

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

VIDEOLABS, INC. and)	
VL COLLECTIVE IP LLC.,)	
)	
Plaintiffs,)	
)	
v.)	C.A. No. 23-1136 (JHS)
)	
ROKU, INC.,)	
)	
Defendant.)	

**DEFENDANT ROKU, INC.’S OPENING BRIEF IN SUPPORT OF
ITS MOTION TO STAY PENDING *INTER PARTES* REVIEW**

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July 18, 2024

Roku Exhibit 1012
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TABLE OF ABBREVIATIONS

Abbreviation	Meaning
'113 patent	U.S. Patent No. RE43,113 (D.I. 1, Ex. 4)
'559 patent	U.S. Patent No. 7,440,559 (D.I. 18, Ex. 1)
'790 patent	U.S. Patent No. 7,233,790 (D.I. 18, Ex. 3)
'794 patent	U.S. Patent No. 8,605,794 (D.I. 18, Ex. 2)
'238 patent	U.S. Patent No. 7,769,238 (D.I. 18, Ex. 6)
'059 patent	U.S. Patent No. 7,970,059 (D.I. 18, Ex. 7)
FAC	First Amended Complaint in <i>VideoLabs, Inc. v. Roku, Inc.</i> , No. 1:23-cv-01136 (D. Del) (D.I. 18)
Defendant	Roku, Inc.
<i>Netflix</i> Litigation	<i>VideoLabs, Inc. et al. v. Netflix, Inc.</i> , No. 1:22-cv-229 (D. Del.)
Opp.	Plaintiffs' Opposition to Defendant's Motion to Dismiss Counts I–III of First Amended Complaint in <i>VideoLabs, Inc. v. Roku, Inc.</i> , No. 1:23-cv-01136 (D. Del) (D.I. 27)
<i>Starz</i> Litigation	<i>Starz Ent., LLC v. VL Collective IP, LLC et al.</i> , No. 1:21-cv-1448 (D. Del.)
VideoLabs	Plaintiffs VideoLabs, Inc. and VL Collective IP LLC

I. INTRODUCTION AND SUMMARY OF THE ARGUMENT

Defendant Roku, Inc. (“Roku”) respectfully moves to stay this case pending resolution of Patent Office Proceedings and other litigation involving the asserted patents. Each of the stay factors courts consider strongly favors a stay here. A stay would narrow the issues for trial, as all seven asserted patents are at issue in other proceedings in which they may be held invalid, or from which other preclusive or otherwise informative findings may emerge. Indeed, taken together, those proceedings could moot this case entirely. The validity of most of the asserted patents is under review before the Patent Trial and Appeal Board (“PTAB”) in *inter partes* review (“IPR”) proceedings. Those proceedings could dispose of at least five out of seven of the patents asserted in this case,¹ but at a minimum will narrow or eliminate numerous issues that would otherwise be litigated redundantly in this forum.

Several of the asserted patents, including the two out of seven that are not currently subject to Patent Office review, are at issue in other district court cases. These cases may likewise result in findings of invalidity or otherwise streamline the issues in this action, including through a trial scheduled for August 2025 in the U.S. District Court for the Western District of Texas. Staying this case until these other proceedings have unfolded will conserve party and judicial resources and avoid the risk of inconsistent rulings and judgments on overlapping issues.

Additionally, this litigation is in the early stages. No case management conference has been held, no trial date has been set, and no discovery has been served or taken. Therefore, staying the case now would best preserve judicial and party resources. A stay would not prejudice VideoLabs, which is a patent-assertion entity with no substantive business operations other than monetizing patents. VideoLabs will not be prejudiced by a stay because any alleged prejudice

¹ In fact, the PTAB has already found several claims of the asserted patents to be invalid.

could be fully addressed by monetary damages if it ultimately prevails.

II. BACKGROUND

A. Nature and Stage of the Proceedings

VideoLabs filed this action on October 11, 2023 (D.I. 1), and filed its First Amended Complaint (D.I. 18) on March 8, 2024, asserting seven patents: U.S. Patent Nos. 7,233,790 (the “’790 patent”), 7,440,559 (the “’559 patent”), 7,769,238 (the “’238 patent”), 7,970,059 (the “’059 patent”), 8,291,236 (the “’236 patent”), 8,605,794 (the “’794 patent”), and 8,667,304 (the “’304 patent”). Roku moved to dismiss VideoLabs’ First Amended Complaint on April 5, 2024 (D.I. 22), which the Court denied on May 16, 2024 (D.I. 31).

