

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

EARIN AB,

Plaintiff,

v.

SKULLCANDY, INC.,

Defendant.

Civil Action No.: 24-cv-275-RGA-SRF

JURY TRIAL DEMANDED

**PLAINTIFF'S OPPOSITION TO DEFENDANT'S MOTION TO STAY PENDING
INTER PARTES REVIEW OF THE ASSERTED PATENT**

Dated: April 2, 2025

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I. INTRODUCTION

Skullcandy waited until the very last possible day to file its petition for *Inter Partes Review* and now asks the Court to stay the litigation—which was filed over a year ago—while the USPTO considers Skullcandy’s petition. The parties will not even know whether the IPR has been instituted for at least another six months and courts routinely deny motions for pre-institution stays, particularly where, as here, the petitioner has been dilatory in filing its IPR. Not only is Skullcandy’s motion premature, but it draws unsupported conclusions from out-of-date statistics to claim that not only will the IPR be instituted but that it will also be successful. The latest guidance from the USPTO is likely to have a significant impact on the rate at which IPRs are granted and Skullcandy’s motion ignores this profound change. Moreover, Skullcandy makes a cursory Section 103 obviousness argument that glosses over the differences between the cited prior art and the Asserted Patent. The prejudice to Earin of granting a stay is substantial. This case has been pending for over a year and a further delay of up to eighteen months will do significant harm to Earin’s business interests. Skullcandy’s Motion should be denied.

II. FACTUAL BACKGROUND

Backed by the Kickstarter community in 2014, Earin released its true wireless stereo M-1 earbuds on October 6, 2015, and has been an innovator in wireless earbuds ever since. Upon identifying infringement by various Skullcandy wireless earbuds Earin filed this litigation on March 1, 2024, and filed its First Amended Complaint on May 13, 2024. Skullcandy’s motion to dismiss was denied on November 14, 2024. With a scheduling order in place discovery has begun; Earin is in the process of responding to Skullcandy’s document requests and has served document requests and interrogatories on Skullcandy. This motion to stay is keyed off of the IPR that Skullcandy submitted to the USPTO on March 7, 2025; the last day on which Skullcandy was

permitted to file an IPR before it was statutorily barred. The Board, however, has not yet posted a filing date accorded and as a result, the Board will not issue an institution decision for at least six months.

III. LEGAL STANDARD

Although Courts have the authority to stay a case pending the outcome of an IPR petition, *N. Atl. Imps., LLC v. Loco-Crazy Good Cookers, Inc.*, Case No. 23-999-GBW-SRF, 2024 U.S. Dist. LEXIS 210548, *3-4 (D. Del. Nov. 19, 2024), there is no policy requiring the Court to do so. To determine whether to grant such a stay, Courts consider (1) whether a stay will simplify the issues for trial; (2) the status of the litigation, particularly whether discovery is complete and a trial date has been set; and (3) whether a stay would cause the non-movant to suffer undue prejudice from any delay or allow the movant to gain a clear tactical advantage. *B.E. Tech., L.L.C. v. Twitter, Inc.*, Case No. 20-621-GBW, 2023 U.S. Dist. LEXIS 85260, at *5 (D. Del. May 16, 2023). In analyzing whether a plaintiff would suffer undue prejudice if a stay were granted, “courts in this district have examined four factors: (1) the timing of the request for review; (2) the timing of the request for a stay; (3) the status of the review proceedings; and (4) the relationship of the parties.” *IOENGINE, LLC v. PayPal Holdings, Inc.*, Civil Action No. 18-452-WCB, 2019 U.S. Dist. LEXIS 141545, *16 (D. Del. Aug. 21, 2019); *see also Neste Oil Oyj v. Dynamic Fuels, LLC*, Civil Action No. 12-1744-GMS, 2013 U.S. Dist. LEXIS 92416, *4-11 (D. Del. July 2, 2013).

