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12 **UNITED STATES DISTRICT COURT**
13 **SOUTHERN DISTRICT OF CALIFORNIA**
14

15 Woodway USA, Inc.,
16
Plaintiff,
17
vs.
18 LifeCORE Fitness, Inc. d/b/a Assault
Fitness,
19
Defendant.
20

21
22 LifeCORE Fitness, Inc. d/b/a Assault
Fitness,
23
Counterclaim-Plaintiff,
24
vs.
25
26 Woodway USA, Inc.,
Counterclaim-Defendant.
27

Case No. 3:22-cv-00492-JO-BLM

**WOODWAY USA, INC.'S
OPPOSITION TO LIFECORE
FITNESS, INC.'S MOTION TO STAY
LITIGATION PENDING INTER
PARTES REVIEW**

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WOODWAY USA, INC.'S OPPOSITION TO LIFECORE'S MOTION TO STAY LITIGATION
PENDING INTER PARTES REVIEW
Case No. 3:22-cv-00492-JO-BLM

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1 A stay of this competitor patent infringement litigation, which is on track for a 2024
 2 trial, is not warranted. LifeCORE Fitness d/b/a Assault Fitness (“Assault”) and its Motion
 3 to Stay Litigation Pending *Inter Partes* Review (“IPR”), (ECF No. 60 (“Motion to Stay”),
 4 distort the facts and the law. After proper evaluation of this District’s relevant stay factors,
 5 the Court should deny Assault’s Motion to Stay.

6 **I. ASSAULT’S MOTION TO STAY COMES FAR TOO LATE AND**
 7 **DISTORTS THE STATUS OF THE CASE AND IPR PROCEEDINGS**

8 **A. This Case Is Not In Its Early Stages**

9 Woodway USA, Inc. (“Woodway”) filed this patent infringement action against its
 10 competitor, Assault, on April 11, 2022. (ECF No. 1.) In its original Complaint, Woodway
 11 asserts that Assault infringes three related patents directed to manual treadmills: U.S.
 12 Patent Nos. 9,039,580 (“the ’580 Patent”), 10,561,884 (“the ’884 Patent”), and 10,799,745
 13 (“the ’745 Patent”). (*Id.*) Thereafter, on October 11, 2022, U.S. Patent No. 11,465,005
 14 (“the ’005 Patent”) issued to Woodway. (ECF No. 34-5.) Because the ’005 Patent is from
 15 the same patent family as the ’580, ’884, and ’745 Patents and shares a priority date with
 16 the same, Woodway—together with Assault—jointly requested to modify the Court’s
 17 August 24, 2022 Case Management Order, (ECF No. 23), to bring the ’005 Patent into the
 18 lawsuit and adjust certain contention and claim construction deadlines accordingly. (ECF
 19 No. 31 (“Joint Motion”).) The Court granted the parties’ October 21, 2022 Joint Motion
 20 on October 25, 2022. (ECF No. 35.)

21 Consistent with the parties’ proposed dates in their Joint Motion, on October 24,
 22 2022, Woodway filed its First Amended and Supplemental Complaint (“FASC”), which
 23 added a claim for patent infringement of the ’005 Patent. (ECF No. 34.) Assault filed its
 24 Answer and Counterclaims to Woodway’s FASC on November 30, 2022, asserting, among
 25 other things, counterclaims challenging the validity of the asserted patents. (ECF No. 36.)
 26 These counterclaims along with requests for declaratory judgment relief as to Woodway’s
 27 infringement claims and the enforceability of the asserted patents rehashes Assault’s
 28 original June 13, 2022 Answer and Counterclaims with the addition of allegations directed

1 to the newly added '005 Patent. (*Compare* ECF No. 36 with ECF No. 11.)

2 Since the unsuccessful August 23, 2022 Early Neutral Evaluation Conference,
3 Woodway served its infringement contentions on September 6, 2022, directed to the '580,
4 '884, and '745 Patents. Following the addition of the '005 Patent to the case, on November
5 2, 2022, Woodway served its supplemental infringement contentions. Assault served
6 responsive contentions on December 12, 2022, which it supplemented on February 17,
7 2023.

8 In the midst of these contentions and parallel claim construction briefing, the parties
9 have exchanged multiple rounds of written discovery, including initial disclosures,
10 interrogatories, and requests for the production of documents, which has resulted in dozens
11 of document productions and numerous meet and confers regarding the sufficiency of the
12 parties' productions. The date for substantial completion of document discovery, including
13 ESI, has long since passed on March 20, 2023. Assault's vague complaints about certain
14 missing documents not only are baseless, they come far too late. (*See* ECF No. 63 at 2 ("A
15 failure to comply . . . will result in a waiver of a party's discovery issue."))

16 No depositions have been taken, but not for lack of trying. Since August 8, 2023,
17 Woodway has been pushing to take the deposition of Assault's principal, Roger Bates,
18 which Assault unilaterally cancelled in view of its pending Motion to Stay. (ECF No. 61.)
19 Woodway opposed Assault's Motion for Protective Order and requested that Mr. Bates be
20 produced for deposition before December 8, 2023. (ECF No. 64 at 10.) Assault's refusal
21 to produce Mr. Bates for his properly noticed deposition, only to argue in support of its
22 Motion to Stay that "no depositions have yet been taken by either party," (ECF No. 61-1
23 at 8; ECF No. 60-1 at 12), is disingenuous at best. And, in any event, Mr. Bates has been
24 ordered to be produced for deposition on or before December 20, 2023. (ECF No. 65 at
25 6.)

