UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

CAMBRIDGE INDUSTRIES USA INC.,

Petitioner

v.

APPLIED OPTOELECTRONICS, INC.,

Patent Owner

Case No. IPR2025-00435
U.S. Patent No. 10,042,116

DECLARATION OF NICOLA A. PISANO

IN SUPPORT OF PETITION FOR *INTER PARTES* REVIEW OF

U.S. PATENT NO. 10,042,116

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U.S. Patent and Trademark Office
PO Box 1450
Alexandria, Virginia 22313-1450

I, Nicola A. Pisano, do hereby declare and say as follows:

1. I am the Lead Counsel for Petitioner Cambridge Industries USA Inc. ("CIG USA"), who submitted the Petition for *Inter Partes* Review of U.S. Patent No. 10,042,116 ("the '116 Patent").

2. I am a member of the state bars of California, New York and Texas, numerous federal district courts, the Court of Appeals for the Federal Circuit, and the United States Supreme Court. I have been a registered Patent Attorney with the United States Patent and Trademark Office since 1990.

3. Patent Owner's Request to Director for Discretionary Denial of Petition for *Inter Partes* Review of U.S. Patent No. 10,042,116, states: "On March 28, 2025, AOI and defendant Accelight jointly filed a Notice to Court of Filing of Petitions for Inter Partes Review, informing the District Court that Petitioner had filed petitions for IPR of five of the six patents-in-suit. In the Joint Case Management Statement, defendant Accelight stated that one of the issues in the case was whether the asserted claims of the patents-in-suit were invalid. At the case management conference held on April 22, 2025, the court indicated that ***the case would move forward***, and stated that it would set claim construction deadlines." Paper No. 8 at 12 (emphasis added).

4. While perhaps not intended, the foregoing paragraph appears to imply that Judge Gilliam, who is handling Patent Owner's "Additional Litigation" against

Accelight Technologies, Inc. was aware of the Notice of IPR filings by Petitioner here, and decided to "move forward" in anyway. To test whether that implication was correct, I contacted lead counsel for Accelight Technologies, Robert McCullough, Esq., to obtain a copy of the transcript. Mr. McCullough informed me there was no transcript of the 8-minute conference, and no mention of the IPR petitions. Accordingly, no significance can be attributed to Patent Owner's mentioning of the Notice, that Accelight planned to contest validity, and the Court's decision to "move forward." Thus, issuance of the Scheduling Order, Exhibit 2003, should in no way be understood to foreshadow Judge Gilliam's decision in response to a motion to stay the Accelight case, should the requested IPRs be instituted.

5. A review of stay decisions reported in an on-line database (LexMachina) shows that Judge Gilliam routinely stays his cases where the underlying patents are (or may become) involved in PTAB proceedings. Exhibits A-E to this declaration are true and correct copies of five orders entered by Judge Gilliam ordering stays pending resolution of IPRs, while Exhibit F is an order staying a case pending resolution of an *ex parte* reexamination proceeding. In the *Apple, Inc. v. Alivecor, Inc.*, matter, the Court granted a stay before any of the filed IPR Petitions was granted.

6. Statistics for the Northern District of California's granting of motions to stay were recently provided in another IPR in the matter of *Twitch Interactive,*

Inc., v. RazDog Holdings, LLC, IPR2025-00307. Attached as Exhibit G is Exhibit 1074 from *Twitch v. RazDog*, IPR2025-00307, identifying the dispositions of post-institution motions to stay pending *inter partes review* in the Northern District of California over the past 12 years. As shown in that document, judges in the Northern District of California have granted or partially granted 76% of all post-institution motions to stay pending *inter partes* review. And in 2025, that document shows that all such motions have been granted.

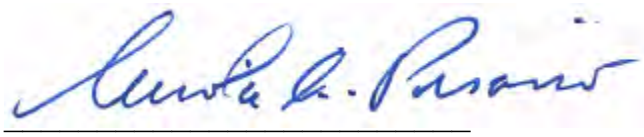
7. Similar statistics were provided for Judge Gilliam in the Northern District of California as part of the *Twitch v. RazDog* matter, IPR2025-00307. Attached as Exhibit H is Exhibit 1079 from *Twitch v. RazDog*, IPR2025-00307, identifying Judge Gilliam's dispositions of post-institution motions to stay pending *inter partes review*. As shown in that document, Judge Gilliam has granted all post-institution motions to stay pending *inter partes* review since 2016.

8. The above statistics were discussed and relied upon by the Director in *Twitch v. RazDog*, IPR2025-00307, Paper No. 18, denying Patent Owner's request for discretionary denial.

I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both,

under Section 1001 of Title 18 of the United States Code.

Executed May 27, 2025 at San Diego, California.



Nicola A. Pisano

EXHIBIT A

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

APPLE INC., Plaintiff, v. ALIVECOR, INC., Defendant.	Case No. 22-cv-07608-HSG **ORDER GRANTING MOTION TO STAY** Re: Dkt. No. 62

On October 23, 2023, Defendant AliveCor, Inc. ("Defendant" or "AliveCor") filed a motion to stay the case pending completion of *inter partes review* ("IPR") proceedings. Dkt. No. 62 ("Mot."). The Court, in its discretion, finds this matter suitable for resolution without oral argument. *See* Civ. L.R. 7–1(b). For the reasons articulated below, the Court **GRANT**S AliveCor's motion and stays this action pending the institution decisions regarding its IPR petitions.

I. BACKGROUND

Plaintiff Apple, Inc. ("Apple") filed this action for patent infringement on December 12, 2022. Dkt. No. 1. In the Complaint, Apple alleges direct and indirect infringement of four patents, all related to electrocardiogram ("EKG") technology and related applications: U.S. Patent Nos. 10,076,257 ("the '257 Patent"); 10,270,898 ("the '898 Patent"); 10,866,619 ("the '619 Patent"); 10,568,533 ("the '533 Patent") (collectively "Asserted Patents"). *See id*. ¶¶ 13, 16, 19, 22. Apple asserts at least claim 1 of the '257 Patent (*id.* ¶ 30); at least claim 1 of the '619 Patent (*id*. ¶ 57); at least claim 1 of the '898 Patent (*id*. ¶ 86); and at least claim 20 of the '533 Patent (*id.* ¶ 119). The accused products are AliveCor's KardiaMobile Card, KardiaMobile, KardiaMobile 6L, Kardia App, KardiaPro (and related products) and Kardia care (and related products)

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(collectively, "Accused Products"). *Id.*, ¶ 24.

On June 7, 2023, AliveCor filed two petitions for *inter partes* review ("IPR") at the United States Patent and Trademark Office ("USPTO"), challenging the patentability of the '619 Patent (IPR2023-00948 and IPR2023-00949) and one petition for IPR challenging the patentability of the '257 Patent (IPR2023-00950). Mot. at 2. On September 27, 2023, and October 30, 2023, AliveCor filed further petitions for IPR challenging the patentability of the '898 Patent and '533 Patent, respectively (IPR2023-01434 and IPR2024-00095). *Id.* On October 23, 2023, AliveCor filed this motion, requesting that the Court stay this action pending resolution of the IPRs. The USPTO is expected to issue decisions whether to institute IPR2023-00948 and IPR2023-00949 on January 12, 2024, and whether to institute IPR 2023-00950 on January 11, 2024. *Id.* The institution decision for IPR2023-01434 is expected on April 5, 2024, and IPR2024-00095 is expected shortly thereafter. Finally, the USPTO has instituted an IPR proceeding as to the '257 Patent, brought by Masimo Corporation, on October 16, 2023. *Id.*

II. LEGAL STANDARD

"Courts have inherent power to manage their dockets and stay proceedings, including the authority to order a stay pending [IPR]." *Ethicon, Inc. v. Quiggin*, 849 F.2d 1422, 1426–27 (Fed. Cir. 1988) (internal citations omitted); *IXI Mobile (R & D) Ltd. v. Samsung Elecs. Co.*, No. 15-cv-03752-HSG, 2015 WL 7015415, at *2 (N.D. Cal. Nov. 12, 2015). Courts consider three factors in determining whether to grant a stay pending IPR: "(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." *IXI Mobile (R & D) Ltd.*, 2015 WL 7015415, at *2 (quoting *Evolutionary Intelligence, LLC v. Facebook, Inc.*, No. 13-cv-04202-SI, 2014 WL 261837, at *1 (N.D. Cal. Jan. 23, 2014)). The moving party bears the burden of demonstrating that a stay is appropriate. *DSS Tech. Mgmt., Inc. v. Apple, Inc.*, No. 14-cv-05330-HSG, 2015 WL 1967878, at *2 (N.D. Cal. May 1, 2015).

Courts in this district have often recognized "a liberal policy in favor of granting motions to stay" pending IPR. *See Pragmatus AV, LLC v. Facebook, Inc.*, No. 11–cv–02168–EJD, 2011

WL 4802958, at *2 (N.D. Cal. Oct. 11, 2011); *IXI Mobile (R & D) Ltd.*, 2015 WL 7015415, at *2. Courts, however, must evaluate stay requests on a case-by-case basis. *See GoPro, Inc. v. C&A Marketing, Inc.*, No. 16-cv-03590-JST, 2017 WL 2591268, at *2 (N.D. Cal. June 15, 2017). Ultimately, whether to issue a stay is a matter of the Court's discretion.

III. DISCUSSION

A. Factor 1: Stage of Proceedings

"The first factor the Court considers is whether the litigation is at an early stage." *Cooler Master Co. v. Asetek Danmark A/S*, No. 21-CV-04627-HSG, 2022 WL 2673089, at *2 (N.D. Cal. June 14, 2022) (citing *AT&T Intellectual Property I v. Tivo, Inc.*, 774 F. Supp. 2d 1049, 1052 (N.D. Cal. 2011)). Specifically, courts consider "whether discovery is complete and whether a trial date has been set." *Evolutionary Intelligence*, 2014 WL 261837, at *1.

AliveCor contends that this factor weighs in favor of a stay because "[t]his case undoubtedly remains in the initial stages of litigation" and "[t]his is not a case where a substantial amount of fact discovery has been completed." Mot. at 4. AliveCor represents that neither party has taken a single deposition, nor engaged in expert discovery. *Id.* Apple contends that this factor weighs against a stay as claim construction is underway, and Apple has filed its opening claim construction brief. *See* Dkt. No. 88.

While the Court recognizes that claim construction has begun, the Court finds that this case is still at a relatively early stage overall. Discovery is far from complete, and no trial date has been set. Accordingly, this factor weighs in favor of a stay, certainly at least until the USPTO issues institution decisions as to the AliveCor IPR petitions.

B. Factor 2: Simplification of Case

AliveCor argues that a stay would simplify the issues in this case, "by rendering some or all of Apple's infringement claims moot, simplifying AliveCor's invalidity arguments at trial, and providing the Court with the USPTO's expert opinion on the claims at issue." Mot. at 5.

Apple does not meaningfully dispute that the IPRs could simplify the issues in this case, instead arguing that it is unlikely the USPTO will institute based on AliveCor's IPR petitions because "AliveCor's IPR petitions are unusually weak on the merits." Dkt No. 65 ("Opp.") at 5.

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Apple urges the Court to consider the merits of AliveCor's IPR petitions and conclude that the USPTO likely will decline institution, such that a stay would unnecessarily delay this case. The Court declines to do so. The institution decisions regarding the AliveCor IPR petitions are expected soon, and a stay until those decisions are issued will not unduly delay the case. There is no reason for the Court to delve into the merits of these IPR petitions when the USPTO's decisions are imminent. And once Apple's invitation to prejudge the outcome of those decisions is set to the side, this case squarely presents the usual situation in which the results of any instituted IPRs obviously could simplify the case. Therefore, this factor also weighs in favor of a stay pending the institution decisions.

