IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

TOPIA TECHNOLOGY, INC.,)

Plaintiff, ) C.A. No. 21-1821-CJB

v. )

EGNYTE, INC., )

Defendant.

Monday, March 6, 2023 10:00 a.m.

844 King Street Wilmington, Delaware

BEFORE: THE HONORABLE CHRISTOPHER J. BURKE United States District Court Judge

## APPEARANCES:

RICHARDS, LAYTON & FINGER, P.A. BY: GRIFFIN SCHOENBAUM, ESQ.

-and-

SUGHRUE MION, PLLC

BY: L. ROMAN RACHUBA, ESQ.

BY: RAJA N. SALIBA, ESQ.

BY: J. WARREN LYTLE, JR., ESQ.

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1	APPEARANCES CONTINUED:
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3	FISHER BROYLES, LLP BY: CARL D. NEFF, ESQ. BY: RYAN BEARD, ESQ.
4	BY: CHRISTOPHER R. KINKADE, ESQ.
5	Counsel for the Defendant
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1 THE COURT: Good morning, 2 everyone. It's Judge Burke here. And I know we 3 have our court reporter with us and we thank our 4 court reporter for their service and I know we 5 have the parties with us as well. So why don't 6 we go on the record and let me just then say a 7 few things for the record, which is that we're 8 here this morning by way of video conference in 9 the matter of Topia technology, Inc., versus 10 Egnyte, Inc. It's civil action number 21-1821-CJB here in our court. And we're here 11 12 today for argument on the motion to stay filed 1.3 by the defendant in this case. 14 Before we go further, let's have 15 counsel for each side identify themselves for the record. We'll start first with counsel for 16 17 the plaintiff's side and we'll begin there with Delaware counsel. 18 19 MR. SCHOENBAUM: Good morning, 20 Your Honor. Griffing Schoenbaum from Richards, 21 Layton & Finger for plaintiff Topia Technology. 22 I'd like to introduce my co-counsel from Sughrue 23 Mion, Raja Saliba and Roman Rachuba. And as

indicated to the Court, Mr. Rachuba will be

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1	presenting for Topia today.
2	THE COURT: Okay. Very good.
3	Thank you. And let's do the same for counsel on
4	defendant's side
5	MR. LYTLE: Excuse me, Your Honor.
6	Jay Lytle for Topia Technology. I'm here with
7	Mr. Rachuba.
8	THE COURT: Okay. Thank you, Mr.
9	Lytle.
10	All right. Let's do the same for
11	counsel on defendant's side. Again we'll begin
12	with Delaware counsel.
13	MR. NEFF: Yes. Good morning,
14	Your Honor. Carl Neff of the law firm of
15	FisherBroyles on behalf of defendant Egnyte,
16	Inc. With me on the video call are my partners,
17	Ryan Beard and Chris Kinkade also of the law
18	firm of FisherBroyles and who each have been
19	admitted pro hac vice. Mr. Kinkade will be
20	taking the lead for Egnyte.
21	THE COURT: Okay. Very good.
22	Since it's defendant's motion, let me turn first
23	to their counsel. Mr. Kinkade, I'll give you
24	the chance to make some brief argument and I'll

jump in with a couple questions and after we're finished, we'll turn to your colleague on the other side, okay?

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MR. KINKADE: Thank you, Your
Honor. Good morning to the Court and counsel.
May it please the Court. Egnyte respectfully
requests that the Court stay this proceeding
except for the pending and fully briefed 101
motions under rule 12(c) pending the completion
of the IPRs that have been filed by Unified
Patents and the Box and Dropbox defendants in
co-pending litigation.

Your Honor, now is the most logical time for the Court to stay the case. We're before all the major discovery events in the case. We're just prior to the start of claim construction briefing, with that to commence later this month and a hearing in about three month's time. We're before expert discovery and the most significant discovery and claim construction events are on the horizon. And this court and others have routinely recognized that stay should be implemented when the most significant events are yet to come.

For example, the Ioengine case made that quite clear.

THE COURT: Mr. Kinkade, let me jump in and ask exactly where we stand in discovery date-wise. Seems like we're fairly far along. I know -- I think I read something in the briefs that deposition discovery has not really started in earnest, but exactly where do we stand at least with document discovery? How close are we to the end of that phase?

MR. KINKADE: You're correct, Your Honor. We have not started any depositions.

Written discovery has been served. Documents are being produced. Document production will be substantially complete in the near future. But that's really not the measure of significance here. You know, if we had put a number on it, I'd say only about 20 percent of the actual discovery substance is done. You know, documents will be produced in any event, but we haven't got to any fact witnesses, any expert witnesses. When, in fact, in the Unified Patents IPR there's already substantive arguments now being made by plaintiff. Just

within the last two weeks they've submitted some substantive arguments to the PTAB. So there's going to be more substantive developments coming out of that that we will need to address both in claim construction and fact and expert discovery in this case. So I would submit that even though we have gone forward with document discovery, the most actual substantive significance is still yet to come. And, you know, Topia does take some issue with that, both saying that we filed too soon and too late. soon because the Box/Dropbox IPRs have not been instituted yet and too late because Unified Patents filed their IPR back in April of last I would submit that we filed at exactly the right time. As the Court's aware, we had moved under rule 12(c) that all the asserted patents are invalid under 101. Your Honor initially held two of them invalid and ordered supplemental briefing and that was in December of last year. And that was only a few weeks after the Unified Patents IPR was instituted, so it was logical for us to await the Court's hearing on that, since it was fully briefed,

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await the Court's decision and await Topia's motion for leave to amend which was filed in January.

anything you want to say -- obviously one of the issues that's come up in terms of simplification is the fact that your client itself is pursuing these IPRs that you're asking me to stay the case in favor of, so that has some potential implications in terms of estoppel. Anything you want to say about why it is that Egnyte didn't file a petition for IPR on its own?

