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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

ENVISIONTEC, INC.,)	CV 16-06812-RSWL-RAOx
)	
Plaintiff,)	ORDER Re: DEFENDANT'S
)	MOTION TO STAY [47]
v.)	
)	
FORMLABS, INC.)	
)	
)	
Defendant.)	

I. INTRODUCTION

This action arises from Plaintiff EnvisionTEC Inc.'s ("Plaintiff") Complaint for patent infringement against Defendant Formlabs, Inc. ("Defendant"). Plaintiff alleges Defendant's sales and use of an apparatus for manufacturing three-dimensional ("3D") objects purportedly infringes on Plaintiff's technology for separating a 3D printed object from its printer as stated in Plaintiff's Patent, "Apparatus and Method for the Non-Destructive Separation of Hardened Material Layers From a Flat Construction Plane," U.S. Patent No. 7,195,472 ("'472 Patent").

1 Currently before the Court is Defendant's unopposed
2 Motion to Stay the case ("Motion") pending the U.S.
3 Patent and Trademark Office's ("USPTO") *inter partes*
4 review ("IPR") of the '472 Patent. Having reviewed all
5 papers submitted pertaining to this Motion, the Court
6 **NOW FINDS AND RULES AS FOLLOWS:** the Court **GRANTS**
7 Defendant's Motion to Stay pending *inter partes* review.

8 II. BACKGROUND

9 A. Factual Background

10 Plaintiff develops, manufactures, and sells
11 professional grade 3D printing technologies, equipment,
12 and services. Sec. Am. Compl. ¶ 6. Defendant offers a
13 wide array of 3D printing services and markets its
14 products throughout the U.S., as well as
15 internationally. Id. at ¶ 14.

16 On March 27, 2007, the USPTO issued Plaintiff the
17 '472 Patent. Id. at ¶ 3. Plaintiff displays its
18 Patent on its website, listing the patent number,
19 title, and issuance date. Id. at ¶ 15. Defendant
20 allegedly infringed and continues to infringe on Claims
21 10 and 14 of the '472 Patent. Id. at ¶ 18. These
22 Claims provide the method by which Plaintiff separates
23 its 3D printed objects from its printer. Id. at ¶¶ 20,
24 23. Claim 10 relies on Claim 9 and Claim 14 relies on
25 both Claims 9 and 12. Id. at ¶¶ 26, 29, 33, 35. Claim
26 9 states the following:

27 An apparatus for the separation of a material
28 layer that is hardened on a flat plane, which

1 serves as a reference, the apparatus comprising
2 a flexible, elastic separating layer arranged
3 between plane and material layer, the elastic
4 separating layer comprising a gel-like elastic
5 material that is applied directly to the plane.

6 Id. at ¶ 26. Claim 10 states the following:

7 The apparatus according to claim 9, wherein the
8 gel-like layer has an adhesion to the plane
9 that is greater by a multiple than adhesion of
10 the gel-like layer to the hardened material
11 layer.

12 Id. at ¶ 29. Claim 12 states the following:

13 The apparatus according to claim 9, further
14 comprising a lateral frame that, in combination
15 with the plane, forms a kind of holding basin
16 for nonhardened material on a side of the
17 gel-like separating layer.

18 Id. at ¶ 33. Finally, Claim 14 states the following:

19 The apparatus according to claim 12, wherein
20 the holding basin comprises a frame and a
21 bottom plate and together the holding basin and
22 the gel-like separating layer are an
23 exchangeable unit.

24 Id. at ¶ 35.

25 Defendant's "Form 2" and "Form 1+" printers include
26 resin tanks designed to allow separation between a 3D
27 printed object made in the 3D printer, and the surface
28 upon which it is printed. Id. at ¶ 23. Plaintiff

1 alleges that these resin tanks infringe on Claims 10
2 and 14 of the '472 Patent. Id. at ¶ 18.

3 **B. Procedural Background**

4 On September 12, 2016, Plaintiff filed its
5 Complaint [1]. On November 25, 2016, Plaintiff filed
6 its First Amended Complaint [27]. The parties
7 stipulated to allow Plaintiff to file a Second Amended
8 Complaint ("SAC") and after the Court's approval,
9 Plaintiff filed its SAC on February 2, 2017 [35, 38,
10 39]. On February 16, 2017, Defendant filed its Answer
11 [40]. On April 14, 2017, Defendant filed a petition
12 for IPR with the United States Patent Office's Patent
13 Trial and Appeal Board ("PTAB") asserting Claims 9-15
14 of the '472 patent are invalid under 35 U.S.C. §§ 102
15 and 103. Def.'s Motion to Stay ("Mot.") 1:8-11. On
16 April 14, 2017, Defendant also filed the instant Motion
17 to Stay [47].

