

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION**

RUGGED CROSS HUNTING	)	
BLINDS, LLC,	)	Case No. 3:23-cv-02231
	)	
Plaintiffs,	)	Judge J. Philip Calabrese
	)	
v.	)	Magistrate Judge
	)	James E. Grimes, Jr.
DBR FINANCE, INC.,	)	
	)	
Defendants.	)	
	)	

ORDER

On February 20, 2024, the Court ordered the parties to confer and submit briefs addressing whether this case should be stayed in favor of the related case proceeding in the Western District of Wisconsin. (ECF No. 96.) Defendant supports a stay (ECF No. 99), and Plaintiff opposes (ECF No. 98). For the following reasons, the Court **STAYS** this case in favor of the Wisconsin litigation, contingent on Defendant's compliance with its third-party discovery obligations.

BACKGROUND

This patent infringement action began in the Western District of Wisconsin, where Plaintiff Rugged Cross sued Feradyne Outdoors, LLC for infringing Rugged Cross's patent for camouflage mesh material (U.S. Patent No. 11, 399, 535). (ECF No. 1; ECF No. 14.) Documents produced in discovery in that case supported adding a second defendant, DBR Finance. (ECF No. 74, PageID #227.) In an October 2022 asset purchase agreement, Feradyne agreed to purchase DBR Finance's remaining inventory of the Rhino 180 Hunting Blind—the product that allegedly incorporated

Rugged Cross’s patented mesh material. (ECF No. 97, ¶¶ 28 & 29, PageID #596–97; ECF No. 88-1, PageID #423.)

After Rugged Cross and Feradyne joined DBR Finance as a defendant, DBR Finance moved to dismiss the case against it for improper venue. (ECF No. 35; ECF No. 36.) Following the parties’ initial defective attempt to transfer the case against DBR Finance to the Northern District of Ohio—where venue is proper (*see* ECF No. 66)—the Western District of Wisconsin facilitated a second transfer by formally severing the claims against DBR Finance, creating this separate action (ECF No. 69).

Subsequently, DBR Finance submitted a petition for *inter partes* review of all claims of the ‘535 patent and requested that the Court stay proceedings pending the resolution of *inter partes* review. (ECF No. 78.) The Court declined to grant the stay given the uncertainty of whether the Patent Trial and Appeal Board would institute *inter partes* review. (ECF No. 95.) Also, the Court considered the litigation Rugged Cross faced involving this patent in other district courts.

On February 20, 2024, the Court requested that the parties confer and brief whether this case should be stayed pending resolution of the Wisconsin litigation. (ECF No. 96.) The Court noted that a stay “might conserve judicial resources and avoid duplicative claim construction efforts.” (*Id.*, PageID #589.) Defendant favors a stay, largely echoing the Court’s concerns about duplicative claim construction efforts and expenditure of duplicative resources. (ECF No. 99.) Plaintiff opposes a stay, requesting that the Court disregard the prudential “first-to-file rule”—a rule that would allow the Court to stay this case in favor of the first-filed Wisconsin matter

because both cases involve “nearly identical parties and closely-related patent infringement claims.” (ECF No. 98, PageID #648 (quoting *Alltrade Inc. v. Uniweld Prods., Inc.*, 946 F.2d 622, 625 (9th Cir. 1991).) Plaintiff argues that granting a stay would prejudice Rugged Cross to the benefit of DBR Finance and would not promote judicial economy.

ANALYSIS

The “first-to-file” rule is a prudential doctrine that “encourages comity among federal courts of equal rank.” *Baatz v. Columbia Gas Transmission, LLC*, 814 F.3d 785, 789 (6th Cir. 2016). The rule provides that “when actions involving nearly identical parties and issues have been filed in two different district courts, ‘the court in which the first suit was filed should generally proceed to judgment.’” *Certified Restoration Dry Cleaning Network, LLC v. Tenke Corp.*, 511 F.3d 535, 551 (6th Cir. 2007) (citation and quotation omitted). After deciding that the first-to-file rule applies, disposition of the second-filed action rests within the court’s discretion—including whether to grant a stay. *See Baatz*, 814 F.3d at 793 (citing *Smith v. Securities & Exch. Comm’n*, 129 F.3d 356, 361 (6th Cir. 1997)).

I. Applicability of the First-to-File Rule

In deciding whether to apply the rule, courts consider three factors: (1) the chronology of events; (2) the similarity of the parties involved; and (3) the similarity of the issues or claims at stake. *Id.* at 789. The “critical inquiry” involves deciding which court “first obtain[ed] possession of the subject of the dispute, not the parties of the dispute.” *Monolithic Power Sys. v. Baseus Accessories LLC*, 616 F. Supp. 3d 745, 752 (S.D. Ohio 2022) (citation omitted). The subject matter requirement is

satisfied when the actions “involve the same patent and the same allegedly infringing product, though not necessarily the same parties.” *Id.* (citation and quotation omitted).

Without question, the Wisconsin court had “possession” of the patent dispute first. And the subject matter requirement is easily met because the two lawsuits involve the validity of the ‘535 patent and whether the Rhino 180 Hunting Blind infringed that patent. While different facts will be necessary to support Plaintiff’s indirect infringement claim against DBR Finance and the two cases will involve different damages determinations, the validity of the ‘535 patent presents the principal subject matter in each suit and a threshold issue in both cases. Although the two defendants are different and unrelated entities, they are similar in the sense that Feradyne obtained the allegedly infringing product through an agreement with DBR Finance. And these defendants have a contractual relationship.