The moving party bears the burden of establishing that a stay is appropriate and “such showing must be based on more than the mere fact that a petition for inter partes review was filed.” *CANVS Corp. v. U.S.*, 118 Fed. Cl. 587, 591-92 (Fed. Cl. 2014).

IV. ARGUMENT

A. Skullcandy Only Speculates That a Stay Would Simplify the Case

As noted above, Skullcandy's IPR petition has not yet been assigned a date of notice accorded. This means that the very earliest that Skullcandy's IPR can be instituted is October, 2025. Courts routinely deny pre-institution motions to stay under such circumstances. Skullcandy's suggestion that the IPR petition will simplify issues for trial is no more than a guess on their part.

Although the Court has the authority to stay a case before the PTAB makes an institution decision, the majority of courts routinely deny such requests. *See, e.g., VirtualAgility Inc. v. Salesforce.com, Inc.*, 759 F.3d 1307, 1316 (Fed. Cir. 2014) ("While a motion to stay could be granted even before the PTAB rules on a post-grant review petition, no doubt the case for a stay is stronger after post-grant review has been instituted."); *IOENGINE*, 2019 U.S. Dist. LEXIS 141545 at *19 ("[C]ourts almost invariably deny requests for stays pending IPR proceedings when the stay requests are filed before the IPR is instituted"); *Content Square SAS v. Quantum Metric, Inc.*, Case No. 20-832-LPS, 2021 U.S. Dist. LEXIS 51656, at *15 (D. Del. Mar. 18, 2021) (denying motion to stay noting that defendants may renew their motion "if any of the IPRs are actually instituted"); *Rapid Completions LLC v. Baker Hughes Inc.*, No. 6:15-CV-724, 2016 U.S. Dist. LEXIS 70938, at *6-7 (E.D. Tex. June 1, 2016) ("Prior to institution, it is too speculative to determine whether the outcome of a non-instituted IPR will even present any alternative to litigation."); *id.* at *7 ("[defendant] points to the hypothetical simplification of issues if the PTAB institutes IPR. That is the same rationale in every case requesting a pre-institution motion to stay and does not necessitate a deviation from the almost universal rule denying pre-institution stays.

The majority of courts that have addressed the issue of a pre-institution stay have either denied the stay request or postponed ruling until the PTAB acts on the petition for review.”) (cleaned up); *Grecia v. Mastercard, Inc.*, No. 16-cv-9691 (RJS), 2017 U.S. Dist. LEXIS 233042, at *6-7 (S.D.N.Y. April 3, 2017) (“the PTO here has not yet even decided whether to institute IPR proceedings for MasterCard’s petitions, so the Court must gauge not only the possibility that IPR will simplify the issues presented by these cases but also the likelihood that the PTO will institute IPR in the first place. A number of courts have found that this ‘additional layer of doubt’ weighs against granting a stay in similar circumstances.”).

Skullcandy cites just one case in which a stay was granted pending IPR—*IOENGINE*, 2019 U.S. Dist. LEXIS 141545 at *10—yet even that case involved a *post*-institution stay and (as quoted above) the court expressly noted that an earlier motion to stay before institution was granted would have been premature.

There are numerous issues the Court must decide that are independent of the PTAB’s remit, and the only two issues Skullcandy’s IPR might impact are claim construction and validity. But even there, the IPRs are unlikely to narrow the issues. First, as to claim construction, Skullcandy has not asked the PTAB to construe any terms, and thus there is little chance that there will be any overlap between the PTAB’s analysis and the Court’s task regarding claim construction. *See* Bentfield Decl.¹ Ex. B (Skullcandy’s Petition for *Inter Partes Review*) at 15-16.

Second, the IPR may not fully resolve even the invalidity arguments put forth by Skullcandy because Skullcandy did not include any *Sotera* stipulations with its IPRs. Bentfield Decl. ¶ 3. In *Harper Eng’g Co. v. Facc Operations GmbH* the court entered a stay in part because

¹ April 2, 2025, Declaration of Katherine Bentfield in support of Earin’s opposition to Skullcandy’s motion for a stay pending IPR.

