

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION**

**EPIC TECH, LLC,**

**Plaintiff/Counterclaim  
Defendant,**

**v.**

**PEN-TECH ASSOCIATES, INC.,**

**Defendant/Counterclaim  
Plaintiff.**

**CIVIL ACTION FILE**

**NO. 1:20-CV-2428-MHC**

**ORDER**

This case comes before the Court on Defendant/Counterclaim Plaintiff Pen-Tech Associates, Inc. (“Pen-Tech”)’s Motion for Stay [Doc. 12], which seeks a stay of the litigation pending *inter partes* review by the U.S. Patent and Trademark Office of the Patent-in-Suit.

**I. BACKGROUND**

On June 5, 2020, Plaintiff Epic Tech, LLC (“Epic Tech”) filed an action against Pen-Tech for infringement of U.S. Patent No. 8,545,317 (“the ‘317 Patent”). Compl. for Patent Infringement (“Compl.”) [Doc. 1]. On July 7, 2020, Pen-Tech filed its answer, affirmative defenses, and a Counterclaim for

Declaratory Judgment that the ‘317 Patent is invalid and unenforceable against it. Pen-Tech’s Answer, Affirmative Defenses, and Countercl. [Doc. 10]. Discovery did not begin until thirty (30) days after the filing of the answer, or on August 6, 2020. LR 26.2(A), NDGa. However, aside from the filing of the parties’ Joint Preliminary Report and Discovery Plan [Doc. 17] and Epic Tech’s Initial Disclosures [Doc. 18], it appears that no other discovery has been initiated.

On July 7, 2020, the same day of the filing of its Answer, Affirmative Defenses, and Counterclaim in this case, Pen-Tech filed a petition for *inter partes* review in the United States Patent and Trademark Office (the “PTO”) on the ‘317 Patent (challenging claims 1, 2, 4, 5, 7-10, 18-20, and 22, which includes all the claims being asserted in this case) and, on July 21, 2020, filed its Motion to Stay this litigation pending *inter partes* review by the PTO.

## **II. STANDARDS OF REVIEW**

### **A. *Inter Partes* Review**

Effective September 16, 2012, the Leahy-Smith America Invents Act amended the PTO’s former *inter partes* reexamination process by adding two post-grant challenge procedures, including the “*inter partes* review” (“IPR”), which is intended to be a more efficient way of hearing patent challenges. 35 U.S.C. §§ 311-319, Pub. L. No. 112-29, § 6(c), 125 Stat. 304-5 (Sept. 16, 2011). The IPR

process allows any person who is not the owner of a patent to challenge the validity of a patent's claims based on prior art under 35 U.S.C. §§ 102 and 103. 35 U.S.C. § 311. The petitioner may request that the PTO cancel one or more of a patent's claims, but only if such claims are obvious or anticipated by "prior art consisting of patents or printed publications." *Id.* § 311(b). The IPR "(1) reduce[s] to 12 months the time the PTO spends reviewing validity, from the previous reexamination average of 36.2 months; (2) . . . minimize[s] duplicative efforts by increasing coordination between district court litigation and [IPR]; and (3) . . . allow[s] limited discovery in the review proceedings." Universal Elecs., Inc. v. Universal Remote Control, Inc., 943 F. Supp. 2d 1028, 1029-30 (C.D. Cal. 2013).

Once an IPR petition is filed, the Patent Trial and Appeal Board ("PTAB") must decide whether to institute the proceeding within three months of the patent owner's preliminary response (which is due within three months of the date the petition is filed) or, if no response is filed, by the last date on which the response could have been filed. 35 U.S.C. § 314(b). Thus, the PTAB must decide whether to institute proceedings no later than six months from the date the petition is filed. The PTAB may institute an IPR only if it determines "there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition." 35 U.S.C. § 314(a).

If the PTO institutes an IPR, the proceeding is conducted before a panel of three trained Administrative Patent Judges of the PTAB. See 35 U.S.C. §§ 6(a)-(c), 311. During the IPR process, the parties can respond to each other's arguments and take limited discovery; they also have the right to an oral hearing. 35 U.S.C. § 316(a)(5), (8), (10), and (13). The patent owner may cancel any challenged claim or propose substitute claims. Id. § 316(d). The petitioner must prove invalidity by a preponderance of the evidence. Id. § 316(e). Once the PTAB issues a final decision, if the claims are not invalidated, the IPR petitioner "is estopped from asserting [in a district court or ITC action] that a 'claim is invalid on any ground that the petitioner raised or reasonably could have raised during that [IPR].'" Software Rights Archive, LLC v. Facebook, Inc., Nos. C-12-3970, C-12-3971, C-12-3972, 2013 WL 5225522, at \*2 (N.D. Cal. Sept. 17, 2013) (quoting 35 U.S.C. § 315(e)(2)).

