

CIVIL MINUTES – GENERAL

Case No. LA CV15-08830 JAK (KSx)

Date April 15, 2020

Title Voice International Inc et al v. Oppenheimer Cine Rentals LLC, et al.

Present: The Honorable JOHN A. KRONSTADT, UNITED STATES DISTRICT JUDGE

Cheryl Wynn

Not Reported

Deputy Clerk

Court Reporter / Recorder

Attorneys Present for Plaintiffs:

Attorneys Present for Defendants:

Not Present

Not Present

Proceedings: (IN CHAMBERS) ORDER STAYING CASE PENDING *EX PARTE* REEXAMINATION NO. 90014342; DENYING OPPENHEIMER DEFENDANTS' REQUEST FOR SANCTIONS IN CONNECTION WITH THEIR MOTION *IN LIMINE* NO. 1 (DKT. 344); DENYING PLAINTIFF'S *EX PARTE* APPLICATION TO "BIFURCATE THE ISSUE OF INFRINGEMENT" (DKT. 446); AND DENYING WITHOUT PREJUDICE OPEL AND KLEIN SR.'S *EX PARTE* APPLICATION TO RESPOND TO OFFER OF JUDGMENT FILINGS (DKT. 484)

I. Introduction

The Order entered on March 23, 2020 directed the parties to file simultaneous briefs on certain open issues as to further proceedings in this matter. See Dkt. 479. This followed the parties' efforts, with substantial assistance by Magistrate Judge Stevenson, to resolve all matters. The parties were unable to resolve all matters. The March 23 Order directed the parties to address, *inter alia*, whether this matter should be stayed pending *ex parte* reexamination of the asserted claims of the asserted patent by the U.S. Patent and Trademark Office ("PTO"). *Id.* The parties timely filed their briefs. Dkts. 481, 483.¹

Plaintiff Grober also previously filed an *ex parte* application to "Bifurcate the Issue of Infringement." Dkt. 446. Defendants filed an opposition (Dkt. 448) and Grober replied. Dkt. 449. In a recent status report, Marty Oppenheimer, Oppenheimer Camera Products, Inc., and Oppenheimer Cine Rentals LLC ("Oppenheimer Defendants") stated that their request for monetary sanctions in connection with their motion *in limine* ("MIL") no. 1 (Dkt. 344) remains pending. See Dkt. 475 at 9 (March 13, 2020 Joint Report); see also Dkt. 375 (Plaintiffs' opposition to MIL 1).

¹ On the same day the parties filed their simultaneous briefs, Grober, who is a self-represented plaintiff, also filed a "Notice of Acceptance of Offer of Judgment." Dkt. 482. Grober and Defendants Oceanic Production Equipment Limited ("OPEL") and Klein Sr. dispute whether there was a sufficient, timely acceptance of the prior Offer of Judgment by OPEL and Klein Sr. under Fed. R. Civ. P. 68. See Dkt. 475 at 3. No motion to enforce a judgment has been filed, and that issue is not addressed in this Order. For the same reason, the *ex parte* application of OPEL and Klein Sr. for leave to respond to Grober's filings regarding the offer of judgment (Dkt. 484) is **DENIED**; provided, however, this is without prejudice to presenting those arguments at an appropriate time.

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES – GENERAL

Case No. LA CV15-08830 JAK (KSx)

Date April 15, 2020

Title Voice International Inc et al v. Oppenheimer Cine Rentals LLC, et al.

For the reasons stated in this Order, this matter is **STAYED** pending *Ex Parte* Reexamination No. 90014342. Ordering this stay will best serve the interests of party and judicial efficiency in this longstanding matter because the determinations by the PTO may narrow substantially many of the issues that remain in dispute in this action. The request by the Oppenheimer Defendants for the imposition of sanctions against Plaintiffs is **DENIED**. Plaintiff's *ex parte* application to "bifurcate . . . infringement" is **DENIED**.

II. Background

Grober and Voice International, Inc. ("Plaintiffs") filed this action on November 12, 2015. Dkt. 1. The Complaint named Oppenheimer Defendants, and alleged a single claim for infringement of U.S. Patent No. 6,611,662 ("the '662 Patent"). *Id.* Plaintiffs filed an amended complaint on June 16, 2016, which added OPEL and other individuals and entities as defendants. Dkt. 36. The claims against the other individuals and entities were dismissed for different reasons. See Dkts. 118, 142. The claim against Klein Sr. was restored on March 25, 2019 based on the ruling on a motion for reconsideration that Plaintiffs had made a *prima facie* showing that Klein Sr. is an alter ego of OPEL. Dkts. 294, 304.²

On July 23, 2019, Klein Sr. filed a request to the PTO for *ex parte* reexamination of the claims of the '662 Patent asserted in this case. See Dkt. 379 at 8. On September 10, 2019, the PTO granted the request as to every asserted claim of the '662 Patent. *Id.*

Klein Sr. moved to stay this action pending the outcome of the *ex parte* reexamination proceedings or, in the alternative, for leave to file a motion for summary judgment of patent invalidity. See *generally id.* (*ex parte* application to stay). The application was denied at the Final Pretrial Conference held September 30, 2019 for lack of good cause. Dkt. 382 at 5. On December 16, 2019, the PTO issued a 135-page office action finding each asserted claim of the '662 Patent invalid on several grounds as to anticipation and obviousness. See Dkt. 475 at 14; see also Dkt. 460-1.