MR. KINKADE: Well, yeah.

Obviously without going into all of our legal strategies, Your Honor, we felt strongly about our 101 arguments. We were aware, of course, of the Unified Patents IPR, but we made, based on a value proposition in our case, the decision not to pursue the IPRs directly. We weren't involved in the preparation of the IPRs by the Box and Dropbox defendants in the other case. So we don't think it's right that Egnyte should have to agree or be bound by any estoppel provisions, because as the the Court knows,

estoppel is very broad in the IPR context and we didn't have any opportunity to even consider what references would be asserted in those IPRs.

THE COURT: And I typically have not -- in fact, I don't know that I've ever kind of, you know, issued one of those orders that says, well, you could have a stay so long as you agree to be bound by X or Y. You know, I tend to agree it's certainly you and your client's choice about how to litigate the case and that you control. I guess there was some suggestion, I thought in the briefing, that maybe there's some coordination between counsel for Egnyte and counsel for at least one of the two third-party IPR petitioners. Am I wrong about that? Is there some overlap or am I messing that up?

MR. KINKADE: Your Honor, there is a joint defense group that's been formed by the defendants in some of the co-pending litigations, but that is related to issues in the litigations. And so while we've exchanged some materials related to our common defenses, like non-infringement, invalidity, we did not participate in any of their meetings related to

the IPR process. I think the other alleged coordination that plaintiff has raised is that counsel who argued the 101 motions for Egnyte at Cooley is also representing the Box/Dropbox defendants in the IPRs that they filed. disclose to the Court that Egnyte has a long history with Cooley. Cooley has been Egnyte's long-time corporate counsel, so there's already existing engagements there. Obviously Cooley's representing another defendant in our joint defense group. And Ms. O'Keefe, I believe, has extensive experience before Your Honor, before this court in similar issues, so that's why the decision was made to have her argue the 101 It was not related to any coordination with respect to the IPRs.

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THE COURT: I mean, just on that point, I think -- because I think earlier what you said as Egnyte, we don't have any say or control over what Box or Dropbox puts forward or doesn't put forward in the IPRs. And from what you're saying, that's literally the case.

Obviously Egnyte itself can't tell Box or Dropbox, hey, you know, I want you to make this

argument or, you know, don't press these arguments about these prior publications or whatever. But I guess the other side is saying well, that's true, but counsel for Egnyte in this case is the counsel in the IPRs for Box and Dropbox who is helping these entities make their decisions about what part to put forward and what part not to and why. So that's technically true that Egnyte can't make the decisions, but it's about as close as you can get in terms of coordinating and understanding, et cetera, as you might. Anything wrong with looking at it that way?

MR. KINKADE: I hear what Your
Honor is saying and I don't disagree that
counsel is overlapping. But the fact that we
haven't actually contributed to any of the
expenses, any of the briefing, any of the claim
charting in the IPR process and that Ms.
O'Keefe's representation was solely for purposes
of the 101 hearing, which the IPRs were not a
part of, they had not yet been filed. So I
think the two events on the timeline can
certainly be separated as well. And that also

feeds back into the timeline I was discussing on the timeliness of our request, which of course was within about three weeks of the Box/Dropbox IPRs being filed. Some of those took several weeks, I think even by the end of January a few -- two of the IPRs had not yet been publicly docketed, so that was part of the delay on our part. We had heard they had been filed, but we were waiting for them to be docketed at the PTAB while we had briefed out motion. And I think it was even the Princeton Digital case that we cited to the Court where only one of several defendants had filed IPRs and the Court still stayed the litigations against all the defendants based on the IPRs that had been filed.

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THE COURT: Though Princeton

Digital is the only case in which I've stayed a case prior to the institution decision on the IPRs at issue and that case was, as you can see, almost 10 years old, at a time when the PTAB was instituting on something like over 90 percent of all petitions.

That said, and just in terms of

simplification, couple questions there. The other side says that if ultimately what the PTAB does is institute on some of the Box and Dropbox art, you know, maybe that might be relevant to some of the patents that it's attempting to put in IPR, but doesn't institute on other patents, that that won't have much of a material impact on discovery in this case because there's going to be great overlap between the discovery, at least the five patents other than the '942, that are being sought to have been the PTAB take up an IPR. What's your response to that?

MR. KINKADE: Yes, Your Honor.

And that's why I believe that the existence of document discovery to date is not a significant factor, because I agree that if some of the patents are not instituted against or if some of the patents survive, of course we already have the one institution. So unlike Princeton

Digital, there actually is one institution now with Unified Patents, makes it likely the PTAB's probably going to institute more. But if not all the patents are instituted, I would agree that most of the document discovery is going to

be substantially the same. But it's when we get into the witness testimony, the inventor testimony on issues of claim construction, infringement, validity, experts, that's where a lot of what Topia does during the IPR process is going to be critical for us. We don't want a situation where we come back to the Court and need a second claim construction hearing. don't want to go through with the first claim construction hearing on terms that maybe we don't need construction anymore after we see the positions they take or maybe those claim terms change during amendments during the IPR process. And plaintiff has pointed out that Egnyte may be the only party who's affirmatively requesting claim construction here. So it certainly could be an efficiency that's gained if something changes in the IPR process and we no longer need certain claim construction or there might be other terms we need.