If the PTAB institutes an IPR, a final determination must be issued within one year of the institution date, unless there is good cause to extend the period in which case it may extend by no more than six months. 37 C.F.R. § 42.100(c). After receiving a final determination from the PTAB in an IPR proceeding, the parties have the option to appeal only to the United States Court of Appeals for the Federal Circuit. 35 U.S.C. §§ 141(c), 319.

## **B. Stay Pending IPR**

The party seeking a stay bears the burden of showing that a stay is appropriate. See Automatic Mfg. Sys., Inc. v. Primera Tech., Inc., No. 6:12-cv-1727-Orl-37DAB, 2013 WL 1969247, at \*1 (M.D. Fla. May 13, 2013) (citing Landis v. N. Am. Co., 299 U.S. 248, 255 (1936)). “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). Several courts have noted the benefits of staying infringement litigation pending an IPR:

All prior art presented to the Court will have been first considered by the PTO, with its particular expertise[;]

Many discovery problems relating to prior art can be alleviated by the PTO examination[;]

In those cases resulting in effective invalidity of the patent, the suit will likely be dismissed[;]

The outcome of the reexamination may encourage a settlement without the further use of the Court[;]

The record of reexamination would likely be entered at trial, thereby reducing the complexity and length of the litigation[;]

Issues, defenses, and evidence will be more easily limited in pretrial conferences after a reexamination[; and]

The cost will likely be reduced both for the parties and the Court.

Tomco<sup>2</sup> Equip. Co. v. Se. Agri-Sys., Inc., 542 F. Supp. 2d 1303, 1307 (N.D. Ga. 2008) (alterations in original) (quoting Datatreasury Corp. v. Wells Fargo & Co., 490 F. Supp. 2d 749, 754 (E.D. Tex. 2006)). Although there are many potential benefits to a stay pending the outcome of an IPR proceeding, “the Court should not ignore the potential difficulties” including “the possible length of” the review, and the fact that the IPR process “only considers the validity of the patent with regard to prior art.” Id. (internal citations omitted).

To help balance the competing interests of the parties, courts consider three factors in deciding whether to stay litigation pending completion of the IPR:

“(1) whether discovery is complete and a trial date has been set; (2) whether a stay will simplify the issues in the case; and (3) whether a stay would unduly prejudice or present a tactical disadvantage to the nonmovant.” Interface, Inc. v. Tandus Flooring, Inc., No. 4:13-CV-46-WSD, 2013 WL 5945177, at \*4 (N.D. Ga. Nov. 5, 2013) (quotations and citations omitted).

### **III. DISCUSSION**

#### **A. Stage of Litigation**

This case is in its infancy. Only Epic Tech has provided its initial disclosures; no other exchange or response to written discovery has occurred and

no depositions have been scheduled. No claim construction statement has been filed nor has the Court set a date for a Markman hearing.

“The earlier the stage of proceedings, the greater the reason to grant a stay.” Surfcast, Inc. v. Microsoft Corp., No. 2:21-cv-333-JDL, 2014 WL 6388489, at \*2 (D. Me. Nov. 14, 2014). “Many cases emphasize that – where discovery has not yet occurred – the first factor weighs in favor of a stay.” Trusted Knight Corp. v. Int’l Bus. Machs. Corp., No. 19-cv-01206-EMC, 2020 WL 5107611, at \*2 (N.D. Cal. Aug. 31, 2020) (collecting cases). “Essentially, where there is more work ahead of the parties and the Court than behind, this factor weighs in favor of granting a stay.” PureCircle USA, Inc. v. SweeGen, Inc., No. SACV 18-1679 JVS (JDEx), 2020 WL 5260492, at \*2 (C.D. Cal. Aug. 5, 2020) (internal quotation marks and citation omitted). The fact that the PTAB has not yet instituted an IPR proceeding can weigh against granting a stay at that time. McRo, Inc. v. Bethesda Software LLC, No. 12-1509-LPS-CJB, 2014 WL 1711028, at \*3 (D. Del. May 1, 2014) (denying the stay until PTO renders decision on whether to institute IPR proceeding); Virtual Agility, Inc. v. Salesforce.com, 759 F.3d 1307, 1317 (Fed. Cir. 2014) (holding that it was not error for the district court to wait until the PTAB made its decision to institute review before ruling on motion to stay).