On January 2, 2020, an *ex parte* application was granted that permitted attorneys Robert Lauson and Lamar Treadwell to withdraw as counsel of record for Plaintiff Voice International. See Dkt. 445.³ In late January 2020, Grober filed an *ex parte* application to "Bifurcate the Issue of Infringement," arguing that trial should proceed forward on issues of infringement and possibly patent invalidity (Dkt. 446 at 4), with issues as to "willfulness, damages, and alter ego" decided later. *Id.* at 5.

² Plaintiffs' arguments and evidence relating to monetary damages have been excluded through a ruling on a motion in limine. See also Dkt. 489. Accordingly, it is unclear whether a determination of whether Klein Sr. is an alter ego of OPEL remains necessary.

³ Since January 2, 2020, no new counsel has appeared for Plaintiff Voice International. See Dkt. 481 at 7 (noting same, through April 6, 2020). It cannot proceed without counsel. Whether Grober has viable, independent claims that he can pursue as a self-represented litigant is unclear. He claims to have a license agreement with Voice International that provides such rights to him. However, it has not been filed or otherwise presented for consideration in the context of a justiciable issue. See Dkt. 479; Dkt. 481 at 7; Dkt. 483 at 2-3.

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES – GENERAL

Case No. LA CV15-08830 JAK (KSx)

Date April 15, 2020

Title Voice International Inc et al v. Oppenheimer Cine Rentals LLC, et al.

As noted, on February 4, 2020, an Order issued that found that Plaintiffs had failed to make timely and complete disclosure of the bases for their claimed monetary damages from the pending causes of action. That order granted Defendants' motion in limine to exclude from trial any evidence as to monetary damages. See *generally* Dkt. 459.⁴ The Order did not address the request for an award of sanctions against Plaintiffs made by the Oppenheimer Defendants in connection with that motion *in limine*. See Dkt. 344.

In a joint report submitted by the parties on February 6, 2020, Defendants presented a copy of the December 2019 office action by the PTO. They also renewed their request that this matter be stayed pending *ex parte* reexamination proceedings. Dkt. 461 at 8-10; see *also* Dkt. 460-1 (copy of PTO office action).

As noted, in late February and early March 2020, the parties conferred in good faith with Magistrate Judge Stephenson on several occasions in an attempt to settle this action. See, *e.g.* Dkts. 471, 472. The parties were ultimately unable to reach an agreement. See *also* Dkt. 473, 475.

On March 16, 2020, Grober filed a response with the PTO to its December 2019 office action. Dkt. 481 at 3. Grober did not seek to amend the claims or submit any supporting documents with respect to his arguments in support of the validity of the claims.

On March 20, 2020, an Order issued that vacated an upcoming status conference. That order was made pursuant to an Order of the Chief Judge issued March 19, 2020 in response to the coronavirus pandemic. Dkt. 478. A March 23, 2020 Order subsequently directed the parties to file simultaneous briefs regarding certain issues, including whether this matter should be stayed pending the *ex parte* reexamination proceedings. The parties did so. Defendants continue to seek a stay, and Grober opposes one. See Dkts. 481, 483.

III. Analysis

A. Legal Standards: Stays Pending PTO Proceedings

A district court has the ability to order a stay of its judicial proceedings pending patent reexamination. This authority is part of its "broad discretion to stay proceedings as an incident to its power to control its own docket." *Clinton v. Jones*, 520 U.S. 681, 706 (1997); accord *Landis v. N. Am. Co.*, 299 U.S. 248, 254 (1936). A court must balance competing interests in assessing whether it would be appropriate to enter a stay. These interests include "the possible damage which may result from the granting of a stay, the hardship or inequity which a party may suffer in being required to go forward, and the orderly course of justice measured in terms of the simplifying or complicating of issues, proof, and questions of law which could be expected to result from a stay." *Lockyer v. Mirant Corp.*, 398 F.3d 1098, 1110 (9th Cir. 2005) (quoting *CMAX, Inc. v. Hall*, 300 F.2d 265, 268 (9th Cir. 1962)).

When determining whether to stay a case pending the completion of patent reexamination proceedings, district courts have considered the following factors: "(1) whether discovery is complete and whether a

⁴ The parties agree that, based on this determination, a bench trial would be appropriate in this matter. See Dkt. 481 at 5-6; Dkt. 483 at 2.

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES – GENERAL

Case No. LA CV15-08830 JAK (KSx)

Date April 15, 2020

Title Voice International Inc et al v. Oppenheimer Cine Rentals LLC, et al.

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.” *Aten Int’l Co., Ltd v. Emine Tech. Co.*, No. SACV09-0843 AG (MLGx), 2010 WL 1462110, at *6 (C.D. Cal. Apr. 12, 2010) (quoting *Telemac Corp. v. Teledigital, Inc.*, 450 F.Supp.2d 1107, 1111 (N.D.Cal. 2006)).