The parties have not held a Rule 26(f) conference, no discovery requests have been served, and no party has served initial disclosures. No Rule 16 conference, case schedule, or trial date has been set.

On July 18, 2024, the Court set a teleconference for July 25, 2024 to discuss whether this case should be stayed. D.I. 35.²

B. PTAB Challenges to the Asserted Patents

Five of the seven asserted patents are being reviewed and may be invalidated in proceedings at the PTAB. Three of the asserted patents, the ’790, ’559, and ’794 patents, are subject to instituted and currently pending IPRs. ’790 Inst. Dec. (Ex. 1) at 33; ’559 Inst. Dec. (Ex. 2) at 26; ’794 Inst. Dec. (Ex. 3) at 26. The final written decisions for the ’790 and ’559 patents are due by October 3, 2024. The final written decision for the ’794 patent petition is due by January 12, 2025.

² As noted *infra*, at II.C, the Court also issued orders to stay in the co-pending *Meta* and *Netflix* cases. Roku was in the process of finalizing its motion to stay papers when the Court issued its July 18 Order in this case. Roku respectfully submits its motion to assist the Court in understanding Roku’s position in advance of the July 25 teleconference, and will be prepared to discuss its motion and requested relief at that hearing.

Separately, in *Unified Patents LLC v. VL Collective IP LLC*, IPR2022-01086, the PTAB issued a Final Written Decision on December 18, 2023, finding that seven out of the nine challenged claims of the '794 patent were invalid, and upholding only two dependent claims. '794 Patent FWD (Ex. 4) at 48. The appeal before the Federal Circuit is currently pending. *VL Collective IP, LLC v. Unified Patents, LLC*, No. 2024-1890 (Fed. Cir. 2024) (the "'794 Appeal").

Two additional patents, the '236 and '304 patents, are the subject of four pending IPR petitions—IPR2024-01023, IPR2024-01024, and IPR2024-01025 challenging the '236 patent, and IPR2024-01026 challenging the '304 patent. 01023 IPR Pet. (Ex. 5) at 1; 01024 IPR Pet. (Ex. 6) at 1; 01025 IPR Pet. (Ex. 7) at 1; 01026 IPR Pet. (Ex. 8) at 1. The PTAB's decisions on whether to institute those petitions are due by December 18, 2024.

C. Other District Court Litigation Involving the Asserted Patents

Several of the patents are also at issue in other district court litigation. Three of the asserted patents, the '238, '059, and '236 patents, are at issue in two cases pending in the Western District of Texas, in *VideoLabs, Inc. v. ASUSTeK Computer Inc.*, No. 6:22-cv-00720 (W.D. Tex.) (the "ASUS Action") and *VideoLabs, Inc. v. HP Inc.*, No. 6:23-cv-00641 (W.D. Tex.) (the "HP Action"). Trial in the ASUS Action is scheduled for August 4, 2025, and a *Markman* hearing in the HP Action is scheduled for August 15, 2024. The '238 patent was also at issue in an ITC investigation, *In re Video Processing Devices and Products Containing the Same*, Inv. No. 337-TA-1323, in which the Administrative Law Judge found the asserted claim invalid for obviousness-type double patenting. ITC Init. Det. (Ex. 9) at 21, 35.

In other cases pending before this Court, VideoLabs has asserted the '790, '559, and '794 patents against Netflix, and the '238 and '059 patents against Meta. *VideoLabs, Inc. v. Netflix Inc.*, No. 22-229 (D. Del.); *VideoLabs, Inc. v. Meta Platforms, Inc.*, No. 22-680 (D. Del.). Both Netflix and Meta have requested that the Court stay those cases, and on July 18, 2024, the Court issued

orders staying those cases until October 3, 2024 and December 6, 2024, respectively. C.A. No. 22-229, D.I. 52; C.A. No. 22-680, D.I. 59.

One Court in this District has already considered a motion to stay for several of the asserted patents. In *Starz Entertainment, LLC v. VL Collective IP, LLC*, No. 21-cv-1448, D.I. 353 (D. Del.), pending before Judge Hall, VideoLabs asserts the '790, '559, and '794 patents. Earlier this year, less than two months before trial was scheduled to begin, Judge Hall stayed the case, finding that a stay would potentially simplify the issues for trial. *Starz Entertainment, LLC*, No. 21-cv-1448, D.I. 353 (D. Del. Jan. 18, 2024) (“The pending IPR proceedings have the potential to simplify the issues to be tried because, as of January 12, 2024, every single asserted claim in all three asserted patents has either been determined to be invalid by the PTAB and/or is the subject of an instituted IPR.”).

