

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

INNEOS LLC,

Plaintiff,

v.

OPTICIS CO., LTD. and
OPTICIS USA LLC,

Defendants.

Case No. 8:23-cv-00185-MCS-ADS

**ORDER RE: DEFENDANT’S
MOTION TO STAY PROCEEDING
PENDING RESOLUTION OF INTER
PARTES REVIEW (ECF No. 50)**

Defendant Opticis Co., Ltd. (“Opticis Korea”) moves for a stay pending resolution of its request for an *inter partes* review by the Patent Trial and Appeal Board (“PTAB”).¹ (Mot., ECF No. 50.) Plaintiff Inneos LLC opposed the motion, (Opp’n, ECF No. 63), and Defendant replied, (Reply, ECF No. 71.) The Court deems this matter appropriate for decision without oral argument. *See* Fed. R. Civ. P. 78(b); C.D. Cal. R. 7-15.

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¹ Defendant Opticis USA LLC separately joined in the motion. (Joinder, ECF No. 70.)

1 I. Background

2 Inneos brought this action on January 30, 2023, alleging infringement of U.S.
 3 Patent No. 7,198,416 (the “’416 Patent”). (Compl. ¶ 1, ECF No. 1.) The ’416 Patent
 4 “is directed to an optical multiplexing device that spatially combines multi-wavelength
 5 light from a plurality of lasers, through a plurality of lenses, and into an optical fiber.”
 6 (Mot. 3.) Discovery is underway. (Opp’n 1.) The parties have exchanged almost 100
 7 requests for production as well as their infringement and invalidity contentions. (*Id.* at
 8 9.) A claim construction hearing is set for February 5, 2024, with opening briefs due
 9 December 15, 2023. (Scheduling Order 2, ECF No. 53.) “Opticis Korea filed its
 10 petition for *inter partes* review, challenging all asserted claims of the ’416 Patent” on
 11 July 28, 2023. (Mot. 4.)

12 II. Legal Standard

13 It is within the discretion of a district court to stay judicial proceedings pending
 14 administrative reexamination of one or more patents at issue in the judicial proceedings.
 15 This is part of a district court’s “broad discretion to stay proceedings as an incident to
 16 its power to control its own docket.” *Clinton v. Jones*, 520 U.S. 681, 706 (1997) (citing
 17 *Landis v. N. Am. Co.*, 299 U.S. 248, 254 (1936)). The party requesting a stay “must
 18 make out a clear case of hardship or inequity in being required to go forward, if there is
 19 even a fair possibility that the stay for which he prays will work damage to [someone]
 20 else.” *Landis*, 299 U.S. at 255. Thus, a court must balance competing interests in
 21 assessing whether it is appropriate to enter a stay. These interests include
 22 the possible damage which may result from the granting of a
 23 stay, the hardship or inequity which a party may suffer in
 24 being required to go forward, and the orderly course of justice
 25 measured in terms of the simplifying or complicating of
 26 issues, proof, and questions of law which could be expected
 27 to result from a stay.

28 *Lockyer v. Mirant Corp.*, 398 F.3d 1098, 1110 (9th Cir. 2005) (quoting *CMAX, Inc. v.*

1 *Hall*, 300 F.2d 265, 268 (9th Cir. 1962)).

2 When determining whether a stay requested by an alleged infringing party should
 3 be granted pending the completion of an *inter partes* review, district courts consider the
 4 following factors: “(1) the stage of the litigation; (2) whether a stay will simplify the
 5 issues; and (3) whether a stay would unduly prejudice the non-moving party.” *Star*
 6 *Envirotech, Inc. v. Redline Detection, LLC*, No. SACV 12-01861 JGB (MLGx), 2013
 7 WL 1716068, at *2 (C.D. Cal. Apr. 3, 2013); *accord Universal Elecs., Inc. v. Universal*
 8 *Remote Control, Inc.*, 943 F. Supp. 2d 1028, 1030–31 (C.D. Cal. 2013). “[T]he totality
 9 of the circumstances governs.” *Universal Elecs.*, 943 F. Supp. 2d at 1031 (quoting
 10 *Allergan Inc. v. Cayman Chem. Co.*, No. SACV 07-01316-JVS (RNBx), 2009 WL
 11 8591844, at *2 (C.D. Cal. Apr. 9, 2009)).