18 **III. DISCUSSION**

19 **A. Legal Standard**

20 "Courts have the inherent power to manage their
21 dockets and stay proceedings, including the authority
22 to order a stay pending conclusion of a PTO [IPR]."
23 Ethicon, Inc. v. Quigg, 849 F.2d 1422, 1426-27 (Fed.
24 Cir. 1988). Although the district court is not
25 required to stay judicial proceedings pending IPR,
26 "there is a liberal policy in favor of granting motions
27 to stay proceedings pending the outcome of [IPR],
28 especially in cases that are still in the initial

1 stages of litigation and where there has been little or
2 no discovery." Nanometrics, Inc. v. Nova Measuring
3 Instruments, Ltd., No. C 06-2252 SBA, 2007 WL 627920,
4 at *1 (N.D. Cal. Feb. 26, 2007); but see Aylus
5 Networks, Inc. v. Apple, Inc., No. C-13-4700 EMC, 2014
6 WL 5809053, at *1 (N.D. Cal. Nov. 6, 2014)("a Court is
7 under no obligation to delay its own proceedings where
8 parallel litigation is pending before PTAB")(internal
9 quotation marks and citation omitted).

10 The party moving for a stay bears the burden to
11 persuade the court that a stay is appropriate.
12 Netlist, Inc. v. Smart Storage Sys., Inc., No.
13 13-cv-5889-YGR, 2014 WL 4145412, at *1 (N.D. Cal. Aug.
14 21, 2014). Three factors are significant in analyzing
15 whether to stay proceedings pending IPR: (1) whether
16 discovery is complete and whether a trial date has been
17 set; (2) whether a stay will simplify the issues in
18 question and trial of the case; and (3) whether a stay
19 would unduly prejudice or present a clear tactical
20 disadvantage to the nonmoving party. Universal Elecs.
21 v. Universal Remote Control, Inc., 943 F. Supp. 2d
22 1028, 1030-31 (C.D. Cal. 2013)(internal quotation marks
23 and citation omitted).

24 **B. Analysis**

25 1. Defendant's Motion to Stay is GRANTED

26 a. *Discovery is Not Complete and a Trial Date* 27 *Has Not Been Set*

28 The Court first looks to whether the litigation has

1 progressed significantly such that a stay would be
2 disfavored. The status of discovery, claim
3 construction, trial setting, and the Court's
4 expenditure of resources are all considerations bearing
5 on this factor. See Universal, 943 F. Supp. 2d at
6 1031-32.

7 This factor weighs in favor of granting the Motion
8 because this case is in the initial stages of
9 litigation. Plaintiff filed its SAC on February 2,
10 2017, and after Defendant filed its Answer on February
11 16, 2017, only the instant Motion has been filed thus
12 far. The parties have not commenced discovery and the
13 Court has not issued a Scheduling Order. Defendant
14 filed its IPR petition on April 14, 2017, less than
15 three months after Plaintiff filed its SAC. But cf.
16 Universal, 943 F. Supp. 2d at 1031 (factor weighed
17 against stay when Defendant waited a year to file its
18 IPR and the court had already spent substantial effort
19 construing claims). This timeline is evidence that the
20 case is still in its beginning phases. Courts have
21 concluded that a case in its beginning phases weighs in
22 favor of a stay, even when there has been a significant
23 passage of time since the filing of the case. Finjan,
24 Inc. v. FireEye, Inc., No. C 13-03133 SBA, 2017 WL
25 1150283, at *2 (N.D. Cal. Mar. 28, 2017)(finding that
26 the stage of litigation factor weighed in favor of
27 granting a stay even where the parties engaged in fact
28 discovery and claim construction because the parties

1 had yet to undertake the more significant and costly
2 stages of litigation including expert discovery and
3 preparing summary judgment motions). Thus, this factor
4 weighs in favor of granting a stay.

5 b. *A Stay Will Simplify the Issues in*
6 *Question and Trial of the Case*

7 The second factor to consider is whether granting
8 the stay will simplify the issues in question and trial
9 of the case. “[W]aiting for the outcome of the
10 reexamination could eliminate the need for trial if the
11 claims are cancelled or, if the claims survive,
12 facilitate trial by providing the court with expert
13 opinion of the PTO and clarifying the scope of the
14 claims.” Target Therapeutics, Inc. v. SciMed Life
15 Systems, Inc., No. C-94-20775 RPA (EAI), 1995 WL 20470,
16 at *2 (N.D. Cal. Jan. 13, 1995).

