

United States District Court
Northern District of California

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

GOOGLE LLC,
Plaintiff,
v.
ECOFACOR, INC.,
Defendant.

Case No. [21-cv-03220-HSG](#)

**ORDER GRANTING GOOGLE'S
RENEWED MOTION TO STAY**

Re: Dkt. No. 149

On October 18, 2023, Plaintiff and Counterclaim-Defendant Google LLC (“Google”) filed a renewed motion to stay the case pending final resolution of the United States Patent and Trademark Office’s *ex parte* reexamination (“XPR”) of U.S. Patent No. 10,584,890 (“the ’890 Patent”). Dkt. No. 149 (“Mot.”). The Court finds this matter suitable for resolution without oral argument. *See* Civ. L.R. 7–1(b). For the reasons articulated below, the Court **GRANTS** Google’s motion and stays the case pending final resolution of the XPR.

I. BACKGROUND

Google filed this case against Defendant and Counterclaimant EcoFactor, Inc. (“EcoFactor”) on April 30, 2021. Dkt. No. 1. In the Complaint, Google sought a declaratory judgment of non-infringement regarding four Asserted Patents: the ’890 Patent and U.S. Patent Nos. 8,740,100 (the “’100 Patent”); 8,751,186 (the “’186 Patent”); and 9,194,597 (the “’597 Patent”). *See id.* In August 2022, the Patent Trial and Appeal Board (“PTAB”) instituted *inter partes* review (“IPR”) proceedings on the ’100, ’186, and ’597 Patents. *See* Dkt. No. 131 at 2. Google moved to stay this case, and the Court granted its motion. Dkt. No. 135. In August 2023, the PTAB issued final written decisions in all three IPR proceedings, with all claims of those patents found unpatentable. Dkt. No. 139. EcoFactor is appealing those final written decisions,

1 and has granted Google a unilateral covenant not to sue on the '100, '186, and '597 patents. *See*
2 Dkt. No. 147. Thus, only the '890 Patent remains in dispute in this case. *See id.*

3 Google previously petitioned for IPR as to the '890 Patent, which the PTAB declined to
4 institute on August 1, 2022. *See* Dkt. No. 150-2. Subsequently, in May 2023, Google requested
5 XPR of all claims in the '890 Patent, which the PTAB instituted on August 17, 2023. *See* Dkt.
6 No. 139 at 2 n.2; Dkt. No. 142 at 3. The parties agreed to a briefing schedule for this renewed
7 motion to stay on October 3, 2023, Dkt. No. 144, and Google filed this motion on October 18,
8 2023. Dkt. No. 149.

9 **II. LEGAL STANDARD**

10 “Courts have inherent power to manage their dockets and stay proceedings, including the
11 authority to order a stay pending conclusion of a PTO reexamination” *Ethicon, Inc. v. Quiggin*,
12 849 F.2d 1422, 1426–27 (Fed. Cir. 1988) (internal citations omitted); *IXI Mobile (R & D) Ltd. v.*
13 *Samsung Elecs. Co.*, No. 15-cv-03752-HSG, 2015 WL 7015415, at *2 (N.D. Cal. Nov. 12, 2015).
14 Courts consider three factors in determining whether to grant a stay: “(1) whether discovery is
15 complete and whether a trial date has been set; (2) whether a stay will simplify the issues in
16 question and trial of the case; and (3) whether a stay would unduly prejudice or present a clear
17 tactical disadvantage to the non-moving party.” *IXI Mobile (R & D) Ltd.*, 2015 WL 7015415, at
18 *2 (quoting *Evolutionary Intelligence, LLC v. Facebook, Inc.*, No. 13-cv-04202-SI, 2014 WL
19 261837, at *1 (N.D. Cal. Jan. 23, 2014)). The moving party bears the burden of demonstrating
20 that a stay is appropriate. *DSS Tech. Mgmt., Inc. v. Apple, Inc.*, No. 14-cv-05330-HSG, 2015 WL
21 1967878, at *2 (N.D. Cal. May 1, 2015).

