IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
WACO DIVISION

DIGITAL RETAIL APPS, INC., Plaintiff, v. H-E-B, LP, Defendant.	Civil Action No. 6:19-cv-00167-ADA HON. ALAN D ALBRIGHT **Jury Trial Demanded**

DEFENDANT H-E-B, LP'S OPPOSED MOTION TO POSTPONE TRIAL

I. INTRODUCTION

Defendant H-E-B, LP ("H-E-B") respectfully submits the present motion to request the Court postpone trial until after the PTAB issues final decisions in the '781 IPRs, due by May 19, 2021. That modest, one-month delay offers the possibility of significantly streamlining trial, saving the Court and jury time and resources by eliminating an entire patent and 17 of the 19 patent claims in the case, leaving only two claims from the '506 patent.

Beyond the efficient resolution of the '781 invalidity issues, the Court and parties are subject to a number of unique circumstances that warrant this modest postponement. The Court would have additional time to consider and rule after its upcoming hearing on the parties' outstanding motions, and the parties would then be able to efficiently prepare for the ultimate scope of a streamlined trial. The modest postponement also comes at a time that would allow significant improvements in immunization and reduced impact of COVID-19 to continue. That benefits Court staff, jurors, and other personnel for in-person trial, in particular because the

parties are each managing health concerns and H-E-B is adapting to serve local communities after Texas's recent extreme weather crisis.

Further, DRA has no viable justification to rush a trial instead of waiting a mere month for significant clarity that promises so much efficiency for the Court and jury. They have shown an immediate verdict is not necessary since they've previously agreed to continue the case and trial numerous times, and their only claim here is for damages, showing that delay will not cause irrevocable harm.

As such, there is little reason to waste the Court's and parties' time and resources in the face of an opportunity to significantly streamline trial scope and promote the safe and efficient resolution of all outstanding trial issues—at the cost of waiting only a month.

H-E-B has conferred with DRA, and DRA indicated that they oppose the present motion.

II. BACKGROUND

A. Currently, This Case Involves 17 Claims from the '781 Patent.

DRA began this case with broad allegations of misappropriation, breach of contract, and willful infringement of the '781 and '506 patents that H-E-B ultimately showed were baseless. (*See* Dkt. 1 at 12–39.) The Court first dismissed DRA's allegations of misappropriation and pre-suit willfulness with leave to reassert them. (Dkt. 29 at 8:20–23; *see* Dkt. 28.) But after taking discovery, DRA fully abandoned misappropriation. And at the close of fact discovery, with H-E-B threatening motions for summary judgment, DRA dismissed its breach of contract and willfulness claims with prejudice. (Dkt. 107.) DRA is now left with only a single patent claim for infringement after the Court's claim construction rulings and indefiniteness findings left DRA to drop infringement of the '781 patent without prejudice and only pursue infringement on claim 1 of the '506 patent. (*See* Dkt. 68 at 24.)

A 5-day trial is presently scheduled for the week of April 19, 2021. And DRA's refusal to drop its allegations with prejudice has left H-E-B going forward with invalidity on 17 claims of the '781 patent and two more from the '506 patent, while DRA only pursues infringement of its lone '506 claim. (*See* Dkt. 86 at 11–12; Dkt. 104.) The full scope of issues for trial is likely to be further clarified and refined over the coming weeks, though, as the Court has scheduled a hearing on March 9, 2021, to consider the parties' outstanding motion for partial summary judgment, *Daubert* motions, motions to strike, and motions *in limine*. (Ex. A.)

B. Upcoming Rulings in H-E-B's Pending *Inter Partes* Review and Before This Court are Likely to Streamline or Alter the Scope of Trial.

The Patent Trial and Appeal Board ("PTAB") is scheduled to enter a final decision on the invalidity of the '781 patent claims on or before May 19, 2021—exactly one month after the start of trial as scheduled. *See* 35 U.S.C. § 316(a)(11); *H-E-B, LP v. Digital Retail Apps, Inc.*, IPR2020-00148 & IPR2020-00149, Paper 25 (PTAB May 19, 2020). Those upcoming IPR decisions have the potential to significantly streamline the case by entirely eliminating the '781 patent from trial. Further, eliminating the '781 patent would likely change the order of presentation at trial. If the '781 patent remains in the case, it would make the most sense for H-E-B to go first and discuss invalidity on all 19 claims across the two patents, before DRA addresses its single claim for infringement. So, waiting just one month for the PTAB to issue its final decisions on the '781 patent would likely allow trial to be reorganized or shortened, significantly preserving the Court's and jury's time and resources.

