pressing need for a delay, Facebook's motion is **DENIED**. Castanho, 484 F.Supp. at 209(citing Landis, 299 U.S. at 255.

CONCLUSION

For the foregoing reasons, the Court believes that Facebook's motion to stay should be **DENIED**. (Docket no. 66).

It is so **ORDERED**.

SIGNED October 28, 2011.



JOHN W. PRIMOMO
UNITED STATES MAGISTRATE JUDGE