

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

CHARGE FUSION
TECHNOLOGIES, LLC,

Plaintiff,

vs.

TESLA, INC.,

Defendant.

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No. 1:22-cv-00488-DAE

ORDER DENYING (1) PLAINTIFF’S OPPOSED MOTION TO LIFT THE
STAY AND DENYING (2) PLAINTIFF’S OPPOSED MOTION FOR LEAVE
TO FILE FIRST AMENDED COMPLAINT

Before the Court is Plaintiff Charge Fusion Technologies, LLC’s (“Plaintiff”) Opposed Motion to Lift the Stay (Dkt. # 78) and Plaintiff’s Opposed Motion for Leave to File First Amended Complaint for Patent Infringement, filed on June 5, 2024. (Dkt. # 79.) On June 26, 2024, Defendant Tesla, Inc. (“Defendant”) filed its responses to the respective motions. (Dkts. ## 81, 82.) On July 10, 2024, Plaintiff filed its respective replies. (Dkts. ## 83, 84.)

The Court held a hearing on this matter on October 31, 2024. After carefully considering the filings and the proceedings at the hearing, and for the reasons that follow, the Court **DENIES WITHOUT PREJUDICE** Plaintiff’s Motion to Lift the Stay (Dkt. # 78) and **DENIES** as **MOOT** Plaintiff’s Opposed

Motion for Leave to File First Amended Complaint for Patent Infringement (Dkt. # 79), subject to refiling at which time the case is reinstated.

BACKGROUND

On October 15, 2021, Plaintiff Charge Fusion Technologies, LLC (“Charge Fusion”) filed a complaint against Defendant Tesla, Inc., (“Tesla”) alleging infringement of United States Patent Nos. 9,853,488 (the “’488 Patent”), 10,819,135 (the “’135 Patent”), and 10,998,753 (the “’753 Patent”) (collectively “Asserted Patents”). (Dkt. # 1 at 7.)

The Asserted Patents relate to “systems and methods for electric vehicle charging and power management” and “for quantitative and qualitative load balancing of electrical demand.” (Id. at 8, 20, 26.) Plaintiff alleges Defendant’s “[e]xemplary infringing products include, but are not limited to, Tesla cars such as the Model 3, Model S, Model X, Model Y and Roadster both alone, and in conjunction with associated charging stations.” (Id. at 9.)

Pursuant to the scheduling order, Plaintiff filed its opening claim construction brief on January 9, 2023. (Dkt. # 60.) Defendant filed its responsive claim construction brief on February 6, 2023. (Dkt. # 67.)

On or around July 22, 2022, and October 21, 2022, Defendant filed three petitions for *Inter Partes* Review (“IPRs”), challenging the patentability of every claim asserted in this case. (Dkt. # 68 at 5–6.) On February 1, 2023, the

Patent Trial and Appeal Board (“PTAB”) instituted review on the first of Defendant’s IPRs. (Id.) On February 10, 2023, Defendant filed its Motion to Stay Proceedings Pending the IPRs. (Dkt. # 68.)

On February 23, 2023, the Court granted a motion to stay the case pending IPRs for the three patents asserted in this case, finding that the factors that courts consider when deciding whether to stay a case in light of IPRs weighed in favor of granting a stay. (Dkt. # 74.) The parties subsequently filed a joint status report on May 18, 2023, agreeing that the stay should continue. (Dkt. # 75.)

On January 17, 2024, the PTAB issued a Final Written Decision in IPR2022-01217 upholding all claims of the ‘753 Patent and finding that Defendant had not proven that the claims were unpatentable. (Dkt. # 87 at 1.) On March 19, 2024, Defendant filed a timely Notice of Appeal of this PTAB Final Written Decision concerning the ‘753 Patent to the Federal Circuit. (Id. at 2.) That appeal remains pending.

On April 16, 2024, the PTAB issued its Final Written Decision in IPR2023-00062 regarding the ‘488 Patent and held that challenged claims 1-15 of the ‘488 Patent were proven unpatentable. (Id.) Accordingly, Plaintiff will be dropping the claims regarding the ‘488 Patent. (Id.)

On May 2, 2024, the PTAB issued its Final Written Decision in IPR2023-00063 regarding the ‘135 IPR. (Id.) In its decision, the PTAB upheld

claims 1-5, 7-11, and 14-16 of the '135 Patent and found that Defendant had failed to prove those claims were unpatentable. On June 27, 2024, Defendant filed a timely Notice of Appeal of this PTAB Final Written Decision concerning the '135 Patent to the Federal Circuit. (Id.) That appeal remains pending.