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I would also briefly reference the prejudice factor. There's no prejudice to Topia here. We're not competitors in the space. They didn't seek a preliminary injunction here, which

the Softview and Virtual Agility courts recognized as being very indicative of a lack of prejudice from a brief stay. And we're here talking about maybe a four- or five-month delay in ultimate resolution of the case when Topia delayed at least two years, two and a half years in filing suit after they sent Egnyte an original cease and desist letter in June of 2019 and then didn't file suit until December of 2021. Risking another four- or five-month delay when monetary damages is the only real remedy being sought here would not be significant. it's all for nought, then they'll be covered by interest. And I think it was the '454 LifeSciences case which Topia cited to in their papers as well as Ioengine that explicitly referenced that delay alone is not sufficient to find prejudice.

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And then also bouncing back to
Your Honor's previous question or statement
about Princeton Digital being one of the few
cases pre institution where you granted a stay,
I would also point out that many of the cases,
if not all, that were cited by Topia, such as

1 Universal Secure, Invensys Corp case and I think 2 there was another one, Advanced Microscopy, the 3 Court specifically noted in those cases that the 4 petition would be acted on by the PTAB prior to 5 any of the significant events, so either prior 6 to the claim construction briefing commencing, 7 prior to depositions. So in there it was kind 8 of safe to delay the decision because those 9 events would still come after the institution 10 decision. And so those were all denied without 11 prejudice of course pending the institution 12 decision. Here, you know, the most efficiency 13 will be gained now before we spend the next 14 three to four months doing heavy claim 15 construction and depositions. 16 THE COURT: Do you recall when 17 Egnyte -- had Egnyte sought to file for IPR, when your one-year deadline would have been? 18 Αm 19 I right it would have been like sometime in 20 December of 2022? 21 MR. KINKADE: Yeah. It would have 22 been December because this case was filed 23 towards the end of December 2021. 24 THE COURT: Obviously I think part

1 of the argument just then was look, the way 2 things are going to go in the next four or five 3 or six months here, there's going to be 4 significant work, you know, work for the Court 5 with regard to markman, work for the parties. 6 We're not going to hear from the PTAB on 7 institution with regard to the Box and Dropbox 8 IPRs until after that happens, sometime in the 9 summer. So the other side might push back and 10 say well, you know, that's because the defendant 11 here is kind of trying to free ride off of those 12 other parties' IPR petitions. Maybe the 13 defendant here should have gone to the PTAB if 14 they wanted to seek, you know, the benefits of 15 simplification. So that made me think, well, 16 what would the outcome have been if Egnyte had 17 went to the PTAB and would it effect the timing 18 at all. I guess, I suppose you could have 19 waited until December, that you could have filed earlier. Couldn't you have -- had you gone to 20 21 the PTAB yourselves, might we have been able to 22 avoid getting too close to markman here, putting 23 you in a better spot to argue for efficiency? 24 MR. KINKADE: Your Honor, yes.

And a lot of courts have of course recognized that waiting until even right up to that one year deedline is not unreasonable delay in filing. Had we done that, hypothetically, we only would have been a couple of weeks earlier than the Box/Dropbox IPRs. We're talking three to four weeks. Over the holidays and of course and after having just come out of Your Honor's 101 hearing which we wanted to hear the result of first too. So obviously it was a little bit of, you know, decision making on our part and with our client directly without regard to what the other parties are doing had made the decision, well, we've already got the oldest patent in the case subject to the Unified Patents IPR, which would be the most significant event for past damages here and then we're challenging the rest of them under 101, so we made the strategic decision to just follow through with those courses of action. But then once the other defendants filed their IPRs, subsequent to our statutory deadline, so it was no longer an option for us, it just made it seem that it was most efficient that we should wait

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in a money damages case until all the IPRs are acted upon.

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THE COURT: I guess two other questions and one relates to that which is, you know, there's a way to look at this as, look, understandably Egnyte kind of made a choice. It knew there were other third parties that might well be filing IPRs. There could certainly be some benefit to it were those IPRs to work out in a certain way, because they involved the same patents, but Egnyte kind of made its choice. Its choice was the best way for it to go, the most efficient way was to press an early 101 motion in our court to see if it could either eliminate the case or narrow it. That's where it put it's resources and where you asked the Court to put its resources. And the Court did. We had that hearing and at least as of now, status quo, Egnyte cut the case by a third, you know, which will stay the case and which will continue to be the case unless the other side is successful with their motion to amend. okay. Like Egnyte made its choice. Didn't work out entirely the way they had hoped, but it

worked out partially the way it hoped, so it's got to live with that choice in a sense. You know, otherwise I think the plaintiff might say, Egnyte is trying to have it both ways. Made its own choice about what to pursue and how that might work. And now having not been entirely successful at stay in this case through that path, it's going to option number two trying to rely on third parties in a way that it doesn't want to agree to estoppel, so not going to generate potentially enough efficiency with that path number two. How come that line of thinking, that kind of Egnyte, you know, put its eggs in one basket and should have to live with that basket?

MR. KINKADE: I would answer in two parts, Your Honor. First, it's just in general a changed circumstance that I think benefits all the parties. I know plaintiffs always want to press forward with their case, so that alone shouldn't count as prejudice when the plaintiffs, the Court and the defendant can otherwise conserve resources, because the general circumstances of the case have changed

as if something had happened to a witness, you know, being hospitalized that causes delay or some other event that might cause the parties to reconfigure their litigation positions. And then secondly -- sorry, I've talked myself out of my second thought, but --

THE COURT: I talked too long with my question, Mr. Kinkade. Probably had both thoughts right in your head and then the judge kept talking, one minute questions, probably made you lose it. If it comes back, let me know.

MR. KINKADE: Thank you, Your Honor.