C. Factor 3: Prejudice and Disadvantage

The final factor considers whether a stay would unduly prejudice the nonmoving party. In assessing this factor, courts "address four considerations when evaluating prejudice: (1) the timing of the IPR petition; (2) the timing of the stay request; (3) the status of review; and (4) the relationship of the parties." *Cooler Master*, 2022 WL 2673089, at *2 (citing *SAGE Electrochromics, Inc. v. View, Inc.*, No. 12-cv-06441-JST, 2015 WL 66415, at *3 (N.D. Cal. Jan. 5, 2015)).

i. Timing of IPR Petitions and Request to Stay

AliveCor filed its earliest IPR petitions on June 7, 2023, and filed this motion on October 23, 2023, roughly a week before the filing of its final IPR petition. Stays pending IPR can result in substantial delay in the district court proceeding, but the current record does not support a finding of purposeful delay or lack of diligence by AliveCor. The Court finds that the timing of the IPR petitions and motion to stay weighs in favor of a stay.

ii. Status of Proceedings

Institution decisions in the AliveCor IPR petitions are expected shortly, with the earliest within a few weeks of the date of this order. Moreover, the USPTO has instituted one IPR proceeding against the '257 Patent, which AliveCor represents as including "some overlapping prior art asserted in AliveCor's petition." Dkt. No. 69 ("Reply") at 5. Thus, this subfactor also weighs in favor of a stay.

iii. Relationship of the Parties

In considering the relationship of the parties, the Court asks if the parties are direct competitors, which would increase the risk of prejudice to the non-moving party. *See TPK Touch Sols. Inc. v. Wintek Electro-Optics Corp.*, No. 13-cv-02218 JST, 2013 WL 6021324, at *5 (N.D. Cal. Nov. 13, 2013). However, courts in this district require "evidence to substantiate an argument that direct competition will result in prejudice to the non-moving party." *Cypress Semiconductor Corp. v. GSI Tech.*, Inc., No. 13–CV–02013–JST, 2014 WL 5021100, at *5 (N.D. Cal. Oct. 7, 2014) (collecting cases). AliveCor represents that it and Apple were, but no longer are, direct competitors. *See* Mot. at 7; Reply at 3. For its part, Apple does not contend that the parties are currently direct competitors, but argues that AliveCor's positions in this motion are inconsistent with positions it has taken in other cases. Opp. at 3.

Apple's primary argument on this factor is that the risk of prejudice is high because the relationship between the parties is "unique," in that this case is part of a "broader set of legal disputes between the parties." Opp. at 2. It argues that AliveCor is seeking an "unfair advantage" here by asking to delay this proceeding while simultaneously seeking resolution of other disputes where it is the petitioning party, including in this District and before the United States International Trade Commission. *Id.* The Court is not convinced that Apple has established "evidence to substantiate its general assertions that a stay will result in competitive injury." *Cooler Master*, 2022 WL 2673089, at *3. Apple's sole argument here is that there are other proceedings in which AliveCor has not sought a stay, but those proceedings involve entirely different patents – or in the case of the antitrust lawsuit, entirely different claims – such that a stay may or may not have been appropriate given the circumstances in those cases. Apple provides no evidence as to why the relationship of the parties, or the existence of those pending parallel actions, would uniquely prejudice Apple beyond the delay necessarily inherent in any stay. *See PersonalWeb Techs., LLC v. Apple Inc.*, 69 F. Supp. 3d 1022, 1029 (N.D. Cal. 2014). Absent such evidence, the Court does not find that a stay at least until institution decisions issue on the AliveCor IPR petitions would uniquely or unduly prejudice Apple here.

IV. CONCLUSION

Having considered the relevant factors in their entirety, the Court finds in its discretion that a stay of this case pending at least the first institution decisions on AliveCor's IPR petitions is warranted. Accordingly, the Court **GRANTS** AliveCor's motion to stay pending an initial decision by the USPTO concerning whether to institute AliveCor's IPR petitions. Within seven days of the issuance of the USPTO's decisions on whether to institute IPR on the '619 and '257 Patents, the parties shall file a joint status report of no more than one page, without any argument, simply notifying the Court of the decisions and attaching copies. Once it reviews that report, the Court will decide whether to lift or continue the stay, which remains in place unless and until otherwise ordered.

IT IS SO ORDERED.

Dated: December 29, 2023

HAYWOOD S. GILLIAM, JR.
United States District Judge

United States District Court
Northern District of California

EXHIBIT B

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

DSS TECHNOLOGY MANAGEMENT, INC., Plaintiff, v. APPLE, INC., Defendant.	Case No. 14-cv-05330-HSG **ORDER GRANTING MOTION TO STAY** Re: Dkt. No. 99

On March 12, 2015, Defendant Apple Inc. filed a motion to stay the case pending completion of *inter partes* review ("IPR") proceedings. Dkt. 99 ("Mot."). The Court, in its discretion, finds this matter suitable for resolution without oral argument. *See* Civ. L.R. 7-1(b). For the reasons articulated below, the motion is GRANTED.

I. BACKGROUND

A. America Invents Act

By enacting the Leahy-Smith America Invents Act ("AIA"), Congress sought to "establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs" and "to create a timely, cost-effective alternative to litigation." 77 Fed. Reg. 48,680-01 (Aug. 14, 2014) (to be codified at 37 C.F.R. § 42.100 *et seq*). To that end, AIA created the IPR procedure, by which the Patent and Trademark Office's ("PTO") Patent Trial and Appeal Board ("PTAB") may review the patentability of one or more claims in a patent. *See* 35 U.S.C. §§ 311-319. IPR replaces the previous *inter partes* reexamination procedure and converts the process from an examinational to an adjudicative one. *See Abbott Labs. v. Cordis Corp.*, 710 F.3d 1318, 1326 (Fed. Cir. 2013).

IPR allows any party other than the patent owner to challenge patent validity under 35 U.S.C. § 102 or § 103 "on the basis of prior art consisting of patents or printed publications." 35

U.S.C. § 311(a)-(b). The petitioning party must establish "a reasonable likelihood that the petitioner would prevail with respect to at least [one] of the claims challenged in the petition" in order for the PTO to institute IPR. 35 U.S.C. § 314(a). If the PTO decides to institute IPR, the proceeding is conducted before a panel of three technically-trained Administrative Patent Judges of the PTAB. *See* 35 U.S.C. §§ 6(a)-(c), 316. Following a final determination, the petitioning party is estopped from asserting invalidity during a later civil action "on any ground that the petitioner raised or reasonably could have raised during" the IPR. 35 U.S.C. § 315(e)(2).

B. This Litigation

Plaintiff DSS Technology Management, Inc. filed its complaint against Defendant on November 26, 2013 in the Eastern District of Texas, alleging infringement of U.S. Patent Nos. 6,128,290 (the '290 patent) and 5,699,357 (the '357 patent). Dkt. 1. Plaintiff later withdrew all infringement allegations as to the '357 patent, so presently only the '290 patent is at issue. *See* Dkt. 96. On November 7, 2014, the Eastern District of Texas granted Defendant's motion to transfer the case to the Northern District of California. Dkt. 85. On February 13, 2015, the case was reassigned to this Court.

On December 4, 2014, Defendant filed two petitions for IPR of the '290 patent. Mot. at 1. All of the '290 patent claims asserted by Plaintiff are covered by Defendant's petitions. *Id.* at 3. A decision on institution is expected from the PTO by June 30, 2015. Dkt. 105 ("Opp.") at 6.

Discovery is underway. The parties have exchanged multiple sets of infringement and invalidity contentions. *Id.* at 3-4. The parties have also exchanged three sets of written interrogatories and have collectively produced over 100,000 pages of documents. *Id.* at 4. Plaintiff deposed the named inventor of the '209 patent in September 2014. *Id.* Defendant has served a number of document and deposition subpoenas on third parties. *Id.* at 5. The deadline for the parties to complete fact discovery is November 2, 2015. Dkt. 106. The parties have fully briefed claim construction issues, and a patent technology tutorial and *Markman* hearing are scheduled for May 15, 2015. *Id.*

II. DISCUSSION

A. Legal Standard

"Courts 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) (citations omitted). While courts are "under no obligation to stay proceedings pending parallel litigation in the PTAB, . . . judicial efficiency and the desire to avoid inconsistent results may, after a careful consideration of the relevant factors, counsel in favor of a limited stay, even before the PTAB has acted on a petition for IPR." *Delphix Corp. v. Actifio, Inc.*, No. 13-cv-04613-BLF, 2014 WL 6068407, at *2 (N.D. Cal. Nov. 13, 2014). Indeed, some courts in this district have recognized "a liberal policy in favor of granting motions to stay proceedings pending the outcome of USPTO reexamination or reissuance proceedings." *Pragmatus AV, LLC v. Facebook, Inc.*, No. 11-cv-02168-EJD, 2011 WL 4802958, at *2 (N.D. Cal. Oct. 11, 2011).

Courts consider three factors when determining whether to grant a stay pending IPR: "(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." *Evolutionary Intelligence, LLC v. Facebook, Inc.*, No. 13-cv-04202-SI, 2014 WL 261837, at *1 (N.D. Cal. Jan. 23, 2014). The moving party bears the burden of demonstrating that a stay is appropriate. *Netlist, Inc. v. Smart Storage Sys., Inc.*, No. 13-cv-05889-YGR, 2014 WL 4145412, at *1 (N.D. Cal. Aug. 21, 2014).

B. Stage Of The Litigation

The first factor the Court considers is whether the litigation is at an early stage. *See AT&T Intellectual Property I v. Tivo, Inc.*, 774 F. Supp. 2d 1049, 1052 (N.D. Cal. 2011). Specifically, courts consider "whether discovery is complete and whether a trial date has been set." *Evolutionary Intelligence*, 2014 WL 261837, at *1.

Plaintiff argues that a stay is not warranted because this case has been pending for over sixteen months and "substantial progress" has been made. Opp. at 19. Although the parties have conducted some discovery, significant work remains to be done, and fact discovery is not

scheduled to close for another six months. Only one deposition has been taken. No expert discovery has been conducted, no substantive motions have been filed, and no trial date has been set. While claim construction issues are fully briefed, the hearing has not yet occurred and the Court has not issued a claim construction order. In similar circumstances, courts have found that this factor weighs in favor of a stay. *See Cypress Semiconductor Corp. v. LG Elecs., Inc.*, No. 13-cv-04034-SBA, 2014 WL 5477795, at *2 (N.D. Cal. Oct. 29, 2014) (finding that this factor weighs in favor of a stay where claim construction briefing was complete but "[t]here has been no dispositive motion practice, the claims have not been construed, and no deadlines for completing discovery, motion practice or trial have been set"); *PersonalWeb Techs., LLC v. Facebook, Inc.*, No. 13-cv-01356-EJD, 2014 WL 116340, at *3 (N.D. Cal. Jan. 13, 2014) (finding that this factor weighs in favor of a stay where "a claim construction order has been issued and the close of fact discovery is fast approaching" but "a substantial portion of the work—expert discovery, summary judgment, pre-trial preparation, and trial itself—lies ahead"); *AT&T*, 774 F. Supp. 2d at (finding that this factor weighed in favor of a stay where the parties had not exchanged expert reports, conducted depositions, or filed any dispositive motions, and where claim construction had been fully briefed but no hearing had been held and no trial date had been set).

Given the relatively early stage of this litigation, the Court finds that this factor weighs slightly in favor of a stay.

C. Simplification of the Case

The second factor that the Court considers is whether granting a stay could simplify the litigation. "The standard is simplification of the district court case, not complete elimination of it by the PTAB." *LELO, Inc. v. Standard Innovation (US) Corp.*, No. 13-cv-01393-JD, 2014 WL 2879851, at *3 (N.D. Cal. June 24, 2014). Granting a stay pending IPR is "particularly" likely to simplify the case "when a party has obtained PTO review of each of the asserted claims in the patents-in-suit." *Evolutionary Intelligence*, 2014 WL 261837, at *2.

Staying the case pending the outcome of IPR could simplify the case by rendering some or all of Plaintiff's infringement claims moot, estopping Defendant from asserting any arguments it raised or reasonably could have raised in the IPR, and providing the Court with PTAB's expert

opinion on the claims at issue. *See Evolutionary Intelligence*, 2014 WL 261837, at *2. Indeed, even if the PTAB decides to institute review and affirms the validity of every asserted claim, the case would still be simplified because "such a strong showing would assist in streamlining the presentation of evidence and benefit the trier of fact by providing the expert opinion of the PTO." *PersonalWeb Techs.*, 2014 WL 116340, at *4.