D. Summary of Other Proceedings That Could Streamline the Issues for Trial

Thus, each of the seven asserted patents is at issue in other proceedings that are likely to result in preclusive or otherwise relevant determinations, summarized below.

Patent	Other Proceeding	Key Events
'790	IPR2023-00628	Final written decision due Oct. 3, 2024
'559	IPR2023-00630	Final written decision due Oct. 3, 2024
'238	ASUS Action HP Action	Trial starting Aug. 4, 2025 <i>Markman</i> hearing Aug. 15, 2024
'059	ASUS Action HP Action	Trial starting Aug. 4, 2025 <i>Markman</i> hearing Aug. 15, 2024
'236	IPR2024-01023, IPR2024-01024, IPR2024-01025 ASUS Action HP Action	Institution decision due Dec. 14, 2024 Trial starting Aug. 4, 2025 <i>Markman</i> hearing Aug. 15, 2024

Patent	Other Proceeding	Key Events
'794	'794 Appeal IPR2023-00923	Appeal from final written decision invalidating certain claims pending before the Federal Circuit Final written decision due Jan. 12, 2025
'304	IPR2024-01026	Institution decision due Dec. 14, 2024

III. LEGAL STANDARD

“A district court has inherent power to control its own docket, including the power to stay the proceedings before it.” *IOENGINE, LLC v. PayPal Holdings, Inc.*, No. 18-452-WCB, 2019 WL 3943058, at *2 (D. Del. 2019) (citing *Clinton v. Jones*, 520 U.S. 681, 706 (1997)). “In particular, the question whether to stay proceedings pending review by the Patent and Trademark Office of the validity of the patent or patents at issue in the lawsuit is a matter committed to the district court’s discretion.” *Brit. Telecomm’s. PLC v. IAC/InterActiveCorp.*, No. 18-366-WCB, 2019 WL 4740156, at *2 (D. Del. Sep. 27, 2019).

“Courts typically rely on three factors in determining whether a stay is appropriate: (1) whether a stay will simplify the issues for trial, (2) whether discovery is complete and a trial date has been set, and (3) whether a stay would unduly prejudice or present a clear tactical disadvantage to the non-moving party.” *Ethicon LLC v. Intuitive Surgical, Inc.*, No. 17-871-LPS, 2019 WL 1276029, at *1 (D. Del. Mar. 20, 2019) (granting stay). “Sometimes courts also consider whether the moving party would face hardship or inequity in going forward with the litigation.” *Id.*

As Courts in this District have recognized, “after the PTAB has instituted review proceedings, the parallel district court litigation ordinarily should be stayed.” *Brit. Telecomm’s.*, 2019 WL 4740156, at *3 (collecting cases).

IV. ARGUMENT

All three factors strongly favor a stay. Most significantly, decisions on the merits in the other proceedings may eliminate patents or claims for the case and thus simplify the issues for trial. Further, this case is in the early, pre-discovery stage. Finally, a stay would not prejudice VideoLabs, which does not offer any products and does not compete with Roku in the marketplace. Each factor is discussed in greater detail below.

A. A Stay Would Significantly Simplify the Issues in this Case

This case should be stayed because the other proceedings involving the asserted patents—both before the PTAB and in other district courts—will greatly simplify the issues for trial. *IOENGINE*, 2019 WL 3943058, at *8 (“The most important factor bearing on whether to grant a stay is whether the stay is likely to simplify the issues at trial.”).

1. Resolution of the Patent Office Proceedings Challenging the Asserted Patents Will Streamline the Issues for Trial

The pending PTAB proceedings stand to eliminate—or at least to narrow—the issues in dispute for up to five, but at least three, of the seven asserted patents. The inevitable simplification of the issues that will result from those proceedings favors a stay. *SITO Mobile R&D IP, LLC v. World Wrestling Ent., Inc.*, No. 21-721-CFC, 2021 WL 7628181, at *2 (D. Del. Dec. 20, 2021) (granting stay pending resolution of IPRs, noting a stay “will advance judicial efficiency and maximize the likelihood that neither the Court nor the parties expend their assets addressing invalid claims”); *Monterey Rsch., LLC v. Nanya Tech. Corp.*, No. 19-2090, 2021 WL 6502552, at *1 (D. Del. June 25, 2021) (same).