THE COURT: I have one other question for you related to simplification and the estoppel issue. The other side said something to the affect of the following, which is, look, there are a certain number of references that are at issue in the Box and Dropbox petitions, but if you factor them out, it still leaves, I think they cited like 29 different references that Egnyte is pressing in their invalidity contentions in this case that

aren't going to be touched by the PTAB. Now, in response I think you said something like, look, we have a big chunk of our invalidity case that couldn't be at issue in the PTAB, you know, non prior publication art and rule 112 defenses, et cetera. But if we just focus on 102, 103 prior publication art, is it right to say that, you know, you all have put roughly 32 references at issue in this case and 29 of them, roughly, aren't going to be discussed by the PTAB in the Box and Dropbox petitions?

MR. KINKADE: Yes, Your Honor.

And thank you also for getting me back to my other response, which was that the non printed publication prior art that we're going to rely on, which could not be subject to the IPR anyway, so that's kind of outside the purviews of any estoppel discussion. And we believe it will play a significant role here. As to the other prior art references, I would agree there's only four or five references between the primary and secondary references being addressed in the Box and Dropbox IPRs. But again, what the PTAB does with those references, what Topia

1	does to distinguish itself, amend its claims
2	around those references could be very relevant
3	to the remaining prior art that we plan to
4	assert. And half of those may no longer be
5	relevant. There may be new prior art references
6	we now need to find because of narrowing
7	amendments that are made during the IPR process.
8	So it's a little bit too speculative now to know
9	what exactly we'll ultimately be relying on at
10	trial.
11	THE COURT: All right. Thank you.
12	Anything further before I turn to your
13	colleagues on the other side?
14	MR. KINKADE: No. Thank you, Your
15	Honor.
16	THE COURT: All right. Let me do
17	that. And Mr. Rachuba, you're going to be
18	taking this for the plaintiff's side?
19	MR. RACHUBA: Yes, I am, Your
20	Honor.
21	THE COURT: All right. Let me let
22	you begin and again I'll jump in with some
23	questions before we're finished.
24	MR. RACHUBA: Thank you, Your

It's Topia's position that Eqnyte's motion to stay should be denied for three primary reasons. First, the motion is premature. There's no indication that any of the most recent Box/Dropbox IPRs would be instituted or that any of the IPRs, including the Unified IPRs, would result in any cancellation of any claims. Second, Topia would be prejudiced by a stay because of Egnyte's refusal to be estopped in any way and the way in this litigation that results in a stay. third, a stay would not substantially simplify any of the issues in this litigation which has already progressed to a meaningful degree. And additionally, the six most recent Box and Dropbox IPRs would not receive a final written decision until after trial in this case.

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Now, with respect to Egnyte's motion being premature, the Box and Dropbox IPRs have not been instituted and there will be no institution decision until middle of August this year actually. But despite that, there's no evidence that those IPRs will even be instituted. So with respect to the Unified IPR

1 on the '942 Patent, that IPR has absolutely no bearing whatsoever on five of the six Box and 2 3 Dropbox IPRs, excluding the common '942 IPR. 4 THE COURT: And the '942, that is 5 at least currently not moving forward in this 6 case pending the decision on the motion to 7 amend, right? So in some ways if you look at it 8 a certain way, right now this case is a 9 four-patent case, not a six-patent case and the 10 '942, which is the one patent that's at issue in 11 the IPRs, is one of those two patents that is 12 not currently moving forward in that court. 13 Have I gotten that right? 14 MR. RACHUBA: That's correct, Your 15 Honor, subject to our motion to amend. 16 THE COURT: Sure. Understood. 17 MR. RACHUBA: Now, with respect to the patents being distinct, each of the six 18 19 patents at issue are different. It's black 20 letter law that the patent claims, not the 21 specification, define the invention and each set 22 of claims is what is examined in the IPR, not 23 the patents themselves, not the overall patents, 24 but the specification. Indeed, as you just

mentioned, this Court has found that four of the six patents are distinct from the two patents that were presently held invalid under 101.

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So in sum, even if Unified's IPR provided some evidence of institution that one of the Box/Dropbox IPRs would be instituted, the '942 Patent, there's zero evidence that that institution is relevant to the remaining five.

THE COURT: Mr. Rachuba, though, aren't you in some ways trying to have it both ways there? Weren't you trying to convince me in another context about how related all these patents are? In other words, you were noting to me that even if the PTAB instituted on some of the petitions but not all, that Box and Dropbox had put forward, the patents are still related, they share a common spec across all or at least similar language such that, you know, document discovery is not going to be much different between them. And so if like two of the four remaining patents going forward in our case were instituted on and two weren't, your point there was the patents are so related that we're going to have the same discovery anyway, which you and Mr. Kinkade, I think, agreed with. Now you're emphasizing the differences between those patents in terms of your claims. Isn't that trying to have it both ways?

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MR. RACHUBA: Your Honor, the point is a little more nuanced than that. So with respect to IPR institutions, it's based on the patent claims, which are not -- which are separate and distinct and not similar. Now, the specifications of the patents we agree are similar. And the specifications, which will be used to more guide discovery, because they're broader than the individual patent claims. And because the general disclosure -- general specification disclosure is similar and because the inventors are all the same across all the patents, discovery will be not significantly reduced based on elimination of a certain patent or certain patent claims.

THE COURT: I don't know, right,

Mr. Kinkade was focusing on how discovery might

well be different once we got past document

discovery, presumably because, tell me if I'm

wrong, you know, when we get to deposition

discovery, at some point someone is going to be asking some questions that relate to certain differences between the claims. I mean, the claims weren't -- if the claims weren't different, we wouldn't have different patents. So the scope is different. Wouldn't deposition discovery at least be likely to add some expected difference in terms of what's pressed or pursued with regard to the patents in suit and/or with regard to an invalidity case as to their scope?

