

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO

Civil Action No. 20-cv-03254-RM-MEH

FRESENIUS KABI USA, LLC,

Plaintiff,

v.

CUSTOPHARM, INC.,

Defendant.

ORDER

Michael E. Hegarty, United States Magistrate Judge.

Before the Court is Defendant’s Motion to Stay Discovery. ECF 21. For the reasons that follow, the Motion is denied.

I. Background

Defendant applied to the FDA for permission to sell a generic form of the thyroid medication, levothyroxine. The type of application it used permits an applicant to rely on clinical studies that a third party already submitted to the FDA to show that the drug is safe and effective. However, that third party—the holder of the patent to the underlying “reference drug”—may intervene if it perceives an infringement of its patent. The mechanism to do so is to bring a patent infringement lawsuit pursuant to 35 U.S.C. § 271(e)(2)(A). Plaintiff has filed such a lawsuit in this and two other district courts (in the District of New Jersey and in the Western District of Texas) to challenge Defendant’s application. Defendant has moved to dismiss the New Jersey and Colorado lawsuits for improper venue, in favor of litigating the dispute in Texas.

A scheduling order has been entered in this case (ECF 41), following the Scheduling Conference held on January 21, 2021 (ECF 39). Plaintiff reports that of the three lawsuits, this is the first case to progress to the entry of a scheduling order. ECF 29 at 3.

II. Discussion

The decision to stay discovery rests within the sound discretion of the trial court. *Wang v. Hsu*, 919 F.2d 130, 130 (10th Cir. 1990). The Federal Rules of Civil Procedure do not expressly provide for a stay of proceedings. However, Rule 26(c) does permit the court, upon a showing of good cause, to “protect a party or person from annoyance, embarrassment, oppression, or undue burden or expense.” Fed. R. Civ. P. 26(c).

Typically, in evaluating a request for a stay of discovery, the following five factors guide the Court’s determination:

(1) plaintiff’s interests in proceeding expeditiously with the civil action and the potential prejudice to plaintiff of a delay; (2) the burden on the defendants; (3) the convenience to the court; (4) the interests of persons not parties to the civil litigation; and (5) the public interest.

String Cheese Incident, LLC v. Stylus Shows, Inc., No. 02-cv-01934-LTB-PAC, 2006 WL 894955, at *2 (D. Colo. Mar. 30, 2006); *see also Hernandez v. Asset Acceptance, LLC*, 970 F. Supp. 2d 1194, 1205 (D. Colo. 2013) (weighing the factors and finding a stay appropriate in that case). The Court has broad discretion to stay proceedings as an incident to its power to control its own docket. *Clinton v. Jones*, 520 U.S. 681, 706-07 (1997) (citing *Landis v. North American Co.*, 299 U.S. 248, 254 (1936)).

Defendant objects to litigating this case in Colorado, arguing that the venue criteria for a patent infringement case against a corporation are not met here. It prefers to postpone discovery until the overall venue dispute is resolved. However, the mere filing of a motion to dismiss alone

does not warrant staying discovery. Defendant articulates no specific prejudice to it from conducting discovery in this lawsuit.

Plaintiff counters that allowing discovery to proceed will cause Defendant no undue burden. It furthers that all three lawsuits are in their beginning phases, and there is no practical reason why discovery should not begin in this one. Plaintiff also states a specific reason why discovery should be allowed to commence. It argues that Defendant pursued its FDA application in a way that avoided an automatic thirty-month stay of the approval process. Because Defendant's application is not subject to an administrative stay, discovery will permit Plaintiff a way to protect its patent from the alleged infringement. ECF 29 at 5.

The Court adds that given current COVID circumstances, the process of engaging in discovery likely will be done mostly remotely. Therefore, the mere fact that discovery will begin in the Colorado lawsuit should not, in the Court's perception, cause Defendant any additional cost or burden if the case ultimately is transferred to Texas.

With respect to the *String Cheese* factors, Plaintiff's interest in allowing discovery to begin outweighs any burden on Defendant. Nor would the interest of judicial economy be advanced by temporarily staying discovery until after a decision on the dismissal motion. *Merrill Lynch, Pierce, Fenner & Smith, Inc. v. Coors*, 357 F. Supp. 2d 1277, 1280 (D. Colo. 2004) ("the court has considerable discretion over the timing of discovery"). Consideration of the remaining *String Cheese* factors does not tip the balance in favor of either position.

III. Conclusion

Accordingly, Defendant's Motion to Stay Discovery [filed December 23, 2020; ECF 21] is **denied**.

Dated at Denver, Colorado, this 21st day of January, 2021.

BY THE COURT:

A handwritten signature in black ink that reads "Michael E. Hegarty". The signature is written in a cursive style with a large initial 'M' and a distinct 'H'.

Michael E. Hegarty
United States Magistrate Judge