IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

CARVANA, LLC, Plaintiff and Counterclaim Defendant, v. INTERNATIONAL BUSINESS MACHINES CORPORATION, Defendant and Counterclaim Plaintiff.	Case No. 1:23-cv-8616 (KMK) (VR) **JURY TRIAL DEMANDED**

DEFENDANT AND COUNTERCLAIM PLAINTIFF INTERNATIONAL BUSINESS MACHINES CORPORATION'S OPPOSITION TO PLAINTIFF AND COUNTERCLAIM DEFENDANT CARVANA, LLC'S MOTION TO STAY PENDING *INTER PARTES* REVIEW

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preliminary response to the substance of Carvana's petition and Carvana's response to IBM's brief regarding discretionary denial are due on June 11, 2025. The PTO Director will issue a decision on discretionary denial before July 11, 2025—likely before any hearing on Carvana's Motion. If Carvana's petition survives discretionary denial, a merits panel of the PTAB will issue its institution decision before September 11, 2025. Even if Carvana's IPR is not instituted, Carvana can request rehearing on the institution decision. 37 C.F.R. § 42.71(d). If the PTAB institutes Carvana's IPR, it likely would issue a final written decision before September 11, 2026, but this date can be extended by an additional six months to March 11, 2027. *See* 37 C.F.R. § 42.100(c). Even if Carvana's IPR ultimately results in no canceled claims, Carvana could file a request for a rehearing, 37 C.F.R. § 42.71(d), or appeal to the Federal Circuit, 35 U.S.C. § 141. The appeal could take over two years to resolve, and if this Court were to stay this case pending not only the IPR decision, but appeals as well, that could result in a potential stay of the case until approximately March 2029, or almost four years from now. *Intell. Ventures II L.L.C. v. JP Morgan Chase & Co.*, No. 13 CIV. 3777 (AKH), 2014 WL 10919562, at *3 (S.D.N.Y. Aug. 11, 2014) ("The parties may then appeal the PTAB's decision to the Federal Circuit Court of Appeals, with all the attendant delays of the appellate process, perhaps another two years.").

III. LEGAL STANDARD

Courts have the "inherent" power to stay proceedings. *Landis v. N. Am. Co.*, 299 U.S. 248, 254 (1936). The moving party "bears the burden of establishing its need." *Clinton v. Jones*, 520 U.S. 681, 708 (1997). Courts consider three factors when evaluating motions to stay pending IPR: (1) "whether a stay will simplify the issues in question and trial of the case;" (2) "whether discovery is complete and whether a trial date has been set;" and (3) "whether a stay would unduly prejudice or present a clear tactical disadvantage to the non-moving party[.]" *JP Morgan*, 2014 WL 10919562, at *2. "These factors are not exclusive, however, and in the end, an overarching

consideration of the circumstances in their totality governs." *Rensselaer Polytechnic Inst. v. Apple Inc.*, No. 1:13-CV-0633 DEP, 2014 WL 201965, at *3 (N.D.N.Y. Jan. 15, 2014); *see also Murata Mach. USA v. Daifuku Co.*, 830 F.3d 1357, 1361 (Fed. Cir. 2016) (It is a court's "discretionary prerogative to balance considerations beyond those captured by the three-factor stay test."). Courts consider four subfactors when evaluating prejudice in a motion to stay: "(1) the timing of the review request; (2) the timing of the request for stay; (3) the status of the review proceedings; and (4) the relationship of the parties. *Rensselaer*, 2014 WL 201965, at *4 (internal quotes omitted).

IV. ARGUMENT

All three factors weigh against granting a stay in this case. ***First***, a stay is unlikely to simplify the issues for trial. Carvana's IPR has not been instituted and challenges only a single asserted patent. Unless the PTAB institutes review—an unlikely outcome given the advanced stage of this case and copycat nature of Carvana's petition—and Carvana then succeeds in invalidating all asserted claims of the '719 patent—another unlikely outcome—Carvana's IPR will have no impact on the issues to be tried. Even if the PTAB were to institute review and eventually invalidate some or all claims of the '719, the IPR would still not meaningfully simplify trial, as it would have no effect on the other two asserted patents. ***Second***, although the Court has not yet set a trial date, that reflects the Court's own docket management, not any lack of progress in this case. Fact discovery has long been complete, which was a significant undertaking involving dozens of depositions, hundreds of thousands of pages of documents, and multiple motions to compel. And after the close of fact discovery, the parties fully briefed and argued claim construction. ***Third***, IBM will be significantly prejudiced by Carvana's strategic delay in filing its petition, and would suffer further prejudice if the Court were to grant a stay because a stay would impede IBM's ability to conduct its business, while rewarding Carvana's dilatory tactics.

Dated: June 4, 2025

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that that on June 4, 2024, I electronically filed a true and correct copy of the foregoing with the Clerk of the Court using the CM/ECF system, which will then send a notification of such filing (NEF) to all counsel of record.

Dated: June 4, 2025

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CERTIFICATE OF COMPLIANCE

Pursuant to S.D.N.Y. Local Rule 7.1(c) and Rule 2.B of the Individual Practices of Judge Kenneth M. Karas, the undersigned attorney hereby certifies that (i) the foregoing Memorandum complies with the formatting requirements set forth in S.D.N.Y. Local Rule 7.1(c) and Individual Rule 2.B, and (ii) the total number of words in the foregoing Memorandum, inclusive of point headings and footnotes and exclusive of the cover page, table of contents, table of authorities, signature blocks, certificate of service, and this certificate of compliance, is 8,614 according to the word-processing software used to prepare this Memorandum.

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