26 Woodway is also poised to take the depositions of the other witnesses Assault
27 identified in its Rule 26 disclosures, including third-party NPD Team, LLC, who has been
28 subpoenaed for documents and deposition given that it is identified as having relevant

1 knowledge regarding the design, development, and operation of Assault’s accused
 2 infringing manual treadmills. (Declaration of Kadie M. Jelenchick (“Jelenchick Decl.”) ¶
 3 2.) Woodway has also served deposition notices for two other Assault-identified
 4 witnesses—Jason Mossuto and Traci Bates—for December 20 and 21, 2023, respectively.
 5 (*Id.*)

6 Assault too has engaged in extensive third-party discovery. Assault issued fourteen
 7 document and four deposition subpoenas to third-parties, the most recent of which went
 8 out on November 3, 2023. (Jelenchick Decl. ¶ 3.) At no point during any of this fact
 9 discovery or progression of the litigation did Assault identify or even insinuate that it was
 10 contemplating a stay. (*Id.* ¶ 4.)

11 On November 14, 2023, the Court issued its Claim Construction Order, (ECF No.
 12 59), following briefing by the parties and an April 24, 2023 Claim Construction Hearing.
 13 (ECF No. 57.) The Court has also ordered fact discovery to close on March 1, 2024—in
 14 ninety days—with the deadlines for expert discovery and dispositive motions to follow on
 15 May 24, 2023 and June 21, 2024, respectively. (ECF No. 63 at 2-3.) The final pre-trial
 16 conference is scheduled to occur in less than one year on October 23, 2024. (*Id.* at 9.)

17 **B. Assault’s IPR Challenges Are Pending And Far From Being Final**
 18 **Decisions on the Merits**

19 The Patent Trial and Appeal Board (“PTAB”) has not determined that the asserted
 20 claims of Woodway’s patents are unpatentable as Assault states in its Memorandum. (ECF
 21 No. 60-1 at 5 (“Given the present findings of the PTAB that challenged claims are
 22 “unpatentable””).) With the ’580, ’884, and ’745 Patents, the Board has merely
 23 instituted trial to assess the merits of Assault’s patentability challenges. As for the ’005
 24 Patent, the future is uncertain regarding any trial as Assault only just filed its IPR petition,
 25 which will not be ruled on until May 21, 2024, just before expert discovery closes in this
 26 case.

27 While Assault attempts to educate the Court on IPR proceedings in general, it is
 28 careful to avoid noting that it filed its IPR petitions challenging the ’580, ’884, and ’745

1 Patents at the final hour—on April 11, 12, and 13, 2023, respectively, the last date
 2 permitted by statute. Any IPR petition must be filed within one year of being served with
 3 a complaint alleging patent infringement. *See* 37 C.F.R. § 42.101(b); 35 U.S.C. § 315(b).
 4 Assault was served—via waiver of service on April 13, 2022—making any IPR petitions
 5 directed to the '580, '884, and '745 Patents filed after April 13, 2023 time barred. There
 6 is nothing to suggest that Assault could not have filed these IPR petitions sooner. In all
 7 three petitions, Assault asserted some of the same prior art it identified in its December 9,
 8 2022 invalidity contentions. (Jelenchick Decl. ¶ 5.)

9 On October 24, 2023, the PTAB instituted IPRs for the '580, '884, and '745 Patents.
 10 (ECF No. 60-7, 60-8, 60-9.) That same day, Assault filed an IPR petition directed to the
 11 '005 Patent. (ECF No. 60-11.) Here again, Assault filed its IPR petition on the last day
 12 even though it asserts all of the same prior art it asserted in its December 2022 and February
 13 2023 invalidity contentions and/or the April 2023 IPR petitions directed to the '580, '884,
 14 and '745 Patents. (ECF No. 64-1 ¶ 11; *compare* ECF No. 60-11 with ECF No. 60-2, 60-3,
 15 60-4.) *See* 37 C.F.R. § 42.101(b); 35 U.S.C. § 315(b) (Assault was served with the FASC,
 16 now including the '005 Patent, on October 24, 2022.).

17 Significantly, the IPR petition challenging the patentability of the claims in the '005
 18 Patent was only just accorded a filing date by the PTAB on November 21, 2023.
 19 (Jelenchick Decl. ¶ 6.) This means that any decision regarding institution of the IPR (or
 20 not) will not occur for six months or until May 21, 2023. *See* 37 CFR § 42.107 (“the
 21 preliminary response must be filed no later than three months after the date of a notice
 22 indicating that the request to institute an *inter partes* review has been granted a filing
 23 date.”); *see also* 35 U.S. C. § 314(b) (“The Director shall determine whether to institute an
 24 inter partes review . . . within 3 months after . . . receiving a preliminary response to the
 25 petition under section 313; or . . . if no such preliminary response is filed, the last date on
 26 which such response may be filed.”); *see also* Office Patent Trial Practice Guide, 77 Fed.
 27 Reg. at 48757 (Aug. 14, 2012). Woodway intends to file a preliminary response
 28 challenging the IPR petition directed to the '005 Patent.

