

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No.: 2:24-cv-00667-AB-PVC

Date: February 4, 2025

Title: *EP Family Corp., v. Office Kick, Inc.*

Present: The Honorable

ANDRÉ BIROTTE JR., United States District Judge

Daniel Tamayo
Deputy Clerk

N/A
Court Reporter

Attorney(s) Present for Plaintiff(s):

None Appearing

Attorney(s) Present for Defendant(s):

None Appearing

**Proceedings: [In Chambers] ORDER GRANTING PLAINTIFF'S MOTION
TO STAY PENDING IPR [DKT. NO. 49]**

Before the Court is Plaintiff EP Family Corp.'s ("Plaintiff") motion to stay these proceedings pending the resolution of its petitions for *inter partes* review ("IPR") before the Patent Trial and Appeal Board ("PTAB"). ("Motion," Dkt. No. 49.) Defendant Office Kick, Inc. ("Defendant") filed an opposition ("Opp'n," Dkt. No. 52), and Plaintiff filed a reply. ("Reply," Dkt. No. 54.) Finding these matters suitable for resolution without oral argument, the Court **VACATED** the hearing set for January 31, 2025. *See* Fed. R. Civ. P. 78; L.R. 7-15. For the following reasons, the Court **GRANTS** Plaintiff's Motion.

Exhibit 2016
EP Family v Office Kick
IPR2025-00497

I. BACKGROUND

Plaintiff filed the original Complaint, seeking a declaratory judgment that it does not infringe U.S. Patent Nos. 11,849,843 (the “’843 Patent”) and 11,910,926 (the “’926 Patent”) (collectively, the “Asserted Patents”), on January 24, 2024. *See* Dkt. No. 1. Plaintiff filed a First Amended Complaint (“FAC”) on March 20, 2024. *See* Dkt. No. 12. On April 24, 2024, Defendant filed its original Answer. *See* Dkt. No. 14. The Court then entered a Scheduling Order setting dates through trial. *See* Dkt. No. 35.

At the time of Plaintiff’s Motion, the parties had filed a Joint Claim Construction and Prehearing Statement. Dkt. No. 44. They had not filed any claim construction briefs. The claim construction hearing was set for January 31, 2025. *See* Dkt. No. 47. Fact discovery was set to close on July 7, 2025. *Id.* Trial was set for February 3, 2026. *Id.*

The parties filed a Joint Stipulation to Stay the Case pending Settlement Discussions. Dkt. No. 45. The Court approved the stipulation on September 11, 2024 and stayed the case for 90 days. *See* Dkt. Nos. 46 and 47. Defendant indicates for the first time in its opposition brief that Plaintiff “rejected Office Kick’s settlement offer and indicated that it was going to continue selling the allegedly infringing products and file IPRs on the Asserted Patents” on the same day that the parties file their joint stipulation. Opp’n at 3 (citing Declaration of Isaku M. Begert (“Begert Decl.”), Dkt. No. 52-2 ¶ 2. It is unclear why Defendant did not take any action to withdraw the stipulation at that point. Defendant also indicates it made “repeated inquiries about settlement” during the stay. Opp’n at 3. It is unclear why Defendant would continue to inquire about settlement after Plaintiff indicated it did not plan to settle the case. Defendant indicates that Plaintiff did not respond to any of these inquiries until late November, when it again rejected Defendant’s offer and indicated it would file IPRs. *Id.* (citing Begert Decl. ¶ 3.) The stay expired on December 10, 2024. *See* Dkt. No. 48. Defendant also indicates that the parties reached a settlement agreement after meeting and conferring on December 13, 2024. *Id.* at 4. Defendant indicates that when it “attempted to have the parties formally execute” the agreement, Plaintiff “reneged, threatened sanctions, and then filed its Motion.” *Id.* Plaintiff did not address any of these assertions in its reply brief.

Plaintiff filed petitions challenging the ’843 Patent and ’926 Patent on January 16, 2025, and January 17, 2025, respectively. Dkt. No. 54 at 2. The PTAB’s institution decisions are due on or before July 16, 2025, for the ’843 Patent, and July 17, 2025, for the ’926 Patent. *Id.*

II. LEGAL STANDARDS

A district court has the inherent power to stay its proceedings. The power to stay is ‘incidental to the power inherent in every court to control the disposition of the causes on its docket with economy of time and effort for itself, for counsel, and for litigants.’” *Rivers v. Walt Disney Co.*, 980 F. Supp. 1358, 1360 (C.D. Cal. 1997) (quoting *Landis v. N. Am. Co.*, 299 U.S. 248, 254 (1936)).

