

prior art teaching the use of portable locking containers, even soft pouches, even pouches sized to accommodate personal electronic devices.

In the meantime, however, Yondr is trying to drive Be Smarter out of business with expensive patent litigation. Yondr has even contacted Be Smarter's school district customers, impliedly threatening patent litigation if they do not buy Yondr's more expensive product. At the same time, Yondr has been in no hurry to prosecute this case, waiting four months to conduct a Rule 26(f) conference, never filing a Case Readiness Status Report, and never filing a proposed case schedule until prompted by the Court earlier this month. Therefore, Be Smarter chose to challenge Yondr's patents in the most economical way possible – via the Patent Office's IPR and PGR procedures.

Now, with a claim construction hearing scheduled for September 22, and discovery set to open on September 23, Defendants respectfully ask this Court to stay this case until either (i) resolution of the pending IPR and PGR, or (ii) at least until the Patent Office decides whether to institute Defendants' petitions. In addition, Defendants are willing to stipulate not to repeat any of their arguments to the Patent Office in this Court if those petitions are instituted and this action is stayed through Final Written Decisions.

Facts

Yondr filed this suit on October 31, 2024, alleging infringement of United States Patent Nos. 9,819,788 and 12,133,078, infringement of Trademark Reg. No. 6,995,045, false advertising, and corresponding common law claims for "trade libel" and "unfair competition" despite Yondr's knowledge of significant issues with its allegations. (Dkt.

1.) Specifically, on September 30, 2024, Yondr sent a letter to Be Smarter alleging the CellockED product infringed U.S. Patent No. 9,819,788 (the '788 patent)¹ and Trademark Registration No. 6,995,045 and that Be Smarter had engaged in false advertising. Be Smarter replied on October 29, 2024, explaining its preliminary investigation revealed significant prior art that rendered the '788 patent invalid, and thus the examiner's allowance was in error. Be Smarter also provided reasons why Yondr's other allegations lacked merit. Nevertheless, Yondr filed suit, contacted, and continues to contact numerous school districts, implicitly threatening them with patent infringement suits if they buy products from Be Smarter.

In response, Be Smarter counterclaimed, alleging among other things that the asserted patents are invalid and Yondr's trade dress registration should be cancelled due to false statements Yondr made to the Trademark Office examining attorney. (Dkts. 18 and 22.) Defendants also alleged Yondr is tortiously interfering with its business relationships by using patents it knows are not valid to bully school districts across the country into buying its product.

At the same time it has been pressuring Be Smarter's customers, Yondr pumped the brakes on this case, thus postponing any analysis of Yondr's claims on the merits. For example, Yondr delayed seeking to conduct a Rule 26(f) conference until February 2025—four months after filing suit. On March 24th, the case was transferred from Judge Pitman to this Court. (Dkt. 34.) At that point, despite Defendants' urging, Yondr

¹ Yondr's letter to Be Smarter did not allege infringement of U.S. Patent No. 12,133,078 (the '078 patent), which did not issue until October 29, 2024.

declined to file a Case Readiness Status Report or a case schedule consistent with this Court's Order Governing Proceedings – Patent Cases. Indeed, Yondr did not file a proposed case schedule until August 4th after being ordered to so by the Court. (Dkt. 51.) The newly-entered schedule set a claim construction hearing for September 22 and, in turn, the OGP suggests a potential September 2026 trial. (Dkt. 54.)

In the meantime, Be Smarter filed a Petition for *Inter Partes Review* challenging the '788 Patent on May 6 (IPR2025-0970, attached as Exhibit A), and a Petition for Post-Grant Review challenging the '078 Patent on July 29 (PGR2025-0070, attached as Exhibit B). In conjunction with those petitions, Defendants expressly stipulated they will not raise the same grounds, or any grounds that could have reasonably been raised in those proceedings, in the district court if the petitions are instituted. Defendants further stipulate they will not raise *any* invalidity defenses under 35 U.S.C. §§ 102 or 103 in this Court if both Patent Office proceedings are instituted and this stay is granted.

Finally, on August 27, 2025, Defendants filed a petition to cancel the '045 Mark with the Trademark Office. (Exhibit C.)

