

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
MARSHALL DIVISION**

APPLE INC.,

*Plaintiff,*

v.

TELEFONAKTIEBOLAGET LM  
ERICSSON, ERICSSON INC.,

*Defendants.*

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CIVIL ACTION NO. 2:21-CV-00460-JRG

**ORDER**

Before the Court is the Motion to Stay (the “Motion to Stay”) filed by Plaintiff Apple Inc. (“Apple”). (Dkt. No. 65.) In the Motion to Stay, Apple requests that the patent claims in the above-captioned case be stayed pending resolution of “portfolio-wide FRAND claims” in co-pending case No. 2:21-cv-00376 (the “-376 action”) filed by Ericsson Inc. and Telefonaktiebolaget LM Ericsson (collectively, “Ericsson”). (*Id.* at 1.) For the reasons set forth below, the Motion to Stay is **DENIED**.

**I. BACKGROUND**

**a. Procedural History**

Ericsson sent a license offer regarding a wide-ranging global portfolio of patents to Apple on October 4, 2021 that it contends was fair, reasonable, and non-discriminatory (“FRAND”) (“Ericsson’s offer”). (Dkt. No. 64 at 3.) Apple rejected Ericsson’s offer, and on the same day, Ericsson filed a complaint in the -376 action requesting, *inter alia*, a declaration that its offer was FRAND. (Dkt. No. 1, -376 action.) On October 17, 2021, Apple filed the Complaint in the instant action, which asserts various contractual claims related to Ericsson’s rejected offer and a separate

2015 license agreement between the parties, as well as a request for global FRAND rate setting. (Dkt. No. 2.) Apple’s Complaint also seeks a declaration that three of Ericsson’s claimed standard-essential patents (“SEPs”) (the “Asserted Patents”) are not infringed and not essential. (*Id.*) Ericsson filed counterclaims alleging infringement of the Asserted Patents (Dkt. No. 55 at 20–23) and Apple raised several affirmative defenses including, *inter alia*, invalidity of the Asserted Patents (Dkt. No. 68 at 5). This Court issued an Order on March 23, 2022 which structured the parties’ contract claims under the -376 action and kept Apple’s patent claims in the above-captioned case. (Dkt. No. 37.)

On April 6, 2022, Ericsson filed a motion in the -376 action to confirm that “Apple has committed to accept and perform under the terms of Ericsson’s offer if it is found to be FRAND.” (Dkt. No. 64 at 8, -376 action) (the “Motion to be Bound”). In briefing the same, the parties agreed that “[i]f the factfinder determines that Ericsson’s license offer to Apple would have resulted in a license with FRAND terms and conditions, then Ericsson has complied with its contractual representation that it is ‘prepared to grant’ licenses on FRAND terms.” (*Id.* at 3.) However, Ericsson contended that “if the factfinder decides Ericsson’s offer complies with FRAND, Apple [must] agree[] to abide by that result and perform under the terms of that offer.” (*Id.* at 1.)

In opposition to the Motion to be Bound, Apple argued that the trial in the -376 action will determine not only whether Ericsson’s offer was FRAND but would also “resolve Apple’s claim seeking a determination of FRAND terms binding on both parties, including by weighing evidence that includes Apple’s offer to Ericsson based on the parties’ 2015 license.” (Dkt. No. 73 at 2, -376 action.) While Apple repeatedly stated its intention of “being bound by this Court’s determination of FRAND terms for a global license between Apple and Ericsson,” Apple never answered

Ericsson's explicit question: whether Apple would accept a FRAND offer from Ericsson. (*See, e.g., id.* at 1.)

Apple was not required to answer Ericsson's question. Both parties agree that while the FRAND commitment requires a patent owner to make a FRAND offer, the implementer of the standard is not required to accept that offer. (Dkt. No. 64 at 4, -376 action.) As the Court stated in its May 3, 2022 Order denying Ericsson's Motion to be Bound, "if Ericsson's offer is found to be FRAND, then Apple may accept it and create a binding contract; Apple may reject it and not implement Ericsson's patented technology; or Apple may reject the FRAND offer, implement Ericsson's technology without the benefit of a license and subject itself to actions for infringement." (Dkt. No. 89 at 4, -376 action.) Thus, despite Apple's representation that it will be "bound" by the outcome of the -376 action, any offer may be accepted, rejected, or included in a counteroffer. If an offer must be accepted, it is not a true offer under longstanding principles of contract law.<sup>1</sup>