Plaintiff argues that because the PTO has not yet granted any of Apple's IPR petitions, the motion to stay "is based on speculation and is premature." Opp. at 12. But "it is not uncommon for [courts] to grant stays pending reexamination prior to the PTO deciding to reexamine the patent." *Pragmatus AV*, 2011 WL 4802958, at *3 (collecting cases). Furthermore, either party may file a motion to lift the stay if any part of the petitions for IPR are denied by the PTO—so "any concern that the motion[] [is] premature is alleviated by the short time frame of the initial stay and the Court's willingness to reevaluate the stay if *inter partes* review is not instituted for all of the asserted claims." *Evolutionary Intelligence*, 2014 WL 261837, at *3.

Plaintiff next argues that Defendant's IPR petitions do not assert all of the prior art references or invalidity defenses asserted in this litigation and that therefore the potential simplification of issues does not favor granting a stay. Opp. at 15. Though it is true that IPR petitions, and therefore the associated estoppel provisions, are limited to arguments for invalidity under 35 U.S.C. § 102 and § 103 based on patents and printed publications, this "is true in every case where a stay pending IPR is sought." *Advanced Micro Devices, Inc. v. LG Elecs., Inc.*, No. 14-cv-01012-SI, 2015 WL 545534, at *4 (N.D. Cal. Feb. 9, 2015). Here, Defendant's IPR petitions assert four of the fourteen references asserted in the litigation. Opp. at 15. The Court finds that the PTAB's expert opinion as to approximately 29% of the fourteen prior art references at issue here will be of significant value in simplifying the scope of this case. *Cf. Invensys Sys., Inc. v. Emerson Elec. Co.*, No. 12-cv-00799, 2014 WL 4477393, at *3 (E.D. Tex. July 25, 2014) (finding that "any simplification is likely to be minimal" where defendants would only be estopped from relying on approximately 7% of the prior art references asserted in the litigation).

Finally, Plaintiff argues that any guidance provided by a decision of the PTAB "would be of limited value because the PTAB applies a different standard for claim construction and

invalidity than the standards applicable in this litigation." Opp. at 16. Of course, if the PTAB invalidates any of the claims at issue in the IPR petition, those claims will be mooted in the litigation. And even if the PTAB does not invalidate some or all of the claims, the PTAB's claim construction and invalidity analyses "would likely prove helpful to this Court," whether or not the standard applied is identical to the one this Court must apply in the litigation. *Black Hills Media, LLC v. Pioneer Elecs. (USA) Inc.*, No. 14-cv-00471-SJO, 2014 WL 4638170, at *6 (C.D. Cal. May 8, 2014).

The Court finds that this factor weighs in favor of granting the stay. If instituted, IPR is likely to greatly simplify the case. Were the Court to deny the stay until a decision on institution is made, the parties and the Court would expend significant resources on claim construction proceedings that could eventually be mooted by the IPR decision. The Court finds that staying the case for two months pending the PTO's decision whether to institute IPR is the most efficient use of resources at this juncture. *See PersonalWeb Techs.*, 2014 WL 116340, at *4 (finding that four-month delay before PTO's institution decision would issue was "relatively short" and did not outweigh anticipated simplification of issues); *Delphix*, 2014 WL 6068407, at *2 ("At a minimum, instituting a brief, limited stay of approximately five months to see whether and how the PTAB will act on Defendant's IPR petitions will conserve judicial resources and avoid inconsistent results.").

D. Undue Prejudice

The third factor for the Court to consider is whether Plaintiff will be unduly prejudiced by a stay. Plaintiff argues that it will be unduly prejudiced by Defendant's "dilatory" tactics, pointing to the fact that Defendant waited until the end of the one-year statutory period to file its IPR petitions. Opp. at 20.

The Court declines to read a "dilatory motive" into Defendant's timely exercise of its statutory rights. *See Software Rights Archive, LLC v. Facebook, Inc.*, No. 12-cv- 03970-RMW, 2013 WL 5225522, at *6 (N.D. Cal. Sept. 17, 2013) ("Although defendants did wait nearly a year to file the IPR petitions, they properly filed the petitions within the statutory time frame, and the delay was not unreasonable under the facts here."); *Cypress Semiconductor*, 2014 WL 5477795, at

*3 (finding that the fact that defendant filed its IPR petitions close to the end of the statutory deadline "does not demonstrate undue delay"); *Evolutionary Intelligence, LLC v. Sprint Nextel Corp.*, No. 13-cv-04513-RMW, 2014 WL 819277, at *4 (N.D. Cal. Feb. 28, 2014) ("[T]he IPR petitioners filed the petitions properly within the statutory time frame. Under these facts, this delay was not unreasonable, and [plaintiff] does not point to any tangible undue prejudice resulting from the IPR petitioners exercising their statutory rights."); *Delphix*, 2014 WL 6068407, at *3 ("[W]hile the Court does not condone gamesmanship, it will not require a patent infringement defendant to file a petition for *inter partes* review significantly earlier than the time allowed by statute.").

Furthermore, courts have consistently found that where, as here, the parties are not competitors, Plaintiff "does not risk irreparable harm by [Defendant's] continued use of the accused technology and can be fully restored to the *status quo ante* with monetary relief." *Software Rights Archive*, 2013 WL 5225522, at *6. Plaintiff does not dispute that it is not a direct competitor of Apple, but instead argues that it "has a strong interest in the timely enforcement of its patent rights." Opp. at 21 & n.7. The Court is not persuaded: the plaintiff in every patent infringement action asserts such an interest.

Because a stay will not cause undue prejudice to Plaintiff, the Court finds that this factor weighs in favor of granting the stay.

* * *

After weighing the three factors outlined above, the Court finds that a stay is warranted here and will "effectuate[] the intent of the AIA by allowing the agency with expertise to have the first crack at cancelling any claims that should not have issued in the patents-in-suit before costly litigation continues." *Software Rights Archive*, 2013 WL 5225522, at *6.

III. CONCLUSION

For the foregoing reasons, the Court GRANTS Defendant's motion to stay the case pending decision by the PTO whether to institute IPR of the claims asserted in Defendant's petitions. Accordingly, the technology tutorial and claim construction hearing scheduled for May 15, 2015 are vacated. The parties shall file a joint status report within five days of the issuance of

PTO's decision on whether to institute IPR challenging the patent-in-suit, informing the Court of the PTO's decision. At that time, the Court will issue an order addressing further proceedings in the case.

IT IS SO ORDERED.

Dated: May 1, 2015

HAYWOOD S. GILLIAM, JR.
United States District Judge

EXHIBIT C

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

FINJAN, INC., Plaintiff, v. SYMANTEC CORP., Defendant.	Case No. 14-cv-02998-HSG **ORDER GRANTING MOTION TO STAY** Re: Dkt. No. 108

On August 20, 2015, Defendant Symantec Corp. filed a motion to stay the case pending completion of *inter partes* review ("IPR") proceedings. Dkt. 108 ("Mot."). The Court has carefully considered the parties' arguments, both in their submissions to the Court and during the hearing on October 1, 2015. For the reasons discussed below, the Court **GRANTS** Symantec's Motion to Stay.

I. BACKGROUND

A. The America Invents Act

By enacting the Leahy-Smith America Invents Act ("AIA"), Congress sought to "establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs" and "to create a timely, cost-effective alternative to litigation." 77 Fed. Reg. 48,680-01 (Aug. 14, 2014) (to be codified at 37 C.F.R. § 42.100 *et seq*). To that end, AIA created the IPR procedure, by which the Patent and Trademark Office's ("PTO") Patent Trial and Appeal Board ("PTAB") may review the patentability of one or more claims in a patent. *See* 35 U.S.C. §§ 311-319. IPR replaces the previous *inter partes* reexamination procedure and converts the process from an examinational to an adjudicative one. *See Abbott Labs. v. Cordis Corp.*, 710 F.3d 1318, 1326 (Fed. Cir. 2013).

IPR allows any party other than the patent owner to challenge patent validity under 35

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U.S.C. § 102 or § 103 "on the basis of prior art consisting of patents or printed publications." 35 U.S.C. § 311(a)-(b). The petitioning party must establish "a reasonable likelihood that the petitioner would prevail with respect to at least [one] of the claims challenged in the petition" in order for the PTO to institute IPR. 35 U.S.C. § 314(a). If the PTO decides to institute IPR, the proceeding is conducted before a panel of three technically-trained Administrative Patent Judges of the PTAB. *See* 35 U.S.C. §§ 6(a)-(c), 316. Following a final determination, the petitioning party is estopped from asserting invalidity during a later civil action "on any ground that the petitioner raised or reasonably could have raised during" the IPR. 35 U.S.C. § 315(e)(2).

B. This Litigation

Plaintiff Finjan, Inc. filed its complaint against Symantec on June 30, 2014, alleging infringement of five U.S. Patents: U.S. Patents Nos. 7,757,289 (the "'289 Patent"), 7,756,996 (the "'996 Patent"), 7,930,299 (the "'299 Patent"), 8,015,182 (the "'182 Patent"), and 8,141,154 (the "'154 Patent"). *See* Dkt. No. 1. On September 11, 2014, Finjan filed a First Amended Complaint that alleged infringement of three additional U.S. Patents: U.S. Patent Nos. 6,154,844 (the "'844 Patent"); U.S. Patent No. 7,613,926 (the "'926 Patent"); and U.S. Patent No. 8,677,494 (the "'494 Patent"). *See* Dkt. No. 30.

The parties completed claim construction briefing in the Spring of 2015 and the Court held a claims construction hearing on June 29, 2015. The Court has not yet issued a claim construction order. While the parties have engaged in some written discovery and document production, no depositions have been taken and no deadlines associated with expert discovery, summary judgment, pre-trial motions, and trial have been set.

On July 3, 2015, Symantec filed IPR petitions for all asserted claims of the patents asserted in Finjan's original Complaint. On September 10, 2015, Symantec filed IPR petitions for all asserted claims of the patents asserted for the first time in Finjan's First Amended Complaint. The parties estimate that the PTO's decision concerning whether to institute proceedings as to the first five IPR petitions will be issued in the next several months; the decision concerning whether to institute proceedings as to the last three petitions will be issued several months after that.

II. DISCUSSION

"Courts 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) (citations omitted). While courts are "under no obligation to stay proceedings pending parallel litigation in the PTAB, . . . judicial efficiency and the desire to avoid inconsistent results may, after a careful consideration of the relevant factors, counsel in favor of a limited stay, even before the PTAB has acted on a petition for IPR." *Delphix Corp. v. Actifio, Inc.*, No. 13-cv-04613-BLF, 2014 WL 6068407, at *2 (N.D. Cal. Nov. 13, 2014). Indeed, some courts in this district have recognized "a liberal policy in favor of granting motions to stay proceedings pending the outcome of USPTO reexamination or reissuance proceedings." *Pragmatus AV, LLC v. Facebook, Inc.*, No. 11-cv-02168-EJD, 2011 WL 4802958, at *2 (N.D. Cal. Oct. 11, 2011).

Courts consider three factors when determining whether to grant a stay pending IPR: "(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." *Evolutionary Intelligence, LLC v. Facebook, Inc.*, No. 13-cv-04202-SI, 2014 WL 261837, at *1 (N.D. Cal. Jan. 23, 2014). The moving party bears the burden of demonstrating that a stay is appropriate. *Netlist, Inc. v. Smart Storage Sys., Inc.*, No. 13-cv-05889-YGR, 2014 WL 4145412, at *1 (N.D. Cal. Aug. 21, 2014).

A. Stage of the Litigation

The first factor the Court considers is whether the litigation has progressed significantly enough for a stay to be disfavored. *See AT&T Intellectual Property I v. Tivo, Inc.*, 774 F. Supp. 2d 1049, 1052 (N.D. Cal. 2011). Specifically, courts have considered (1) whether parties have engaged in costly expert discovery and dispositive motion practice; (2) whether the court has issued its claim construction order; and (3) whether the court has set a trial date. *See PersonalWeb Technologies, LLC v. Apple Inc.*, 69 F. Supp. 3d 1022, 1025 (N.D. Cal. 2014) (collecting cases). "A stay is particularly appropriate for cases in the initial stages of litigation or in which there has been little discovery." *Ho Keung Tse v. Apple Inc.*, No. C 06-06573 SBA, 2007 WL 2904279, at

*2 (N.D. Cal. Oct. 4, 2007).