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1 A decision on institution says nothing about the merits of Assault's petitions other
 2 than the PTAB concluded—at least as to the '580, '884, and '745 Patents—that Assault
 3 satisfied the threshold for instituting a trial proceeding. Woodway disputes Assault's
 4 challenges and its interpretation and application of the cited prior art and will address the
 5 same in its Patent Owner Responses, which are due on January 31, 2024, per stipulation of
 6 the parties. (Jelenchick Decl. ¶ 7.) It is only after a fulsome record is created, including
 7 cross-examination of the parties' respective experts, additional substantive submissions,
 8 and oral argument, that the PTAB will issue its final written decision on or around October
 9 24, 2024, regarding the '580, '884, and '745 Patents. And, at best, even crediting Assault's
 10 cited PTAB statistics and assuming the PTAB decides to institute trial on the '005 Patent,
 11 it will be another seven months, or until May 21, 2025, before there is a final written
 12 decision regarding that petition. Final written decisions are appealable to the United States
 13 Court of Appeals for the Federal Circuit, the timing for which is far from certain.

14 **C. Assault Never Expressed Any Intention To Seek A Stay**

15 Assault first mentioned its desire for a stay of the litigation on **October 27, 2023**.
 16 (ECF No. 64-1 at 16.) This comes after significant fact discovery, amended pleadings,
 17 extensive infringement and non-infringement, invalidity, and unenforceability contentions,
 18 claim construction briefing, a tentative claim construction order, and a Claim Construction
 19 Hearing. Indeed, the Court may not even have known about any IPR petitions until the
 20 filing of the Motion to Stay. Assault failed to mention to the Court that it filed these IPR
 21 petitions, or that it was considering a motion to stay in view of these IPRs when the Court
 22 held its Claim Construction Hearing on April 24, 2023. This Claim Construction Hearing
 23 was less than two weeks after Assault filed the petitions directed to the '580, '884, and
 24 '745 Patents—petitions that said nothing about any intention to seek a stay. (See ECF.
 25 Nos. 60-3 at 110-11, 60-4 at 239-40, 60-5 at 377-78 (“No motion for stay has been filed
 26 and the court has not indicated whether it would grant any such motion.”).) Even in the
 27 IPR petition filed on October 24, 2023, Assault did not identify any stay intentions. (ECF
 28 No. 60-11 at 703.)

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Not only did Assault delay the filing of its IPR petitions until the final hour, Assault deliberately obscured any intent to move for a stay of the litigation, likely perceiving some strategic advantage. It was not until Woodway pressed for the deposition of Assault's principal that Assault resorted to its proposed stay that selectively permits Assault's third-party discovery but precludes the forward progression of Woodway securing relief from Assault's patent infringement. The Court should reject Assault's maneuvering.

II. APPLICATION OF THE RELEVANT FACTORS, ON BALANCE, WEIGHS AGAINST A STAY

"Courts have [the] inherent power to manage their dockets and stay proceedings, including the authority to order a stay pending conclusion of a PTO reexamination." *KFx Med., LLC v. Stryker Corp.*, No. 18-CV-01799-H-WVG, 2019 WL 2008998, at *1 (S.D. Cal. May 7, 2019). "In determining whether to grant a stay pending PTO review, courts consider: "(1) whether discovery is complete and whether a trial date has been set; (2) whether a stay will simplify the issues in question and trial of the case; and (3) whether a stay would unduly prejudice or present a clear tactical disadvantage to the non-moving party." *Id.* (citation omitted). "The proponent of a stay bears the burden of establishing its need." *Clinton v. Jones*, 520 U.S. 681, 708 (1997). Nevertheless, "[t]here is no per se rule that patent cases should be stayed pending reexaminations, because such a rule 'would invite parties to unilaterally derail' litigation." *Tokuyama Corp. v. Vision Dynamics, LLC*, No. 08-cv-2781-SBA, 2008 WL 4452118, at *2 (N.D. Cal. Oct. 3, 2008) (quoting *Soverain Software LLC v. Amazon.Com, Inc.*, 356 F. Supp. 2d 660, 662 (E.D. Tex. 2005)); see also *Comcast Cable Commc'ns Corp. v. Finisar Corp.*, No. C 06-04206 WHA, 2007 WL 1052883, at *1 (N.D. Cal. Apr. 5, 2007) ("If litigation were stayed every time a claim in suit undergoes reexamination, federal infringement actions would be dogged by fits and starts. Federal court calendars should not be hijacked in this manner.").

In determining whether a stay is appropriate, a district court "must weigh competing interests and maintain an even balance." *Landis v. North American Co.*, 299 U.S. 248, 254-55 (1936). "[I]f there is even a fair possibility that the stay ... will work damage to some

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one else, the stay may be inappropriate absent a showing by the moving party of hardship or inequity.” *Dependable Highway Express, Inc. v. Navigators Ins. Co.*, 498 F.3d 1059, 1066 (9th Cir. 2007) (citation and internal quotation marks omitted). Here, there is no hardship or inequity for Assault, and even if there is, it is of Assault’s own making.

A. The Stage Of Litigation Does Not Warrant A Stay

This case is far from its early stages, which weighs against a stay. Assault’s contention that the parties are merely in the “midst of discovery” understates this case’s progress. And, materially, Assault’s position is undercut by its own delays in filing its petitions for IPR in view of the significant investment by the parties and the Court to date.