#### **b. Motion to Stay**

On April 19, 2022, Apple filed the instant Motion to Stay, contending that the outcome of the -376 action "would lead to a binding resolution of the parties' dispute" in this case as it would allegedly result in "Apple being licensed to Ericsson's claimed-essential patents," including the Asserted Patents. (Dkt. No. 65 at 1, 3.) Apple cites to language in Ericsson's proposed license, which would license patents "which [are], or [are] claimed by the owner to be," essential, to argue that -376 action "will result in a license to the three [Asserted Patents] at issue in this case because Ericsson has claimed they are essential, regardless of whether the patents are in fact essential or stipulated as such." (*Id.* at 3.) Apple argues that to devote resources to the above-captioned action,

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<sup>1</sup> An offer required to be accepted may be part of a contract of adhesion, but it is not part of a bargained-for agreement—which ripens through robust negotiations into a bona fide meeting of the minds.

“in anticipation of a trial to occur months after the trial in the -376 action that will resolve the issues in this action,” would waste both judicial and party resources. (*Id.* at 4.)

Ericsson responded to the Motion to Stay after the Court issued its Order denying the Motion to be Bound in the -376 action. (*See, e.g.*, Dkt. No. 72.) In opposing a stay of this case, Ericsson quotes the Court’s Order on the Motion to be Bound for the proposition that “the -376 action will not inevitably result in a license agreement between the parties and, therefore, this patent action is not moot.” (*Id.* at 1.) Since Apple “retains the option to reject Ericsson’s offer, even if it is adjudicated to be FRAND,” Ericsson argues that a stay of this case “would greatly prejudice Ericsson’s right to pursue relief, including injunctions, if Apple is found to infringe and is unwilling to take a license.” (*Id.* at 3.) Ericsson contends that Apple “chose not to voluntarily dismiss its purportedly ‘moot’ claims” and should not be granted a stay on the same. (*Id.* at 5, n.5.)

Apple argues that if the Court “set[s] the FRAND terms for a cross-license,” Apple will be “authorize[d]” to use Ericsson’s “entire cellular declared-essential patent portfolio—including the three [Asserted Patents].” (Dkt. No. 76 at 1.) Ericsson disagrees, and again emphasizes that even if the Court sets a “global rate” in the -376 action as Apple requests, such will not inevitably result in a license between the parties or in an “authorization” for Apple to sell its products implementing the standard. (Dkt. No. 79 at 1–2.) Ericsson contends that the “*only* thing that could ‘authorize’ Apple to sell cellular products is a ‘meeting of the minds’ on every business term in a complete license agreement that governs the parties’ relationship, not just the setting of a ‘rate.’” (*Id.* at 2) (emphasis in original).

## II. LEGAL STANDARD

A district court has the inherent power to control its own docket, including the power to stay proceedings. *Clinton v. Jones*, 520 U.S. 681, 706 (1997). How to best manage the court’s

docket “calls for the exercise of judgment, which must weigh competing interests and maintain an even balance.” *Landis v. N. Am. Co.*, 299 U.S. 248, 254–55 (1936). “District courts typically consider three factors when determining whether to grant a stay[]: (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.” *NFC Techs. LLC v. HTC Am., Inc.*, 2015 WL 1069111, at \*2 (E.D. Tex. Mar. 11, 2015). “Based on th[ese] factors, courts determine whether the benefits of a stay outweigh the inherent costs of postponing resolution of the litigation.” (*Id.*)

