

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No.: 2:19-cv-06301-AB-KS

Date: February 25, 2021

Title: *PHILIPS NORTH AMERICA LLC v. GARMIN INT'L, INC and GARMIN, LTD.*

Present: The Honorable **ANDRÉ BIROTTE JR., United States District Judge**

N/A

Deputy Clerk

Court Reporter

Attorney(s) Present for Plaintiff(s):

Attorney(s) Present for Defendant(s):

None Appearing

None Appearing

**Proceedings: [In Chambers Order Granting Defendants' Motion to Modify the Scheduling Order Until After the PTAB's Final Decision on the '233 Patent (Dkt. No. 120) and Granting Plaintiff's Unopposed Motion for Leave to File Second Amended Complaint to Withdraw Counts IV and V (Dkt. No. 121)]**

**I. Introduction**

Before the Court is Plaintiff's unopposed motion for leave to file a second amended complaint to withdraw counts IV and V. (Dkt. No. 121.)

Also, before the Court is Defendants Garmin International, Inc. and Garmin, Ltd.'s ("Defendants") motion to modify the scheduling order until after the PTAB's final decision on the '233 Patent. (Dkt. No. 120.)<sup>1</sup> Plaintiff Philips North America

<sup>1</sup> Defendants characterize this motion as a request for a "mere extension" rather than a motion to stay. (See Dkt. No. 120 at 4; Dkt. No. 124 at 1.) But the parties analyze the request under the motion to stay framework, which the Court will likewise apply.

LLC (“Plaintiff”) filed an opposition (Dkt. No. 123), and Defendants filed a reply (Dkt. No. 124.)

The Court finds this matter appropriate for resolution without oral argument. *See* Fed. R. Civ. P. 78; Local Rule 7-15. For the reasons stated below, Plaintiff’s motion is **GRANTED**, and Defendants’ motion is **GRANTED**.

## II. **Background**

### A. **District Court Proceedings**

Plaintiff filed the present suit against Defendants on July 22, 2019. (Dkt. No. 1.) Plaintiff filed the First Amended Complaint on December 9, 2019. (Dkt. No. 45.) Plaintiff alleged that Defendant has infringed U.S. Patent Nos. 6,013,007 (“the ’007 Patent”), 7,088,233 (“the ’233 Patent”); 8,277,377 (“the ’377 Patent”); 6,976,958 (“the ’958 Patent”); 9,314,192 (“the ’192 Patent”), and 9,801,542 (“the ’542 Patent”). *Id.* ¶ 48.

Because the parties’ various requests for continuances are relevant to Defendants’ motion, the Court provides a brief summary of the relevant procedural background. On January 8, 2020, the Court set a trial date for March 30, 2021. (Dkt. No. 54.) The parties filed claim construction briefs and then filed a joint stipulation to extend the discovery schedule, which the Court granted. (*See* Dkt. Nos. 75, 77, 79, 80, 89, and 90.) After the Court issued its claim construction order, the parties again filed a joint stipulation to continue certain trial deadlines, including vacating the trial date, which the Court again granted. (*See* Dkt. Nos. 102, 103, and 108.) Most recently, the parties filed a joint stipulation to continue the summary judgment schedule, which the Court granted. (*See* Dkt. Nos. 118 and 122.) Finally, the Defendants moved to stay the case pending the resolution of the IPR proceedings. (Dkt. No. 120.)

Not all of the patents asserted in the First Amended Complaint remain active in this case. First, the ’007 Patent was invalidated at claim construction. (Dkt. No. 102.) Second, Plaintiff disclaimed the asserted claims of the ’968 Patent and withdrew its infringement allegations as to the ’192 Patent. (*See* Dkt. No. 118 at 2.) Accordingly, this leaves only the ’233 Patent, the ’377 Patent, and the ’542 Patent in the suit.

## **B. *Inter Partes* Review Proceedings**

On May 15, 2020 Defendants filed a petition for *inter partes* review (“IPR”) challenging the ’233 Patent. (See IPR2020-00910.) The ’233 Patent, and all of the other patents in suit, generally relate to monitoring a subject’s activity or health condition. (Dkt. No. 102 at 2; Dkt. 118 at 3.) Defendants’ petition was joined with IPR2020-00783. The Patent Trial and Appeal Board (“PTAB”) instituted review of that IPR on October 27, 2020. (See IPR2020-00783; Dkt. No. 113-1 ¶ 7.) The PTAB must issue a final ruling by October 27, 2021, within one year of institution. See 35 U.S.C. § 316(a)(11). This deadline falls three months after the current trial date. (Dkt. 108.)