With the pleadings closed for the last year and given the parties’ activities since Woodway filed this lawsuit on April 11, 2022, it is without question that this case is advanced beyond its early stages. Indeed, as laid plain by the November 20, 2023 Order Setting Deadlines, this case is positioned for trial before the close of 2024. (ECF No. 63 at 9.) This is no surprise given the issuance of its November 14, 2023 Claim Construction Order, (ECF No. 59), which is a benchmark courts look to in determining how far the case has progressed in analyzing this first factor in any stay assessment. *See Interwoven, Inc. v. Vertical Computer Sys., Inc.*, No. C 10-04645 RS, 2012 WL 761692, at *4 (N.D. Cal. Mar. 8, 2012) (denying stay because discovery was underway and “[m]ore importantly, the parties have fully briefed the issue of claim construction, attended a *Markman* hearing, and received a claim construction order); *see also Universal Elecs., Inc. v. Universal Remote Control, Inc.*, 943 F. Supp. 2d 1028, 1031 (C.D. Cal. 2013) (denying stay where “[t]he Court’s expenditure of resources is an important factor in evaluating the stage of the proceedings.”).

The PTAB has not instituted IPR proceedings against each of the Woodway-asserted patents—a fact that Assault largely overlooks in its Motion to Stay. While the PTAB may have instituted trial on the ’580, ’844, and ’745 Patents, as for the ’005 Patent, Assault has merely filed a petition for IPR. Courts routinely deny motions to stay—even when filed relatively early in a case—when the only action taken by a defendant is the mere filing of

a petition for IPR. *See, e.g., Bell N. Rsch., LLC v. CoolPad Techs., Inc.*, No. 18-CV-1783-CAB-BLM, 2019 WL 3782183, at *2 (S.D. Cal. Aug. 12, 2019) (denying motion to stay where “much discovery remains to be completed” and where “the Court finds that to stay this litigation entirely pending the PTAB’s decision to institute is unjustified”); *Memjet Tech. Ltd. v. Hewlett-Packard Co.*, No. 15-CV-1769-BEN (BLM), 2016 WL 4618900, at *2 (S.D. Cal. June 2, 2016) (denying motion to stay pending IPRs even where case was “still in a fairly early stage” and “the court ha[d] not set deadlines for the close of fact and expert discovery, dispositive motions, or trial”); *E. Digital Corp. v. Microsemi Corp.*, No. 15-CV-319-H-BGS, 2015 WL 11237472, at *6 (S.D. Cal. July 28, 2015) (“The case has already been pending for nearly six months. And the PTAB has not yet decided whether to institute IPR, and likely will not decide whether to institute IPR for many more months.”); *see also Samsung Elecs. Co. v. Blaze Mobile, Inc.*, No. 5:21-CV-02989-EJD, 2022 WL 103552, at *4 (N.D. Cal. Jan. 11, 2022) (denying motion to stay where “[t]he case is at the pleading stage, discovery has not begun, and the Court has yet to set a schedule for the case”); *Polaris Innovations Ltd. v. Kingston Tech. Co., Inc.*, No. SACV16-00300-CJC-RAOx, 2016 WL 7496740, at *2 (C.D. Cal. Nov. 17, 2016) (“While it is still somewhat early in the litigation, at this stage, Kingston has only petitioned for IPR.”); *DiCon Fiberoptics, Inc. v. Preciseley Microtechnology Corp.*, No. 15-CV-01362-BLF, 2015 WL 12859346, at *1 (N.D. Cal. Oct. 13, 2015) (denying motion to stay where “[b]oth parties agree that this case is in the early stages of litigation”).

Much more will be done in this case before the PTAB decides whether it will institute an IPR (or not) of the ’005 Patent. Specifically, the earliest date by which the PTAB will even decide regarding institution is late May 2024, nearly 2 months after the March 1, 2024 close of fact discovery. *See* 35 U.S.C. § 314(b). At that point, fact discovery will be complete, expert disclosures and any rebuttal reports will have already been exchanged, and the parties very well will have completed expert depositions before the May 24, 2024 expert discovery cutoff. (ECF No. 63 at 2.)

Assault has no credible reason for the timing of any of its petitions for IPR, let alone WOODWAY USA, INC.’S OPPOSITION TO LIFECORE’S MOTION TO STAY LITIGATION

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1 why it waited until October 24, 2023, to file an IPR petition challenging the patentability
 2 of the '005 Patent. The timing for Assault's petitions for IPR was entirely within its
 3 control, and its unnecessary delays should not go unnoticed. For the '580, '884, and '745
 4 Patents, Assault delayed more than a year from the time this case was initiated, filing on
 5 the last day of the statutory deadline. 35 U.S.C. § 315(b). Assault then waited the full one
 6 year from the time Woodway served its FASC before it filed its petition regarding the '005
 7 Patent. Courts have denied motions to stay in less egregious circumstances. *See Tessera*
 8 *Advanced Techs., Inc. v. Samsung Elecs. Co.*, No. 2:17-CV-00671-JRG, 2018 WL
 9 3472700, at *3 (E.D. Tex. July 19, 2018) (denying motion to stay where "Samsung waited
 10 nine months from the initiation of these proceedings and five months after service of
 11 infringement contentions to move for a stay").