On June 5, 2024, Plaintiff filed the present motion to lift the stay in this case in light of the PTAB's final decisions. (Dkt. # 78.) Plaintiff concurrently filed the motion for leave to amend the complaint. (Dkt. # 79.) Plaintiff does not intend to challenge the PTAB's rulings and thus intends to narrow the claims asserted in this litigation to the '135 and '753 Patents and an additional three patent claims. (Dkt. # 78 at 3).

However, Defendant argues the IPR proceedings for the '135 and '753 Patents “were based on erroneous claim constructions that are subject to de novo review in already-pending appeals to the Federal Circuit.” (Id.) Defendant opposes lifting the stay and argues that the stay should be extended while it appeals the PTAB's decisions to the Federal Circuit. (Id. at 1).

In the proposed Amendment, Plaintiff claims it seeks to assert infringement claims for three additional patents: U.S. Patent No. 11,575,275 (“’275 Patent”) issued February 7, 2023; U.S. Patent No. 11,563,338 (“’338 Patent”) issued January 24, 2023; and U.S. Patent No. 11,990,788 (“’788 Patent”) (collectively “Newly Asserted Patents”). (Dkt. # 79 at 2.) The Newly Asserted

Patents were all issued after the October 2022 filing of Plaintiff's original complaint. (Id.)

LEGAL STANDARD

I. Extend Stay

“The decision of whether to extend a stay falls solely within the court's inherent power to control its docket.” Pers. Audio LLC v. Micron, Inc., 230 F. Supp. 3d 623, 626 (E.D. Tex. 2017). “A court may lift a stay if the circumstances supporting the stay have changed such that the stay is no longer appropriate.” Murata Mach. USA v. Daifuku Co., 830 F.3d 1357, 1361 (Fed. Cir. 2016). In determining whether to lift a stay, the Court considers the following factors: (1) whether a stay will simplify the issues raised; (2) whether a stay would unduly prejudice or present a clear tactical disadvantage to the nonmoving party; and (3) the status of the litigation at the time the stay is requested. Pers. Audio, 230 F. Supp. 3d at 626; see also Crossroads Sys. v. DOT Hill Sys. Corp., No. A-13-CA-1025, 2015 WL 3773014, at *2 (W.D. Tex. Jun. 16, 2015).

II. Leave to Amend

Rule 15(a) of the Federal Rules of Civil Procedure provides that leave to amend pleadings “shall be freely given when justice so requires.” Fed. R. Civ. P. 15(a). “A court may weigh in the movant's favor any prejudice that will arise from denial of leave to amend,” but “[t]hat consideration arises only if there are

substantial reasons to deny the amendment.” Dussouy v. Gulf Coast Inv. Corp., 660 F.2d 594, 597 (1981). Relevant factors to consider in deciding whether to permit amendment include “undue delay, bad faith or dilatory motive on the part of the movant, repeated failure to cure deficiencies by amendments previously allowed undue prejudice to the opposing party, and futility of amendment.” Wimm v. Jack Eckerd Corp., 3 F.3d 137, 139 (5th Cir. 1993).

DISCUSSION

Plaintiff contends that because the PTAB has now issued final written decisions confirming the patentability of the asserted claims of '135 and '753 Patents, the Court should lift the stay as to these patents. (Dkt. # 78 at 3.) Defendant responds that the Court should keep the stay in place during the pendency of appeal so as to avoid a waste of resources if any of the appeals are ultimately successful. (Dkt. # 81 at 3.)

In addition, Plaintiff is concurrently moving to amend its complaint to assert three additional patents, which were issued “over the prior art” asserted and relied upon by Defendant. (Dkts. ## 78 at 3; 79 at 2.) Defendant also opposes the amendment on the basis that the three new patents that Plaintiff seeks to add share the same specification and stem from the same original application as the patents that are already in this case and on appeal. (Dkt. # 82 at 3.) Moreover, Defendant has or will be filing petitions for IPRs on those patents.

I. Motion to Lift Stay

Plaintiff asserts that now that the PTAB has issued its final written decisions and confirmed the validity of '135 and '753 Patent, no factors support continuing the stay. (Dkt. # 78 at 6–7.) Defendant argues there are still material issues on appeal that will impact the pending litigation. (Dkt. # 81 at 3.) Thus, Defendant argues that the stay should be extended pending the appeal to the Federal Circuit.

A. Simplification

Plaintiff argues that the PTAB's rulings have already simplified the issues. (Dkt. # 78 at 7.) According to Plaintiff, the PTAB's Final Written Decisions have already narrowed the claims asserted in this litigation. (Id. at 9.) For instance, based on the PTAB's findings in the decisions, Plaintiff is no longer asserting any claims for the '488 Patent. (Id.) Moreover, Plaintiff argues that, on appeal, Defendant is confined to arguments as to whether the PTAB was clearly erroneous in its findings concerning the teachings of the prior art references because it prevailed on "all of the basic legal issues." (Id. at 4.)