## **III. 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).

## **IV. Discussion**

### **A. Motion to Amend**

Plaintiff moves unopposed for leave to file a Second Amended Complaint (“SAC”) to withdraw counts IV and V. (Dkt. No. 122.) Plaintiff has previously disclaimed all asserted claims of the ’968 Patent. (See Dkt. No. 118 at 2.) Plaintiff has also withdrawn all infringement allegations as to the ’192 Patent. *Id.* Plaintiff

now seeks to amend the complaint to reflect these developments. Because the motion is unopposed, and good cause appearing for the proposed amendments, the Court **GRANTS** Plaintiff's motion. Plaintiff shall file the proposed SAC (Dkt. No. 121-1) within seven days of this Order.

## **B. Motion to Stay**

As an initial matter, the Court observes that the Defendants did not comply with L.R. 7-3 before filing this motion. (*See* Dkt. No. 120 at 1 (summarizing belated conference of counsel).) This violation notwithstanding, the Court will rule on the motion because the parties did confer, albeit belatedly, and Plaintiff did not object on this basis. The parties are admonished to follow the Local Rules going forward.

Turning to the merits of the motion, upon balancing the relevant factors and considering the totality of the circumstances in this case, the Court concludes that a limited stay is warranted.

### 1. Stage of the Proceedings

Given the age of this case, this factor would typically weigh against granting a stay. Applying this factor, the Court considers “whether discovery is complete and whether a trial date has been set.” *See Universal Elecs.*, 943 F. Supp. 2d at 1030-31. This case is not in the early stages. It has been pending for nineteen months. (*See* Dkt. No. 1.) A trial date has been set and continued by joint stipulation. (*See, generally*, Dkt. 54 at 3, Dkt. 108.) Claim construction has occurred. (*See* Dkt. No. 102.) Fact discovery is closed, and expert discovery is closing. (*See, generally*, Dkt. No. 108.) Here, it is not clear that “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.)

The Court observes that the extended passage of time in this case has been driven in large part by the parties' ongoing stipulations to extend deadlines, including recently extending the timing for dispositive briefs. (*See* Dkt. No. 122.) Moreover, considering the COVID-19 pandemic and the standing order suspending civil jury trials in this District, it is unlikely that the current trial date would be feasible.

The Court thus finds this factor neutral, weighing neither in favor of nor against granting a stay.

## 2. Simplification of the Issues

The second factor weighs in favor of a stay. Applying this factor, the Court 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 principal 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). Even when IPR proceedings are instituted on fewer than all the claims at issue, district courts frequently issue stays. *See British Telecom. PLC v. IAC/InteractiveCorp*, No. 1:18-cv-00366 WCB, 2019 WL 4740156, at \* 7 (D. Del. Sept. 27, 2019) (collecting cases). “[E]ven when IPRs are instituted on fewer than all the asserted claims, the policies favoring simplification and the reduction of litigation burdens on the parties and the court are often applicable, particularly when the claims that are before the PTAB in an IPR are similar to those that are not.” *Id.*

Here, where six of the twelve claims asserted by Plaintiff are from the ’233 Patent that is subject to the IPR proceedings, the Court agrees with Defendants that the IPR proceedings are likely to simplify the issues in this case. As this Court has noted, “each of the asserted patents generally relate to monitoring a subject’s activity or health condition. The patents are all utilized across the same allegedly infringing products and involve electronic monitoring of athletes—facts that Plaintiffs also recognize as true.” (*See* Dkt. No. 118 at 3; Dkt. No. 102 at 2.)

If the six claims of the ’233 Patent do not survive review, it would “eliminate the need for trial [on those claims] or, if the claims survive, facilitate trial by providing the court with [the] expert opinion of the [PTAB] and clarifying the scope of the claims.” *See Semiconductor Energy Lab. Co., Ltd. v. Chimei Innolux Corp.*, No. 8:12-cv-00021 JST (JPRx), 2012 WL 7170593, at \*2 (C.D. Cal. Dec. 19, 2012) (internal quotation marks and alterations omitted).