12 **III. Analysis**

13 **A. Stage of Proceedings**

14 When determining whether the status of the litigation supports a stay, “[t]he
 15 status of discovery, claim construction, trial setting, and the Court’s expenditure of
 16 resources are all relevant considerations.” *Cannarella v. Volvo Car USA LLC*, No. CV
 17 16-6195-RSWL-JEMx, 2016 WL 9450451, at *12 (C.D. Cal. Dec. 12, 2016).
 18 Defendant argues “[t]his case is in its infancy.” (Mot. 1.) Defendant acknowledges
 19 “parties have engaged in limited discovery and disclosures, but” points out they “have
 20 not yet scheduled depositions, commenced claim construction activities, filed
 21 substantive motions, or conducted expert discovery.” (*Id.*) In response, Plaintiff points
 22 out that this case has been pending for over six months, the parties have exchanged
 23 requests for production and infringement and invalidity contentions, the Court has
 24 entered a case management schedule, and the claim construction hearing “is scheduled
 25 to be briefed and heard by February 5, 2024, before an institution decision in the IPR is
 26 due to occur.” (Opp’n 9.) Plaintiff also points out that “[a] trial date has been set; trial
 27 is scheduled to commence December 10, 2024—several months before a potential final
 28 determination in the IPR (assuming the IPR is even instituted).” (*Id.* at 9–10.)

1 The Court concludes that this factor weakly favors granting a stay. The case has
 2 indeed been pending for some time, but the trial is “more than a year away, discovery
 3 . . . has only just begun, and the parties have not filed claim construction briefs.” *DivX,*
 4 *LLC v. Hulu, LLC*, CV 19-1606 PSG (DFMx), 2021 WL 6499935, at *5 (C.D. Cal. Oct.
 5 6, 2021). What is more, other courts have granted stays when the proceedings were as
 6 or more advanced than the instant case. *See Pi-Net Int’l, Inc. v. Hertz Corp.*, No. CV
 7 12-10012 PSG (JEMx), 2013 WL 7158011, at *2–3 (C.D. Cal. June 5, 2013) (granting
 8 stay after parties had exchanged infringement contentions, served interrogatories, and
 9 plaintiff made documents available for review); *see also Telesign Corp. v. Twilio, Inc.*,
 10 No. CV 15-3240 PSG (SSx), 2016 WL 6821111, at *2–3 (C.D. Cal. Mar. 9, 2016)
 11 (granting stay after court had denied motion to dismiss and motion for preliminary
 12 injunction, at least one deposition had been taken, the parties had exchanged limited
 13 written discovery and served interrogatories, but had not yet filed claim construction
 14 briefs).

15 The Court finds that, although the parties have made some progress on discovery
 16 and other case deadlines, the case is at a relatively early stage and this factor slightly
 17 favors granting a stay. The Court does not find this factor dispositive.

18 **B. Simplification of the Issues**

19 The test for this factor is “whether a stay will simplify the issues in question and
 20 trial of the case.” *Aten Int’l Co., Ltd. v. Emine Tech. Co., Ltd.*, No. SA CV 09-0843 AG
 21 (MLGx), 2010 WL 1462110, at *7 (C.D. Cal. Apr. 12, 2010). Other courts have held
 22 “that the stay of a patent infringement action is not warranted when based on nothing
 23 more than the fact that a petition for *inter partes* review was filed.” *Polaris Innovations*
 24 *Ltd. v. Kingston Tech. Co., Inc.*, No. SACV 16–00300–CJC(RAOx), 2016 WL
 25 7496740, at *2 (C.D. Cal. Nov. 17, 2016) (internal quotation marks omitted) (collecting
 26 cases). This is because a “[c]ourt cannot know . . . whether granting a stay would lead
 27 to more or less judicial efficiency” before the PTAB issues an institution decision. *Carl*
 28 *Zeiss A.G. v. Nikon Corp.*, No. 2:17-cv-03221-RGK-MRW, 2018 WL 1855525, at *4