Defendant counters that it is currently seeking Federal Circuit review regarding the interpretation of claim terms underpinning the PTAB's analyses in its Final Written Decisions upholding their validity. (Dkt. # 81 at 5.) According to Defendant, there is "reason to think that the Federal Circuit is more likely to

reverse” the PTAB in the pending appeals where the Federal Circuit will review the defects in the PTAB’s claim interpretations de novo. (Id. at 7–8.) Plaintiff replies that Defendant’s proposed claim constructions were adopted in both IPRs and as such, Defendant prevailed on the constructions it sought in both IPRs and the review will not be de novo. (Dkt. # 83 at 5.)

The Federal Circuit reviews the PTAB’s legal conclusions de novo and its factual findings for substantial evidence. ACCO Brands Corp. v. Fellowes, Inc., 813 F.3d 1361, 1365 (Fed. Cir. 2016). “Whether a claimed invention is unpatentable as obvious is a question of law that is reviewed de novo, based on underlying findings of fact reviewed for substantial evidence.” Redline Detection, LLC v. Star Envirotech, Inc., 811 F.3d 435, 449 (Fed. Cir. 2015).

The Court finds the Federal Circuit’s decision on the interpretation issue of the ’135 and ’753 Patents will likely continue the simplification of issues. Even if the Federal Circuit is statistically more likely to affirm the PTAB’s decision, “this outcome is far from a foregone conclusion.” Baxter Healthcare Corp. v. Becton, Dickinson & Co., No. 3:17-cv-2186, 2021 WL 22553, at *3–4 (S.D. Cal. Jan. 4, 2021) (declining to lift stay while IPR decisions were pending appeal).

Moreover, because Defendant has initiated yet another IPR proceeding for the ’338 patent, some of the claims asserted in Plaintiff’s Proposed

Amended Complaint will also be further simplified if the stay is continued.

Defendant also advised the Court it will be filing petitions for IPR proceedings for the remaining Newly Asserted Patents. Therefore, this factor weighs against lifting the stay.

B. Undue Prejudice to Plaintiff

Next the Court analyzes whether extending the stay will cause undue prejudice. Plaintiff argues extending the stay beyond the seventeen months will unduly prejudice it. (Dkt. # 78 at 10.) Specifically, Plaintiff claims an additional and extensive delay will cause undue prejudice by postponing Plaintiff's enforcement of its original patent rights, and now its newly asserted rights. An extended stay also "risks the loss of evidence as witnesses become unavailable and memories fade." (Id. at 10.)

In response, Defendant argues (1) Plaintiff waited years after the issuance of some of the asserted patents to file this lawsuit in 2021, (2) it does not compete with Defendant, let alone practice its patents, (3) it did not seek an injunction in this case, and (4) Plaintiff fails to identify any evidence that has been, or is likely to be, lost during the stay.

Plaintiff has an "interest in the timely enforcement of its patent right." MiMedx Grp., Inc. v. Tissue Transplant Tech. Ltd., No. SA-14-CA-719, 2015 WL 11573771, at *2 (W.D. Tex. Jan. 5, 2015) (quoting Lennon Image Techs., LLC v.

Macy's Retail Holdings, Inc., No. 2:13-CV-00235-JRG, 2014 WL 4652117, at *2 (E.D. Tex. Sept. 18, 2014)). Indeed, the Federal Circuit has long held that “[r]ecognition must be given to the strong public policy favoring expeditious resolution of litigation.” Kahn v. GMC, 889 F.2d 1078, 1080 (Fed. Cir. 1989); see also United States ex rel. Gonzalez v. Fresenius Med. Care N. Am., 571 F. Supp. 2d 758, 763 (W.D. Tex. 2008) (“[T]he compensation and remedy due a civil plaintiff should not be delayed.”) (quoting Gordon v. FDIC, 427 F.2d 578, 580 (D.C. Cir. 1970)).

However, because Plaintiff only seeks monetary relief, the prejudice it faces if the case is stayed is diminished. Crossroads Sys., Inc., 2015 WL 3773014, at *2 (“[M]ere delay in collecting [monetary] damages does not constitute *undue* prejudice”) (emphasis added). “[W]hen granting a stay pending resolution of another case, the court must consider the time expected for resolution of that case. The resultant stay must not be of immoderate or indefinite duration.” Kerr Mach. Co. v. Vulcan Indus. Holdings, LLC, No. 6-20-CV-00200-ADA, 2021 WL 1298932, at *1 (W.D. Tex. Apr. 7, 2021) (quoting Clark v. Southwest Airlines Co., No. 1:16-CV-190-RP, 2017 WL 1435762, at *2 (W.D. Tex. Apr. 21, 2017)).