This case has progressed further than the Court would prefer to see at the time it considers a motion to stay pending IPR: the parties have already submitted their claims construction briefs and the Court has held a claims construction hearing. However, substantial work still remains for this case to be ready for trial. Not a single deposition has been taken to date and both parties contemplate additional document production. The Court has not issued its claim construction order or set any deadlines associated with expert discovery, summary judgment, pre-trial motions, and trial. The undersigned agrees with the numerous other decisions that have found this factor to weigh in favor of a stay under similar facts. *See Cypress Semiconductor Corp. v. LG Elecs., Inc.*, No. 13-cv-04034-SBA, 2014 WL 5477795, at *2 (N.D. Cal. Oct. 29, 2014) (finding that this factor weighs in favor of a stay where claim construction briefing was complete but "[t]here has been no dispositive motion practice, the claims have not been construed, and no deadlines for completing discovery, motion practice or trial have been set"); *PersonalWeb Techs., LLC v. Facebook, Inc.*, No. 13-cv-01356-EJD, 2014 WL 116340, at *3 (N.D. Cal. Jan. 13, 2014) (finding that this factor weighs in favor of a stay where "a claim construction order has been issued and the close of fact discovery is fast approaching" but "a substantial portion of the work—expert discovery, summary judgment, pre-trial preparation, and trial itself—lies ahead").

Finjan also argues that this factor should weigh against a stay because Symantec participated in gamesmanship by filing its IPR petitions on the last day of the statutory window. Dkt. No. 111 ("Opp.") at 6-7. As an initial matter, the Court observes that the stage of the litigation does not change depending on why Symantec filed its motion to stay on August 20, 2015. More important, and as counsel for Symantec explained during the hearing, a defendant has an incentive to exhaust every avenue of inquiry before petitioning for IPR, as it may later be estopped from raising any issues it could have raised during that proceeding. *See* 35 U.S.C. § 315(e)(2) (the petitioning party is estopped from asserting invalidity during a later civil action "on any ground that the petitioner raised or reasonably could have raised during [IPR]"). Accordingly, the Court declines to condition a stay on Symantec seeking IPR earlier than the end of its statutory deadline, or to read a dilatory motive into the timely exercise of its statutory rights. *See Software*

Rights Archive, LLC v. Facebook, Inc., No. 12-cv-03970 RMW, 2013 WL 5225522, at *6 (N.D. Cal. Sept. 17, 2013) ("Although defendants did wait nearly a year to file the IPR petitions, they properly filed the petitions within the statutory time frame, and the delay was not unreasonable under the facts here."); *Asetek Holdings, Inc. v. Cooler Master Co., Ltd.*, No. 13-cv-00457-JST, 2014 WL 1350813, at * 4 (N.D. Cal. Apr. 3, 2014) ("Delay alone [within the statutory deadline] does not usually constitute undue prejudice because parties having protection under the patent statutory framework may not complain of the rights afforded to others by that same statutory framework.") (citations and internal quotations omitted); *Delphix*, 2014 WL 6068407, at *3 ("[W]hile the Court does not condone gamesmanship, it will not require a patent infringement defendant to file a petition for *inter partes* review significantly earlier than the time allowed by statute.").

Given the relatively early stage of this litigation and the substantial work necessary for the case to proceed through trial, the Court finds that this factor weighs slightly in favor of a stay.

B. Simplification of the Case

Under the second factor, the court considers whether granting a stay could simplify the litigation. "The standard is simplification of the district court case, not complete elimination of it by the PTAB." *LELO, Inc. v. Standard Innovation (US) Corp.*, No. 13-cv-01393-JD, 2014 WL 2879851, at *3 (N.D. Cal. June 24, 2014). Granting a stay pending IPR is "particularly" likely to simplify the case "when a party has obtained PTO review of each of the asserted claims in the patents-in-suit." *Evolutionary Intelligence*, 2014 WL 261837, at *2.

Staying the case pending the outcome of IPR could simplify the case by rendering some or all of Finjan infringement claims moot, estopping Symantec from asserting any arguments it raised or reasonably could have raised in the IPR, and providing the Court with PTAB's expert opinion on the claims at issue. *See Evolutionary Intelligence*, 2014 WL 261837, at *2. Indeed, even if the PTO decides to institute review and affirms the validity of every asserted claim, the case would still be simplified because "such a strong showing would assist in streamlining the presentation of evidence and benefit the trier of fact by providing the expert opinion of the PTO." *PersonalWeb Techs.*, 2014 WL 116340, at *4.

Finjan argues that because the PTO has not yet granted any of Symantec's IPR petitions, its motion to stay is based on "pur[e] speculation." Dkt. No. 111 ("Opp.") at 8. But "it is not uncommon for [courts] to grant stays pending reexamination prior to the PTO deciding to reexamine the patent." *Pragmatus AV*, 2011 WL 4802958, at *3 (collecting cases). Furthermore, either party may file a motion to lift the stay if any part of the petitions for IPR are denied by the PTO—so "any concern that the motion[ ][is] premature is alleviated by the short time frame of the initial stay and the Court's willingness to reevaluate the stay if *inter partes* review is not instituted for all of the asserted claims." *Evolutionary Intelligence*, 2014 WL 261837, at *3.

Symantec has sought IPR of all eight patents at issue in this case. Accordingly, the possibility that the PTO may institute review has the potential to streamline and even resolve this action. Were the Court to deny the stay until a decision on institution is made, the parties and the Court would expend significant resources on issues that could eventually be mooted by the IPR decision. Accordingly, the Court finds that staying the case pending the PTO's decision whether to institute IPR is the most efficient use of resources at this juncture. *See PersonalWeb Techs.*, 2014 WL 116340, at *4 (finding that four-month delay before PTO's institution decision would issue was "relatively short" and did not outweigh anticipated simplification of issues); *Delphix*, 2014 WL 6068407, at *2 ("At a minimum, instituting a brief, limited stay of approximately five months to see whether and how the PTAB will act on Defendant's IPR petitions will conserve judicial resources and avoid inconsistent results.").

This factor weighs strongly in favor of a short stay pending the PTO's decision on whether to institute IPR proceedings on the asserted patents.

C. Undue Prejudice

The third factor for the Court to consider is whether Finjan will be unduly prejudiced by a stay. Finjan asserts two forms of prejudice: (1) the inability to bring to market its mobile security product and cyber risk consulting services; and (2) the inability to license its patents. The Court will address each argument in turn.

First, Finjan claims that it currently offers customers a secure browser product that competes with Symantec's products, as well as a cybersecurity consulting service, and that any

stay would "irreparably delegitimize Finjan's patents, business, . . . reputation and efforts to market and sell its new products and services." Opp. at 10; *see also Asetek*, 2014 WL 1350813, at *5 ("Courts recognize that, when the parties are direct competitors, the risk of prejudice is higher to the non-moving party than it would be otherwise.") (citations omitted). The Court does not find this argument persuasive. As an initial matter, the stay issued by the Court will be subject to reconsideration in a few months pending the PTO's decision on whether to institute IPR proceedings for the first five Finjan patents. The short length of the stay strongly militates against a finding of undue prejudice. The Court also finds relevant that this case was filed four years *after* Finjan first sued Symantec for patent infringement in federal district court in Delaware, and that many of the products Finjan asserts infringe were put on the market even before that lawsuit was filed.

In addition, courts in this district require "evidence to substantiate an argument that direct competition will result in prejudice to the non-moving party." *Cypress Semiconductor Corp. v. GSI Tech., Inc.*, No. 13-CV-02013-JST, 2014 WL 5021100, at *5 (N.D. Cal. Oct. 7, 2014) (collecting cases). In this case, Finjan has offered nothing but attorney argument to establish that, even assuming Finjan and Symantec are direct competitors, the stay would result in undue prejudice to Finjan's competitive position. Finjan does not make the representation that its mobile security product practices any of the inventions in the asserted patents, nor does it explain how its consulting services could be impacted by a stay of this lawsuit.[1] At the hearing on this motion, counsel for Finjan confessed that he had not checked to see if Finjan's mobile security product actually practices any of the patents at issue. Accordingly, there is no basis for the Court to find that a stay of this case—which involves specific patents that may or may not be practiced by any Finjan products—would prejudice Finjan's competitive position in the marketplace.

Second, the Court is not persuaded that Finjan's licensing activities will be harmed by the stay. Finjan provides no explanation as to why staying this matter would "unnecessarily and

[1] Because Finjan has offered no evidence that its mobile security product or consulting services will be prejudiced, the Court need not reach the question of whether Finjan could demonstrate prejudice under this factor based on a competitive injury to products which are offered by related, but legally distinct, companies.

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irrevocably hinder Finjan's patent licensing discussions with other third parties[.]" Opp. at 11. Absent a showing that the parties are direct competitors and that the plaintiff's competitive position would be prejudiced by a stay, courts generally find that a plaintiff "does not risk irreparable harm by [the defendant's] continued use of the accused technology and can be fully restored to the *status quo ante* with monetary relief." *DSS Tech. Mgmt., Inc. v. Apple, Inc., No.* 14-CV-05330-HSG, 2015 WL 1967878, at *4 (N.D. Cal. May 1, 2015) (quoting *Software Rights Archive, LLC v. Facebook, Inc.*, No. 12-cv-03970-RMW, 2013 WL 5225522, at *6 (N.D. Cal. Sept. 17, 2013)).

Because Finjan has not demonstrated that it will suffer undue prejudice from a stay, the Court finds that this factor weighs in favor of granting Symantec's motion.

* * *

After weighing the three factors outlined above, the Court finds that a stay is warranted here and will "effectuate[ ] the intent of the AIA by allowing the agency with expertise to have the first crack at cancelling any claims that should not have issued in the patents-in-suit before costly litigation continues." *Software Rights Archive*, 2013 WL 5225522, at *6.

III. CONCLUSION

For the foregoing reasons, the Court **GRANTS** Symantec's motion to stay the case pending a decision by the PTO concerning whether to institute IPR of the claims asserted in Symantec's petitions. The parties shall file a joint status report within seven days of the issuance of the PTO's decisions on whether to institute IPR on the first five patents challenged by Symantec. The parties should briefly include their position on whether the decisions militate for or against continuing the stay until the PTO determines whether to institute proceedings against the final three patents challenged by Symantec. The Court will issue an order addressing further proceedings in the case after receiving the parties' joint status report.

IT IS SO ORDERED.

Dated: October 9, 2015

HAYWOOD S. GILLIAM, JR.
United States District Judge

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EXHIBIT D

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SECURITY PEOPLE, INC., Plaintiff, v. OJMAR US, LLC, Defendant.	Case No. 14-cv-04968-HSG **ORDER GRANTING MOTION TO STAY** Re: Dkt. No. 38

On April 30, 2015, Defendant Ojmar US, LLC ("Ojmar") filed a motion to stay the case pending completion of *inter partes* review ("IPR") proceedings. Dkt. 38 ("Mot."). The Court, in its discretion, finds this matter suitable for resolution without oral argument. *See* Civ. L.R. 7-1(b). For the reasons articulated below, the motion is **GRANTED**.

I. BACKGROUND

A. America Invents Act

By enacting the Leahy-Smith America Invents Act ("AIA"), Congress sought to "establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs" and "to create a timely, cost-effective alternative to litigation." 77 Fed. Reg. 48,680-01 (Aug. 14, 2014) (to be codified at 37 C.F.R. § 42.100 *et seq*). To that end, AIA created the IPR procedure, by which the Patent and Trademark Office's ("PTO") Patent Trial and Appeal Board ("PTAB") may review the patentability of one or more claims in a patent. *See* 35 U.S.C. §§ 311-319. IPR replaces the previous *inter partes* reexamination procedure and converts the process from an examinational to an adjudicative one. *See Abbott Labs. v. Cordis Corp.*, 710 F.3d 1318, 1326 (Fed. Cir. 2013).

IPR allows any party other than the patent owner to challenge patent validity under 35 U.S.C. § 102 or § 103 "on the basis of prior art consisting of patents or printed publications." 35

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U.S.C. § 311(a)-(b). The petitioning party must establish "a reasonable likelihood that the petitioner would prevail with respect to at least [one] of the claims challenged in the petition" in order for the PTO to institute IPR. 35 U.S.C. § 314(a). If the PTO decides to institute IPR, the proceeding is conducted before a panel of three technically-trained Administrative Patent Judges of the PTAB. *See* 35 U.S.C. §§ 6(a)-(c), 316. Following a final determination, the petitioning party is estopped from asserting invalidity during a later civil action "on any ground that the petitioner raised or reasonably could have raised during" the IPR. 35 U.S.C. § 315(e)(2).