1 (C.D. Cal. Feb. 9, 2018). “[T]he PTAB may in fact not institute IPR.” *Id.* “If this were
2 to occur, the partial stay would needlessly delay a portion of this litigation and
3 complicate matters further.” *Id.*

4 Defendant argues the pending IPR “petition is likely to dramatically simplify the
5 case because the petition challenges the validity of all asserted claims of the ’416
6 Patent.” (Mot. 11.) At the same time, Defendant properly acknowledges “that the fact
7 that the IPR has not yet been instituted introduces some speculation into this factor.”
8 (*Id.* (citing *Facet Techs., LLC v. Lifescan, Inc.*, No. 2-22-CV-01717, 2023 WL 4203506,
9 at *4–5 (C.D. Cal. May 1, 2023) (Scarsi, J.)).) Many courts, including this one,
10 routinely deny motions to stay before the PTAB issues an institution decision. *See*
11 *Ancora Techs., Inc. v. Vizio, Inc.*, No. 2:21-cv-08534-MCS-JEM, 2022 WL 20380644,
12 at *2 (C.D. Cal. Jan. 14, 2022) (Scarsi, J.). “The PTAB may in fact not institute IPR,
13 or may choose to institute IPR as to some claims and not as to others.” *Nikon Corp.*,
14 2018 WL 1855525, at *4. Any “decision from the PTAB regarding whether to institute
15 IPR proceedings is several months away,” and it appears that “this action will likely be
16 ready for trial before the PTAB issues a final decision — a decision that could then be
17 appealed.” *Nike, Inc. v. Skechers U.S.A., Inc.*, No. CV-19-9230-MWF (JDEx), 2020
18 WL 8512299, at *1 (C.D. Cal. Dec. 30, 2020). If the PTAB chooses not to institute an
19 IPR, any stay would only needlessly delay “this litigation and complicate matters
20 further.” *Nikon Corp.*, 2018 WL 1855525, at *4.

21 The Court finds that “[a]ny simplification resulting from the petitions is wholly
22 speculative.” *Facet*, 2023 WL 4203506, at *3. “[T]he majority of courts that have
23 addressed the issue have postponed ruling on stay requests or have denied stay requests
24 when the PTAB has not yet acted on the petition for review.” *Freeny v. Apple Inc.*, No.
25 2:13-CV-00361-WCB, 2014 WL 3611948, at *1 (E.D. Tex. July 22, 2014) (collecting
26 cases). The Court agrees “that is the proper course to follow in this case,” *id.*, and
27 concludes that this factor strongly weighs against granting a stay. The Court
28 acknowledges that “if IPR proceedings are instituted . . . the potential for simplification

1 of the issues” may “increase.” *SAGE Electrochromics, Inc. v. View, Inc.*, No. 12–cv–
 2 06441–JST, 2015 WL 66415, at *3 (N.D. Cal. Jan. 5, 2015).