17 Here, the IPR’s review process could significantly
18 simplify the issues because all challenged claims could
19 be reexamined. Defendant has petitioned for IPR of
20 Claims 9-15 of the ‘472 Patent which includes Claims 10
21 and 14 which are the basis of Plaintiff’s infringement
22 action against Defendant. Therefore, all challenged
23 claims could be reviewed and evaluated by an expert,
24 giving the Court valuable information and precluding
25 some challenges. See Universal, 943 F. Supp. 2d at
26 1032. Defendant has agreed not to litigate any
27 invalidity challenge presented to and considered by the
28 PTAB, which has the potential to further reduce the

1 complexity of future litigation by limiting the amount
2 of challenged claims. Consequently, this factor also
3 weighs in favor of granting a stay.

4 c. *A Stay Would Not Unduly Prejudice or*
5 *Present a Clear Tactical Advantage*

6 The final factor the Court considers is whether a
7 stay would unduly prejudice or present a clear tactical
8 disadvantage to the non-moving party. Courts have held
9 that a stay does not unduly prejudice or present a
10 clear tactical disadvantage to the non-moving party if
11 the moving party seeks it at the earliest stage of
12 litigation. See Ignite USA, LLC v. Pacific Market
13 Int'l, LLC, No. 14 856, 2014 WL 2505166, at *2-3 (N.D.
14 Ill. May 29, 2014)(holding defendant's motion to stay
15 filed less than two months after receiving notice of a
16 patent infringement complaint diminished the effect of
17 any potential tactical advantage it could incur).

18 Additionally, a stay would likely not cause
19 Plaintiff prejudicial harm because Plaintiff agreed not
20 to oppose the Motion in return for Defendant agreeing
21 not to litigate any invalidity challenge that Defendant
22 presents in its IPR petition that is considered by the
23 PTAB and to be bound by the provisions of 35 U.S.C. §
24 315(e) in the event of a final written decision from
25 the PTAB. Mot. 5:15-20. Moreover, the general
26 prejudice of having to wait for resolution is not a
27 persuasive reason to deny a motion to stay. Wonderland
28 Nurserygoods Goods Co., Ltd. v. Baby Trend, Inc., No.

1 EDCV 14-01153-VAP (SPx), 2015 WL 1809309, at *4 (C.D.
2 Cal. Apr. 20, 2015).

3 Staying the case is not premature even though the
4 PTAB has yet to grant the IPR petition because it will
5 only minimally delay the case. The parties will know
6 by July 14, 2017 whether the PTAB will grant IPR, and
7 the PTAB must issue a final determination no later than
8 one year from accepting the review. 35 U.S.C. §§ 314,
9 316. Though this could potentially delay the
10 litigation, the agreed upon binding nature of the
11 results would likely assist the parties and this Court
12 in saving resources and moving future litigation
13 forward. Furthermore, "it is not uncommon for []
14 [courts] to grant stays pending reexamination prior to
15 the [PTAB] deciding to reexamine the patent." See
16 Pragmatius AV, LLC v. Facebook, Inc., No.
17 11-CV-02168-EJD, 2011 WL 4802958, at *3 (N.D. Cal. Oct.
18 11, 2011). Because Plaintiff does not oppose the stay
19 and delay of litigation is not reason enough to deny a
20 stay, the third and final factor weighs in favor of
21 granting a stay.

22 IV. CONCLUSION

23 Based on the foregoing reasons, the Court **GRANTS**
24 Defendant's Motion to Stay and this case is hereby
25 stayed pending the PTAB's decision whether to institute
26 IPR [47]. If the IPR petition is granted, the stay
27 will remain in effect until the PTAB makes its final
28 determination in IPR. **IT IS HEREBY ORDERED** that the

1 parties shall file a joint status report within 14 days
2 of the PTAB's decision on whether to grant IPR. If IPR
3 is granted, **IT IS FURTHER ORDERED** that the parties
4 shall file a joint status report within 14 days of the
5 PTAB's final determination.

6 Should the PTAB find that Plaintiff's '472 Patent
7 is valid as to some or all of its claims, Plaintiff has
8 **LEAVE TO AMEND** its Second Amended Complaint within 20
9 days of informing the Court of the PTAB's final
10 determination. Alternatively, if the PTAB determines
11 that the '472 Patent is invalid, Plaintiff has **LEAVE TO**
12 **AMEND** the claims unaffected by the '472 Patent's
13 validity within 20 days of informing the Court of the
14 PTAB's final determination. Scheduling Conf. VACATED.
15 **IT IS SO ORDERED.**

16 DATED: June 6, 2017

s/ RONALD S.W. LEW

HONORABLE RONALD S.W. LEW
Senior U.S. District Judge