B. Application

1. A Stay of this Matter Pending PTO Proceedings Is Appropriate

Defendants contend that a stay pending *ex parte* reexamination is warranted. See Dkt. 481. Defendants argue that a final decision on the challenges to the asserted claims is “imminent.” *Id.* at 2-3. They assert that if the PTO adheres to its rejection of the asserted claims, it will significantly narrow the issues for trial. *Id.* at 3. Defendants add that, even if some asserted claims survive, “limiting arguments advanced by Plaintiff [in *ex parte* reexamination proceedings] will sharpen the focus of trial.” *Id.* They also state that they will narrow their asserted prior art based on the determinations reached by the PTO. *Id.* Defendants argue that Plaintiffs will not be prejudiced by a stay. *Id.* at 4. They note that evidence of damages has been excluded, Plaintiffs never sought a preliminary injunction in this case, and the ’662 Patent is set to expire in May 2020. *Id.*

Grober responds that the asserted claims are valid, and argues, “[t]he newly filed reexam is simply a second attempt on the eve of trial to force another delay.” Dkt. 483 at 1. Grober emphasizes that *ex parte* reexaminations can take years to conclude. *Id.* Grober also argues that “most of the parties are advanced in age Travel may become more difficult and the simple ability to accurately recall specific events and facts, as well as gear up again for the case is prejudicial.” *Id.*

This matter has been pending for many years. Although discovery has been completed, no trial date has been set. Some of the delay was due to the ongoing disputes on trial matters, and subsequent settlement efforts. Nor could a trial date be set in the near term in light of the coronavirus pandemic. Further, the ability to set a trial date has also recently been limited because Voice International has not been represented by counsel for the last three months. Grober has provided no information as to whether new counsel is likely to appear. In light of the requirement for Grober to expeditiously obtain new counsel for Voice International (Dkt. 445 at 2), it presently seems unlikely that Grober will be able to do so. An overall assessment of these unique circumstances shows that the first stay factor is neutral.

A stay is highly likely to simplify the issues. Grober provides no arguments on this subject. See Dkt. 483; see also Dkt. 479 (directing parties to address whether a stay pending *ex parte* reexamination proceedings “could streamline the issues for trial.”). All of the asserted claims were rejected by the PTO in *ex parte* reexamination. If the PTO adheres to this view and the claims are found invalid, Plaintiffs’ only claim of infringement against all Defendants will be without any basis, absent a reversal of the PTO decision by the Federal Circuit. Further, as Defendants explain, even if some or all of the asserted claims survive *ex parte* reexamination, Grober’s statements during *ex parte* reexamination proceedings may be relevant to considering dispositive issues related to patent infringement and invalidity in this case. The record of *ex parte* reexamination proceedings may also cause Defendants to

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES – GENERAL

Case No. LA CV15-08830 JAK (KSx)

Date April 15, 2020

Title Voice International Inc et al v. Oppenheimer Cine Rentals LLC, et al.

narrow their prior art invalidity grounds in this matter, thereby simplifying any trial. See Dkt. 481 at 3. This factor weighs substantially in favor of stay.

As to whether there is undue prejudice, the '662 Patent is set to expire in May 2020, and Defendants are not currently using the accused products. See Dkt. 481 at 4.⁵ Grober's argues that the advanced age of witnesses in this case presents a relevant consideration that weighs against a stay. Thus, those witnesses may not be available at a trial that proceeds several months from now. Grober has not shown any other basis for undue prejudice caused by a stay. For example, Grober has not shown that a delay in a final adjudication of infringement or invalidity would cause him prejudice, particularly where monetary damages have been excluded.

A weighing of the relevant factors, in light of the totality of the circumstances, shows that a stay pending *ex parte* reexamination of all asserted claims of the '662 Patent is appropriate. For the same reasons, Grober has failed to show that bifurcation is warranted. See Dkt. 446. A stay is appropriate as to all issues that remain in dispute. In this way they can all be considered in a single trial. That is the more efficient and fair way to proceed when considered in light of the interests of the parties and judicial efficiency, including potential post-trial appellate proceedings.

2. Sanctions Are Not Warranted

The Oppenheimer Defendants' MIL No. 1 included a request for monetary sanctions. See Dkt. 344 at 1, 10. This relief is not warranted. *First*, no explanation was provided as to any legal standard pursuant to which sanctions could be awarded. *Second*, no argument was provided as to why an award of monetary sanctions would be appropriate under the unique circumstances presented, including the recent withdrawal of Plaintiffs' counsel due to retirement. Therefore, in the exercise of discretion, the Court finds that imposing monetary sanctions would be inappropriate.

For the foregoing reasons, the request by the Oppenheimer Defendants for the imposition of monetary sanctions on Plaintiffs is **DENIED**.

///

///

///

///

///

///

⁵ The parties dispute whether, after the expiration of the '662 Patent and given the exclusion of monetary damages in this case, Plaintiffs will have an injury sufficient to provide standing. See Dkt. 481 at 8. That issue is not addressed because its resolution is not necessary in the balancing of the factors relevant to whether to enter a stay.