22 Courts in this district have often recognized “a liberal policy in favor of granting motions
23 to stay” pending IPR. *See Pragmatus AV, LLC v. Facebook, Inc.*, No. 11-cv-02168-EJD, 2011
24 WL 4802958, at *2 (N.D. Cal. Oct. 11, 2011); *IXI Mobile (R & D) Ltd.*, 2015 WL 7015415, at *2.
25 Courts, however, must evaluate stay requests on a case-by-case basis. *See GoPro, Inc. v. C&A*
26 *Marketing, Inc.*, No. 16-cv-03590-JST, 2017 WL 2591268, at *2 (N.D. Cal. June 15, 2017).
27 Ultimately, whether to issue a stay is a matter of the Court’s discretion.
28

1 **III. DISCUSSION**

2 **A. Factor 1: Stage of Proceedings**

3 “The first factor the Court considers is whether the litigation is at an early stage.” *Cooler*
4 *Master Co. v. Asetek Danmark A/S*, No. 21-cv-04627-HSG, 2022 WL 2673089, at *2 (N.D. Cal.
5 June 14, 2022) (citing *AT&T Intellectual Property I v. Tivo, Inc.*, 774 F. Supp. 2d 1049, 1052
6 (N.D. Cal. 2011)). Specifically, courts consider “whether discovery is complete and whether a trial
7 date has been set.” *Evolutionary Intelligence*, 2014 WL 261837, at *1.

8 The parties dispute whether this case is at an early stage. Google argues that it is, because
9 no discovery has taken place and no trial date has been set. *See* Mot. at 5–6. EcoFactor counters
10 that the case is at an advanced stage because the parties and the Court have expended substantial
11 resources in briefing and holding a hearing on claim construction issues. *See* Dkt. No. 150
12 (“Opp.”) at 4. EcoFactor further asserts that there is little work remaining for the parties and
13 Court to do in this case, given the “limited nature of fact discovery required for the ’890 Patent”.
14 *Id.*

15 Considering the parties’ arguments, the Court concludes this factor weighs in favor of a
16 stay. The Court previously found that the case was at an early stage when it granted Google’s
17 original motion to stay in October 2022, and the circumstances have not meaningfully changed
18 since that order. *See* Dkt. No. 135 at 3 (finding first factor weighed in favor of stay where “parties
19 have engaged in virtually no discovery” and the Court had not yet issued a claim construction
20 order or set a trial date). EcoFactor argues that there is limited discovery to complete because
21 much of the fact discovery relevant to the ’890 Patent has been done in a related case in Texas –
22 *EcoFactor, Inc. v. Google LLC*, Case No. 6:20-cv-00075 (W.D. Tex.) (the “Texas Action”).
23 However, the relevant consideration here is the extent to which discovery has been completed *in*
24 *this case*, and the Court does not find the status of discovery in another proceeding relevant,
25 especially where, as Google points out, there are different Accused Instrumentalities at issue in
26 this case and there is no discovery cross-use agreement. *See* Dkt. No. 151 (“Reply”) at 4–5 n.2.
27 Accordingly, the Court finds the first factor weighs in favor of a stay.

B. Factor 2: Simplification of Case

1 The second factor that the Court considers is whether granting a stay could simplify the
2 litigation. “A stay is favored under the second factor when the outcome of the reexamination
3 would be likely to assist the court in determining patent validity and, if the claims were canceled
4 in the reexamination, would eliminate the need to try the infringement issue.” *Contour IP*
5 *Holding, LLC v. GoPro, Inc.*, No. 17-cv-04738-WHO, 2018 WL 6574188, at *3 (N.D. Cal. Dec.
6 12, 2018) (internal cites omitted). Thus, granting a stay is “particularly” likely to simplify the case
7 “when a party has obtained PTO review of each of the asserted claims in the patents-in-suit.”
8 *Evolutionary Intelligence*, 2014 WL 261837, at *2. Here, a decision in Google’s favor on its XPR
9 would “eliminate the need to try the infringement issue.” *Id.*

10 EcoFactor does not meaningfully dispute that a decision invalidating the ’890 Patent
11 claims in the XPR would eliminate all remaining claims in dispute in this case. It instead argues
12 that “the outcomes of previous invalidity challenges against the ’890 Patent may be predictive of
13 Google’s XPR.” Opp. at 8. EcoFactor relies on four prior challenges to the ’890 Patent as
14 “predictive” of the success of Google’s XPR: (1) Google’s prior IPR petition, (2) another IPR
15 petition challenging the ’890 Patent brought by Ademco, Inc. (the “Ademco IPR”), (3) Google’s
16 motion to dismiss under 35 U.S.C. § 101, and (4) the conclusion of *EcoFactor, Inc. v. ecobee,*
17 *Inc.*, Case No. 6:21-cv-428-ADA (W.D. Tex.) (the “*ecobee Case*”). The Court finds EcoFactor’s
18 arguments unpersuasive. Of the four prior challenges identified by EcoFactor, only one has any
19 overlap with Google’s current XPR – the Ademco IPR.¹ However, only three (Trundle, Ehlers,
20 and Wedekind) of the six prior art references in Google’s XPR overlap with those in the Ademco
21 IPR, and the PTAB declined to institute the Ademco IPR but did institute Google’s XPR.
22 Moreover, in declining to institute the Ademco IPR, the PTAB appears to have relied primarily on
23