Legal Standard

A district court has the inherent power to control its own docket, including the power to stay proceedings before it. *See, Clinton v. Jones*, 520 U.S. 681, 706 (1997). In particular, the question of whether to stay proceeding pending *inter-partes* review is a matter committed to the district court's discretion. *See Multimedia Content Mgmt., LLC v. Dish Network LLC*, 2019 WL 11706231, at *1 (W.D. Tex. May 30, 2019). A stay is particularly justified when “the outcome of a PTO proceeding is likely to assist the court

in determining patent validity or eliminate the need to try infringement issues.” *See, NFC Tech. LLC v. HTC Am., Inc.*, 2015 WL 106911, at *1 (E.D. Tex. Mar. 11, 2015) (citing, *inter alia, Gould v. Control Laser Corp.*, 705 F.2d 1340, 1342 (Fed. Cir. 1983).

District courts typically consider three factors when determining whether to grant a stay pending Patent Office review: (i) whether the stay will unduly prejudice the nonmoving party, (ii) whether the proceedings before the court have reached an advanced stage, including whether discovery is complete and a trial date has been set, and (iii) whether the stay will likely result in simplifying the case before the court. *See, Xylon Licensing LLC v. Lone Star National Bancshares-Texas, Inc.*, No. 6:21-cv-00302-ADA, 2022 WL 2078030 (W.D. Tex. June 8, 2022); *see also CyWee Grp. Ltd. v. Samsung Elecs. Co.*, 2019 WL 1102396, at *2 (E.D. Tex. Feb. 14, 2019) (Bryson, J.). “Essentially, courts determine whether the benefits of a stay outweigh the inherent costs based on these factors.” *EchoStar Techs. Corp. v. TiVo, Inc.*, 2006 WL 2501494, at *1 (E.D. Tex. July 14, 2006).

Argument

This case warrants a stay under all three factors in light of several out-of-the ordinary facts. Specifically, this case involves one company trying to drive a small competitor out of a market for products primarily purchased by taxpayer funded schools – so, not only is the burden of litigation hard on the defendants, obtaining a cost-effective determination of the asserted patents’ validity is in the best interests of the schools, their students, their parents, and taxpayers at large. Second, plaintiff Yondr showed no urgency in moving this case forward until the Court ordered the parties to

submit their proposed case schedule. Third, Defendants have stipulated that all prior art challenges can be resolved in the Patent Office which substantially narrows the issues for trial.

I. There Is No Undue Prejudice to Plaintiff Yondr.

First, the lack of unfair prejudice is demonstrated by Yondr's lack of diligence in pursuing this case. Even though it filed this case in October 2024, Yondr did not attempt to conduct a Rule 26(f) conference until February 2025. When this case was transferred to this Court, Defendants' counsel urged Yondr's counsel to file a CRSR and then prepare a schedule consistent with the OGP. Yondr, however, declined to file the CRSR or prepare a schedule pursuant to the OGP. Even after the Court further ordered Yondr to follow the OGP (Order dated April 3, 2025, ordering the parties to comply with the OGP), and the parties agreed on dates, Yondr still did not file a proposed schedule until August 4th, after the Court again prompted the parties to submit a case schedule.

In the course of this delay, Yondr has had time to threaten school districts across the nation with litigation if they buy Be Smarter's products. Be Smarter is a small Austin-based startup that can afford neither to have customers scared off nor expensive, drawn-out litigation. Therefore, Be Smarter chose to demonstrate the invalidity of the asserted patents the most cost-effective way possible, by filing an IPR and a PGR. Yondr claims its patents cover nothing more than a locking pouch for storing cell phones in school. If that claim construction is right, then a variety of prior art locking containers anticipate or render obvious the claimed invention. That prior art includes both soft containers and containers sized to accommodate a personal electronic device.

Based on these facts, a stay does not *unduly* prejudice Yondr. Indeed, the lack of a stay is unduly prejudicial to Be Smarter and potentially harmful to school districts, parents, and taxpayers. Moreover, Defendants alternatively are only requesting a stay until at least the institution decisions on their pending IPR and PGR. Institution decisions are due by December 2025 and the end of January 2026, respectively.

II. The Case Is at an Early Stage - Discovery Has Not Yet Begun.

As explained above, this case is just beginning. No discovery has taken place, but the claim construction hearing is set for September 22. Therefore, the parties have done nothing more than exchange initial contentions and file claim construction briefs – work they would have done anyway as part of Defendants’ IPR and PGR filings, and Yondr’s soon-to-be filed preliminary responses to those petitions. Without a stay, Defendants will incur the burden of discovery starting on September 23rd.