3 **C. Undue Prejudice**

4 When considering prejudice or a clear tactical disadvantage to the patentee,
 5 courts consider “(1) the timing of the petition for review; (2) the timing of the request
 6 for the stay; (3) the status of review proceedings; and (4) the relationship of the parties.”
 7 *Telesign Corp.*, 2016 WL 6821111, at *4 (quoting *E. Digital Corp. v. Dropcam, Inc.*,
 8 No. 14-cv-04922-JST, 2016 WL 658033, at *4 (N.D. Cal. Feb. 18, 2016)). “Courts
 9 have repeatedly found no undue prejudice unless the patentee makes a specific showing
 10 of prejudice beyond the delay necessarily inherent in any stay.” *PersonalWeb Techs.,*
 11 *LLC v. Apple Inc.*, 69 F. Supp. 3d 1022, 1029 (N.D. Cal. 2014); *Wonderland Nursery*
 12 *Goods Co. v. Baby Trend, Inc.*, No. ED CV 14–01153–VAP (SPx), 2015 WL 1809309,
 13 at *4 (C.D. Cal. Apr. 20, 2015) (“The general prejudice of having to wait for resolution
 14 is not a persuasive reason to deny the motion for stay” (internal quotation marks
 15 omitted)).

16 The Court finds that balancing the undue prejudice subfactors tips this factor
 17 against a stay. The first two subfactors weakly favor granting a stay. “The first two sub-
 18 factors deal with the application for IPR proceedings. A party may not file IPR
 19 proceedings more than one year after that party has been served with a complaint.
 20 Courts have critiqued the moving party when it waited until the last minute to file its
 21 IPR proceedings.” *TeleSign Corp.*, 2016 WL 6821111, at *4 (citations omitted).
 22 Plaintiff acknowledges “that Opticis Korea filed its petition within approximately six
 23 months after Inneos filed the Complaint in this action, and promptly moved for a stay
 24 after filing the petition[.]” (Opp’n 14.) Neither the timing of the petition nor the request
 25 for a stay suggests gamesmanship on behalf of Defendant or that Plaintiff will suffer
 26 undue prejudice.

27 The third subfactor weighs against granting a stay. The status of the review
 28 proceedings “weighs against issuing a stay when the PTO has not yet decided whether

1 to grant IPR.” *GoPro, Inc. v. C&A Mktg., Inc.*, 16-cv-03590-JST, 2017 WL 2591268,
 2 at *5 (N.D. Cal. June 15, 2017); *see also SAGE Electrochromics, Inc.*, 2015 WL 66415,
 3 at *3.

4 Finally, the fourth subfactor weighs against granting a stay. Plaintiff claims that
 5 “Inneos and Opticis are competitors.” (Opp’n 14.) When parties are competitors, courts
 6 are generally reluctant to grant a stay. *Verinata Health, Inc. v. Ariosa Diagnostics, Inc.*,
 7 No. C 12-05501 SI, 2014 WL 121640, at *3 (N.D. Cal. Jan. 13, 2014). Although
 8 Defendant argues that “[a]ny customers or profit lost during a stay can be compensated
 9 through damages, including damages caused by the stay,” (Reply 8 (quoting *Twilio, Inc.*
 10 *v. TeleSign Corp.*, No. 16-CV-06925, 2018 WL 1609630, at *2 (N.D. Cal. Apr. 3,
 11 2018))), “[i]nfringement among competitors can cause harm in the marketplace that is
 12 not compensable by readily calculable money damages,” *TeleSign Corp.*, 2016 WL
 13 6821111, at *4 (internal quotation marks omitted).

14 In sum, the first two sub-factors only weakly favor granting a stay, while the last
 15 two sub-factors clearly weigh against staying proceedings. The Court thus finds that
 16 the undue prejudice factor weighs against granting a stay.

17 **IV. Conclusion**

18 The highly speculative nature that a stay will simplify any issues in this case is
 19 sufficient to deny a stay in this case. However Even considering the totality of the
 20 circumstances, the first and third factors favor denying a stay while the first factor only
 21 weakly favors granting a stay. Accordingly, the Court DENIES Defendant’s motion
 22 without prejudice to renewal if the PTAB timely decides to institute proceedings.

23
 24 **IT IS SO ORDERED.**

25
 26 Dated: September 13, 2023



27 MARK C. SCARSI
 28 UNITED STATES DISTRICT JUDGE

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