### III. DISCUSSION

The Court is puzzled by the hot-then-cold positions taken by Apple throughout this case and the co-pending -376 action. When Ericsson argued that Apple’s agreement to be “bound” in the -376 action “should mean that Apple would perform under Ericsson’s offered contract if that offer is adjudicated FRAND,” Apple resisted vehemently, arguing that the -376 action would serve to “determine[e]...FRAND terms” that could be used by the parties in a global cross-license. (Dkt. No. 64 at 4–5, -376 action; Dkt. No. 73 at 1, -376 action.) This Court agreed with Apple, finding that Apple is not bound to enter into a license agreement based on any FRAND rate set in the -376 action. In this case, Apple now presents a diametrically opposed theory—namely, that “the -376 action [will] lead to a binding resolution of the parties’ dispute” such that the patent-based claims in the instant case will be “moot[ed]” by the outcome of the -376 action. (Dkt. No. 65 at 1; Dkt. No. 76 at 4.) Apple now seems to backtrack on its earlier argument that it need not be bound to enter into a license with Ericsson by equating global rate setting for a cross-license between the

parties with an “authoriz[ation]” for Apple to “use Ericsson’s entire cellular declared-essential patent portfolio[.]” (Dkt. No. 76 at 2.)

Whether a jury finds that Ericsson’s offer was FRAND, or even whether this Court engages in Apple’s requested global rate setting, Apple *will not be bound to enter into any license agreement* as a result of the -376 action. This was made clear by the Court as part of its Order denying Ericsson’s Motion to be Bound, stating that if Ericsson’s offer is found to be FRAND, Apple retains the option to accept *or* deny that offer. (Dkt. No. 89 at 4, -376 action.) The same is true for any FRAND rate setting performed by this Court, as Ericsson now acknowledges. (*See* Dkt. No. 79 at 2 (“As the Court’s May 3 Order establishes, the *only* thing that could ‘authorize’ Apple to sell cellular products is a ‘meeting of the minds’ on every business term in a complete license agreement that governs the parties’ relationship, not just the setting of a ‘rate.’”) (emphasis in original)). That is, a determination of a FRAND rate by this Court will not require *either* party to accept a license offer on those terms. Apple’s argument that the outcome of the -376 action would necessarily “result[] in Apple being licensed to Ericsson’s claimed-essential patents, including the” Asserted Patents in this case, which would make this -460 action moot, is incorrect.

In determining whether to stay a case, the Court considers three factors. *NFC Techs.*, 2015 WL 1069111, at \*2. The first factor, whether the stay will unduly prejudice the nonmoving party, weighs against a stay. As explained above, Apple may reject any FRAND offer made pursuant to the -376 action, implement Ericsson’s technology without the benefit of a license, and subject itself to actions for infringement. (Dkt. No. 89 at 4, -376 action.) Such “actions for infringement” are already live as part of the instant case. Ericsson alleges that since the parties’ prior license expired, Apple has been “manufacturing, importing, and selling products that incorporate Ericsson’s patented technology on a massive scale without a license from Ericsson” and argues that if this

case is stayed, “Ericsson would be unable to substantively begin infringement proceedings...until more than a year after the prior license expired, with Ericsson receiving no payment during that period” for Apple’s alleged infringement. (Dkt. No. 72 at 3–4.) In light of this, a stay as requested would sufficiently prejudice Ericsson to a degree that is not warranted or justified.

The second factor, whether the proceedings before the Court have reached an advanced stage, including whether discovery is complete and a trial date has been set, likewise weighs against a stay or is, at worst, neutral. Trial in the -376 action is set for December 5, 2022 based on the accelerated schedule that Apple itself requested. (*See, e.g.*, Dkt. No. 87 at 1, -376 action; *see also* Dkt. No. 43 at 5:22–6:12, -376 action (“We would respectfully ask if you could consider an earlier trial. We’re ready to go as soon as this December.”).) Trial in the instant case is not set until July 10, 2023, and the trial in the -376 action would occur even before the *Markman* hearing in this case. (Dkt. No. 70 at 4–7.) Thus, the bulk of the labor in this case falls in the period after the trial in the -376 action has already occurred. This weighs against a stay. The Court finds that the schedules of the two cases do not substantially overlap such that any unacceptable inefficiencies would be created. For the same reason, the third factor, whether the stay will likely result in simplifying the case before the Court, also weighs against a stay. Given the present structure of these cases, the simplification supplied via the trial of the -376 action will present itself well before the -460 case is tried and before much of the resources it will require are expended.

#### **IV. CONCLUSION**

In light of the foregoing reasons and analysis, Apple’s Motion to Stay (Dkt. No. 65) is **DENIED**.

**So ORDERED and SIGNED this 8th day of June, 2022.**

  
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RODNEY GILSTRAP  
UNITED STATES DISTRICT JUDGE