Finally, Plaintiff claims a stay risks the “loss of evidence as witnesses become unavailable and memories fade.” Allvoice Devs. US, LLC v. Microsoft Corp., No. 6:09-CV-366, 2010 WL 11469800, at *4 (E.D. Tex. June 4, 2010).

However, vague assertions about the loss of evidence and witnesses, as Plaintiff asserts here, “are not sufficient to justify a conclusion of undue prejudice.”

VirtualAgility v. Salesforce.com, Inc., 759 F.3d 1307, 1319 (Fed. Cir. 2014).

Defendant correctly asserts that Plaintiff has failed to identify any specific witness or other evidence that is at risk of being lost if the stay is maintained pending the appeal. (Dkt. # 81 at 10.)

In sum, if the Court were to extend the stay, the Federal Circuit may simplify the issues in this litigation. The stay will also allow for the newly initiated IPR proceeding to further simplify issues included in the Proposed Amended Complaint. Accordingly, extending the delay will not unnecessarily delay the case nor unduly prejudice Plaintiff.

C. Status of Litigation

Defendant argues lifting the stay now would immediately send the parties into renewed claim construction briefing and a Markman hearing while the Federal Circuit concurrently reviews similar issues regarding claim scope and interpretation. (Id. at 12.)

This case was filed two years ago,¹ but no discovery has taken place because of the stay based on the IPRs. The parties engaged in claim construction

¹ The Court notes that this case was originally assigned to Judge Alan Albright. Then the case was reassigned to Judge Lee Yeakel, who has since retired. Finally, it was assigned to this Court on August 9, 2024. (Dkt. # 86.)

briefing prior to the stay, but no Markman hearing has occurred. (Dkt. # 81 at 5-6.) If the Court were to lift the stay and allow claim construction briefing to continue, then it may duplicate the work that the Federal Circuit would do on appeal. In addition, the parties will need to address claim construction issues with the PTAB for the IPR of the '388 Patent. Continuing to stay the case while it is in an early stage will best conserve the parties' and the Court's resources. Thus, this factor weighs against lifting the stay, as this case is still in its early stages.

After considering the above factors, the Court finds that each weighs in favor of extending the stay. Accordingly, the Court **DENIES** Plaintiff's Motion to Lift the Stay **WITHOUT PREJUDICE**.

II. Leave to Amend

On May 11, 2022, all deadlines were previously vacated (Dkt. # 39). Therefore, there is no deadline for amended pleadings and the Rule 15(a) analysis applies to Plaintiff's motion for leave to amend the complaint. (Dkt. # 79 at 8.)

Plaintiff seeks leave to amend its complaint to add the Newly Asserted Patents to this action after the issuance of PTAB's Final Written Decisions concerning patentability for the Originally Asserted Patents. In addition to the Newly Asserted Patents, Plaintiff continues to assert the '135 and '753 Patents, which were upheld over Defendant's IPR challenges. (Id. at 6.) Plaintiff contends the Newly Asserted Patents "have the same specification; stem from the

original application; and all of which were issued by the USPTO over all of the art of record asserted by Tesla in the IPR's." (Id. at 7.)

Defendant argues the motion for leave is premature and reenforces that the stay should be maintained. (Dkt. # 82 at 3.) Defendant contends the Federal Circuit's scrutiny of the PTAB's decision, particularly on claim construction, may bear on Plaintiff's related new patents. (Dkt. # 81 at 8.) The filing of the IPR proceeding for the '338 Patent also lends itself to show both that the stay should be continued and that leave to amend should not be granted at this time. Because the Court finds the stay should be continued, amending the complaint is not appropriate at this time.

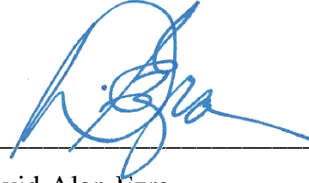
Therefore, the Court **DENIES** as **MOOT** Plaintiff's Motion for Leave to Amend the Complaint while the stay of the case is in place.

CONCLUSION

For these reasons, the Court **DENIES** both Plaintiff's Motion to Lift the Stay (Dkt. # 78) and Motion for Leave to File First Amended Complaint. (Dkt. # 79.) This action remains **STAYED** pending further order of the Court due to the pending appeal with the Federal Circuit of the '135 and '753 Patents and *Inter Partes* Review of the '338 Patent. Plaintiff may move to lift the stay if a material change in circumstances occurs, which in Plaintiff's view warrants this Court's consideration.

IT IS SO ORDERED.

DATED: Austin, Texas, October 31, 2024.



David Alan Ezra
Senior United States District Judge