24
25 ¹ Google’s prior IPR is irrelevant because the PTAB declined to institute Google’s prior IPR on
26 grounds relating to the priority date of the ’890 Patent, and not the substance of the prior art
27 references (which are different from those asserted by Google in its XPR). Google’s motion to
28 dismiss is likewise irrelevant because patent eligibility under Section 101 has no predictive value
as to invalidity challenges under Section 102 and 103. And the *ecoBee Case* is irrelevant as the
defendant there elected not to present an invalidity case. See *EcoFactor, Inc. v. ecobee, Inc.*, 6:21-
cv-00426-ADA, Dkt. No. 261 (EcoFactor’s Memorandum in Support of Its Bill of Costs) at 5 n.1
(W.D. Tex. Sept. 6, 2023).

1 deficiencies in prior art not asserted in the Google XPR, or the lack of motivation to combine, and
 2 *not* deficiencies in Trundle, Ehlers, and Wedekind. *See e.g.*, Dkt. No. 150-2 at 11–17 (rejecting
 3 ground on failure of petition to “assert that a person of ordinary skill in the art would have
 4 modified Leen in view of Trundle by configuring Leen’s HVAC controller”); 17–19 (finding
 5 deficiencies in petition’s reliance on Imes prior art reference). Thus, even if the Court considered
 6 the Ademco IPR relevant in predicting the success of Google’s XPR, the Court finds no reason to
 7 ascribe much predictive value to the overlap of Trundle, Ehlers, and Wedekind between the
 8 Ademco IPR and Google’s XPR. Ultimately, the Court’s concern in considering this stay request
 9 is not whether the XPR *will* result in invalidation, but rather whether it realistically *could*.

10 Having found that EcoFactor’s arguments regarding the merits of Google’s XPR are not
 11 determinative, the Court concludes that “this case squarely presents the usual situation in which
 12 the results of any instituted [XPRs] obviously could simplify the case,” and the second factor thus
 13 weighs in favor of a stay. *Apple, Inc. v. AliveCor, Inc.*, No. 4:22-cv-07608-HSG, Dkt. No. 89 at 4
 14 (N.D. Cal. Dec. 29, 2023).

15 **C. Factor 3: Prejudice and Disadvantage**

16 The third factor for the Court to consider is whether Defendants will be unduly prejudiced
 17 by a stay. “With respect to the third factor, this district applies a four sub-factor analysis
 18 considering: (i) the timing of the reexamination request; (ii) the timing of the request for stay; (iii)
 19 the status of reexamination proceedings; and (iv) the relationship of the parties. Courts have
 20 repeatedly found no undue prejudice unless the patentee makes a specific showing of prejudice
 21 beyond the delay necessarily inherent in any stay.” *Evolutionary Intelligence*, 2014 WL 261837, at
 22 *2 (citation and quotation marks omitted).

23 **i. Timing of the Reexamination Request**

24 EcoFactor argues that this subfactor weighs against a stay because Google delayed filing
 25 its XPR petition until May 2023, nine months after the PTAB originally denied institution of its
 26 IPR petition and seven months after the PTAB denied Google’s request for rehearing. This delay,
 27 according to EcoFactor, represents “evidence of dilatory motives or tactics, which suggest that
 28 [Google] is ‘taking tactical advantage of opportunities for delay.’” *Facebook, Inc. v. Blackberry*

1 *Ltd.*, No. 4:18-cv-05434-JSW, Dkt. No. 125 at 2 (N.D. Cal. June 15, 2020) (citing *Teleman Corp.*
2 *v. Teledigital, Inc.*, 450 F. Supp. 2d 1107, 1111 (N.D. Cal. 2006)).