12 Denying the Motion to Stay in this case is particularly appropriate because each of
 13 the IPR petitions rely on prior art Assault was long aware of. Assault based its petitions on
 14 art (1) that was already before the Patent Office during prosecution of the asserted patents
 15 and (2) art disclosed in its December 9, 2023 and February 17, 2023 invalidity contentions.
 16 (Dkt. 64-1 ¶ 11.) Assault has known about Woodway's infringement theories and its own
 17 invalidity defenses yet sat on its hands while the parties and this Court expended resources
 18 in discovery and claim construction—this is behavior that should not be rewarded in view
 19 of Woodway's and the Court's investment over the past nineteen months. *See, e.g.,*
 20 *Cascade Designs Inc. v. Thunder Box Inc.*, No. C15-987 MJP, 2016 WL 10591397, at *2
 21 (W.D. Wash. Aug. 30, 2016) ("This case has been pending for more than thirteen
 22 months.... Granting Defendant's Motion at this late stage in the case would both cause
 23 unwanted delays and reward Defendant for filing its IPR Petition belatedly.").

24 The contrary authority Assault cites to regarding the timing for its stay request is
 25 readily distinguishable. For example, in *People, Inc. v. Omar US, LLC*, No. 14-cv-04968-
 26 HSG, 2015 WL 3453780, at *2 (N.D. Cal. May 29, 2015), unlike in the instant case, the
 27 plaintiff did not dispute that the case was in its early stages as the parties had gotten no
 28 further than holding a case management conference and serving infringement contentions.

1 Similarly, the defendant in *VirtualAgility Inc. v. Salesforce.com, Inc.*, 759 F.3d 1307,
 2 1317 (Fed. Cir. 2014) filed a petition for post grant review proceedings only four months
 3 after being served with the complaint and promptly moved to stay the litigation. Here,
 4 Assault delaying more than eighteen months before seeking a stay.

5 In *TAS Energy, Inc., v. San Diego Gas & Elec. Co.*, No. 12cv2777-GPC (BGS), 2014
 6 WL 794215, at *3 (S.D. Cal. Feb. 26, 2014), only the opening claim construction briefs
 7 had been filed, and the plaintiff agreed to a stay, but only disputed when the stay should be
 8 implemented. Here, not only is this case further along, but Woodway disputes any entry of
 9 a stay. The other cases cited by Assault are similarly distinguishable on the facts and do
 10 not support its position.

11 **B. Assault Speculates About Whether A Stay Will Simplify The Issues**

12 Assault speculates, based on nothing but PTAB statistics, that the PTAB will
 13 institute an IPR of the '005 Patent. (ECF No. 60-1 at 14-15.) Assault then goes further and
 14 contends that “it is extremely likely” the PTAB will invalidate the Woodway-asserted
 15 patents. (*Id.* at 15.) Assault is wrong.

16 As a threshold matter, “reliance on PTO reexamination statistics is not sufficient
 17 support to warrant a stay...’ [and thus] [a]ny prospect of simplification is, thus, speculative
 18 at best.” *Toshiba Tec Corp. v. Katun Corp.*, No. SACV1501979SJOJCX, 2016 WL
 19 9137646, at *3 (C.D. Cal. Sept. 21, 2016). The same is true for whether the PTAB will
 20 ultimately cancel any of the asserted claims. *DiCon Fiberoptics, Inc. v. Preciseley*
 21 *Microtechnology Corp.*, No. 15-CV-01362- BLF, 2015 WL 12859346, at *2 (N.D. Cal.
 22 Oct. 13, 2015) (“Until the PTAB makes a decision on whether to grant the IPR petition,
 23 any argument about whether the IPR process will simplify issues in this litigation is highly
 24 speculative. . . . [Thus,] [a]bsent unusual circumstances, . . . the filing of an IPR request
 25 does not by itself simplify the issues in a case.”).

26 Second, it is far from certain that an IPR will be instituted on the '005 Patent.
 27 Without a guarantee that all of the asserted claims are subject to IPR proceedings, which
 28 Assault cannot provide in view of Woodway’s opposition, “courts regularly deny motions

1 to stay where IPRs were instituted on only a portion of the claims asserted.” *Wi-LAN Inc.*
 2 *v. LG Elecs., Inc.*, No. 18-CV-01577-H-BGS, 2018 WL 9516050, at *3 (S.D. Cal. Dec. 4,
 3 2018); *accord SCVNGR, Inc. v. eCharge Licensing, LLC*, No. CIV.A. 13-12418-DJC, 2014
 4 WL 4804738, at *10 (D. Mass. Sept. 25, 2014) (collecting cases) (“Here, only three of the
 5 eight patents-in-suit are subject to IPR. Under these circumstances, courts generally deny
 6 a stay of the proceedings.”).

