UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 23-81246-CV-MIDDLEBROOKS

DUVALL ESPRESSO IP ENFORCEMENT, LLC, a Florida Limited Liability Company,

Plaintiff,

v.

DECENT ESPRESSO INTERNATIONAL LTD., a Chinese business entity,

Defendant.
_____/

ORDER ON MOTION TO STAY CASE

THIS CAUSE comes before the Court upon Defendant's Motion to Stay Case Pending IPR Proceedings, filed on October 8, 2024. (DE 59). The Motion is fully briefed. (DE 61; DE 62). For the foregoing reasons, the Motion is granted.

Plaintiff is in the business of commercially developing, marketing, and selling espresso-related and coffee-related products. (DE 1). Gideon Duval, the principal officer and owner of Plaintiff also owns U.S. Patent No. 10,772,456 and U.S. Patent No. 11,576,524 (collectively, the "original patents"), issued respectively on September 15, 2020, and February 14, 2023, which cover devices and systems for brewing infused beverages. (DE 13 at 6-7). On September 11, 2023, Plaintiff filed the instant case, alleging violations of the original patents. (DE 1). Extensive litigation and joinder questions as to the proper defendant for Plaintiff's action ensued. (DE 9; DE 20-21). Following a Motion to Dismiss filed on October 24, 2024, Plaintiffs filed their First Amended Complaint on November 6, 2023, naming Defendant Decent Expresso. (DE 9; DE 13).

After I denied Defendant's Motion to Dismiss the First Amended Complaint, Defendant submitted its Answer and Affirmative Defenses on July 31, 2024, and then an Amended Answer and Affirmative Defenses on August 26, 2024. (DE 46; DE 51). In reply to the counterclaims in

the Amended Answer, Plaintiff filed a Motion to Dismiss on August 27, 2024. (DE 52). However, on September 23, 2024, Plaintiff filed a motion requesting leave to file a Second Amended Complaint, seeking to add additional defendants and claims related to a third patent. (DE 57). Some time after, on October 8, 2024, Defendant filed the instant Motion to Stay, informing the court that it had requested review of the original patents by the U.S. Patent & Trademark Office ("PTO") via two petitions for *inter partes* review ("IPR Petitions"). (DE 59).

On the heels of this extensive and byzantine procedural history, the Parties now appear poised to compromise on several motions pending before the court. On October 21, 2024, the Parties submitted a Joint Stipulation, in which Plaintiff would agree to a stay of proceedings until such time as the IPR Petitions are processed. (DE 63). In exchange, Defendant has agreed to withdraw its opposition to Plaintiff's pending Motion for Leave to Amend, thereby permitting Plaintiff to file a Second Amended Complaint. Defendant has also agreed to accept service on behalf of the new defendants, waive their claims of personal jurisdiction and venue, and file any future *inter partes* petitions relating to Plaintiff's new patent by February 17, 2025. (*Id.* at 3-4). The Parties have requested that I approve the terms of their stipulation.

As the Joint Stipulation makes clear, the agreed-upon terms are contingent on my issuing a stay of proceedings in this matter. Generally, "[c]ourts have inherent power to manage their dockets and stay proceedings, including the authority to order a stay pending conclusion of a PTO reexamination." *Ethicon, Inc. v. Quigg*, 849 F. 2d 1422, 1426-27 (Fed. Cir. 1988) (internal citation omitted). Although I have discretion to deny a stay, several courts have noted that "the sponsors of the patent reexamination legislation clearly favored the liberal grant of stays by the district courts when patents are submitted for reexamination as a mechanism for settling disputes quickly and less expensively and for providing the district courts with the expertise of the patent office." *Lentek Int'l v. Sharper Image, Corp.*, 169 F. Supp. 2d 1360, 1362 (M.D. Fla. 2001) (citing cases).

Decent Espresso International Ltd., Exhibit 1019
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Further, other courts have noted the benefits of litigating after reexamination proceedings, including "(1) furthering judicial economy; (2) determining validity; (3) focusing the issues, defenses, and evidence; (4) developing the prior art and prosecution history; (5) obtaining the PTO's particular expertise; (6) encouraging settlement; and (7) reducing costs to the parties." *Roblor Mktg. Grp., Inc. v. GPS Indus., Inc.*, 633 F. Supp. 2d 1341, 1348-49 (S.D. Fla. 2008).

I have previously approved of staying litigation under similar circumstances, and I continue to maintain that reexamination of patents that are currently subject to litigation "may significantly simplify the issues and streamline trial." *Intellectual Ventures I, LLC v. Motorola Mobility LLC*, No. 13-61358, 2014 WL 12584301, at *2 (S.D. Fla. July 17, 2014). That is because if the IPR Petitions "are ultimately successful and the claims are invalidated, it would remove the need to litigate" the original patents. *Id.* Moreover, if "the Parties continue to litigate validity issues before this Court, and the PTO subsequently finds that some or all of the claims at issue here are invalid, much time and resources will have been wasted by the Court and Parties." *Id.* If, however, "the PTO finds that the claims are indeed valid, the burden on the Court and the jury may be greatly lessened in addressing the invalidity issues." *Id.* Indeed, "[o]ne purpose of the reexamination procedure is to eliminate trial of that issue (when the claim is canceled) or to facilitate trial of that issue by providing the district court with the expert view of the PTO (when a claim survives the reexamination proceeding)." *Gould v. Control Laser Corp.*, 705 F. 2d 1340, 1342 (Fed. Cir. 1983).

After examining the record in this matter, the Parties' briefings, and the terms of their Joint Stipulation, I find that the issuance of a stay is proper in this case. A reexamination of the original patents has the potential to greatly simplify matters going forward. Further, to continue proceedings while the PTO reviews the original patents risks substantial waste of judicial resources, should such review impact the viability of Plaintiff's claims. Finally, I note that the agreed-upon terms of the stipulation accord with the Parties' rights under the Federal Rules. As

Plaintiff moved to file a Second Amended Complaint by the deadline specified in the Pretrial Scheduling Order (DE 48), Defendant is within its rights to withdraw any objection to the amended pleading and give written consent to the pleading's filing, pursuant to Federal Rule 15(a)(2). Fed. R. Civ. P. 15(a)(2) ("In all other cases, a party may amend its pleading only with the opposing party's written consent or the court's leave. The court should freely give leave when justice so requires.").

Accordingly, it is **ORDERED and ADJUDGED** as follows:

1. The Motion to Stay Pending IPR Proceedings (DE 59) is **GRANTED**.
2. This matter is **STAYED** until the U.S. Patent & Trademark Office completes its review of Defendant's IPR Petitions, relating to U.S. Patent No. 10,772,456 and U.S. Patent No. 11,576,524.
3. The Parties' agreed-upon terms as set forth in the Joint Stipulation (DE 63) are hereby **ADOPTED** and **INCORPORATED** into this Order.
4. Pursuant to the terms of the Joint Stipulation and Federal Rule 15(a)(2), Plaintiff's Motion for Leave to Amend (DE 57) is **GRANTED**. Plaintiff shall file its Second Amended Complaint on or by October 25, 2024.

SIGNED in Chambers at West Palm Beach, Florida this 22nd day of October, 2024.

Donald M. Middlebrooks
United States District Judge

CC: Counsel of Record