In deciding whether to grant a stay pending inter partes review proceedings, courts in this District have considered three factors that were originally used to consider requests for stays pending U.S. Patent and Trademark Office reexamination proceedings: “(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 nonmoving party.” *Universal Elecs., Inc. v. Universal Remote Control, Inc.*, 943 F. Supp. 2d 1028, 1030–31 (C.D. Cal. 2013). While these factors are important, ultimately “the totality of the circumstances governs.” *Allergan Inc. v. Cayman Chem. Co.*, No. 8:07-cv-01316 JVS (RNBx), 2009 WL 8591844, at *2 (C.D. Cal. Apr. 9, 2009).

III. DISCUSSION

As a threshold matter, a stay is not appropriate here because Plaintiff had not yet filed any IPR petitions at the time of its Motion. Motion at 6. However, because Plaintiff filed its petitions before the hearing on its Motion, the Court considers the motion on the merits for the sake of efficiency.

A. Stage of the Proceedings

This factor considers “whether discovery is complete and whether a trial date has been set.” See *Universal Elecs.*, 943 F. Supp. 2d at 1030-31. Courts applying this factor often ask whether “there is more work ahead of the parties and the Court than behind.” *Realtime Data LLC v. Teradata Operations, Inc.*, No. 2:16-cv-02743 AG (FFMx), 2017 WL 3453295, at *2 (C.D. Cal. Feb. 27, 2017); see also *Pi-Net Int’l, Inc. v. Hertz Corp.*, No. CV 12-10012 PSG JEMX, 2013 WL 7158011, at *2 (C.D. Cal. June 5, 2013) (finding the stage of the litigation factor favored a stay where the parties had exchanged infringement contentions, served discovery requests, and produced a repository of documents); *Locata LBS, LLC v. Yellowpages.com, LLC*, No. CV 13-7664 JAK, 2014 WL 8103949, at *2-3 (C.D.

Cal. July 11, 2014) (finding case was in early stages where neither party had requested nor taken any depositions and expert discovery had not yet commenced); *Wonderland Nursery Goods Co. v. Baby Trend, Inc.*, No. ED CV 14-01154-VAP-(SPx), 2015 WL 1809309, at *3 (C.D. Cal. Apr. 20, 2015) (finding a stay was favored when a Markman hearing had not yet taken place).

In this case, although a trial date has been set, it is more than a full year away. *See* Dkt. No. 47. Further, discovery is still in its early stages and has not progressed substantially. Motion at 5. As the deadline for non-expert discovery is July 7, 2025, more than five months away, the case is still in its early stages. *See* Dkt. No. 47.

Both the trial and claim construction hearing have already been scheduled. Dkt. No. 47 at 5-6. However, “[t]he Court’s expenditure of resources is an important factor in evaluating the stage of the proceedings.” *Wonderland*, 2015 WL 1809309, at *3 (quoting *Universal Elecs.*, 943 F. Supp. 2d at 1032). There is far more work ahead for the parties and the Court than behind. *UPL NA, Inc. v. Tide Int’l (USA), Inc.*, CV 19-1201-RSWL-KSx, 2021 WL 663128, at *2 (C.D. Cal. Feb. 19, 2021); *see also PersonalWeb Techs., LLC v. Facebook, Inc.*, No. 5:13–CV–01356–EJD, 2014 WL 116340, at *3 (N.D. Cal. Jan. 13, 2014) (granting a stay although “a claim construction order has been issued and the close of fact discovery is fast approaching” because “a substantial portion of the work—expert discovery, summary judgment, pre-trial preparation, and trial itself—lies ahead”).

Defendant also argues that this case would be further along if not for the previous stay that was granted in hopes of reaching a settlement agreement. Opp’n at 7. However, the existence of a stay is typically not a valid justification to grant or deny an additional stay. *See Oyster Optics, LLC v. Ciena Corp.*, No. 17-cv-05920-JSW, 2019 WL 4729468, at *2-3 (N.D. Cal. Sept. 23, 2019).

The Court finds this factor strongly favors granting a stay.

B. Simplification of the Issues

This factor considers “whether a stay will simplify the issues in question and trial of the case.” *Aten Int’l Co. Ltd. v. Emine Tech. Co., Ltd.*, No. 8:09-cv-00843 AG (MLGx), 2010 WL 1462110, at *6 (C.D. Cal. April 12, 2010). There is a “near uniform line of authority [reflecting the principle that] after the PTAB has instituted review proceedings, the parallel district court litigation ordinarily should be stayed.” *NFC Tech. LLC v. HTC America, Inc.*, No. 2:13-cv-01058 WCB, 2015 WL 1069111,

at *6–7 (E.D. Tex. March 11, 2015) (collecting cases granting a stay after the PTAB instituted IPR proceedings).