The PTAB has instituted IPRs for three of the asserted patents—the ’790, ’559, and ’794 patents—which means the PTAB has already determined a reasonable likelihood that at least one claim in each patent is invalid. ’790 Inst. Dec. (Ex. 1) at 33; ’559 Inst. Dec. (Ex. 2) at 26; ’794 Inst. Dec. (Ex. 3) at 26. According to the PTAB’s data for 2023, the vast majority—83%—of

instituted IPRs and post grant reviews that proceed to final written decisions result in a finding of invalidity of one or more claims. PTAB Trial Statistics FY23 (Ex. 10) at 10. And 68% of cases that reached final written decisions resulted in invalidity of *all* the challenged claims. *Id.* After appeals are exhausted, the PTAB’s findings of invalidity are preclusive, and the claims are mooted in any litigation where they are asserted. *XY, LLC v. Trans Ova Genetics*, 890 F.3d 1282, 1294–95 (Fed. Cir. 2018); *Fresenius USA, Inc. v. Baxter Int’l, Inc.*, 721 F.3d 1330, 1340 (Fed. Cir. 2013). There is, therefore, a high likelihood that resolution of the IPRs will eliminate three of the asserted patents, which would greatly simplify the issues for trial.

Roku has also filed IPR petitions challenging the ’236 and ’304 patents. Although the PTAB has not yet decided whether to institute those proceedings, more than half—and as many as two-thirds—of patents challenged in IPRs result in institution of proceedings. *See* PTAB Trial Statistics FY23 (Ex. 10) at 6. Indeed, in 2023, 67% of IPRs or post grant review petitions were instituted, and, one or more claims was held invalid in 83% of instituted cases. *Id.* at 6, 10. Given the likelihood of institution and, ultimately, a determination of invalidity, the pendency of these petitions has clear potential to streamline the issues for trial.

Even if the results of the Patent Office challenges are mixed, such that the PTAB finds “some, but not all, of the claims invalid, such a finding would still reduce the issues presented before this Court. And should the PTAB affirm the patents’ validity, the issues before this Court would still be simplified.” *Consumeron, LLC v. MapleBear Inc.*, No. 21-1147-GBW-MPT, 2023 WL 3434002, at *2 (D. Del. May 12, 2023) (internal quotation omitted). Allowing these petitions to unfold before advancing this case will “reduce[] what otherwise could be duplication of effort and possibly inconsistent results between the administrative agency and this Court.” *Brit. Telecomm’s*, 2019 WL 4740156, at *8. That is, if certain of the Patent Office challenges are unsuccessful, the results of those proceedings will still help focus the issues in this case. For

example, if VideoLabs successfully preserves the validity of certain claims, for proceedings that reach a Final Written Decision, that decision will narrow the invalidity and potentially the noninfringement issues. As to invalidity, patent challengers are precluded from raising “any ground that the petitioner raised or reasonably could have raised during that *inter partes* review.” 35 U.S.C. § 315(e)(2). As to questions of claim scope and Roku’s alleged infringement, the statements VideoLabs makes in the IPR to attempt to preserve the validity of its claims become part of the intrinsic record of the patent, and may be binding. *Aylus Networks, Inc. v. Apple Inc.*, 856 F.3d 1353, 1360 (Fed. Cir. 2017). Thus, regardless of how the Patent Office proceedings are decided, allowing them to run their course while this case is stayed “will ensure that claims are not argued one way in order to maintain their patentability and in a different way against accused infringers.” *Id.*

Further, the PTAB’s analysis will likely aid the Court in its resolution of the case. *See IOENGINE*, 2019 WL 3943058, at *10 (“[T]he expertise of the PTAB judges . . . is likely to be of considerable assistance to the Court.”).

Accordingly, the pending Patent Office proceedings will streamline the issues for trial, which weighs in favor of staying this case.

2. Proceedings in Other Forums Involving Overlapping Patents Will Streamline the Issues for Trial

The potential resolution of issues related to the ’238, ’059, and ’236 patents in cases pending in the Western District of Texas likewise weighs in favor of a stay. *See Rodgers v. U.S. Steel Corp.*, 508 F.2d 152, 162 (3d Cir. 1975) (“The district court had inherent discretionary authority to stay proceedings pending litigation in another court.”).

