

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION

ANGLEFIX TECH, LLC,)	
)	
Plaintiff,)	
)	
v.)	No. 2:13-cv-02281-JPM-tmp
)	
SMITH & NEPHEW, INC.,)	
)	
Defendant.)	

ORDER GRANTING MOTION TO STAY

Before the Court is the Renewed Motion to Stay Pending Inter Partes Review ("IPR") filed by Defendant Smith & Nephew, Inc. ("Defendant") on April 9, 2014. (ECF No. 45.) Plaintiff AngleFix Tech, LLC ("Plaintiff") filed its Response on April 25, 2014. (ECF No. 51.) Defendant filed its Reply on April 30, 2014. (ECF No. 52.)

For the following reasons, the Motion is GRANTED.

I. BACKGROUND

This case concerns alleged infringement of Plaintiff's patent, United States Patent No. 6,955,677 (the "'677 patent"). (See ECF No. 1.)

On October 31, 2013, Defendant filed a petition for IPR with the Patent and Trademark Office ("PTO") seeking review of all asserted claims of the '677 patent. (ECF No. 45-1 at 1.)

On November 22, 2013, Defendant filed the first Motion to Stay Pending IPR. (ECF No. 32.) Since Plaintiff and Defendant had not agreed upon staying the case pending the decision on the petition for IPR, and since the petition for IPR had not yet been granted, the Court denied the Motion to Stay on December 27, 2013. (See ECF No. 41.)

On April 8, 2014, the PTO granted the petition for IPR for all asserted claims. (See ECF No. 45-2.) Defendant seeks a stay of proceedings pending IPR (see ECF Nos. 45, 52), whereas Plaintiff opposes a stay (see ECF No. 51).

II. STANDARD

"The decision whether to grant a stay of a particular action is within the inherent power of the Court and is discretionary." Ellis v. Merck & Co., Inc., No. 06-1005-T/AN, 2006 WL 448694, at *1 (W.D. Tenn. Feb. 19, 2006) (citation omitted). "[T]he power to stay proceedings 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." Gray v. Bush, 628 F.3d 779, 785 (6th Cir. 2010) (alteration in original) (quoting Landis v. North American Co., 299 U.S. 248, 254 (1936)) (internal quotation marks omitted).

"To determine whether a stay pending [IPR] is appropriate, courts apply the same factors as [when] determining whether to

stay a case pending reexamination." Regents of Univ. of Michigan v. St. Jude Med., Inc., No. 12-12908, 2013 WL 2393340, at *2 (E.D. Mich. May 31, 2013) (citation omitted). In determining whether to stay litigation pending patent reexamination by the PTO, courts generally consider the following three factors: "(1) whether a stay would unduly prejudice or present a clear tactical disadvantage to the non-moving party; (2) whether a stay will simplify the issues in question and trial of the case; and (3) whether discovery is complete and whether a trial date has been set." Procter & Gamble Co. v. Team Techs., Inc., No. 1:12-cv-552, 2013 WL 4830950, at *2 (S.D. Ohio Sept. 10, 2013) (quoting Tdata Inc. v. Aircraft Technical Publishers, Nos. 2:03-cv-264, 2:04-cv-1072 (S.D. Ohio Jan. 4, 2008)). "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) (citation omitted).

III. ANALYSIS

The Court will address the three factors involved in making a decision to stay a case.

A. Undue Prejudice or Clear Tactical Disadvantage

Defendant argues that "Plaintiff cannot complain that it would be unduly prejudiced by a stay, because it delayed for

many years in bringing this lawsuit." (ECF No. 45-1 at 8.) Plaintiff's patent was issued in 2005, Plaintiff first raised potential infringement issues with Defendant in 2008, and filed the instant case in May 2013. (Id. at 8-9.) "In addition, Plaintiff is not a direct competitor of Smith & Nephew." (Id. at 9.)

Plaintiff opposes the stay. "By proceeding in parallel, but separately on issues of validity [Patent Trial and Appeal Board ("PTAB")] and infringement [(the Court)], the final decisions of, the PTAB, expected in March 2015, and this Court, will issue roughly concurrently, thus avoiding undue delay, without duplication of efforts." (ECF No. 51 at 6.) Plaintiff further asserts that "[i]f this matter is stayed, through the appeal of the PTAB decision and then tried, resolution will likely be delayed by at least two years and require two separate appeals." (Id. at 6-7.)

While a stay to allow IPR to proceed will undeniably delay the instant litigation, delay based on the IPR process alone is not sufficient to demonstrate undue prejudice to the non-moving party. See DSW Inc. v. Shoe Show, Inc., No. 1:11 CV 1797, 2012 WL 2994193, at *2 (N.D. Ohio July 20, 2012) (citing Allied Erecting & Dismantling Co., Inc. v. Genesis Equip. & Mfg., Inc., No. 4:08CV589, 2010 WL 3239001, at *2 (N.D. Ohio Aug. 16, 2010)) (discussing delay due to inter partes reexamination)). To the

extent that Plaintiff suffers any prejudice as a result of the delay, the prejudice is outweighed by the benefits of the stay, including the benefit of the Court having the record of the IPR proceeding, which will assist the Court in "reducing the complexity and length of the litigation." Lectrolarm Custom Servs., Inc. v. Vicon Indus., Inc., No. 03-2330 MA/A, 2005 WL 2175436, at *2 (W.D. Tenn. Sept. 1, 2005).