7 Third, Assault’s invalidity contentions and counterclaims leave much more to
 8 resolve than the PTAB is authorized to do through IPR proceedings. “[W]hen
 9 reexamination potentially will eliminate only one issue out of many, a stay is not
 10 warranted.” *IMAX Corp. v. In-Three, Inc.*, 385 F. Supp. 2d 1030, 1032 (C.D. Cal. 2005)
 11 (citing *Cognex Corp. v. Nat’l Instruments Corp.*, No. Civ. A. 00-442-JJF, 2001 WL
 12 34368283 (D. Del. June 29, 2001)). Assault has asserted defenses and counterclaims
 13 attacking the validity of the asserted patents under “Title 35 of the United States Code,
 14 including without limitation §§ 101, 102, 103 and/or 112 and Title 37 of the Code of
 15 Federal Regulations,” (ECF No. 36 at 14, ¶¶ 13-17, 85-89, 100-104, 115-119), certain
 16 grounds well outside the PTAB’s authority. Given that IPR proceedings only review the
 17 validity of a patent pursuant to “section 102 or 103 and only on the basis of prior art
 18 consisting of patents or printed publications,” 35 U.S.C. § 311(b), “even after the
 19 reexamination, invalidity would continue to be an issue (unless all claims were cancelled),
 20 a stay would not preserve many resources.” *IMAX*, 385 F. Supp. at 1033 (denying stay);
 21 *see also Gladish v. Tyco Toys, Inc.*, No. CIV.S-92-1666WBS/JFM, 1993 WL 625509, at
 22 *2 (E.D. Cal. Sept. 15, 1993) (denying stay where invalidity was asserted on more grounds
 23 than prior publications and patents).

24 Unless Assault prevails in attacking each and every one of the 64 asserted claims,
 25 there will be additional work to be done in the litigation following the completion of the
 26 IPR proceedings. For example, if Assault’s pleadings are to be trusted, Assault will seek
 27 to invalidate the Asserted Patents under §§ 101 and 112. It is also likely that Assault will
 28 press its inequitable conduct claims, which have nothing to do with any IPR proceedings.

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1 “[I]f any of the claims survived we would be right back here to litigate the claim that the
 2 patent should not be enforced because of inequitable conduct in the Patent Office.”
 3 *Enprotech Corp. v. Autotech Corp.*, No. 88 C 4853, 1990 WL 37217, at *1 (N.D. Ill. Mar.
 4 16, 1990) (denying motion to stay in part because PTO would not resolve claims of
 5 inequitable conduct).

6 Assault’s speculation that a stay will streamline the litigation, particularly in view of
 7 the recently filed, but not instituted IPR petition challenging the ’005 Patent—and the
 8 authority it relies on—are inapposite to the facts and circumstances in this case. For
 9 example, in *FastVDO LLC v. AT&T Mobility LLC*, No. 3:16-CV-3587-DMR, 2017 WL
 10 2323003, at *4-*6 (S.D. Cal. Jan. 23, 2017), unlike in the instant case, the PTAB had
 11 already instituted trial against all challenged claims. And, significantly, any simplification
 12 of the issues was attributed to the fact that the asserted patent had already expired so the
 13 plaintiff could not move to amend its claims. (*Id.*) Here, none of the Woodway-asserted
 14 patents are expired.

15 In *Masimo Corp. v. Wireless*, No. 19-CV-01100-BAS-NLS, 2021 WL 321481, at *2
 16 (S.D. Cal. Feb. 1, 2021), the court had not expended resources on any claim construction
 17 hearing. Here, the Court has already issued its Claim Construction Order. And, in *Masimo*,
 18 the court cited concerns about postponement of criminal trials due to the impact of COVID-
 19 19, something that has not been raised here. *Id.* at *3.

20 In *Am. GNC Corp. v. LG Elecs. Inc.*, No. 17-CV-01090-BAS-BLM, 2018 WL
 21 1250876, at *4 (S.D. Cal. Mar. 12, 2018), the court stayed the case due in part to a pending
 22 disqualification issue with counsel. No such issues have been presented in this case.

23 Because “this court is the only forum for a complete consideration of [Assault’s]
 24 evidence of invalidity,” any IPR proceedings will not necessarily simplify the issues of this
 25 case. *Gladish*, 1993 WL 625509, at *2. As a result, this factor supports denying Assault’s
 26 request for a stay.

C. A Stay Would Unduly Prejudice Woodway and Present Woodway With A Clear Tactical Disadvantage

The third factor for the Court to consider is whether a stay would unduly prejudice the patentee and whether a stay would present a clear tactical disadvantage to the patentee. *Memjet Tech. Ltd. v. Hewlett-Packard Co.*, No. 15-CV-1769-BEN (BLM), 2016 WL 4618900, at *1-*2 (S.D. Cal. June 2, 2016). “In making this evaluation, courts have considered factors which include: (1) the timing of the reexamination request; (2) the timing of the request for stay; (3) the status of reexamination proceedings; and (4) the relationship of the parties.” *Id.* at 2. Here, all factors point to the undue prejudice that Woodway will suffer, and the clear tactical advantage that Assault will obtain if a stay is granted.

1. Assault unduly delayed filing all IPRs

Assault’s unreasonable delays in filing its IPR petitions unfairly prejudice Woodway. Assault’s self-serving assertions that it “has not acted with any dilatory motive or used any dilatory tactics” should be disregarded in view of the facts at hand. (ECF No. 60-1 at 17.) For example, without explanation, Assault waited until the very last days of the one-year statutory deadline to file petitions for IPRs directed to the ’580, ’884, and ’745 Patents, even though all references asserted as prior art in its IPRs were disclosed in its invalidity contentions months earlier. Assault then delayed another six months in filing its petition for IPR directed to the ’005 Patent in October 2023, again on the last possible day of the statutory deadline. Here too, Assault asserted no new prior art references and largely parroted its earlier-filed petitions. Assault’s strategic choices to delay were made in the face of the parties’ and the Court’s expenditure of resources over the last nineteen months.