B. This Litigation

Plaintiff Security People, Inc. ("SPI") filed its complaint against Ojmar on November 10, 2014, alleging infringement of U.S. Patent No. 6,655,180 (the '180 Patent). Dkt. No. 1. Ojmar filed its answer and asserted six counterclaims on March 4, 2015. Dkt. No. 21. On March 30, 2015, SPI moved to dismiss Ojmar's first and sixth counter claims and to strike Ojmar's fourth and fifth affirmative defenses. Dkt. No. 28. Ojmar filed a petition for IPR of the '180 Patent in late April of 2015, Dkt. No. 39-1, and moved to stay this case pending the outcome of that petition on April 30, 2015, Dkt. No. 38. The PTAB's decision concerning whether to institute proceedings is expected no later than October 2015. Mot. at 2.

This case has just begun. The first Case Management Conference in this action was held on April 1, 2015. Dkt. No. 31. SPI's served its infringement contentions fourteen days after that date. *See* Pat. L.R. 3-1. Ojmar's invalidity contentions are due on May 29, 2015. *See id*. at 3-3. The claim construction briefing process is scheduled to begin in mid-June. Dkt. No. 32.

II. DISCUSSION

A. Legal Standard

"Courts 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) (citations omitted). While courts are "under no obligation to stay proceedings pending parallel litigation in the PTAB, . . . judicial efficiency and the desire to avoid inconsistent results may, after a careful consideration of the relevant factors, counsel in favor of a limited stay, even before the PTAB has acted on a petition for IPR." *Delphix Corp. v.*

Actifio, Inc., No. 13-cv-04613-BLF, 2014 WL 6068407, at *2 (N.D. Cal. Nov. 13, 2014). Indeed, some courts in this district have recognized "a liberal policy in favor of granting motions to stay proceedings pending the outcome of USPTO reexamination or reissuance proceedings." *Pragmatus AV, LLC v. Facebook, Inc.*, No. 11-cv-02168-EJD, 2011 WL 4802958, at *2 (N.D. Cal. Oct. 11, 2011).

Courts consider three factors when determining whether to grant a stay pending IPR: "(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." *Evolutionary Intelligence, LLC v. Facebook, Inc.*, No. 13-cv-04202-SI, 2014 WL 261837, at *1 (N.D. Cal. Jan. 23, 2014). The moving party bears the burden of demonstrating that a stay is appropriate. *Netlist, Inc. v. Smart Storage Sys., Inc.*, No. 13-cv-05889-YGR, 2014 WL 4145412, at *1 (N.D. Cal. Aug. 21, 2014).

B. Stage of the Litigation

The first factor the Court considers is whether the litigation is at an early stage. *See AT&T Intellectual Property I v. Tivo, Inc.*, 774 F. Supp. 2d 1049, 1052 (N.D. Cal. 2011). Specifically, courts consider "whether discovery is complete and whether a trial date has been set." *Evolutionary Intelligence*, 2014 WL 261837, at *1. "A stay is particularly appropriate for cases in the initial stages of litigation or in which there has been little discovery." *Ho Keung Tse v. Apple Inc.*, No. C 06-06573 SBA, 2007 WL 2904279, at *2 (N.D. Cal. Oct. 4, 2007)

SPI does not dispute that this case is in an early stage. Virtually all the activity in this action (*e.g.*, the filing of the answer and counterclaims, the first case management conference, service of SPI's infringement contentions) has occurred in the last three months. Courts have found that this factor weighs in favor of a stay even where litigation has progressed substantially further than the instant action. *See Cypress Semiconductor Corp. v. LG Elecs., Inc.*, No. 13-cv-04034-SBA, 2014 WL 5477795, at *2 (N.D. Cal. Oct. 29, 2014) (finding that this factor weighs in favor of a stay where claim construction briefing was complete but "[t]here has been no dispositive motion practice, the claims have not been construed, and no deadlines for completing discovery, motion practice or trial have been set"); *PersonalWeb Techs., LLC v. Facebook, Inc.*,

No. 13-cv-01356-EJD, 2014 WL 116340, at *3 (N.D. Cal. Jan. 13, 2014) (finding that this factor weighs in favor of a stay where "a claim construction order has been issued and the close of fact discovery is fast approaching" but "a substantial portion of the work—expert discovery, summary judgment, pre-trial preparation, and trial itself—lies ahead"); *AT&T*, 774 F. Supp. 2d at 1052 (finding that this factor weighed in favor of a stay where the parties had not exchanged expert reports, conducted depositions, or filed any dispositive motions, and where claim construction had been fully briefed but no hearing had been held and no trial date had been set).

Given the early stage of this litigation, the Court finds that this factor weighs heavily in favor of a stay.

C. Simplification of the Case

The second factor that the Court considers is whether granting a stay could simplify the litigation. "The standard is simplification of the district court case, not complete elimination of it by the PTAB." *LELO, Inc. v. Standard Innovation (US) Corp.*, No. 13-cv-01393-JD, 2014 WL 2879851, at *3 (N.D. Cal. June 24, 2014). Granting a stay pending IPR is "particularly" likely to simplify the case "when a party has obtained PTO review of each of the asserted claims in the patents-in-suit." *Evolutionary Intelligence*, 2014 WL 261837, at *2.

Staying the case pending the outcome of IPR could simplify the case by rendering some or all of Plaintiff's infringement claims moot, estopping Ojmar from asserting any arguments it raised or reasonably could have raised in the IPR, and providing the Court with PTAB's expert opinion on the claims at issue. *See Evolutionary Intelligence*, 2014 WL 261837, at *2. Indeed, even if the PTAB decides to institute review and affirms the validity of every asserted claim, the case would still be simplified because "such a strong showing would assist in streamlining the presentation of evidence and benefit the trier of fact by providing the expert opinion of the PTO." *PersonalWeb Techs.*, 2014 WL 116340, at *4.

SPI argues that the motion to stay should be denied because: (1) Ojmar has offered no evidence that the PTAB is likely to institute a proceeding in response to its petition; and (2) Ojmar would have to invalidate all three claims upon which it is alleged to infringe—or, in SPI's words, "hit a grand slam"—in order to avoid any surviving claims. Dkt. No. 40 ("Opp.") at 2. The Court

does not find either argument persuasive.

First, "it is not uncommon for [courts] to grant stays pending reexamination prior to the PTO deciding to reexamine the patent." *Pragmatus AV*, 2011 WL 4802958, at *3 (collecting cases). Either party may file a motion to lift the stay if any part of the petitions for IPR are denied—so "any concern that the motion[] [is] premature is alleviated by the short time frame of the initial stay and the Court's willingness to reevaluate the stay if *inter partes* review is not instituted for all of the asserted claims." *Evolutionary Intelligence*, 2014 WL 261837, at *3; *see also Roche Molecular Sys., Inc. v. Cepheid*, No. C-14-3228-EDL, 2015 WL 124523, at *4 (N.D. Cal. Jan. 7, 2015) ("The early status of the IPR proceeding does not change this result. Several cases have granted a stay even where, as here, the PTAB has not yet decided whether to institute an IPR.").

Second, and contrary to SPI's contention, "[a] stay is not contingent upon the reexamination proceeding resolving every claim and issue in this action. Rather, the salient question is whether the reexamination will aid the Court or otherwise streamline the litigation." *Evolutionary Intelligence*, 2014 WL 261837, at *5 (citation omitted). Of course, if the PTAB cancels all of the asserted claims in the '180 Patent, this action will be rendered moot. However, a ruling from the PTAB that cancels or narrows only some of the asserted claims may substantially reduce the scope of this action. *See id.*; *AT&T*, 774 F. Supp. 2d at 1053. Even if the PTAB does not invalidate any claims, the PTAB's claim construction and invalidity analyses "would likely prove helpful to this Court," whether or not the standard applied is identical to the one this Court must apply in the litigation. *Black Hills Media, LLC v. Pioneer Elecs. (USA) Inc.*, No. 14-cv-00471-SJO, 2014 WL 4638170, at *6 (C.D. Cal. May 8, 2014).

The Court finds that this factor also weighs heavily in favor of granting the stay. If instituted, IPR is likely to greatly simplify the case. Were the Court to deny the stay until a decision on institution is made, the parties and the Court would expend significant resources on claim construction proceedings that could eventually be mooted by the IPR decision. The Court finds that staying the case pending the PTO's decision whether to institute IPR is the most efficient use of resources. *See PersonalWeb Techs.*, 2014 WL 116340, at *4 (finding that four-

month delay before PTO's institution decision would issue was "relatively short" and did not outweigh anticipated simplification of issues); *Delphix*, 2014 WL 6068407, at *2 ("At a minimum, instituting a brief, limited stay of approximately five months to see whether and how the PTAB will act on Defendant's IPR petitions will conserve judicial resources and avoid inconsistent results.").

D. Undue Prejudice

The third factor for the Court to consider is whether SPI will be unduly prejudiced by a stay. SPI argues that Ojmar intentionally delayed filing its IPR petition for six months, which "caused considerable consumption of this Court's time by virtue of having already undertaken a case management concurrence, having invoked the jurisdiction of the Court for its own benefit to file a counter-claim against plaintiff, and after this Court has taken its time and energy to set a complete scheduling of this case in compliance with the local patent rules." Opp. at 3.

SPI's argument is not well taken. While this action was filed in November of 2014, it appears that Ojmar was not actually served the complaint for several months, and, in any event, the case did not "begin" in a practical sense until March 4, 2015—the extended deadline for Ojmar to file its responsive pleading as agreed to by SPI. Dkt. No. 13. Moreover, Ojmar was transparent about its intention to move for a stay from the outset of this litigation. In the parties' March 2, 2015 Joint Case Management Statement (filed two days before Ojmar answered SPI's complaint), Ojmar represented that it "may" move for a stay pending IPR. Dkt. No. 19 at 2. In the parties' Supplemental Joint Case Management Statement filed on March 25, 2015, Ojmar alerted both the Court and SPI that it now "anticipate[d] filing a motion to stay." Dkt. No. 23 at 2. During the April 1, 2015 Case Management Conference, Ojmar committed to filing both its IPR petition with the PTO and a motion to stay with this Court by no later than April 30, 2015. Ojmar hit both targets. *See* Dkt. No. 38 and 39-1.

Accordingly, the Court does not find Ojmar's motion to stay to be untimely or the product of "delay tactics" as argued by SPI. Opp. at 3. In fact, Ojmar filed its petition for IPR (and the instant motion to stay) with more than six months remaining of the one-year statutory limit. 35 U.S.C. § 315(b) (providing defendants one year from the date of service of the complaint to

submit a petition for IPR); *see also Asetek Holdings, Inc. v. Cooler Master Co., Ltd.,* No. 13-cv-00457-JST, 2014 WL 1350813, at * 4 (N.D. Cal. Apr. 3, 2014). ("Delay alone [within the statutory deadline] does not usually constitute undue prejudice because parties having protection under the patent statutory framework may not complain of the rights afforded to others by that same statutory framework.") (citations and internal quotations omitted). Courts routinely find even greater "delays" in seeking IPR to be reasonable. *See, e.g., Software Rights Archive, LLC v. Facebook, Inc.*, No. 12-cv- 03970-RMW, 2013 WL 5225522, at *6 (N.D. Cal. Sept. 17, 2013) ("Although defendants did wait nearly a year to file the IPR petitions, they properly filed the petitions within the statutory time frame, and the delay was not unreasonable under the facts here."); *Cypress Semiconductor*, 2014 WL 5477795, at *3 (finding that the fact that defendant filed its IPR petitions close to the end of the statutory deadline "does not demonstrate undue delay").