Three of the asserted patents, the ’238, ’059, and ’236 patents, are at issue in the ASUS Action scheduled for trial on August 4, 2025. The findings from that case—for example, a finding of invalidity or other findings adverse to VideoLabs—may result in preclusion against VideoLabs

and would likewise narrow the issues for trial in this case. *Comair Rotron, Inc. v. Nippon Densan Corp.*, 49 F.3d 1535, 1537 (Fed. Cir. 1995) (“The principle of collateral estoppel, also called issue preclusion, protects a defendant from the burden of litigating an issue that has been fully and fairly tried in a prior action and decided against the plaintiff.”). Indeed, findings of invalidity in the ASUS Action could—along with the pending IPRs—moot this case entirely. Further, claim construction for these three patents is scheduled for August 15, 2024 in the HP Action, so staying the case will give this Court the benefit of that ruling.

As for proceedings in this District, the one Court to consider a motion to stay related to certain of the asserted patents granted the motion, and did so in a much more advanced procedural stage of the case—less than two months before trial. *Starz Entertainment, LLC*, No. 21-cv-1448, D.I. 353 (D. Del. Jan. 18, 2024). Netflix and Meta have also moved to stay, and judicial economy favors staying all three cases pending before this Court to allow the more advanced challenges to the asserted patents in other forums play out.

B. The Early Procedural Stage of this Case Favors a Stay

This case is in the earliest procedural stages, which also supports a stay. Courts routinely consider factors such as “whether discovery is complete and whether a trial date has been set.” *SunPower Corp. v. PanelClaw, Inc.*, No. 12-1633-GMS, 2014 WL 12774919, at *3 (D. Del. May 16, 2014) (quoting *First Am. Title Ins. Co. v. MacLaren LLC*, No. 10-363-GMS, 2012 WL 769601, at *4 (D. Del. Mar. 9, 2012)). Here, discovery has not begun. The parties have not held a Rule 26(f) conference, no discovery requests have been served, and no party has served initial disclosures. Nor has the Court held a case management conference, and there is no procedural schedule or trial date set. “Granting such a stay early in a case can be said to advance judicial efficiency and maximize the likelihood that neither the Court nor the parties expend their assets addressing invalid claims.” *Princeton Digital Image Corp. v. Konami Digital Ent. Inc.*, No. 12-

1461-LPS-CJB, 2014 WL 3819458, at *3 (D. Del. Jan. 15, 2014) (internal citations and quotation omitted).

The early stage of this case thus favors a stay. *See Bonutti Skeletal Innovations, L.L.C. v. Zimmer Holdings, Inc.*, No. 12-1107-GMS, 2014 WL 1369721, at *6 (D. Del. Apr. 7, 2014).

C. A Stay Would Not Prejudice VideoLabs

VideoLabs is a non-practicing entity, and Roku and VideoLabs are not competitors. *See Starz Entertainment, LLC*, 21-cv-1448, D.I. 353 (D. Del. Jan. 18, 2024) (“[A] stay will not unduly prejudice VideoLabs, which does not compete with Starz.”).

VideoLabs faces no meaningful loss of goodwill, market share, or any other form of harm because of the alleged infringement that could not be cured through monetary damages. *See Princeton Digital*, 2014 WL 3819458, at *6 (“Plaintiff is a non-practicing entity. . . . Plaintiff’s damages, if any, are purely monetary and can be accommodated by the award of interest if it ultimately prevails.”); *VirtualAgility Inc. v. Salesforce.com, Inc.*, 759 F.3d 1307, 1318 (Fed. Cir.2014) (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.”).

On the other hand, declining to stay this action is highly likely to prejudice Roku by forcing it to expend significant resources litigating patents in this District that are likely to be found invalid before trial. *Ethicon LLC*, 2019 WL 1276029, at *1.

Thus, this factor, “whether a stay would unduly prejudice or present a clear tactical disadvantage to the non-moving party,” strongly favors a stay. *See Ethicon LLC*, 2019 WL 1276029, at *1.

V. CONCLUSION

For the foregoing reasons, Roku respectfully requests that the Court grant its motion and stay this action pending resolution of the other litigation involving the asserted patents.

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CERTIFICATE OF SERVICE

I hereby certify that on July 18, 2024, I caused the foregoing to be electronically filed with the Clerk of the Court using CM/ECF, which will send notification of such filing to all registered participants.

I further certify that I caused copies of the foregoing document to be served on July 18, 2024, upon the following in the manner indicated:

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