

Judge Albright Denied Plaintiff's Motion To Stay Pending Ex Parte Reexamination of Defendants' Asserted Patents

MAY 1, 2023

On April 20, 2023, Judge Albright denied Plaintiff/Counter-Defendant Impinj, Inc.'s Opposed Motion to Stay Pending *ex parte* reexamination addressing all asserted claims of the '608 and '596 Patents ("Stay Motion").

Impinj filed suit against NXP USA on May 25, 2021 alleging infringement of nine patents relating to RFID integrated circuits. Impinj would later file an amended complaint adding NXP B.V. and NXP Semiconductors as Defendants. NXP USA answered and counterclaimed on July 26, 2021, alleging that Impinj infringed eight RFID integrated circuit patents and one lever shifter circuit patent: U.S. Patent Nos. 7,586,385; 8,081,043; 9,825,608; 9,830,548; 9,991,596; 10,210,358; 10,637,443; 10,780,433; and 8,970,285. Impinj filed *ex parte* reexaminations of several of Defendants' Asserted Patents, including the '608, '596, '433, '433, and '358 patents. On December 13, 2022, the PTO issued a Final Office Action rejecting all claims of the '608 patent, and the next day, the PTO issued a Non-Final Office Action rejecting some asserted claims of the '596 patent. Impinj filed its Stay Motion on January 31, 2023, arguing that the PTO's office actions indicate that the claims will not survive reexamination.

Judge Albright examined three factors to determine whether to stay the case pending the reexamination proceedings: (1) whether the stay will unduly prejudice 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 likely result in simplifying the case before the court.

- **Undue Prejudice** – The Court found that the first factor weighed against a stay. Despite not having sought a preliminary injunction, the Court found that NXP would likely face undue prejudice if the Court granted the Stay Motion because NXP is a competitor of Impinj. The Court also found that NXP had an inherent interest in the timely enforcement of its patent rights, especially in this case, where a reexamination takes 25.7 months on average to complete.
- **Stage of Proceedings** – The Court concluded that the second factor weighed against a stay. Trial is scheduled to begin on September 25, 2023. When Impinj moved to stay, the Court had already held a *Markman* hearing, issued claim construction, closed fact discovery, and began expert discovery. The court thus found that the case was at an advanced stage of litigation.
- **Simplification of Issues** – The Court found that the third factor, and "most important factor," weighed against a stay. Judge Albright found that the reexamination decision would not arrive in time to simplify any issues for trial.

because the PTO was not projected to complete reexamination until July 2024, eight months after trial. Judge Albright also noted that a stay would needlessly complicate the case, since a stay would require him to bifurcate the case into two separate tracks – one track for the '596 and '608 patents and a second track for the other 16 patents. Judge Albright also found that invalidation was not particularly likely because the claims could be amended since the '596 and '608 patents were not expired. Furthermore, Judge Albright noted several factors that suggest the claims might survive reexamination, including further arguments during prosecution to overcome office actions and subsequent appeals. Finally, Judge Albright found that NXP was not bound by the *ex parte* reexamination through estoppel or stipulation, so NXP could relitigate the same invalidity issues in the district court if the claims survive. As a result, the Court found that a stay would not simplify the issues.

For these reasons, Judge Albright denied the Stay Motion and held that the case should proceed despite the pending *ex parte* reexaminations.

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