The PTAB is also likely to invalidate the claims of the '781 Patent. The PTAB instituted both of H-E-B's '781 petitions and the institution decisions speak favorable of the two alternate, independent grounds of invalidity. IPR2020-00148 & IPR2020-00149, Paper 25 (PTAB May 19, 2020). DRA raised several arguments in its Patent Owner Preliminary Responses, but the

PTAB dismissed all of them. *Id*. Since institution, DRA has failed to raise any new substantive arguments that might persuade the PTAB to change the positions it took at institution. *Cf*. *id*., Paper 30 (PTAB Sept. 11, 2020); *id*., Paper 36 (PTAB Jan. 6, 2021); *id*., Paper 40 (PTAB Feb. 18, 2021).

Postponing trial pending the PTAB's final decision on the '781 patent claims additionally gives the Court more time to decide the parties' outstanding motion for partial summary judgment and other pretrial motions after the upcoming March 9 hearing. Allowing additional time to render those decisions is further likely to save the Court's and jury's time and resources at the ultimate trial, because it may be scheduled and planned with certainty of scope for all remaining trial issues. The resources of the parties, too, would be conserved by not incurring the time or costs of preparing for an unnecessarily broad or ultimately narrowed trial. DRA even recently stipulated and agreed that "the efficient preparation of the case will be aided by the Court's consideration of these motions." (Dkt. 182 at 1.)

C. COVID-19 and Texas's Extreme Weather Crisis Uniquely Burdens the Parties and Court.

A short postponement would also allow for significant improvements to the burdens presented by the ongoing COVID-19 pandemic and Texas's recent extreme weather crisis. After a slow start, vaccine supply and mass vaccinations are now expected to significantly improve through the end of April, when the present trial is scheduled. *Vaccine makers Pfizer and Moderna pledge massive boost to U.S. supply after sluggish rollout*, Washington Post (Feb. 23, 2021), https://www.washingtonpost.com/health/2021/02/23/vaccine-distribution-pfizer-moderna/. A short delay to the trial schedule past that April inflection point would allow time for significantly more doses to be in the arms of Court staff, potential jurors, and the parties'

personnel.[1] Pfizer expects to supply 13 million doses per week by April, and Moderna expects to reach 10 million doses per week, for its two-dose vaccines. (*Id*.) Johnson & Johnson expects to deliver 60 million doses of its newly approved single-dose vaccine by the end of April, and 100 million by the end of June.[2] (*Id*.) Additionally, with FDA approval, AstraZeneca expects it could also provide 50 million doses by the end of April. (*Id*.)

Both parties' technical experts also have health concerns and would ostensibly benefit from taking modest additional time for vaccine availability and COVID-19's impact to drastically improve. (*See* Dkt. 182 at 1.) And H-E-B's employees and witnesses in the present case remain subject to policies meant to reduce their exposure to COVID-19 by preventing work travel and substantially limiting interactions.

Further, a modest postponement would provide time for H-E-B to bounce back toward normal business operations, as they have recently been busy providing major essential services to Texans and their communities despite the burdens of doing so through COVID-19 and Texas's recent extreme weather crisis. *See Texans Needed Food and Comfort After a Brutal Storm. As Usual They Found It at H-E-B.*, N.Y. Times (Feb. 22, 2021), https://www.nytimes.com/2021/02/22/us/texas-heb-winter-storm.html; *A Texas grocery store*

[1] H-E-B is well aware that the Court was recently able to conduct trial despite the pandemic, and that Governor Abbott has ordered a significant reopening of businesses in Texas. This motion is not meant to be inconsistent with those efforts, but rather to dovetail with them, since the brief postponement H-E-B is requesting should help clarify the benefits—and any modified precautions—discovered as a result of the reopening.

[2] Merck has also been tapped to produce more of Johnson & Johnson's single-dose vaccine, and "[b]y the end of May, the U.S. is slated to have received … enough Covid-19 vaccine doses to fully vaccinate 345 million people." *Merck to Help Johnson & Johnson Make Its Covid-19 Vaccine*, Wall Street Journal (Mar. 2, 2021), https://www.wsj.com/articles/biden-to-announce-merck-will-help-make-johnson-johnson-vaccine-11614693084.

lost power and let people leave without paying. Shoppers paid it forward., Washington Post (Feb. 19, 2021), https://www.washingtonpost.com/lifestyle/2021/02/19/texas-heb-lost-power/.