“Airbus has agreed to a broad estoppel provision endorsed by the PTAB,” commonly referred to as a *Sotera* stipulation. *See* CA No. 1:20-cv-00510-KD-C, 2022 U.S. Dist. LEXIS 8945, at *11 (S.D. Ala. Jan. 18, 2022) citing *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 at 18-19 (PTAB Dec. 1, 2020) (estoppel “mitigates any concerns of duplicative efforts between the district court and the Board, as well as concerns of potentially conflicting decisions”) (precedential as to § II.A). The *Harper Eng’g Co.* court found that “[t]his estoppel provision assures that the Court will benefit from the efforts before the administrative agency—and that the present litigation will be narrowed in scope—regardless of the outcome of the IPR proceedings.” 2022 U.S. Dist. LEXIS 8945 at *11. Here, Skullcandy has not filed a *Sotera* stipulation alongside or in its IPR, which both reduces its prospects for institution and signals that if it is unsuccessful before the PTAB then Skullcandy will re-raise in this Court the same invalidity grounds the PTAB rejected.

Skullcandy predicts, without support, that not only will its IPR be instituted but that it will result in cancellation of all the Asserted Claims. This is not correct. First, with respect to the institution decision itself, Skullcandy’s statistics (Mot. at 10) are no longer meaningful predictors. The USPTO has recently issued new guidance regarding the institution of IPRs that Earin expects will have a significant impact on the rate at which IPRs are in fact instituted. *See* Director’s March 26, 2025, Memorandum on Interim Processes for PTAB Workload Management (Director Memo).

Second, Skullcandy’s substantive invalidity arguments are incorrect, in particular its assertion that the Asserted Claims were issued in error. Mot. at 5-10. Both arguments depend on a misreading of the Asserted Patent and the prosecution history. A Notice of Allowance is not dispositive as to the inventive aspects of a claim. Skullcandy argues that since the specific language quoted in the Notice is not present in Claim 20 then Claim 20 is de facto invalid. However, that is

not what the Notice actually says: “These features, *in combination with the other features* of Claims 1, 13, 18 and 20 are not anticipated by, nor made obvious over, the prior art of record.” Bentfield Decl. Ex. A (emphasis added). Skullcandy’s claim of error ignores the fact that a claim may be valid for additional reasons beyond those specifically mentioned in the Notice of Allowance. Similarly, Skullcandy’s argument that the Asserted Patent is rendered obvious by the combination of the Olodort and Guccione references is premature and lacks any of the detail of true invalidity contentions that are necessary to evaluate Skullcandy’s positions.

Skullcandy has failed to demonstrate that a stay will simplify any issues for trial. Accordingly, their motion should be denied.

B. Discovery Has Commenced and a Trial Date has been Set

Skullcandy has similarly failed to demonstrate that this case is at such an early stage that a stay is appropriate; it is not. This case was filed more than a year ago. Discovery has commenced and preliminary infringement contentions have been served. Trial is set for August 2026, a full two months before a decision from the PTAB could issue, assuming Skullcandy’s IPR petition is instituted, which is speculative at this point.

Courts commonly decline to stay cases that are in the “early stages.” In *Canvs Corp. v. United States*, discovery was in its “early stages,” claim construction was pending, and the parties had not yet conducted expert discovery on infringement and damages. *Canvs Corp. v. United States*, 118 Fed. Cl. 587, 596 (2014). The Court held, nonetheless, that the case was sufficiently advanced to weigh against a stay. Similarly, in *Papst Licensing GmbH & Co., KG v. Apple, Inc.*, the Court declined to grant a stay even though the litigation was at an “early stage” because a trial date was set and discovery was nearly complete. *See Papst Licensing GmbH & Co., KG v. Apple, Inc.*, 2017 U.S. Dist. LEXIS 223280, at *12-13 (E.D. Tex. June 16, 2017).