While Assault is entitled by statute to seek IPR review within one year after the complaint is served, “[a] party’s “delay in seeking the PTO’s review of a patent within [section 315(b)’s one-year time limit] can adversely affect a district court’s view of a request for a stay pending review.” *Wi-LAN*, 2018 WL 9516050, at *4 (citing *Universal*

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Elecs. v. Universal Remote Control, Inc., 943 F. Supp. 2d 1028, 1030 (C.D. Cal. 2013);
accord Evolutionary Intelligence, LLC v. Facebook Inc., No. C 13-4202 SI, C 13-4203 SI,
 2014 WL 261837, at *4 (N.D. Cal. Jan. 23, 2014); *see TruePosition, Inc., v. Polaris*
Wireless, Inc., No. CV 12-646-RGA/MPT, 2013 WL 5701529, at *6 (D. Del. Oct. 21,
 2013), *report and recommendation adopted*, No. CV 12-646-RGA, 2013 WL 6020798 (D.
 Del. Nov. 12, 2013) (“The more diligent a party is in seeking inter parties review, the less
 likely its petition is prejudicial to the non-movant. . . . Filings for IPR made well after the
 initiation of litigation, however, may suggest an unfair tactical advantage or dilatory
 motive.” (footnotes omitted)); *Avago Techs. Fiber IP (Singapore) Pte. Ltd. v. IPtronics*
Inc., No. 10- CV-02863-EJD, 2011 WL 3267768, at *4 (N.D. Cal. July 28, 2011) (“The
 later in the litigation that the reexamination request is made, the more likely it is to
 represent a tactical move for delay.”); *Parthenon Unified Memory Architecture LLC v.*
HTC Corp. & HTC Am., Inc., No. 2:14-CV-00690-RSP, 2016 WL 3365855, at *2 (E.D.
 Tex. June 17, 2016) (“The Court finds this factor disfavors a stay because Defendants did
 not file their IPRs expeditiously and are most likely seeking a stay to gain a tactical
 advantage over [the patentee].”). “If [Assault] wanted to pursue IPR and stay this case, it
 could have done so before [Woodway] and the [C]ourt expended significant resources to
 conduct claim construction.” *Wonderland Switzerland AG v. Britax Child Safety, Inc.*, No.
 0:19-CV-02475-JMC, 2020 WL 7075122, at *4 (D.S.C. Dec. 2, 2020).

2. Assault’s eighteen month delay in seeking a stay is not justified

Courts have found that a stay is not warranted where a case has already been pending
 for more than a year. *See, e.g., Cascade Designs Inc. v. Thunder Box Inc.*, No. C15-987
 MJP, 2016 WL 10591397, at *2 (W.D. Wash. Aug. 30, 2016) (“This case has been pending
 for more than thirteen months. . . . Granting Defendant’s Motion at this late stage in the
 case would both cause unwanted delays and reward Defendant for filing its IPR Petition
 belatedly.”). This case had been pending for eighteen months before Assault moved for a
 stay.

Again, without explanation, Assault failed to notify Woodway or this Court of its
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1 intent to seek a stay prior to October 27, 2023, even though it had numerous opportunities
 2 to do so. For example, there was a Claim Construction Hearing on April 24, 2023, mere
 3 weeks after Assault filed three of its IPR petitions, but Assault said nothing at the Hearing
 4 concerning any stay (or anything about any IPR petitions for that matter). Even in Assault's
 5 IPR petitions, Assault failed to mention any intent to seek a stay, all the while engaging in
 6 multiple rounds of meet and confer correspondence and telephone calls with Woodway
 7 concerning discovery disputes and the exchange of dozens of document productions and
 8 thousands of documents. Assault's tactical decisions are prejudicial and should not be
 9 overlooked.

10 **3. The IPR proceedings are in their infancy and/or have not been**
 11 **instituted**

12 Assault's petitions for IPR directed to the '580, '884, and '745 Patents were only
 13 instituted on October 24, 2023. (ECF Nos. 60-7, 60-8, 60-9.) That same day, Assault filed
 14 its petition for IPR directed to the '005 Patent. (ECF No. 60-11.) Thus, the PTAB has not
 15 even instituted proceedings against all of the Woodway-asserted patents, nor is it certain
 16 that it will.

17 Final written decisions regarding the patentability of the '580, '884, and '745 Patents
 18 will not issue until one year from the date of institution, which will be October 2024. Even
 19 then, the Director may take an additional six months, further delaying matters until April
 20 2025. 35 U.S.C. § 316(a)(11). Any final written decision regarding the '005 Patent is
 21 speculative at best, and at earliest, will not issue from the PTAB until May 2025. And,
 22 "even if the PTAB grants IPR review, it will have at least one year from its grant of the
 23 IPR petition to issue a decision, before the appeals process could even begin." *JBF*
 24 *Interlude 2009 Ltd. v. Quibi Holdings LLC*, No. 2:20-CV-02250-CAS-SKx, 2020 WL
 25 6203555, at *8 (C.D. Cal. Oct. 19, 2020) ("determinations made by the PTAB during IPR
 26 review will not become binding on this Court until the parties have exhausted the appeals
 27 process before the Federal Circuit"). Given that Woodway intends to vigorously defend
 28 the patentability of the asserted patents, any appeal of the PTAB's decisions will result in

1 a multi-year stay which would unduly prejudice Woodway’s “interest in the timely
2 enforcement of its patent right.” *Lennon Image Techs., LLC v. Macy's Retail Holdings,*
3 *Inc.*, No. 2:13-CV-00235-JRG, 2014 WL 4652117, at *2 (E.D. Tex. Sept. 18, 2014).