D. DRA Has Played Fast and Loose with the Scope and Timing of This Case.

From the outset of this case, DRA has sought to artificially inflate the scope of this case by carrying on with its baseless causes of action for misappropriation, breach of contract, and willfulness, and by refusing to drop its dead infringement claims with prejudice. (*See* Dkt. 89 at 1–2.) DRA's consistent refusal to meaningfully streamline the issues until the final possible hour has foisted the bulk of this case onto H-E-B, which is presently maintaining 19 invalidity claims before this Court and in parallel before the PTAB compared to a single infringement claim for DRA.

DRA also recently indicated that an immediate trial is not essential when it stipulated to delaying trial two months because COVID-19 "raised significant concerns for both Parties' attorneys, witnesses, and experts regarding the risks posed to anyone who attends in-person trial" and because "the efficient preparation of the case will be aided by the Court's consideration of these [pending] motions." (Dkt. 182 at 1.) Further, DRA previously agreed to continue trial last May because of "[r]estrictions on the parties and their experts imposed by COVID-19, as well as the need for H-E-B employees to be serving the community at this delicate time." (Dkt. 99.)

Now, DRA has reversed course and wants to speed to trial. More likely is that DRA sees the writing on the wall for its patents after its recent oral argument before the PTAB, knows its damages case is in shambles, and wants to rush to trial in an effort to extract a cost-of-trial settlement from H-E-B. Indeed, as explained in H-E-B's motion for partial summary judgment, DRA's expert conceded that most modes of H-E-B Go do not infringe their asserted claim. (Dkt. 137 at 20–22.) DRA's damages expert failed to apportion out transactions using those noninfringing modes even though noninfringing modes of H-E-B Go are available in far more

stores than the mode alleged to infringe, and the result is a significantly overstated damages number. (Dkt. 133 at 6–7.)

III. ARGUMENT

Pursuant to Federal Rule of Civil Procedure 16(b)(4), the "schedule may be modified for good cause, with the Judge's consent." Fed. R. Civ. P. 16(b)(4). H-E-B submits that good cause exists to postpone trial and schedule a status conference following the PTAB's final decisions in the '781 patent IPRs.

As discussed above, postponement pending the PTAB's decision on the invalidity of the '781 patent claims would likely preserve Court and jury resources during trial by reducing or eliminating 17 asserted invalidity claims, leaving only 2 claims from the '506 patent at issue for trial. The short postponement would also allow the Court additional time to rule on the parties' outstanding motions, which in turn may further streamline trial and prevent the parties from preparing broadly for trial issues that are ultimately narrowed.

Postponement would also allow the Court, jurors, and the parties to have a safer and more efficient trial by further allowing COVID-19 to ameliorate, and by allowing modest additional time during which vaccine distribution and inoculation is expected to significantly improve. Such a postponement is consistent with the parties' past concerns scheduling an in-person trial requiring the presence of Court employees, jurors, witnesses, and experts with health concerns. H-E-B would additionally have more time to return to normal operation after the past year serving its communities through the nonstop slog of COVID-19 challenges and after responding to the recent extreme weather crisis across Texas.

Further, there is also little to no prejudice to DRA for such a postponement because they have pushed the majority of outstanding issues onto H-E-B's back, have repeatedly agreed to continue trial on similar grounds, and do not have significant or urgent damages at stake. DRA's

effort to race to the courthouse now that they're scared of the PTAB is no more than an improper waste of Court, jury, and party resources that could be far more efficiently managed by a modest postponement.

IV. CONCLUSION

For the foregoing reasons, H-E-B respectfully requests that the Court postpone trial and schedule a status conference to determine a trial date following the PTAB's final decision on the '781 IPRs, expected May 19, 2021.

Dated: March 3, 2021

By: */s/ Thomas N. Millikan*

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the above and foregoing document has been served via email on March 3, 2021, to all counsel of record who are deemed to have consented to electronic service via the Court's CM/ECF system per Local Rule CV-5(b).

/s/ Thomas N. Millikan
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