Epic Tech does not dispute that this litigation is in its early stages but contends that the motion to stay is premature until the PTAB rules on the IPR. Epic-Tech's Resp. in Opp'n to Mot. for Stay ("Epic-Tech's Opp'n") [Doc. 16] at 10-12. However, given the somewhat unique circumstances in this case, the Court believes this factor weighs in favor of Pen-Tech. The petition for IPR was filed almost immediately. The decision as to whether to institute IPR is now just over three months away, so the duration of the stay will be short if review is denied. See NST Global, LLC v. SIG Sauer Inc., No. 19-cv-792-PB, 2020 WL 1429643, at \*4 (D.N.H. Mar. 24, 2020) (quoting TAS Energy, Inc. v. San Diego Gas & Elec. Co., 2014 WL 794215, at \*4 (S.D. Cal. Feb. 26, 2014)) (granting motion to stay prior to decision to grant IPR because "if the PTO denies the petitions for review, the stay will be short, only four months"); Andersons, Inc. v. Enviro Granulation, LLC, No. 8:13-cv-3004-T-33MAP, 2014 WL 4059886, at \*3 (M.D. Fla. Aug. 14, 2014) (granting motion to stay when the IPR petition and the motion were filed only one month after the filing of the operative complaint).

Because this case is in its infancy and the PTAB must decide whether to institute proceedings by January 7, 2021 (or slightly over three months from now), this Court determines that the stage of the litigation weighs in favor of granting a



stay. In the event the PTAB does not institute proceedings over the asserted claims, this case can proceed.<sup>1</sup>

## **B. Simplification of Issues**

All claims asserted in the district court litigation could be the subject of the IPR if review is granted. Staying the case could eliminate some or all of the asserted claims and streamline the case by resolving issues that would otherwise need to be addressed by the Court.

Here, GE sought *inter partes* review of all the claims in the patents in suit. Therefore, if the petitions for review are granted, there is a good chance that review will simplify this case by rendering some or all of the claims for infringement moot. . . . Whatever the PTAB's decision, the case will be simplified for this Court. If the PTO grants the petitions and ultimately cancels all asserted claims, the case would be over. If the PTO grants the petitions but confirms all or some of the claims, estoppel will eliminate the invalidity arguments raised or could have been raised in the *inter partes* petitions and the Court would have the benefit of the PTO's decision. Lastly, if the PTO denies the petitions for review, the stay will be short, only four months. Therefore, the Court concludes this factor favors a stay.

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<sup>1</sup> Although the parties do not raise it, the coronavirus pandemic is also a relevant consideration under this factor. The Court recognizes that guidance and restrictions that have occurred due to COVID-19 have disrupted the normal process of civil discovery, including the taking of depositions. The relatively short period of time remaining for the PTAB to determine whether to institute IPR proceedings will not significantly delay this case, particularly given these concerns.

TAS Energy, 2014 WL 794215, at \*4 (citation omitted); see also Lodge Mfr. Co. v. Gibson Overseas, Inc., No. CV 18-8085, 2019 WL 9443180, at \*3 (C.D. Cal. Sept. 24, 2019) (agreeing that IPR could simplify the issues where the petition challenges all the claims of the patent and PTAB’s decision whether to institute review will occur weeks before the Markman hearing); Canfield Scientific, Inc. v. Drugge, No. 16-4636 (JMV), 2018 WL 2973404, at \*4 (D.N.J. June 13, 2018) (“[T]he number of claims asserted in the pending litigation relative to the number of claims subject to the IPR proceedings is a significant factor for the Court to consider.”). This Court likewise determines that this factor favors granting a stay.

### **C. Undue Prejudice or Tactical Disadvantage**

Staying any case pending PTO review risks delaying the final resolution of the dispute and may result in some degree of prejudice to the plaintiff. See Neste Oil Oyj v. Dynamic Fuels, LLC, No. 12-662-GMS, 2013 WL 424754, at \*2 (D. Del. Jan. 31, 2013). Such an inherent risk of delay, however, is not dispositive regarding this factor. See id. Other district courts have looked to four sub-factors to determine whether the non-moving party would be unacceptably prejudiced if a stay is granted: (1) the timing of the review request; (2) the timing of the request for stay; (3) the status of the review proceedings; and (4) the relationship of the parties. See, e.g., Rensselaer Polytechnic Inst. v. Apple Inc., No. 1:13-cv-0633

(DEP), 2014 WL 201965, at \*4 (N.D.N.Y. Jan. 15, 2014); Cypress Semiconductor Corp. v. GSI Tech, Inc., No. CV 13-2013 JST, 2014 WL 5021100, at \*3 (N.D. Cal. Oct. 7, 2014).