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MR. RACHUBA: Your Honor, I do not believe so, because the inventors for all six patents are the same, so it's not like we have a case where Egnyte would question one inventor of one patent and another inventor of another patent about the differences between the patents. You would take a deposition of the inventors --

THE COURT: Sure, you have to depose the same people, but in terms of the scope of what's covered, I mean, I don't see how it makes sense to say that deposition discovery would be essentially no different if this were a

1 six-patent case versus a two-patent case or a 2 one-patent case or a three-patent case. I mean, 3 at some point the differences in patents and the 4 scope of the claims have to have some impact, 5 don't they, on the scope of discovery? 6 MR. RACHUBA: Sure. Sure. Wе 7 don't deny that. But as I mentioned earlier, 8 you know, whether or not the specific scope of 9 the deposition testimony will be reduced I think 10 is less of an issue than the fact that the 11 actual deponents themselves will be the same. 12 THE COURT: I guess your point is 1.3 that, you know, of course there will be some 14 difference, but to a significant degree a pretty 15 darn decent degree there would be a fair amount 16 of overlap amongst these patents and so if some 17 are instituted on and some are not, maybe not as big efficiency gain as you see in other cases 18 19 where you have very different patents, very 20 different specs and very different kind of prior 21 art. 22 MR. RACHUBA: Exactly, Your Honor. 23 THE COURT: Let me let you 24 continue.

Okay. MR. RACHUBA: So -- thank As I was mentioning, the institution of the Unified IPR on the '942 Patent has no bearing on five of six IPRs because the claims are different. But in addition to the claims being different, the Unified IPR relies on completely different prior art than the IPR petitions that Box and Dropbox rely on. Unified relies on four references, Strong, Prezac, Comedi and Elvin, while Box and Dropbox rely on Chigarzan, Chapel, Raul, Brown and Hessalic. So because they rely on different prior art and because the claims are different, the Unified IPR does not provide any insight of whether the Box and Dropbox IPRs will be instituted. fact, it actually shows that the Box and Dropbox petitioners have a low confidence in the prior art that was cited by Unified, otherwise they would have used the same prior art.

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And relatedly, Egnyte's reliance on the institution statistics and claim cancellations in the PTAB are not dispositive and not particularly helpful. So for example, Egnyte cites to the fact that in the fiscal year

1 2022 the PTAB instituted IPRs on a 67% basis. 2 This is an outlier year. In the fiscal year 3 '21, institution was on a 59% basis and 2020 was 4 a 56% basis. These past results are not 5 indicative of future institution rates. 6 THE COURT: Mr. Rachuba, as you've 7 noted, the last few years we were getting to a 8 closer to a 50/50 kind of split in terms of 9 institution rates. I think the stats you're 10 citing are by petition as opposed to by patent, 11 slightly better for the movant on a by patent 12 basis. But we were getting closer to a 50/5013 percent split and now we went up in the 60s in 14 2022. Any view about why that may be happening, 15 why it's truly an outlier as opposed to a trend? 16 MR. RACHUBA: I don't have any 17 specific insights on the ongoings in the PTAB. Also I don't necessarily have the statistical 18 19 analysis prowess to understand or give any 20 insight as to whether that's an actual trend or 21 whether it's just an individual data point. 22 THE COURT: If either one of us 23 did truly know, we could make a lot of money. 24 MR. RACHUBA: You're probably

1 right, Your Honor. 2 THE COURT: All right. Let me let 3 you continue. 4 MR. RACHUBA: Okay. My overall 5 point was that institution is highly fact 6 dependent on specific patent claims and 7 specifically applied and cited prior art. 8 don't think these broad statistics are very 9 helpful when we have a highly dependent fact set 10 before us now. 11 I also wanted to bring Your 12 Honor's attention to a court case, Invensys Corp 1.3 v Samsung Electronics, 2018 Delaware case, about 14 statistical analysis for PTAB institution and 15 I'll briefly read a quote from that case. more that a statistical likelihood of a PTAB 16 17 instituting review on any petition seems less like a near certainty and more like a fair 18 19 probability, the less reasonable it seems to 20 stop a district court proceeding after it has 21 started. 22 THE COURT: That sounds like 23 something I wrote. 24 MR. RACHUBA: I believe it was,

Your Honor, but I do not have -- I do not have that information.

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THE COURT: I guess, Mr. Rachuba, to go back to simplification, though, am I right, you have said that roughly when it comes to the prior publication art that it's at play with regard to defendant's invalidity contentions in this case, as you compare that to the prior publication art that has been put forward in the Box and Dropbox IPR petitions, I think you said something like, if I'm remembering right, it was, you know, there may be some few pieces of art that overlap, but then there's largely like in the high 20's in terms of references that don't. I think Mr. Kinkade roughly agreed, but am I getting the statistics right in terms of what you were trying to put forward?

MR. RACHUBA: Yes, Your Honor. I don't know the exact number of references that overlapped in Egnyte's invalidity contentions.

I do know that it's in the 30's. I'm not sure which ones specifically overlap with Unified,

Box and Dropbox, but obviously given the number

of references that they cited, regardless if there's even pure overlap, there will be remaining references.

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THE COURT: I quess in terms of simplification then and also this may relate to status of the case factor too, you know, Mr. Kinkade makes a good point, which is this is a fairly large case you brought. Patentee gets to choose what kind of a case to bring and, as many do, it put six patents at issue and so with that comes complexity and demands on the Court and the accused infringer and the plaintiff. you know, kind of the larger the case, the more sprawling, the more understandable it is for the Court to start to look for ways to try to streamline and avoid work. Now, one way we attempted that is we did an early 101 motion at the pleading stage, which the defendants sought, which for now has narrowed the case, but certainly a good chunk of it still remains. Kinkade notes that in the next six months or five months until we're likely to hear from the PTAB in the Box and Dropbox petitions there will be quite a lot of work including a lot of work

for the Court at the claim construction stage.