Earin acknowledges that the litigation here is not as far along as it was in either *Canvs Corp.* or *Papst Licensing*, but the case has been pending for over a year, significant work has been done by the parties, and trial is set to commence long before an IPR would be decided. Skullcandy has failed to demonstrate that this case is in such an early state that a stay would be appropriate. Accordingly, Skullcandy's motion to dismiss should be denied.

C. Earin Would Be Prejudiced by a Stay

The prejudice to Earin in this case is time; granting a stay would cause delays in this litigation large enough to harm Earin's commercial interests. While the mere potential for delay is not enough to establish undue prejudice, "staying a case pending PTO review risks prolonging the final resolution of the dispute and thereby may result in some inherent prejudice to the plaintiff." *Neste Oil Oyj*, 2013 U.S. Dist. LEXIS 92416 at *4.

Outside of timing considerations, the other prejudicial factors which this Court has considered show undue prejudice to Earin. First, Skullcandy did not request an *Inter Partes Review* until the very last day of the IPR Bar deadline, March 7, 2025. *See* 35 U.S.C. § 315(b) (An *inter partes* review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent.). Skullcandy's motion to stay the case followed shortly thereafter, filed on March 19, 2025. Courts have expressed reluctance to grant a stay where the timing of the request for PTO review or reexamination suggests a dilatory intent on the movant's part. *Neste Oil Oyj*, 2013 U.S. Dist. LEXIS 92416 at *5; *see also Belden Techs. Inc. v. Superior Essex Commc'ns LP*, No. 08-63-SLR, 2010 U.S. Dist. LEXIS 90960, at *2 (D. Del. Sept. 2, 2010) ("A request for reexamination made well after the onset of litigation followed by a

subsequent request to stay may lead to an inference that the moving party is seeking an inappropriate tactical advantage.”).

The status of the review proceedings has been discussed above, but is worth noting again; Skullcandy’s IPR petition has not yet been assigned a date of notice accorded, meaning the very earliest that Skullcandy’s IPR can be instituted is October, 2025. Skullcandy’s motion, filed more than six months before the PTAB’s institution decision, is premature.

Courts are hesitant to grant a stay in a matter where the parties are direct competitors. *Neste Oil Oyj v. Dynamic Fuels, LLC*, Civil Action No. 12-1744-GMS, 2013 U.S. Dist. LEXIS 92416, *7 (D. Del. July 2, 2013). Even where parties are not direct competitors, courts have recognized that “delay inherently harms a non-moving party by prolonging resolution of the dispute, even if the party is not currently a direct competitor.” *Cao Lighting, Inc. v. Gen. Elec. Co.*, No. 20-681-GBW, 2022 U.S. Dist. LEXIS 227579, *12 (D. Del. Dec. 19, 2022) (citing *Rideshare Displays, Inc. v. Lyft, Inc.*, C.A. No. 20-1629-RGA-JLH, 2021 U.S. Dist. LEXIS 241170, *2 (D. Del. Dec. 17, 2021)). Though Earin no longer directly competes with Skullcandy in the marketplace, both companies exist within the same industry and Earin is actively licensing the Asserted Patent. A stay in this matter would directly prejudice Earin by harming existing business prospects and prolonging resolution.

The timing of Skullcandy’s request for *Inter Partes Review* combined with the timing of the motion to stay suggests dilatory intent. The motion to stay is also premature, as the PTAB has not decided whether to institute and will not make this decision until at least October 2025. Additionally, Earin is in the process of licensing the Asserted Patent and every unnecessary delay diminishes the value of that asset. Due to the combination of these factors, Earin will suffer undue prejudice if Skullcandy’s motion to stay is granted.

V. CONCLUSION

For the foregoing reasons, the Court should deny Skullcandy's motion to stay the case pending *Inter Partes* Review.

Dated: April 2, 2025

Respectfully submitted,

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