Moreover, while the recently issued scheduling order contemplates a September 2026 trial date, even a brief continuance of that trial, not mention post-trial briefing would extend this action until early 2027. During that time, the Patent Office will be required to issue Final Written Decisions on both Defendants’ IPR and PGR. See, 35 U.S.C. § 316(a)(11).²

² See Exhibit D, showing the Court’s median time to reach a claim construction hearing and its median time to reach a trial.

III. The Case Will Be Simplified No Matter the Outcome in the Patent Office.

The pending petitions will resolve almost all invalidity issues relating to the asserted patents in light of the stipulation provided by Defendants. Put simply, Defendants expressly stipulate they will not challenge either patents' validity under 35 U.S.C. §§ 102 or 103 in this Court if their petitions are instituted and this case is stayed through Final Written Decisions.

Moreover, Yondr's trade dress claim is fatally flawed. While attempting to register the '045 product configuration mark, the Trademark Office examining attorney asked Yondr if the claimed product configuration was the subject of any issued or pending patents. (Exhibit C at ¶29.) Presumably, the examining attorney asked this question because a primarily functional product design is not eligible for trade dress protection. (*See*, 15 U.S.C. §§ 1052(e)(5), 1064(3), 1115(b)(8).) Yondr told the examining attorney there were no such applicable patents, even though the '788 patent already had issued and the application leading to additional patents, including the '078 patent was still pending. (Exhibit C at ¶31.) Therefore, Defendants have asked both the Trademark Office and this Court to cancel Yondr's '045 Mark based on Yondr's material misrepresentation to the Trademark Office. (Dkt. 22 and Exhibit C.)

Yondr's remaining claims stem from alleged false advertising. Specifically, Yondr claims Defendants posted a misleading YouTube video. (*See, e.g.*, Dkt. 1 at ¶¶ 53-60.) Without addressing the merits of that allegation, Defendants removed the accused video, and less than 50 people viewed that video – a number that almost certainly

includes Yondr and its attorneys.³ Put simply, even if this allegation has merit, and it does not, the damages would be *de minimis*.

Conclusion

For these reasons, Defendants respectively ask the Court to stay this action pending Final Written Decisions on IPR2025-0970 and PGR2025-0070. In the alternative, Defendants respectfully ask the Court to stay this action until the Patent Office decides whether or not to institute IPR2025-0970 and PGR2025-0070.

Dated: August 27, 2025

Respectfully submitted,

JACKSON WALKER L.L.P.

By: /Arthur Gollwitzer III

Arthur Gollwitzer III
State Bar of Texas No. 24073336

agollwitzer@jw.com

Direct: (512) 236-2268

Leisa Peschel

State Bar of Texas No. 24060414

lpeschel@jw.com

Direct: (713) 752-4278

Lee B. Hunt

State Bar of Texas No. 24082257

lhunt@jw.com

Direct: (817) 334-7288

Members in Good Standing

JACKSON WALKER LLP

100 Congress Ave., Suite 1100

Austin, Texas 78701

Attorneys for Petitioner

BE SMARTER LLC

³ During the parties' Rule 26(f) conference and subsequently, Defendants' counsel has suggested dismissing this claim without prejudice, offering informal discovery of evidence demonstrating the small number of hits on the accused YouTube video.

Certificate of Service

I, Arthur Gollwitzer III, an attorney of record in this matter, hereby certify that on August 27, 2025, I electronically filed the following document:

Defendants' Motion to Stay pending Patent Office Review and Supporting Memorandum

with the Clerk of the United States District Court for the Western District of Texas, Austin Division, using the CM/ECF system, which will send notification and a copy of this filing to the following counsel of record:

Jeremiah S. Helm
Stephen C. Jensen
Rhett D. Ramsey
KNOBBE, MARTENS, OLSON & BEAR, LLP
2040 Main St., 14th Floor
Irvine, CA 92614
jererniah.helm@knobbe.com
2scj@knobbe.com
rhett.ramsey@knobbe.com

Ben K. Shiroma
KNOBBE, MARTENS, OLSON & BEAR, LLP
1925 Century Park E #400
Los Angeles, CA 90067
ben.shiroma@knobbe.com

Robert Pierce Earle
Stephen Burbank
SCOTT DOUGLASS & MCCONNICO LLP
303 Colorado Street, Suite 2400
Austin, TX 78701
rearle@scottdoug.com
sburbank@scottdoug.com

Counsel for Plaintiff, YONDR, INC.

By: /s/ Arthur Gollwitzer III
Arthur Gollwitzer III