And if I'm thinking about and trying to maximize the Court's resources, shouldn't that start to come into my mind in terms of how to manage this case and whether some kind of a stay is appropriate?

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MR. RACHUBA: Two points in response to that, Your Honor. With respect to the claim construction issue, none of the parties in the IPR are even requesting a construction for any term. So we do not see how claim construction in this case would be impacted or simplified, rather.

THE COURT: I guess, you know,
maybe there the defendants really are talking
about simplification from the prospect of an
invalidity decision as to a patent. So for
example, I don't know if you know this, but in
terms of what's contemplated to be construed
right now for our markman hearing, I got to
believe it's the case that, you know, were
certain patents to go away, the number of terms
at issue, I don't know if it's seven, I may be
mixing this up with another case, but whether

it's seven terms or something like that, some of 1 2 those terms likely fall away, don't they, if 3 some of those patents look like they'll fall 4 away at the PTAB? 5 MR. RACHUBA: Your Honor, there's 6 a lot of overlap with the terms, so I'm not 7 specifically sure which patents, which 8 combination of patents would need to be 9 completely invalidated in order to remove a 10 disputed term. 11 THE COURT: So it may not be as 12 simple as oh, we've got seven terms and if the, 1.3 you know, the '561 Patent or, you know, whatever 14 it is, you know, ends up going into IPR and 15 maybe getting invalidated, we're going to go 16 from seven to four or something like that. 17 not be as easy as that is what you're saying? Exactly, Your Honor. 18 MR. RACHUBA: THE COURT: All right. Let me let 19 20 you continue. 21 MR. RACHUBA: To follow up on your 22 question and to provide a little more insight on 23 simplification, with respect to the remaining 24 references that Egnyte might have that are not

overlapped with Box and Dropbox and Unified right now Egnyte refuses to be bound by any estoppel provisions, so those same references that Box/Dropbox and Unified raise in an invalidity context can be raised in the same way by Egnyte later on. So short of a complete and total grand slam where every single claim of every asserted patent is invalidated and those decisions are upheld in the federal circuit, we do not see a substantial simplification of issues in this case.

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THE COURT: Let's move on to talk about undue prejudice. And there Mr. Kinkade notes that this is not a traditional direct competition kind of case. And so, you know, I think the defendant's point would be well, undue prejudice we win that factor if it comes down to it. Can you say anything different?

MR. RACHUBA: Sure. I will say first of all the fact that Topia and Egnyte may not be in direct competition is not dispositive on the prejudice factor. The delay in this litigation, it's going to be inherently prejudice to Topia, but more importantly on the

1 broader issue, Egnyte wants to see how Topia 2 argues validity based on two different sets of 3 prior art on multiple different grounds without 4 committing itself to any of the arguments that 5 are raised by Box or Dropbox or Unified. 6 Essentially Egnyte is attempting an end run 7 around the IPR estoppel rules and is attempting 8 to get three bites at the apple to invalidate 9 the asserted patents on ultimate prior art 10 grounds. As you mentioned earlier, Your Honor, 11 Egnyte did not file its own IPR but waited until 12 Box and Dropbox filed theirs. They could have 13 at any point up until December 27th, I believe, 14 filed their own IPR. So it appears that Egnyte 15 would rather others file IPRs so that Eqnyte can 16 obtain the benefit of seeing Topia's argument 17 but not commit itself to any of the arguments Topia is arguing in response to. This coupled 18 19 with what appears to be a high degree of 20 coordination with Box/Dropbox and Egnyte seems 21 to show that Egnyte wants to have its cake and 22 eat it too. It wants to be able to, you know, 23 preview the arguments that Topia made and craft 24 its invalidity contentions later on based on

1 those arguments, but not be bound by any of the 2 positions the other party has taken. 3 THE COURT: Understood. I think 4 it doesn't seem like you're suggesting, though, 5 you know, sometimes in the undue prejudice 6 analysis the Court asks if the movant is seeking 7 some kind of inappropriate tactical advantage by 8 way of the way it has litigated the case and the 9 way it is now pursuing this motion to stay. 10 you suggesting that something that defendant 11 here has done amounts to seeking an 12 inappropriate tactical advantage that in some 13 way favors you on the undue prejudice factor or 14 can you not say that here? 15 MR. RACHUBA: I can't say that 16 right now, Your Honor. I will say that there 17 may well be yet an RPI issue in the Box/Dropbox 18 IPRs that Topia reserves the right to pursue in 19 discovery in those PTAB proceedings. THE COURT: Okay. All right. 20 21 Rachuba, anything further that I need to be 22 addressing from plaintiff's perspective with 23 regard to this motion? 24 MR. RACHUBA: One moment, Your

Honor. Let me just -- one other point I wanted to raise, Your Honor, is the timeline of facts. So at this point in time we're over a year in the litigation. Substantial document production is a week and a half away and trial is scheduled in this case after the deadline for the final written decisions in the Box and Dropbox IPRs. And likewise, close of fact discovery in this litigation is only a few short weeks, would only be filed a few short weeks from the institution decisions in the Box and Dropbox IPRs.

THE COURT: Okay. Fair enough.

All right. Mr. Rachuba, thank you. Let me turn back to Mr. Kinkade and give him a chance for brief rebuttal. Mr. Kinkade, one question I have for you is sometimes when parties file these motions to stay prior to the institution decisions on all or most of the patents that are in the PTAB, part of the reason the party is doing so is because it understands the PTAB may perhaps at some point consider defensive factors in determining whether to institute on a discretionary basis and is asking the court to kind of give a preview of what might happen with

regard to a stay if the PTAB were to institute on some or all patents. Is that part of the impetus for your motion here at this time or not necessarily?