Although not identical in all respects, the two cases are “materially on all fours” and the resolution of one necessarily would leave “little or nothing to be determined” in the other. *Baatz*, 814 F.3d at 791 (quoting *Smith*, 129 F.3d at 361). Therefore, the first-to-file rule presumptively applies, which Plaintiff does not dispute.

II. Equitable Considerations

Plaintiff argues that the Court should exercise its discretion by declining to apply the first-to-file rule on the facts and circumstances of this case. District courts can dispense with the rule upon consideration of equitable factors like “bad faith,

anticipatory suits, or forum shopping.” *Id.* at 792 (cleaned up). Additionally, the Federal Circuit considers other factors, such as “the convenience and availability of the witnesses, the absence of jurisdiction over all necessary or desirable parties, . . . or considerations relating to the real party in interest.” *Futurewei Techs., Inc. v. Acacia Rsch. Corp.*, 737 F.3d 704, 708 (Fed. Cir. 2013). Deviations from the rule, however, “should be the exception, rather than the norm.” *Baatz*, 814 F.3d at 792.

Plaintiff makes no allegation that Defendant has engaged in bad faith, filed an anticipatory suit, or is forum shopping. Instead, Plaintiff’s most significant objection to a stay is its concern about Defendant’s compliance with its discovery obligations in the Wisconsin case. But actively litigating this case (at the expense of the parties and the Court) to obtain discovery for use in the Wisconsin case, if proper at all, is not a valid reason to deny a stay. Plaintiff has a host of procedural tools in Wisconsin to obtain third-party discovery. To the extent DBR Finance seeks to use this case as a shield against participating in third-party or other discovery in Wisconsin, the Court reminds the parties that it can lift a stay. And it will do so if a judicial officer in Wisconsin rules, determines, or otherwise advises the Court that Defendant has failed to comply with its discovery obligations in Wisconsin or otherwise impeded the progress of that case.

The other factors courts consider when granting a stay—including the “potentiality of another case having a dispositive effect on the case stayed” and the “judicial economy to be saved by waiting on a dispositive decision”—support a stay

here. *Michael v. Ghee*, 325 F. Supp. 2d 829, 831 (N.D. Ohio 2004) (citing *Landis v. North American Co.*, 299 U.S. 248, 255 (1936)). As Defendant argues, a finding of noninfringement or patent invalidity in the Wisconsin case could be dispositive of most or all of the issues in this case. See *Blonder-Tongue Labs., Inc. v. University of Ill. Found.*, 402 U.S. 313, 330–34 (1971) (holding that a patent holder may be collaterally estopped from asserting the validity of his patent that has previously been invalidated). If Plaintiff prevails, the Wisconsin court’s reasoning would likely be persuasive and helpful to claim construction efforts here. See *Parker–Hannifin Corp. v. Baldwin Filters, Inc.*, 724 F. Supp. 2d 810, 815–16 (N.D. Ohio 2010) (noting that while a district court’s claim construction ruling is not binding on another district court, it “will receive deferential treatment unless [it is] clearly erroneous”).

Plaintiff also argues that the delay accompanying a stay is prejudicial. The deadline for dispositive motions and motions seeking claim construction in Wisconsin is August 21, 2024. (See ECF No. 92-3, PageID #543.) Dispositive motions and claim construction here would likely not come any more quickly. Therefore, the delay attending a stay is not enough to demonstrate prejudice, *Automated Packaging Sys. v. Free-Flow Packaging Int’l*, 5:14-cv-2022, 2016 WL 9782345, at *4 (N.D. Ohio Apr. 15, 2016), especially where this litigation remains in its earliest stages and resolution of potentially dispositive issues in Wisconsin is likely later this year. See *GeoTag, Inc. v. Fred’s, Inc.*, No. 2:13-2030-JPM-TMP, 2013 WL 2181166, at *6–*8 (W.D. Tenn. May 20, 2013) (considering the early stage of litigation to support a stay in favor of a

more advanced related patent infringement suit in another district court after finding that the first-to-file rule applied).

“As between federal district courts, . . . the general principle is to avoid duplicative litigation.” *Colorado River Water Conservation Dist. v. United States*, 424 U.S. 800, 817 (1976). Accordingly, and based on consideration of all relevant factors, the Court finds that a stay in favor of the Wisconsin case is appropriate and will avoid duplicative claim construction efforts, conserve judicial and party resources, and “minimize [potentially] embarrassing inconsistencies” in outcomes. *Cadle Co. v. Whataburger of Alice, Inc.*, 174 F.3d 599, 604 (5th Cir. 1999).

CONCLUSION

For the reasons stated above, the Court **STAYS** this matter subject to Defendant’s good-faith compliance with its discovery obligations in the Western District of Wisconsin. The Court **ORDERS** the parties to file a status report on the progress of the Wisconsin litigation and advise of any changes to the schedule there no later than September 6, 2024.

SO ORDERED.

Dated: March 20, 2024



J. Philip Calabrese
United States District Judge
Northern District of Ohio