4 The prejudice to Woodway is compounded where, “if this litigation is postponed for
5 potentially years, it will become more difficult [for Woodway] to prove its case, as
6 ‘witnesses may become [un]available, their memories may fade, and evidence may be
7 lost.’” *Pinn, Inc. v. Apple, Inc.*, No. SA CV-19-01805-DOC-JDE, 2020 WL 6064642, at
8 *2 (C.D. Cal. Aug. 27, 2020); *Affinity Labs of Texas v. Apple Inc.*, No. 09-04436 CW, 2010
9 WL 1753206, at *2 (N.D. Cal. Apr. 29, 2010) (“further delay will only increase the
10 likelihood of loss of evidence”). Here, the potential for stale or lost evidence is precisely
11 the sort of prejudice that Woodway will face after a multi-year stay, and the exact reason
12 Assault cites for attempting to circumvent the stay to secure its third-party evidence.
13 Indeed, Assault has identified ten third-parties in its initial disclosures relevant to
14 Woodway’s infringement claims. (Jelenchick Decl. ¶ 8); *see, e.g., LG Elecs., Inc. v.*
15 *Eastman Kodak Co.*, No. 09-CV-0344H(BLM), 2009 WL 1468703, at *2 (S.D. Cal. May
16 26, 2009) (“unavoidable risk” of loss of evidence is greater where such evidence is in the
17 hands of third-party suppliers). That prejudice is exemplified here where NPD Team, LLC,
18 a third party identified in Assault’s initial disclosures as having information relating to the
19 design, development, and operation of an accused product, filed a certificate of cancellation
20 with the California Secretary of State on September 11, 2023, terminating the company.
21 (Jelenchick Decl. ¶ 9.) If a stay is implemented, Woodway runs the risk of losing NPD
22 Team, LLC’s business records which appear to be highly relevant to its infringement
23 claims. (*Id.*)

24 **4. Woodway and Assault are significant competitors**

25 Assault’s contention that “there cannot be undue prejudice where a party could later
26 be made whole by monetary damages” ignores that Woodway and Assault are significant
27 competitors. (ECF No. 60 at 17.) “Courts recognize that, when the parties are direct
28 competitors, the risk of prejudice is higher to the non-moving party than it would be

otherwise.” *Asetek Holdings, Inc v. Cooler Master Co.*, No. 13-CV-00457-JST, 2014 WL 1350813, at *5 (N.D. Cal. Apr. 3, 2014). “Unlike patent infringement actions involving non-practicing entities, infringement among competitors can cause harm in the marketplace that is not compensable by readily calculable money damages.” *Avago Techs. Fiber IP (Singapore) Pte. Ltd. v. IPtronics Inc.*, No. 10–CV–02863–EJD, 2011 WL 3267768, at *5 (N.D. Cal. July 28, 2011). Staying a case while such harm is ongoing can prejudice a patent owner “that seeks timely enforcement of its right to exclude.” *Id.*

This District has been reluctant to grant a stay where “it is evident that the parties do compete in the same market to some degree,” finding that a stay “could prejudice [the plaintiff’s] ability to compete against [the defendant.]” *Memjet Tech. Ltd. v. Hewlett-Packard Co.*, No. 15-CV-1769-BEN (BLM), 2016 WL 4618900, at *2 (S.D. Cal. June 2, 2016). At the very least, it is undisputed that Woodway and Assault compete in the curved manual treadmill market. Assault’s continued sales of accused products at drastically lower prices than those that Woodway commands, prejudices Woodway’s ability to compete against Assault every month that goes by.

III. ASSAULT’S “SMALL EXCEPTION” TO THE STAY IS UNSUPPORTED AND MERITLESS

Assault’s proposed carve-out to the stay so that it can enforce subpoenas it served is exemplary of the tactical disadvantage it seeks to impose on Woodway. Specifically, Assault contends that it should be permitted to pursue third-party discovery from Woodway’s part suppliers that is purportedly “highly relevant to showing invalidity of the asserted patent claims.” (ECF No. 60-1 at 5-6.) Assault has filed its IPR petitions; it is too late to file any others with any information from any third-party suppliers or otherwise. *See* 37 C.F.R. § 42.101(b); 35 U.S.C. § 315(b). Assault’s request for third-party discovery should be viewed for what it is—a transparent attempt to preclude its competitor, Woodway, from obtaining any discovery to support its infringement claims, while simultaneously attempting to gain an unfair advantage in litigation.

1 **IV. CONCLUSION**

2 For the foregoing reasons, the Court should deny Assault's Motion to Stay the
3 Litigation Pending *Inter Partes* Review.

4
5 DATED: November 29, 2023

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