At base, the only fact that could potentially weigh against a stay of this action is that SPI and Ojmar are direct competitors. *Asetek*, 2014 WL 1350813, at *5 ("Courts recognize that, when the parties are direct competitors, the risk of prejudice is higher to the non-moving party than it would be otherwise.") (citations omitted). However, courts in this district require "evidence to substantiate an argument that direct competition will result in prejudice to the non-moving party." *Cypress Semiconductor Corp. v. GSI Tech., Inc.*, No. 13-CV-02013-JST, 2014 WL 5021100, at *5 (N.D. Cal. Oct. 7, 2014) (collecting cases). Here, SPI submitted a declaration from Asil Gokcebay, (the President and CEO of SPI), which estimates that the continued sales of Ojmar's allegedly infringing products would substantially reduce SPI's sales of its competing products, resulting in approximately $5.9 million in lost profits over the 2015 and 2016 years. *See* Dkt. No. 41 ("Gokcebay Dec.") at ¶7. However, Gokcebay's declaration provides no indication that his estimate rises above the level of speculation. In essence, Gokcebay projected SPI's expected annual revenues into the future and then "[b]ased upon the allegations of the counter-claim, and [his] understanding of the market and the effects of the Ojmar product on our sales," performed an unexplained and unsupported calculation to reach a total loss of revenue of approximately $8.8 million, which (assuming a "reasonable margin based upon experience") led to a $5.9 million loss

in profits. *Id*. at ¶ 5-7.

Gokcebay's "back of the napkin" estimate based on his reading of the pleadings does not provide this Court sufficient evidence to evaluate the degree of prejudice that SPI may suffer as the result of a stay. *See Asetek,* 2014 WL 1350813, at *5 (finding that without more evidence than the declaration of the Plaintiff's CEO tending to show that the plaintiff would suffer prejudice as a result of a stay due to the parties' status as direct competitors, "a stay could produce undue prejudice, although the degree of prejudice is hard to estimate on this record."). Gockebay's estimate is particularly difficult to evaluate given that SPI did not identify any of its own products that practice the '180 Patent in its infringement contentions as called for by this District's Patent Local Rule 3-1(g). *See* Dkt. No. 43-1, Ex. A at 2. Accordingly, as in *Asetek,* while the Court can assume that SPI may suffer some prejudice as a result of a stay due to the parties' status as direct competitors, the Court cannot assess the degree of prejudice on the record provided.

In sum, the undue prejudice factor is either neutral or weighs slightly against a stay of this action. On the one hand, Ojmar expeditiously petitioned for IPR and simultaneously moved this Court for a stay pending the PTAB's decision. On the other, Ojmar and SPI are direct competitors, although the extent of the possible harm based on that relationship has not been adequately presented to the Court.

* * *

After weighing the three factors outlined above, the Court finds that a stay is warranted here. The first two factors strongly weigh in favor of a stay, while the third factor is either neutral or cuts only slightly against staying this action. Accordingly, a stay will "effectuate[] the intent of the AIA by allowing the agency with expertise to have the first crack at cancelling any claims that should not have issued in the patents-in-suit before costly litigation continues." *Software Rights Archive*, 2013 WL 5225522, at *6.

III. SPI'S OTHER ARGUMENTS

SPI devotes the majority of its Opposition to an attack on the constitutionality of the AIA's IPR process. Opp. at 4-9. This argument is irrelevant to the question of whether a stay should issue. SPI may challenge the actions of the PTAB through any available legal channel if and

when it receives an adverse decision.

SPI also argues that—should the Court stay this action— it should either: (1) require Ojmar to post a bond as security for SPI's lost sales during the IPR process; or (2) enjoin Ojmar from selling its allegedly infringing products. The Court disagrees. SPI's bare assertion that Ojmar is a "shell company" that will immediately transfer funds to its foreign parent to avoid a potential judgment, Mot. at 1, is insufficient to support a bond requirement. There is no actual evidence of inability or unwillingness to satisfy a judgment in the record. Moreover, SPI has cited no case decided after the passage of the AIA where a Court has required the moving party to post a bond upon issuance of a stay pending IPR. *See Brixham Solutions Ltd. v. Juniper Networks, Inc.*, No. 13-CV-00616-JCS, 2014 WL 1677991, at *2 (N.D. Cal. Apr. 28, 2014) ("[T]he potential delay associated with inter partes review is not significant in comparison to the post-grant review procedures that existed prior to the enactment of the America Invents Act."). Accordingly, based upon the evidence presented by the parties, the Court finds that neither a bond requirement nor an injunction preventing Ojmar's sales of the allegedly infringing products is warranted during the pendency of the stay.

IV. CONCLUSION

For the foregoing reasons, the Court **GRANTS** Ojmar's motion to stay the case pending decision by the PTO whether to institute IPR of the claims asserted in Ojmar's petition. The parties shall file a joint status report within five days of the issuance of PTO's decision on whether to institute IPR challenging the patent-in-suit, informing the Court of the PTO's decision. At that time, the Court will issue an order addressing further proceedings in the case.

IT IS SO ORDERED.

Dated: May 29, 2015

HAYWOOD S. GILLIAM, JR.
United States District Judge

United States District Court
Northern District of California

EXHIBIT E

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

COOLER MASTER CO., LTD., et al., Plaintiffs, v. ASETEK DANMARK A/S, Defendant.	Case No. 21-cv-04627-HSG **ORDER GRANTING MOTION TO STAY** Re: Dkt. No. 34

In June 2021, Plaintiffs Cooler Master Co., Ltd. and CMI USA, Inc. (collectively "Cooler Master") filed a complaint against Asetek Danmark A/S ("Asetek") seeking a declaratory judgment that Cooler Master is not infringing seven Asetek patents. *See* Dkt. No. 1. In December 2021, Asetek filed counterclaims, which it later amended, against Cooler Master Co., Ltd. and CMI USA, Inc. alleging they had infringed two Asetek patents. *See* Dkt. Nos. 20, 26.

Now pending before the Court is Asetek's motion to stay pending *inter partes* review ("IPR"), briefing for which is complete. Dkt. Nos. 34 ("Mot."), 38 ("Opp."), 39 ("Reply"). After carefully considering the parties' arguments, the Court **GRANTS** Asetek's motion to stay.

I. BACKGROUND

Cooler Master seeks a declaratory judgment of non-infringement regarding seven patents: 8,240,362 (the "'362 patent"), 8,245,764 (the "'764 patent"), 9,733,681 (the "'681 patent"), 10,078,354 (the "'354 patent"), 10,078,355 (the "'355 patent"), 10,599,196 (the "'196 patent"), and 10,613,601 (the "'601 patent"). *See* Dkt. No. 1. According to Cooler Master, the patents consist of two patent families. The first is the '362 patent family, which includes patents '354 and '601. *Id.* ¶ 18. The second is the '764 family, which includes patents '681, '355, and '196. *Id.* Asetek's counterclaims for patent infringement concern the '362 and '764 patents. Dkt. No. 20 at

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¶¶ 12-13, 23-24.

Asetek alleges that five of the seven patents at issue in this case are also the subject of instituted IPRs or appeals before the Federal Circuit as a result of separate litigation between CoolIT Systems, Inc. ("CoolIT") and Asetek. Mot. at 3. For patents '681, '354, and '355, the IPR proceedings resulted in final written decisions in August 2021, and appeals to the Federal Circuit were filed in October 2021. *Id.* at 3-4. For patents '196 and '601, IPR proceedings were instituted in December 2021, and final written decisions are expected by the end of this year. *Id.*; *see* 35 U.S.C. § 316(a)(11); 37 C.F.R. § 42.100(c). Additionally, Asetek represents that claims involving the '196, '601, and '362 patents are set to go to trial before Judge Chen in *Asetek Danmark A/S v. Coolit Systems Inc.*, Case No. 3:19-cv-00410-EMC. *Id.* at 4. A review of that case's docket shows that trial is set for March 2023.

II. LEGAL STANDARD

"Courts have inherent power to manage their dockets and stay proceedings, including the authority to order a stay pending [IPR]." *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426–27 (Fed. Cir. 1988) (internal citations omitted); *IXI Mobile (R & D) Ltd. v. Samsung Elecs. Co.*, No. 15-cv-03752-HSG, 2015 WL 7015415, at *2 (N.D. Cal. Nov. 12, 2015). Courts consider three factors in determining whether to grant a stay pending IPR: "(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." *IXI Mobile (R & D) Ltd.*, 2015 WL 7015415, at *2 (quoting *Evolutionary Intelligence, LLC v. Facebook, Inc.*, No. 13-cv-04202-SI, 2014 WL 261837, at *1 (N.D. Cal. Jan. 23, 2014)). The moving party bears the burden of demonstrating that a stay is appropriate. *DSS Tech. Mgmt., Inc. v. Apple, Inc.*, No. 14-cv-05330-HSG, 2015 WL 1967878, at *2 (N.D. Cal. May 1, 2015).

Courts in this district have often recognized "a liberal policy in favor of granting motions to stay" pending IPR. *See Pragmatus AV, LLC v. Facebook, Inc.*, No. 11–cv–02168–EJD, 2011 WL 4802958, at *2 (N.D. Cal. Oct. 11, 2011); *IXI Mobile (R & D) Ltd.*, 2015 WL 7015415, at *2. Courts, however, must evaluate stay requests on a case-by-case basis. *See GoPro, Inc. v. C&A*

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Marketing, Inc., No. 16-cv-03590-JST, 2017 WL 2591268, at *2 (N.D. Cal. June 15, 2017). And whether to stay is always within the court's discretion.

III. DISCUSSION

A. Factor 1: Stage of the Proceedings

The first factor the Court considers is whether the litigation is at an early stage. *See AT&T Intellectual Property I v. Tivo, Inc.*, 774 F. Supp. 2d 1049, 1052 (N.D. Cal. 2011). Specifically, courts consider "whether discovery is complete and whether a trial date has been set." *Evolutionary Intelligence*, 2014 WL 261837, at *1.

Asetek contends that this factor favors a stay because the "case is indisputably in a very early stage." Mot. at 5. Asetek represents that the parties have not engaged in any fact or expert discovery or exchanged infringement or invalidity contentions. *Id.* The claim construction process has not begun, no substantive or dispositive motions have been filed, and the Court has yet to enter a case schedule. Cooler Master agrees that the case is at a relatively early stage. Opp. at 2.

Given the early stage of this litigation, the Court find that this factor weighs in favor of a stay.

B. Factor 2: Simplification of the Case

Asetek contends that "a majority of the patents Cooler Master brought into this action are involved in already-instituted IPRs, appeals therefrom, and/or imminent jury trial, which strongly favors a stay." Mot. at 7. Asetek argues that these proceedings will simplify the "issues in question and trial of the case." *Id.* Cooler Master likewise agrees that the proceedings could simplify this case and that the factor tends to favor a stay. *See* Opp. at 2-3.

The Court agrees that this factor weighs in favor of a stay. As other courts have noted, a crucial consideration under this factor is the status of the institution decision. *See GoPro, Inc.*, 2017 WL 2591268, at *4. The PTAB issued final written decisions regarding three of the patents at issue in this case, and those decisions are currently on appeal before the Federal Circuit. Mot. at 7. And since PTAB is expected to issue final written decisions on two additional patents by the end of this year, *id.*, there is a real possibility that the IPR process, and the results of the pending

appeals, will simplify the case.

C. Factor 3: Prejudice and Disadvantage

The final factor considers whether a stay would unduly prejudice the nonmoving party. Courts here consider whether the moving party engaged in dilatory tactics, such as seeking review in an untimely fashion. *See GoPro, Inc.*, 2017 WL 2591268, at *4. Courts address four considerations when evaluating prejudice: (1) the timing of the IPR petition; (2) the timing of the stay request; (3) the status of review; and (4) the relationship of the parties. *See SAGE Electrochromics, Inc. v. View, Inc.*, No. 12-cv-06441-JST, 2015 WL 66415, at *3 (N.D. Cal. Jan. 5, 2015) (quoting *Ever Win Int'l Corp. v. Radioshack Corp.*, 902 F. Supp. 2d 503, 508 (D. Del. 2012)).

i. Timing of IPR Petition and Request for Stay

Asetek answered Cooler Master's complaint and filed its counterclaims in December 2021. By that time, Asetek and CoolIT had already appealed PTAB's decisions regarding three of the patents at issue here. That same month, IPR proceedings for another two patents were instituted. On February 9, 2022, Asetek filed the instant motion to stay. Stays pending IPR can result in substantial delay in the district court proceeding, but the current record does not support a finding of purposeful delay or lack of diligence by Asetek. The Court finds that the timing of the IPR petition and motion to stay weighs in favor of a stay.

ii. Status of Proceedings

The IPR proceedings are well underway. For three of the patents, the proceedings have already resulted in final written decisions now being appealed. And the IPR proceedings for two other patents were instituted in December 2021 with final written decisions expected by December 2022. Given the advanced stage of the IPR proceedings, the Court finds that this consideration weighs in favor of a stay.

iii. Relationship of the Parties

Where parties are direct competitors, the risk of prejudice to the non-moving party is higher than it would be otherwise. *See TPK Touch Sols. Inc. v. Wintek Electro-Optics Corp.*, No. 13-cv-02218 JST, 2013 WL 6021324, at *5 (N.D. Cal. Nov. 13, 2013). However, courts in this

district require "evidence to substantiate an argument that direct competition will result in prejudice to the non-moving party." *Cypress Semiconductor Corp. v. GSI Tech., Inc.*, No. 13–CV–02013–JST, 2014 WL 5021100, at *5 (N.D. Cal. Oct. 7, 2014) (collecting cases).