The analysis is different for pre-institution IPRs. Simplification is speculative when the PTAB is still deciding whether to institute review. *See Purecircle USA, Inc., v. SweeGen, Inc.*, SACV 18-1679 JVS (JDEx), 2019 WL 3220021, at *2 (C.D. Cal. June 3, 2019); *see also Netlist, Inc. v. Swart Storage Sys., Inc.*, No. 13-cv-5889, 2014 WL 4145412, at *3 (N.D. Cal. Aug. 21, 2014) (“[T]he mere filing of a petition for inter partes review tells the Court little about whether such a decision is likely.”); *CANVS Corp. v. U.S.*, 118 Fed. Cl. 587, 592 (2014) (holding burden is on the moving party to show stay is appropriate, “and such showing must be based on more than the mere fact that a petition for [IPR] was filed”). On the other hand, “courts in this District have adopted the majority position that even if IPR has not yet been instituted, the simplification factor may still weigh in favor of a stay.” *Purecircle*, 2019 WL 3220021 at *3; *accord Doc. Sec. Sys., Inc. v. Seoul Semiconductor Co.*, SACV 17-00981 JVS (JCGx), 2018 WL 10670109, at *4 (C.D. Cal. Mar. 26, 2018). Also, “the risk of delay attending an unnecessary stay is minimal relative to the risk of unnecessary expenditure of resources should the stay be denied and an IPR subsequently commence.” *Wonderland*, 2015 WL 1809309, at *3.

The requested stay is based on nothing more than the filed petition. Therefore, any reliance on instituted IPR proceedings to simplify the issues is purely speculative. If the IPR proceedings are not instituted then the stay will have done nothing to simplify this case as all claims of the Asserted Patents will need to be litigated and the Defendant will be free to raise any invalidity challenges. Additionally, the Court cannot predict whether the PTAB will institute an IPR on either of the Asserted Patents.

Conversely, if the IPR is instituted, a stay will simplify the issues in question and the trial regardless of the IPR’s outcome. *See Universal Elecs*, 943 F. Supp. 2d at 1032 (“[W]aiting for the outcome of the reexamination could eliminate the need for trial if the claims are cancelled or, if the claims survive, facilitate trial by providing the court with expert opinion of the PTO and clarifying the scope of the claims.” (quoting *Target Therapeutics, Inc. v. SciMed Life Sys., Inc.*, No. C-94-20775 RPA (EAI), 1995 WL 20470, at *2 (N.D. Cal. Jan. 13, 1995))). Proceeding with a claim construction hearing and further litigation at this time may involve work that ultimately proves unnecessary, wasting judicial and the parties’ resources.

Even if the PTAB does not invalidate any claims, simplification is still possible. *See, e.g., Realtime Data*, 2017 WL 3453295, at *2 (finding that a stay

provides “a richer prosecution history upon which to base necessary claim construction determinations”); *Core Optical Techs., LLC v. Fujitsu Network Commc’ns, Inc.*, 2016 WL 7507760, at *2 (C.D. Cal. Sept. 12, 2016) (“Even if no patent claim is eliminated, the intrinsic record developed during the IPR may inform on issues like claim construction.”).

The PTAB will decide whether to institute review in less than six months, so the delay will be short if the institution is denied. *Wonderland*, 2015 WL 1809309, at *3 (“However, if an IPR is not instituted, the stay will be relatively short and the action can continue with minimal delay.”). If the petition is instituted, either the claims will be invalidated or IPR estoppel will reduce the invalidity issues that will be raised in this action. See 35 U.S.C. § 315(e). Although every case is different, the Court is mindful that IPR proceedings are typically instituted for more than two-thirds of the petitions filed. *PTAB Trial Statistics FY24 End of Year Outcome Roundup IPR, PGR*, U.S. Patent & Trademark Office, www.uspto.gov/sites/default/files/documents/ptab_aia_fy2024__roundup.pdf at 6.

Given the minimal delay if the PTAB does not institute review and the likelihood of simplification if the PTAB does institute review, this factor slightly favors of a stay.