Accordingly, the Court finds that this factor weighs in favor of granting a stay.

B. Simplification of Issues

Defendant asserts that the PTO "granted Smith & Nephew's IPR petition as to each and every one of Plaintiff's asserted claims. If Smith & Nephew's IPR petition is ultimately successful, resolution of the IPR could eliminate the need for litigation and trial altogether, if there are no patentable claims left for Plaintiff to assert." (ECF No. 45-1 at 10.) "The alternative to a stay requires proceeding on a still-developing record and risks substantial wasted effort by the parties and the Court." (Id.) "[E]ven if every claim of the '677 patent survives the IPR unchanged, this case will be simplified because the parties and the Court will have the benefit of a complete intrinsic record as to all 39 of the asserted claims of the '677 patent, including reasons for allowing the claims." (Id.)

Plaintiff recommends the Court proceed in parallel with the IPR. (ECF No. 51 at 4.)

Given that the IPR petition has been granted, the fact that some "claims may survive without amendment does not mean that the issues will not be significantly streamlined." Progressive Cas. Ins. Co. v. Safeco Ins. Co. of Ill., Nos. 1:10CV01370, 1:11CV00082, 1:12CV01068, 1:12CV01070, 2013 WL 1662952, at *5 (N.D. Ohio Apr. 17, 2013). Amendment of any claim could impact the litigation presently before the Court, and a "majority of patents which have been reexamined have either had all claims canceled or changes made to the claims." DSW Inc., 2012 WL 2994193, at *2. Even if all claims are confirmed by the PTO, the record of the IPR will assist this Court in reducing the length and complexity of this litigation and will limit what issues are left to be resolved by this Court. See Lectrolarm Custom Servs., Inc. v. Vicon Indus., Inc., No. 03-2330 MA/A, 2005 WL 2175436, at *2-3 (W.D. Tenn. Sept. 1, 2005); Ralph Gonnocci Revocable Living Trust v. Three M Tool & Mach., Inc., No. 02-74796, 2003 WL 22870902, at *2 (E.D. Mich. Oct. 7, 2003).

This Court agrees that granting the stay to allow the petition for IPR to be considered will simplify the dispute at hand and promote judicial efficiency. Accordingly, the Court finds that this factor weighs in favor of granting a stay.

C. Stage of Litigation

Defendant asserts that the current stage of litigation is not so advanced as to weigh against granting a stay. "Thus far . . . , the parties have engaged in some discovery and are briefing their respective claim construction positions. The Court will not hear claim construction arguments until June 13, 2014. Additionally, no trial date has been set, nor has a date been set for the close of fact discovery." (ECF No. 45-1 at 12.)

Plaintiff asserts: "This matter has proceeded through claim construction discovery, including depositions of experts, the inventor and third parties. Ten thousand of pages of documents have been exchanged, infringement and invalidity contentions have been exchanged, claim constructions positions have been exchanged and a joint claim construction agreed upon." (ECF No. 51 at 4.)

Defendant asserts: "Although some paper discovery has occurred, [Defendant] has taken only two fact depositions and Plaintiff has not taken any. The parties have not submitted claim construction briefs, the Court has not yet . . . adjudicated discovery disputes, decided dispositive motions, entertained pre-trial proceedings, or set a trial date." (ECF No. 52 at 5.)

The Court agrees with the Defendant that the present stage of litigation supports a stay. The current stage of litigation is not so advanced that a stay would be harmful. Stays have been granted in this Court in cases in which claim construction briefs had already been submitted, see, e.g., One StockDug Holdings, LLC v. Becton, Dickinson & Co., No. 2:12-CV-03037-JPM-tmp, ECF No. 85 (W.D. Tenn. Nov. 12, 2013), and the claim construction briefs in this case have not yet been submitted. Other courts have granted stays at similar stages of litigation. See Software Rights Archive, LLC v. Facebook, Inc., No. C-12-3970 RMW, 2013 WL 5225522, at *3 (N.D. Cal. Sept. 17, 2013) (granting stay where "discovery is not near completion, only one witness has been deposed, claim construction briefing has not commenced, deadlines for dispositive motions are still months out, and the court has not set a trial date.")

IV. CONCLUSION

For the foregoing reasons, Defendant's Renewed Motion to Stay (ECF No. 44) is GRANTED. The case is hereby STAYED pending a final written decision from the PTO. The parties are also ORDERED to file the PTO's determination within three (3) days of the PTO's decision, and the parties are further ORDERED to submit a proposed amended scheduling order within ten (10) days of the PTO's determination.

The parties may move to lift the stay for good cause prior to a final determination of the IPR by the PTO.

IT IS SO ORDERED this 1st day of May, 2014.

/s/ Jon P. McCalla
JON P. McCALLA
U.S. DISTRICT COURT JUDGE