Cooler Master represents that it and Asetek are "head-to-head competitors," and alleges that Asetek "continues to poison the market" by broadcasting that Cooler Master is infringing on Asetek's patents. Opp. at 2. Cooler Master argues that a stay in this case allows Asetek to continue to "disparage" Cooler Master's products, which disparagement "can be expected to have a chilling effect on Cooler Master's sales and harm Cooler Master's business relations, etc." *Id.* at 3.

Because of this, Cooler Master requests that the Court enjoin Asetek "from making *any* assertions of infringement or violations of Court orders in the marketplace during the pendency of the stay" and asks that Asetek "be required to post a bond in an amount according to proof during the pendency of the stay." Opp. at 3. Cooler Master's request for an injunction is procedurally improper and therefore denied. If it has a meritorious basis for seeking an injunction, Cooler Master should file a motion and fully explain the grounds for its request. The Court also finds that a bond is not warranted at this time, in significant part because Cooler Master's complaint seeks a declaratory judgment, not monetary damages.

Asetek agrees that it is a direct competitor with Cooler Master, but argues that Cooler Master "is a large company with many product lines, and that the liquid cooling products at issue in this case represent only a very small part of Cooler Master's overall business." Reply at 4-5. Asetek also argues that Cooler Master's lack of urgency in pursuing this case, like the eight-month delay in filing its declaratory judgment complaint, demonstrates that Cooler Master "has not suffered undue prejudice and will not suffer undue prejudice during a stay." Reply at 4-5; *see also* Mot. at 8-9.

Although the parties are direct competitors, Cooler Master has offered no evidence to substantiate its general assertions that a stay will result in competitive injury. Without at least some probative evidence, the Court cannot credit Cooler Master's assertion of prejudice. The Court finds that this consideration, at most, weighs weakly against a stay.

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iv. Conclusion as to Prejudice

Balancing the factors, the Court finds that the prejudice and disadvantage factor does not weigh against or in favor of a stay.

IV. CONCLUSION

Having considered the relevant factors in their entirety, the Court finds in its discretion that a stay is warranted, and **GRANTS** Asetek's motion. The parties shall file a joint status report every six months from the date of this order to update the Court on the status of the appeals and the IPR proceedings. The parties shall also file a joint status report within five days of (1) the issuance of final written decisions regarding patents '196 and '601 or (2) a ruling by the Federal Circuit resolving the appeals regarding patents '681, '354, and '355. The Court will assess every six months whether lifting the stay is warranted.

IT IS SO ORDERED.

Dated: 6/14/2022

HAYWOOD S. GILLIAM, JR.
United States District Judge

EXHIBIT F

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

GOOGLE LLC, Plaintiff, v. ECOFACTOR, INC., Defendant.	Case No. 21-cv-03220-HSG **ORDER GRANTING GOOGLE'S RENEWED MOTION TO STAY** Re: Dkt. No. 149

On October 18, 2023, Plaintiff and Counterclaim-Defendant Google LLC ("Google") filed a renewed motion to stay the case pending final resolution of the United States Patent and Trademark Office's *ex parte* reexamination ("XPR") of U.S. Patent No. 10,584,890 ("the '890 Patent"). Dkt. No. 149 ("Mot."). The Court finds this matter suitable for resolution without oral argument. *See* Civ. L.R. 7–1(b). For the reasons articulated below, the Court **GRANTS** Google's motion and stays the case pending final resolution of the XPR.

I. BACKGROUND

Google filed this case against Defendant and Counterclaimant EcoFactor, Inc. ("EcoFactor") on April 30, 2021. Dkt. No. 1. In the Complaint, Google sought a declaratory judgment of non-infringement regarding four Asserted Patents: the '890 Patent and U.S. Patent Nos. 8,740,100 (the "'100 Patent"); 8,751,186 (the "'186 Patent"); and 9,194,597 (the "'597 Patent"). *See id.* In August 2022, the Patent Trial and Appeal Board ("PTAB") instituted i*nter partes* review ("IPR") proceedings on the '100, '186, and '597 Patents. *See* Dkt. No. 131 at 2. Google moved to stay this case, and the Court granted its motion. Dkt. No. 135. In August 2023, the PTAB issued final written decisions in all three IPR proceedings, with all claims of those patents found unpatentable. Dkt. No. 139. EcoFactor is appealing those final written decisions,

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and has granted Google a unilateral covenant not to sue on the ’100, ’186, and ’597 patents. *See* Dkt. No. 147. Thus, only the ’890 Patent remains in dispute in this case. *See id.*

Google previously petitioned for IPR as to the ’890 Patent, which the PTAB declined to institute on August 1, 2022. *See* Dkt. No. 150-2. Subsequently, in May 2023, Google requested XPR of all claims in the ’890 Patent, which the PTAB instituted on August 17, 2023. *See* Dkt. No. 139 at 2 n.2; Dkt. No. 142 at 3. The parties agreed to a briefing schedule for this renewed motion to stay on October 3, 2023, Dkt. No. 144, and Google filed this motion on October 18, 2023. Dkt. No. 149.

II. LEGAL STANDARD

“Courts 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. Quiggin*, 849 F.2d 1422, 1426–27 (Fed. Cir. 1988) (internal citations omitted); *IXI Mobile (R & D) Ltd. v. Samsung Elecs. Co.*, No. 15-cv-03752-HSG, 2015 WL 7015415, at *2 (N.D. Cal. Nov. 12, 2015). Courts consider three factors in determining whether to grant a stay: “(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.” *IXI Mobile (R & D) Ltd.*, 2015 WL 7015415, at *2 (quoting *Evolutionary Intelligence, LLC v. Facebook, Inc.*, No. 13-cv-04202-SI, 2014 WL 261837, at *1 (N.D. Cal. Jan. 23, 2014)). The moving party bears the burden of demonstrating that a stay is appropriate. *DSS Tech. Mgmt., Inc. v. Apple, Inc.*, No. 14-cv-05330-HSG, 2015 WL 1967878, at *2 (N.D. Cal. May 1, 2015).

Courts in this district have often recognized “a liberal policy in favor of granting motions to stay” pending IPR. *See Pragmatus AV, LLC v. Facebook, Inc.*, No. 11–cv–02168–EJD, 2011 WL 4802958, at *2 (N.D. Cal. Oct. 11, 2011); *IXI Mobile (R & D) Ltd.*, 2015 WL 7015415, at *2. Courts, however, must evaluate stay requests on a case-by-case basis. *See GoPro, Inc. v. C&A Marketing, Inc.*, No. 16-cv-03590-JST, 2017 WL 2591268, at *2 (N.D. Cal. June 15, 2017). Ultimately, whether to issue a stay is a matter of the Court’s discretion.

III. DISCUSSION

A. Factor 1: Stage of Proceedings

"The first factor the Court considers is whether the litigation is at an early stage." *Cooler Master Co. v. Asetek Danmark A/S*, No. 21-cv-04627-HSG, 2022 WL 2673089, at *2 (N.D. Cal. June 14, 2022) (citing *AT&T Intellectual Property I v. Tivo, Inc.*, 774 F. Supp. 2d 1049, 1052 (N.D. Cal. 2011)). Specifically, courts consider "whether discovery is complete and whether a trial date has been set." *Evolutionary Intelligence*, 2014 WL 261837, at *1.

The parties dispute whether this case is at an early stage. Google argues that it is, because no discovery has taken place and no trial date has been set. *See* Mot. at 5–6. EcoFactor counters that the case is at an advanced stage because the parties and the Court have expended substantial resources in briefing and holding a hearing on claim construction issues. *See* Dkt. No. 150 ("Opp.") at 4. EcoFactor further asserts that there is little work remaining for the parties and Court to do in this case, given the "limited nature of fact discovery required for the '890 Patent". *Id*.

Considering the parties' arguments, the Court concludes this factor weighs in favor of a stay. The Court previously found that the case was at an early stage when it granted Google's original motion to stay in October 2022, and the circumstances have not meaningfully changed since that order. *See* Dkt. No. 135 at 3 (finding first factor weighed in favor of stay where "parties have engaged in virtually no discovery" and the Court had not yet issued a claim construction order or set a trial date). EcoFactor argues that there is limited discovery to complete because much of the fact discovery relevant to the '890 Patent has been done in a related case in Texas – *EcoFactor, Inc. v. Google LLC*, Case No. 6:20-cv-00075 (W.D. Tex.) (the "Texas Action"). However, the relevant consideration here is the extent to which discovery has been completed *in this case*, and the Court does not find the status of discovery in another proceeding relevant, especially where, as Google points out, there are different Accused Instrumentalities at issue in this case and there is no discovery cross-use agreement. *See* Dkt. No. 151 ("Reply") at 4–5 n.2. Accordingly, the Court finds the first factor weighs in favor of a stay.

B. Factor 2: Simplification of Case

The second factor that the Court considers is whether granting a stay could simplify the litigation. "A stay is favored under the second factor when the outcome of the reexamination would be likely to assist the court in determining patent validity and, if the claims were canceled in the reexamination, would eliminate the need to try the infringement issue." *Contour IP Holding, LLC v. GoPro, Inc.*, No. 17-cv-04738-WHO, 2018 WL 6574188, at *3 (N.D. Cal. Dec. 12, 2018) (internal cites omitted). Thus, granting a stay is "particularly" likely to simplify the case "when a party has obtained PTO review of each of the asserted claims in the patents-in-suit." *Evolutionary Intelligence*, 2014 WL 261837, at *2. Here, a decision in Google's favor on its XPR would "eliminate the need to try the infringement issue." *Id.*

EcoFactor does not meaningfully dispute that a decision invalidating the '890 Patent claims in the XPR would eliminate all remaining claims in dispute in this case. It instead argues that "the outcomes of previous invalidity challenges against the '890 Patent may be predictive of Google's XPR." Opp. at 8. EcoFactor relies on four prior challenges to the '890 Patent as "predictive" of the success of Google's XPR: (1) Google's prior IPR petition, (2) another IPR petition challenging the '890 Patent brought by Ademco, Inc. (the "Ademco IPR"), (3) Google's motion to dismiss under 35 U.S.C. § 101, and (4) the conclusion of *EcoFactor, Inc. v. ecobee, Inc.*, Case No. 6:21-cv-428-ADA (W.D. Tex.) (the "*ecobee* Case"). The Court finds EcoFactor's arguments unpersuasive. Of the four prior challenges identified by EcoFactor, only one has any overlap with Google's current XPR – the Ademco IPR.[1] However, only three (Trundle, Ehlers, and Wedekind) of the six prior art references in Google's XPR overlap with those in the Ademco IPR, and the PTAB declined to institute the Ademco IPR but did institute Google's XPR. Moreover, in declining to institute the Ademco IPR, the PTAB appears to have relied primarily on

[1] Google's prior IPR is irrelevant because the PTAB declined to institute Google's prior IPR on grounds relating to the priority date of the '890 Patent, and not the substance of the prior art references (which are different from those asserted by Google in its XPR). Google's motion to dismiss is likewise irrelevant because patent eligibility under Section 101 has no predictive value as to invalidity challenges under Section 102 and 103. And the *ecoBee* Case is irrelevant as the defendant there elected not to present an invalidity case. *See EcoFactor, Inc. v. ecobee, Inc.*, 6:21-cv-00426-ADA, Dkt. No. 261 (EcoFactor's Memorandum in Support of Its Bill of Costs) at 5 n.1 (W.D. Tex. Sept. 6, 2023).

deficiencies in prior art not asserted in the Google XPR, or the lack of motivation to combine, and *not* deficiencies in Trundle, Ehlers, and Wedekind. *See e.g.*, Dkt. No. 150-2 at 11–17 (rejecting ground on failure of petition to "assert that a person of ordinary skill in the art would have modified Leen in view of Trundle by configuring Leen's HVAC controller"); 17–19 (finding deficiencies in petition's reliance on Imes prior art reference). Thus, even if the Court considered the Ademco IPR relevant in predicting the success of Google's XPR, the Court finds no reason to ascribe much predictive value to the overlap of Trundle, Ehlers, and Wedekind between the Ademco IPR and Google's XPR. Ultimately, the Court's concern in considering this stay request is not whether the XPR *will* result in invalidation, but rather whether it realistically *could.*

Having found that EcoFactor's arguments regarding the merits of Google's XPR are not determinative, the Court concludes that "this case squarely presents the usual situation in which the results of any instituted [XPRs] obviously could simplify the case," and the second factor thus weighs in favor of a stay. *Apple, Inc. v. AliveCor, Inc.*, No. 4:22-cv-07608-HSG, Dkt. No. 89 at 4 (N.D. Cal. Dec. 29, 2023).