### **1. Timing of the Review and Stay Request**

Here, Pen-Tech filed its request for IPR and Motion to Stay only one month after the filing of the Complaint. These sub-factors weigh in favor of granting a stay.

### **2. Status of the Review**

As discussed, although the PTAB has not yet granted the review, the decision will be made in slightly over three months and, if review is denied, the length of the stay will be short. If review is granted, “courts have been reluctant to find that the IPR delay counsels against a stay absent a specific showing of prejudice beyond the prejudice inherent in a stay.” TeleSign Corp. v. Twilio, Inc., No. CV15-3240 PSG (SSx), 2016 WL 6821111, at \*4 (C.D. Cal. Mar. 9, 2016) (collecting cases). This sub-factor also weighs in favor of granting a stay.

### **3. Relationship Between the Parties**

Finally, the court considers the relationship between the parties. An important factor in determining if a stay will prejudice the plaintiff is whether the parties are direct competitors. See, e.g., Boston Scientific Corp. v. Cordis Corp.,

777 F. Supp. 2d 783, 788 (D. Del. 2011). In such cases, “there is a reasonable chance that delay in adjudicating the alleged infringement will have outsized consequences to the party asserting infringement has occurred, including the potential for loss of market share and an erosion of goodwill.” Neste Oil Oyj, 2013 WL 424754, at \*2 (quoting SenoRx, Inc. v. Hologic, Inc., No. 12-173-LPS-CJB, 2013 WL 144255, at \*7 (D. Del. Jan. 11, 2013)). There may be less cause for concern, however, when there are multiple parties in the relevant market. Id.; Air Vent, Inc. v. Owens Corning Corp., No. 10-1699-TFM, 2012 WL 1607145, at \*3 (W.D. Pa. May 8, 2012).

Epic Tech contends that the parties are direct competitors that market and distribute competing gaming products and that Pen-Tech’s continued sales of infringing products may enable it to gain favor with gaming providers which could impact relationships between Epic Tech and its customers. Epic-Tech’s Opp’n at 7-10. However, as pointed out by Pen-Tech, Epic Tech has not proffered any specific evidence to show the potential of competitive harm. Pen-Tech’s Reply in Supp. of Mot. for Stay [Doc. 20] at 1-5. See Se. Metals, Mfg. Co. v. Millennium Metals, Inc., No. 3:11-cv-1058-J-20JBT, 2012 WL 983767, at \*2 (M.D. Fla. Mar. 21, 2012) (finding no undue prejudice where “no evidence is offered in support” of the assertion that the competitor will gain market share during the time of the stay);

Graywire, LLC v. Ciena Corp., No. 1:08-CV-2993-BBM, 2009 WL 8590870, at \*4 (N.D. Ga. July 17, 2009) (finding no undue prejudice where “aside from its conclusory statements [as to undue prejudice], Graywire fails to point to any specific evidence or witnesses that is the subject of this concern.”).

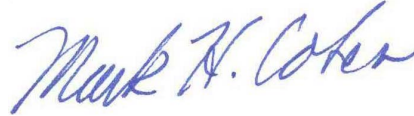
Because Epic Tech is a competitor but offers no evidence to show how it would be competitively prejudiced by IPR, the Court finds that this sub-factor weighs lightly, if at all, against staying the case. Viewing the “undue prejudice” factor as a whole, the Court finds that granting a stay in this matter at this time will not cause Epic Tech undue prejudice.

#### **IV. CONCLUSION**

Upon consideration of all relevant factors, the Court concludes that a stay is warranted pending the determination of whether the petition for IPR will be granted. Therefore, Defendant Pen-Tech Associates, Inc.’s Motion for Stay [Doc. 12] is **GRANTED**. In the event the PTAB determines not to institute the IPR, the stay will be lifted. If the PTAB institutes the IPR, and the parties still

disagree as to whether the stay should be continued, the Court will consider a renewed motion to lift the stay at that time.

**IT IS SO ORDERED** this 28th day of September, 2020.



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MARK H. COHEN  
United States District Judge