C. Potential Undue Prejudice

When considering prejudice or a clear tactical disadvantage to the Defendant, the Court considers factors “such as the timing of the requests for reexamination and a stay, the status of the reexamination proceedings, and the relationship of the parties.” See *SCA Hygiene Prods. Aktiebolag (“AB”) v. Tarzana Enterprises, LLC*, No. 2:17-cv-04395-AB (JPRx), 2017 WL 5952166, at *5 (C.D. Cal. Sept. 27, 2017). “Courts have repeatedly found no undue prejudice unless the patentee makes a specific showing of prejudice beyond the delay necessarily inherent in any stay.” *PersonalWeb Techs., LLC v. Apple, Inc.*, 69 F. Supp. 3d 1022, 1029 (N.D. Cal. 2014); see also *Wonderland*, 2015 WL 1809309, at *4 (“The general prejudice of having to wait for resolution is not a persuasive reason to deny the motion for stay.”).

Here, the parties are direct competitors who sell competing products on Amazon. Opp’n at 7. Defendant argues that it is harmed by Plaintiff’s infringement and that a stay “causes OKI to lose customers and goodwill.” *Id.* However, courts have declined to find prejudice even where the parties are direct competitors. See *Sonics, Inc. v. Arteris, Inc.*, No. C 11–05311 SBA, 2013 WL 503091, at *4 (N.D. Cal. Feb. 8, 2013) (holding that there was no undue prejudice from continued potentially

infringing sales during the stay period because the patentee’s “legal and equitable remedies will be available when the stay is lifted.”) Additionally, though the parties are direct competitors, Defendant has not moved for an injunction. *UPL NA, Inc. v. Tide Int’l (USA), Inc.*, No. CV 19-1201-RSWL-KSX, 2021 WL 663128, at *4 (C.D. Cal. Feb. 19, 2021) (“Plaintiff’s failure to seek a preliminary injunction belies its claims of undue prejudice in the marketplace.”) (citing *VirtualAgility Inc. v. Salesforce.com, Inc.*, 759 F.3d 1307, 1319 (Fed. Cir. 2014)).

Though delay may prejudice a party claiming infringement, Defendant has not shown prejudice beyond what is necessarily experienced when a suit is stayed pending an IPR. “The general prejudice of having to wait for a resolution is not a persuasive reason to deny the motion for stay.” *Wonderland*, 2015 WL 1809309, at *4 (quoting *Sorensen ex rel. Sorensen Research & Dev. Trust v. Black & Decker Corp.*, No. 06–cv–1572–BTM, 2007 WL 2696590, at *4 (S.D.Cal. Sept.10, 2007)); *see also PersonalWeb Techs., LLC v. Apple Inc.*, 69 F. Supp. 3d 1022, 1029 (N.D. Cal. 2014) (“Courts have repeatedly found no undue prejudice unless the patentee makes a specific showing of prejudice beyond the delay necessarily inherent in any stay.”).

This factor also considers the timing of the request for the stay and the timing of the petition for review. *Vivint, Inc. v. SkyBell Technologies, Inc.*, No. CV 21-9472-GW-GJSX 2022 WL 18587113, at *4 (C.D. Cal., Nov. 9, 2022). Defendant argues that Plaintiff sought the stay pending settlement in order stall the progress of the case so it would be more likely to obtain a stay pending IPR. Opp’n at 8. It is unclear whether Plaintiff actually intended to settle the case or not at the time of the joint stipulation. Defendant’s representations suggest Plaintiff sought the joint stipulation in bad faith. *See* § II, *supra*. Still, it seems that the parties were almost able to reach an agreement at one point which required some level of collaboration. *Id.* Gamesmanship is completely inappropriate and would weigh significantly against a stay. Here, however, the Court cannot definitively find that Plaintiff sought the 90 day stay in bad faith. Plaintiff’s lack of response in its reply brief is concerning. On the other hand, Defendant’s actions and lack of action also suggest that it expected Plaintiff to continue its settlement efforts. *Id.*

On balance, the factor disfavors a stay.

D. Totality of the Circumstances

Based on the relevant factors and considerations above, the Court finds that the stage of litigation and simplification factors favor a stay. Though the prejudice factor disfavors a stay, the balance of the factors still favors a stay. Therefore, a brief

stay until the PTAB returns an institution decision is warranted. *See DMF, Inc. v. AMP Plus, Inc.*, No. 2:18-cv-07090-CAS(GJSx), 2019 WL 9077477, at *6 (C.D. Cal. Dec. 13, 2019) (“Many courts have ‘recognized a liberal policy in favor of granting motions to stay pending IPR.’”) (quoting *Zomm, LLC v. Apple Inc.*, 391 F. Supp. 3d 946, 957 (N.D. Cal. 2019)).

IV. CONCLUSION

For the foregoing reasons, the Motion is **GRANTED**. The parties shall file a Joint Status Report within ten days of the PTAB’s institution decision on both IPR proceedings. If the PTAB denies institution for both proceedings, the parties shall provide a proposed schedule.

IT IS SO ORDERED.