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MR. KINKADE: Not necessarily,

Your Honor. It's more because we believe that

this truly is the best time to institute the

stay. The substantive progress in the case that

matters, not the filing date of the case, how

well it is and how long its been before the

Court. And I think that was the Sirona Dental

Systems case that made that point.

And I've heard a lot of issues here I'll briefly address. And just like Topia's accusing Egnyte of having it both it seems to us that Topia wants to have it both ways too, to litigate this case in a vacuum without regard to claim amendments, expert opinions, substantive arguments they might make in the IPRs and get us to trial before, before the final written decision, even though they've played all their substantive cards by the time trial comes around in this case.

We've heard now for the first time

now I believe today that there's possibly going to be a real party in interest argument being made in the IPRs. We're confident that Egnyte won't be found to be a real party in interest, but to me that indicates that there's some issues that the IPR institution decision may then effect on the progress in this court. So if Topia wants estoppel to apply, if they're to succeed, if that's their argument that Egnyte should be a real party in interest, that will resolve the estoppel issue, which if that were to be the case, we don't think it will be, but if that were the case, then why waste time now on discovery and arguments related to prior art that we're going to be estopped from raising later. So to me that indicates a reason to wait for the PTAB.

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THE COURT: On that point, Mr.

Kinkade, assuming that there isn't a successful

IPR argument made, I think a lot of people would

say, you know, both PTAB judges and the district

court judges, look, we understand. When the IAA

came into play, I think the idea was, in general

it's not super efficient for patents that are

instituted on in the PTAB to be moving forward in the district court. In an ideal world you'd have one of those two parties who's going to take its best shot in resolving invalidity And I think a decent part of the thinking behind that is because it will resolve those issues. Again, even if -- one way or the other, it will resolve them. You know, if the patents get invalidated in the PTAB, they're out of the district court case. Even if they don't, assuming the PTAB petitioner is the same party as the accused infringer in the district court, you know, those arguments have been made and they've been considered and they've been rejected, so they're out of the case. situation like this where you're riding on the coattails of third party IPR petitions, you don't even get that result. You do have simplification if the claims of course are invalidated, but absent that, almost nothing is simplified really. And isn't that the truth like if Box and Dropbox don't ultimately get these various claims instituted on and invalidated, there's basically no simplification

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that would happen at the district court level absent maybe the PTAB saying something helpful about its view of claim scope or something like that?

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MR. KINKADE: That's one example, Your Honor. I would certainly agree that if none of these six Box IPRs were instituted and if Your Honor maintains your original 101 decision such that we don't need to rely on the Unified Patents IPR, well, then, there's no simplification from IPRs. But short of that, I think there's a substantial likelihood, significant likelihood of simplification because it's not just what the PTAB says, it's what Topia says and it's the claim amendments. IPR has been instituted, again, we don't want to speculate too much about statistics on other cases, but statistically it is likely that there will be substantive amendments.

And Your Honor had asked counsel about some claim construction issues and we do also agree that there's lot of overlap between the claim construction. I also don't have the positions in front of me, but there's a lot of

overlap between the various patents. But that doesn't mean that if one patent is not instituted or survives that it's all the same claim construction because there might still be amendments made to those claims that now either some of those claim terms don't need to be construed or it's a different term that needs to be construed or the arguments might influence the claim construction position the parties take.

There was also some questions that Your Honor asked about the specifications and the claim scope. And yes, the specifications across the six patents are very similar.

They're all in the same family. And I think where Your Honor is going is yes, it is the claims that control. You know, there's going to be commonality of witnesses no matter how many patents or which patents we're talking about here, but it's really the claims that matter for infringement and invalidity purposes. So having that definitive claim scope is what's critical as we get into the real meat of discovery and certainly before we get to experts.

And then on the relatedness between the claims, just looking back at how Your Honor addressed some of the 101 issues, you did note that four of the six patents had some, we'll call plus factors that save them under the Court's 101 analysis. But we don't believe that claim limitation is like metadata or graphical use or interfaces which have been, you know, around and don't really give novelty to these claims. It might save them from 101, but doesn't give them novelty, is not going to be a distinguishing factor for purposes of IPR. just having those additional claims, we still believe the patents will rise or fall together at least at the institution phase of the process.

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In conclusion, I come back to one of our central themes, which is that if the Court stays this case, the worst case scenario for Topia is that we're looking at a five-month delay which in the grand scheme of the length it takes to get to trial plus the delay Topia had of multiple years in bringing suit is not sufficient to create any prejudice for

1 plaintiff. Thank you, Your Honor. 2 THE COURT: Mr. Kinkade, a 3 five-month delay until we get institution 4 decisions on the, you know, the six IPR 5 petitions, but then could be much longer delay, 6 obviously you'd say probably warranted if say 7 If some were all the petitions were granted. 8 and some weren't, you'd probably still seek that 9 the stay continue and that could mean long delay 10 too. But your point being, look, at least an 11 initial matter, five, six months until we hear 12 from the PTAB on the institution, the decision 13 itself, am I right? 14 MR. KINKADE: Correct, Your Honor. 15 There would be -- of course as they're 16 instituted there would be a longer stay as they 17 proceed. What I'm referring to is the worst case scenario, if the Court would stay the case 18 19 now and none of them are instituted, what have 20 we lost? We've lost five months. 21 THE COURT: Fair enough. Okay. 22 Thank you, Mr. Kinkade. Counsel, I All right. 23 appreciate your arguments. They're helpful both 24 in terms of this motion and also more generally

for the Court to be thinking about these issues, motions for a stay pending institution decisions in the IPR or in the PTAB, so I appreciate counsel's arguments in these regards. And I mean, I have, you know, carefully reviewed the papers and so in light of that and in light of the arguments here today and knowing that the parties need a decision so they can just know whether they're moving forward or not, I'm going to go ahead and provide a decision on the motion today orally on our video conference and so because I'm doing so, the transcript of today's video conference will serve as the substance of the Court's decision absent some further order of the court.