C. Factor 3: Prejudice and Disadvantage

The third factor for the Court to consider is whether Defendants will be unduly prejudiced by a stay. "With respect to the third factor, this district applies a four sub-factor analysis considering: (i) the timing of the reexamination request; (ii) the timing of the request for stay; (iii) the status of reexamination proceedings; and (iv) the relationship of the parties. Courts have repeatedly found no undue prejudice unless the patentee makes a specific showing of prejudice beyond the delay necessarily inherent in any stay." *Evolutionary Intelligence*, 2014 WL 261837, at *2 (citation and quotation marks omitted).

i. Timing of the Reexamination Request

EcoFactor argues that this subfactor weighs against a stay because Google delayed filing its XPR petition until May 2023, nine months after the PTAB originally denied institution of its IPR petition and seven months after the PTAB denied Google's request for rehearing. This delay, according to EcoFactor, represents "evidence of dilatory motives or tactics, which suggest that [Google] is 'taking tactical advantage of opportunities for delay.'" *Facebook, Inc. v. Blackberry*

Ltd., No. 4:18-cv-05434-JSW, Dkt. No. 125 at 2 (N.D. Cal. June 15, 2020) (citing *Teleman Corp. v. Teledigital, Inc.*, 450 F. Supp. 2d 1107, 1111 (N.D. Cal. 2006)).

Here, the Court finds that this subfactor weighs somewhat against a stay. EcoFactor argues that Google delayed its XPR petition to gain insight into EcoFactor's response to the Ademco IPR, and to ensure that the PTAB's institution decision on the XPR would coincide with the issuance of final written decisions in its IPRs, effectively prolonging its stay of this litigation. *See* Opp. at 17–19. In reply, Google says little to rebut this argument, simply asserting that it "sought reexamination almost half a year ago while this case was still stayed and promptly after searching for and identifying additional prior art in support of its nearly 160-page long XPR request." Reply at 11. While the Court recognizes that an XPR petition cannot be put together overnight, Google has not explained in any detail why its seven-month delay in filing its petition for XPR was reasonable, or why it could not have done so earlier. Absent such an explanation, and given that the timing resulted in the PTAB not being presented with the issue until (1) after Google had the chance to consider EcoFactor's response to Ademco's IPR petition and (2) closer to the time that this Court's stay based on the IPRs otherwise likely would have been due to expire, this factor weighs somewhat in EcoFactor's favor.

ii. Timing of the Request for Stay

The PTAB instituted Google's XPR on August 17, 2023, and the parties agreed to a briefing schedule for this motion shortly thereafter, on October 3, 2023. As such, there is no evidence that Google delayed in bringing this motion, and this subfactor correspondingly weighs in favor of a stay.

iii. Status of Reexamination Proceedings

Where a review has been instituted already, this subfactor weighs in favor of a stay. *See Zomm, LLC v. Apple Inc.*, 391 F. Supp. 3d 946, 957 (N.D. Cal. 2019). Here, Google's XPR has been instituted, weighing in favor of a stay.

iv. Relationship of the Parties

The Court previously found this subfactor neutral, considering the parties' dueling characterizations as to whether they are direct competitors, and EcoFactor's failure to pursue a

preliminary injunction. *See* Dkt. No. 135 at 5. Because the relationship between the parties has not changed since that order, the Court finds this subfactor is still neutral.

v. Risk of Evidence Loss

EcoFactor urges that, in addition to the factors discussed above, the Court should also consider the risk of loss of evidence over time that would result from a further stay in this case. *See* Opp. at 22. EcoFactor argues that such risks would put it, as the plaintiff in this case, at a tactical disadvantage from lost evidence or fading witness recollections. *Id.*

The risk of evidence loss "is inherent in any stay and is a factor that the Court must consider." *LG Elecs., Inc. v. Eastman Kodak Co.*, No. 09-cv-0344H (BLM), 2009 WL 1468703, at *2 (S.D. Cal. May 26, 2009). "This risk is greater when important documents are under the control of third parties, as these entities might not be obligated to preserve that evidence." *Id.* However, absent "any specific reason to worry about document preservation issues," there is "no risk of undue prejudice" that would militate against a stay. *IXI Mobile (R & D) Ltd.*, 2015 WL 7015415, at *4. Here, the Court finds no specific reason to worry about document preservation issues: EcoFactor itself has argued, as to the first factor, that there is limited discovery left to be done in this case and that much of the relevant discovery has been conducted in the Texas Action. Moreover, unlike in *LG Elecs.*, EcoFactor has not shown that important evidence here is under the control of third parties, such that document preservation would be of particular concern. Obviously, all parties in this ongoing litigation have an obligation to preserve potential evidence. Absent any such specific reason to worry about evidence preservation issues, the Court finds no risk of undue prejudice to EcoFactor that weighs against a stay.

Because the Court finds the timing of Google's XPR request weighs somewhat against a stay, and the other subfactors are either neutral or weigh in favor of a stay, it concludes that the third factor – prejudice and disadvantage – is neutral.

IV. CONCLUSION

The Court finds that the first two factors – status of the proceedings and simplification of the case – weigh heavily in favor of a stay while the last factor – prejudice and disadvantage – is neutral. Considering all three together, the Court concludes that a stay is warranted, and therefore

United States District Court
Northern District of California

GRANTS Google's motion to stay pending conclusion of its XPR of the '890 Patent. The parties shall file a joint status report every six months from the date of this order to update the Court on the status of the XPR proceeding and any appeals therefrom. Within seven days of the issuance of the final written decision in Google's XPR, the parties shall file a joint status report of no more than one page, without any argument, simply notifying the Court of the decision and attaching a copy.

IT IS SO ORDERED.

Dated: 1/8/2024

HAYWOOD S. GILLIAM, JR.
United States District Judge

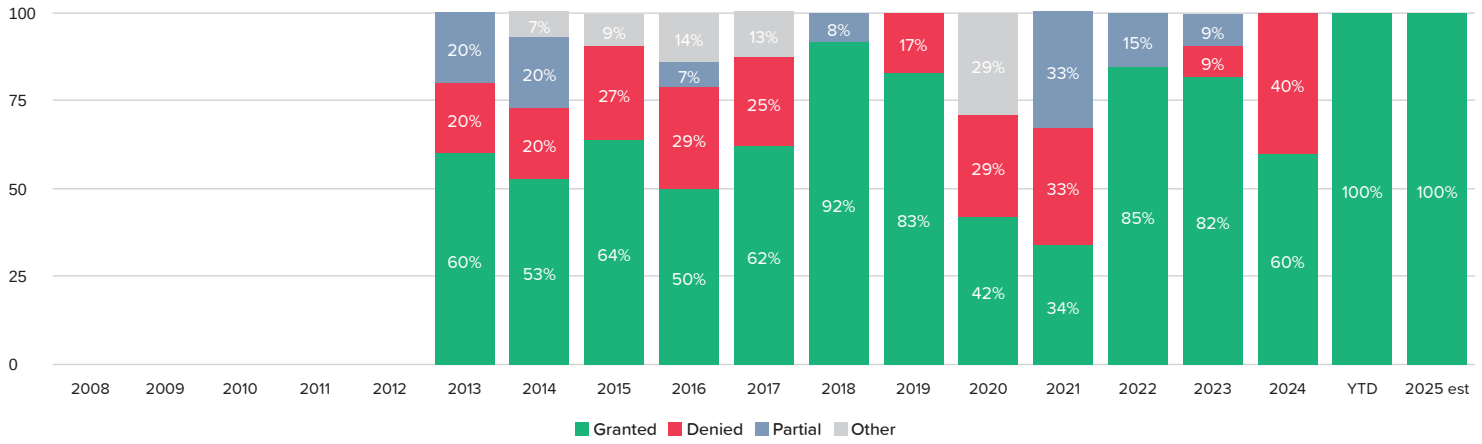
EXHIBIT G

Motion Success for Stay Pending IPR (Post-Institution)

VIEW IN BROWSER

Courts: California Northern District **Postures of Motion:** Motion by a Party **Types of Document:** Motion to Stay Pending Inter Partes Review **Special Filter:** Post-Institution

Motion Success by Year



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Denied	0	0	0	0	0	1	3	3	4	2	0	1	2	1	0	1	2	0	
Partial	0	0	0	0	0	1	3	0	1	0	1	0	0	1	2	1	0	0	
Other	0	0	0	0	0	0	1	1	2	1	0	0	2	0	0	0	0	0	
Total	0	0	0	0	0	5	15	11	14	8	12	6	7	3	13	11	5	2	6

TWITCH-1074
Twitch Interactive, Inc. v. Razdog Holdings LLC
IPR2025-00307, IPR2025-00308

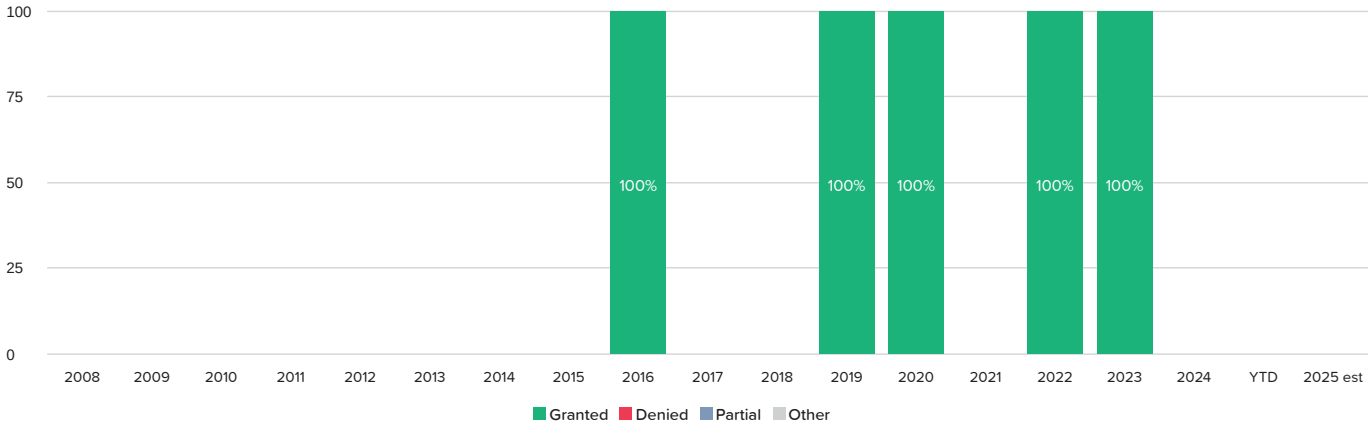
EXHIBIT H

Motion Success for Stay Pending IPR (Post-Institution)

VIEW IN BROWSER

Postures of Motion: 26 Postures of Motion **Types of Document:** Motion to Stay Pending Inter Partes Review **Courts:** California Northern District **Judges:** Haywood S. Gilliam, Jr. **Special Filter:** Post-Institution

Motion Success by Year



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TWITCH-1079
Twitch Interactive, Inc. v. Razdog Holdings LLC
IPR2025-00307, IPR2025-00308