3 Here, the Court finds that this subfactor weighs somewhat against a stay. EcoFactor
4 argues that Google delayed its XPR petition to gain insight into EcoFactor’s response to the
5 Ademco IPR, and to ensure that the PTAB’s institution decision on the XPR would coincide with
6 the issuance of final written decisions in its IPRs, effectively prolonging its stay of this litigation.
7 *See Opp.* at 17–19. In reply, Google says little to rebut this argument, simply asserting that it
8 “sought reexamination almost half a year ago while this case was still stayed and promptly after
9 searching for and identifying additional prior art in support of its nearly 160-page long XPR request.”
10 Reply at 11. While the Court recognizes that an XPR petition cannot be put together overnight,
11 Google has not explained in any detail why its seven-month delay in filing its petition for XPR was
12 reasonable, or why it could not have done so earlier. Absent such an explanation, and given that the
13 timing resulted in the PTAB not being presented with the issue until (1) after Google had the chance to
14 consider EcoFactor’s response to Ademco’s IPR petition and (2) closer to the time that this Court’s
15 stay based on the IPRs otherwise likely would have been due to expire, this factor weighs somewhat in
16 EcoFactor’s favor.

17 **ii. Timing of the Request for Stay**

18 The PTAB instituted Google’s XPR on August 17, 2023, and the parties agreed to a
19 briefing schedule for this motion shortly thereafter, on October 3, 2023. As such, there is no
20 evidence that Google delayed in bringing this motion, and this subfactor correspondingly weighs
21 in favor of a stay.

22 **iii. Status of Reexamination Proceedings**

23 Where a review has been instituted already, this subfactor weighs in favor of a stay. *See*
24 *Zomm, LLC v. Apple Inc.*, 391 F. Supp. 3d 946, 957 (N.D. Cal. 2019). Here, Google’s XPR has
25 been instituted, weighing in favor of a stay.

26 **iv. Relationship of the Parties**

27 The Court previously found this subfactor neutral, considering the parties’ dueling
28 characterizations as to whether they are direct competitors, and EcoFactor’s failure to pursue a

1 preliminary injunction. *See* Dkt. No. 135 at 5. Because the relationship between the parties has
2 not changed since that order, the Court finds this subfactor is still neutral.

3 **v. Risk of Evidence Loss**

4 EcoFactor urges that, in addition to the factors discussed above, the Court should also
5 consider the risk of loss of evidence over time that would result from a further stay in this case.
6 *See* Opp. at 22. EcoFactor argues that such risks would put it, as the plaintiff in this case, at a
7 tactical disadvantage from lost evidence or fading witness recollections. *Id.*

8 The risk of evidence loss “is inherent in any stay and is a factor that the Court must
9 consider.” *LG Elecs., Inc. v. Eastman Kodak Co.*, No. 09-cv-0344H (BLM), 2009 WL 1468703,
10 at *2 (S.D. Cal. May 26, 2009). “This risk is greater when important documents are under the
11 control of third parties, as these entities might not be obligated to preserve that evidence.” *Id.*
12 However, absent “any specific reason to worry about document preservation issues,” there is “no
13 risk of undue prejudice” that would militate against a stay. *IXI Mobile (R & D) Ltd.*, 2015 WL
14 7015415, at *4. Here, the Court finds no specific reason to worry about document preservation
15 issues: EcoFactor itself has argued, as to the first factor, that there is limited discovery left to be
16 done in this case and that much of the relevant discovery has been conducted in the Texas Action.
17 Moreover, unlike in *LG Elecs.*, EcoFactor has not shown that important evidence here is under the
18 control of third parties, such that document preservation would be of particular concern.
19 Obviously, all parties in this ongoing litigation have an obligation to preserve potential evidence.
20 Absent any such specific reason to worry about evidence preservation issues, the Court finds no
21 risk of undue prejudice to EcoFactor that weighs against a stay.

22 Because the Court finds the timing of Google’s XPR request weighs somewhat against a
23 stay, and the other subfactors are either neutral or weigh in favor of a stay, it concludes that the
24 third factor – prejudice and disadvantage – is neutral.

25 **IV. CONCLUSION**


26 The Court finds that the first two factors – status of the proceedings and simplification of
27 the case – weigh heavily in favor of a stay while the last factor – prejudice and disadvantage – is
28 neutral. Considering all three together, the Court concludes that a stay is warranted, and therefore

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

GRANTS Google’s motion to stay pending conclusion of its XPR of the ’890 Patent. The parties shall file a joint status report every six months from the date of this order to update the Court on the status of the XPR proceeding and any appeals therefrom. Within seven days of the issuance of the final written decision in Google’s XPR, the parties shall file a joint status report of no more than one page, without any argument, simply notifying the Court of the decision and attaching a copy.

IT IS SO ORDERED.

Dated: 1/8/2024


HAYWOOD S. GILLIAM, JR.
United States District Judge