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And so, after having considered the parties' arguments and the three stay related factors, I'm going to deny the motion to stay without prejudice to renew, largely for the reasons that plaintiff asserts in its answering brief and has asserted today during our video conference.

 in light of the Court's prior ruling on the section 101 related motion to dismiss and the pendency of plaintiff's motion to amend as to those patents, this would still be a four-patent case that should be moving forward on our docket under these circumstances.

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The cases cited on page 2 of the plaintiff's answering brief do a pretty good job of explaining why, in a circumstance like this, a stay at this time isn't warranted. largely has to do with the simplification of the issues stay factor in the Court's opinion. the event that would purportedly simplify this case is the prospect that the PTAB would ultimately invalidate most or all of the asserted claims of these patents in suit. in a circumstance like this where the PTAB has not even made the decision to institute IPR, we have a circumstance where the event that would provide simplification is kind of two steps away from potentially occurring, because of course first the PTAB has to decide to actually institute on the patent and then PTAB would have to make an ultimate decision that the asserted

claims in this case as to that patent are invalid. And where, as here, the PTAB hasn't determined that it will institute review on five of the six patents in suit, an outcome that depending on the year one looks at with regard to PTAB institution initiation rates has anywhere from a 35 to 50% chance of not happening at all, the idea that the case will be simplified by the occurrence of another future event is just too hypothetical and uncertain in my view to use as the basis for a stay.

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That's even more so the case here with regard to simplification where because the IPRs at issue are being pursued by third parties, the potential for an estoppel effect as to defendant's invalidity case, were the IPRs to move forward post institution is much reduced. Here, at least with regard to prior publication art, a great degree of the art that Egnyte is putting forward in our case from a 102 or a 103 invalidity perspective I understand is not an issue before the PTAB. So the impact of the simplification factor here overall, that if were the prospect that this case will be simplified

by a future event is unduly abstract and uncertain is enough, in my view, on its own to warrant denial of the motion without even looking at the other two factors.

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That said, though, I should say that it's also not entirely clear to me that the status of the case factor really strongly supports or even supports a stay at all. sure, there are many heavy lifting case events still left, but we are almost half way through this case, a case that was filed, after all, about 15 months ago. I say that not only because nearly all of document-related fact discovery has occurred and because we're on the cusp of the markman process proceeding to a hearing, it's also because the Court, at defendant's invitation, invested a significant amount of time in the early section 101 motions process in this case and made a decision on that front. And having invested that time, having the defendants ask that hey, this be the path we'd like to choose for kind of our shot at early case simplification and having required quite a lot of the Court in terms of the effort

its put into the case so far, on the status of the case factor, that has an impact. Whereas typically if we were kind of pre markman, I might say that the status of the case favors the motion to stay. Now I think that's a pretty close call in terms of the amount of time and energy that not only the parties have put into the case but the Court as well. And the more that the Court invests in a case, the more it kind of makes sense to see that through to a conclusion from a efficiency perspective in my So when you factor all that in, I think the simplification factor alone strongly works against a stay and would result in denial of the motion, but I also think the status of the case factor doesn't help the movant that much.

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So even in this circumstance where the undue prejudice factor may support the motion to stay, I think the other factors indicate that I should deny the motion without prejudice at this stage and that's what I'm intending to do.

Lastly I should say, I think one of defendant's best arguments for a stay now is

to note that the parties aren't competitors, as was mentioned, and that a lot of work remains to be done in the next four to six months until we hear back from the PTAB in the Box and Dropbox petitions. And I understand that argument. understand why defendant's side made it here, because there's going to be a fair amount of work by the parties in those many months, including work for the Court on things like the markman process. But the truth is that, you know, this Court's one where we litigate a lot of patent cases and that comes with a lot of work and were the Court to be staying cases due to the prospect that some uncertain future event might eliminate the need for it to do a lot of work on the case, nearly all patent cases in our court would be stayed and that would not be only unfair to the plaintiffs in our court, but also wouldn't be a very good way to run a district court in a patent litigation heavy district like this one.

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So for all these reasons, I'm going to order that the motion to stay be denied without prejudice to renew on the defendant's

side pending what happens with the petitions in the Box and Dropbox IPRs.

so having resolved the pending motion, again, I want to say thanks to counsel for their arguments today. Well done and very helpful. I look forward and I know I have some work in front of me with regard to the pending motion to amend. I also intend very soon to put out the written portion of the 101 12(b)(6) decision which I've already made orally just so we have it on the docket. And then of course I know that the markman process will be getting under way.

So with all that said, I wish counsel a good day and a good week, continued health and safety. Unless there's anything further that I need to take up before we end our video conference today, we can prepare to go off the record and end our video conference. All right. Thanks, counsel. Take care.

(End at 11:02 a.m.)

1	State of Delaware)
2	New Castle County)
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5	CERTIFICATE OF REPORTER
6	
7	I, Stacy M. Ingram, Certified Court Reporter
8	and Notary Public, do hereby certify that the
9	foregoing record, Pages 1 to 55 inclusive, is a true
10	and accurate transcript of my stenographic notes
11	taken on March 6, 2023, in the above-captioned
12	matter.
13	
14	IN WITNESS WHEREOF, I have hereunto set my
15	hand and seal this 6th day of March 2023, at
16	Wilmington.
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19	<u>/s/ Stacy M. Ingram</u>
20	Stacy M. Ingram, CCR
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