Moreover, given the relation between the remaining patents and claims, the Court finds that the “potential simplification of issues related to the [claims subject to IPR] outweighs the delay that will result in the adjudication of the [’377 Patent and the ’542 Patent claims].” *Twilio, Inc. v. TeleSign Corp.*, No. 5:16-cv-06925 LHK, 2018 WL 1609630, at \*2 (N.D. Cal. 2018) (“Indeed, it would make little sense to proceed only on the [patents not subject to IPR], thereby risking a second trial on the

other two patents if they survive IPR, nor would it make sense to proceed on all three patents when two of them may later be invalidated.”).

Finally, if the PTO finds certain claims to be patentable after instituting review, Defendants would be estopped under 35 U.S.C. § 315(e)(2) from presenting invalidity arguments which were raised, or reasonably could have been raised, in the IPR. Applying such a finding to this case would save time and resources because summary judgment motions and trials on some issues may become unnecessary.

In the interest of judicial and party efficiency, this factor weighs in favor of a stay.

### 3. Potential Undue Prejudice

The third factor, potential undue prejudice, weighs in favor of a stay. When considering prejudice or a clear tactical disadvantage to Plaintiff, 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) (emphasis added).

Here, Plaintiff asserts that Defendants filed their “IPR petition on April 8, 2020, over eight months after receiving service of the complaint in this action.” (Dkt. No. 123 at 7.) The Court notes that this filing falls well within the 12-month statutory window allowed by Congress. *See* 35 U.S.C. §315(b). Plaintiff further asserts prejudice because Defendants waited almost three months after institution of the IPR proceedings to bring this motion. *Id.* Defendants do not explain the delay in filing the motion, but focus instead on Plaintiff’s three-year delay in bringing this suit after first learning of the alleged infringement. (*See* Dkt. No. 120 at 7, Dkt. No. 124 at 4–5.)

The proposed harms do not amount to “a specific showing of prejudice beyond the delay necessarily inherent in any stay.” *See PersonalWeb Techs.*, 69 F. Supp. 3d at 1029. Further, Plaintiff has made no showing concerning how granting a stay will injure its revenues or give a competitive advantage to Defendants, factors that traditionally weigh against granting a stay. *See Semiconductor Energy Lab. Co.*,

2012 WL 7170593, at \*3; *see also Universal Elecs., Inc.*, 943 F. Supp. 2d at 1033–34. Accordingly, this factor weighs in favor of granting Defendants’ motion to stay.

Weighing the totality of the circumstances, the Court concludes that a stay is warranted in this case. Although a trial date has been set and this case is moving toward a late stage, the Court finds that the age of the case is due, in large part, to the parties’ repeated requests for continuances. Moreover, Plaintiff has not shown that it would suffer specific undue prejudice. Finally, Defendants have established that a stay would likely benefit the parties and the Court by simplifying or informing the remaining issues in this case.

Defendants variably request an order extending the scheduling order by three months, an order extending the dates for nearly one year, and a stay generally. (*See, e.g.*, Dkt. No. 124 at 1, Dkt. No. 120-4.) Because the Court bases its decision to grant the stay on the potential impact of the PTAB’s forthcoming IPR ruling, the Court finds that only a limited stay is warranted. Accordingly, the Court stays the case until ten days after the expected PTAB decision date, *i.e.*, until November 10, 2021.

## V. Conclusion

For the foregoing reasons, the Court **GRANTS** the Unopposed Motion for Leave to File Second Amended Complaint to Withdraw Counts IV and V (Dkt. No 122) and **GRANTS** the Motion to Modify the Scheduling Order Until After the PTAB’s Final Decision on the ’233 Patent. (Dkt. No. 120.)

The Court **ORDERS** that Plaintiff may file within 7 days of the issuance of this Order the proposed Second Amended Complaint, in the form submitted as Exhibit A to Plaintiff’s unopposed motion.

The Court **ORDERS** the parties to file periodic Joint Status Reports indicating the status of the IPR proceedings and what steps remain in the IPR proceedings. The first such report is due May 22, 2021. Successive reports shall be filed every 90 days thereafter, or within 14 days of a decision from the PTAB concluding the IPR proceedings, whichever occurs earlier. Each report must state on the face page the date on which the next report is due. The stay will be lifted 14 days after the decision from the PTAB concluding the IPR proceedings, or November 10, 2021, whichever comes sooner. **The final, post-IPR report must include a Stipulation and Proposed Order for moving the case forward.**

STAY

The Court **VACATES** all pending calendar dates. This Court retains jurisdiction over this action and this Order shall not prejudice any party to this action.

**IT IS SO ORDERED.**