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**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA**

OVERLAND STORAGE, INC.,

Plaintiff,

vs.

BDT AUTOMATION TECHNOLOGY
(ZHUHAI FTZ) CO., LTD.; DELL INC.;
BDT AG; BDT PRODUCTS, INC.; BDT-
SOLUTIONS GMBH & CO. KG; BDT DE
MEXICO, S. DE R.L. DE C.V.;
INTERNATIONAL BUSINESS
MACHINES CORP.,

Defendants.

AND RELATED COUNTERCLAIMS

CASE NO. 10-CV-1700 JLS (BLM)

**ORDER: (1) GRANTING
DEFENDANT BDT PRODUCTS,
INC.’S MOTION TO STAY
PENDING ITC INVESTIGATION;
(2) GRANTING DEFENDANT
INTERNATIONAL BUSINESS
MACHINES CORP.’S MOTION
FOR EXTENSION OF TIME TO
FILE ANSWER**

(Doc. Nos. 21, 25)

Presently before the Court are Defendant BDT Products, Inc.’s (BDT Products) motion to stay pending ITC investigation (Doc. No. 21) and Defendant International Business Machines Corp.’s (IBM) motion for extension of time to file answer (Doc. No. 25). Also before the Court is Plaintiff’s notice of non-opposition to BDT Products’ motion and BDT Products’ reply. (Doc. No. 22.) Having considered the parties’ arguments and the law, the Court **GRANTS** both motions.

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1 **BACKGROUND**

2 Plaintiff Overland Storage, Inc. alleges patent infringement by Defendants BDT AG; BDT
3 Products; BDT-Solutions GmbH & Co.; BDT Automation Technology (Zhuhai FTZ) Co., Ltd.; BDT
4 de Mexico, S. de R.L. de C.V.; Dell Inc.; and IBM. (See Doc. No. 14 (FAC).) Defendants allegedly
5 have infringed and continue to infringe U.S. Patent No. 6,328,766 (the ‘766 patent) and U.S. Patent
6 No. 6,353,581 (the ‘581 patents), which are owned by Plaintiff. (See *id.* ¶¶ 15–26.) BDT Products
7 moves to stay the proceedings pending a final determination by the United States International Trade
8 Commission (ITC) in an ongoing investigation regarding the ‘766 and ‘581 patents. (See Doc. No.
9 21 (Mot. to Stay).) IBM joins in BDT Products’ motion to stay (Doc. No. 26) and also moves for an
10 extension of time to answer the FAC (Doc. No. 25). Plaintiff does not oppose the motion to stay so
11 long as Plaintiff is allowed to continue to effect service on BDT AG; BDT-Solutions GmbH & Co.;
12 BDT Automation Technology (Zhuhai FTZ) Co., Ltd.; and BDT de Mexico, S. de R.L. de C.V (the
13 Foreign Defendants). (See Doc. No. 22 (Stm’t of Non-Opp’n).) BDT Products opposes Plaintiff’s
14 plea to effect service. (See Doc. No. 28 (Reply).)

15 **DISCUSSION**

16 At the request of a party to a civil action that is also a respondent in proceedings before the
17 ITC under section 337 of the Tariff Act of 1930, “the district court shall stay, until the determination
18 of the [ITC] becomes final, proceedings in the civil action with respect to any claim that involves the
19 same issues involved in the proceeding before the [ITC].” 28 U.S.C. § 1659(a). The request for stay
20 must be made within thirty days after the party is named in the proceeding before the ITC or thirty
21 days after the district court action is filed, whichever is later. 28 U.S.C. § 1659(a)(1)–(2). “The
22 purpose of § 1659(a) [is] to prevent infringement proceedings from occurring ‘in two forums at the
23 same time.’” *In re Princo Corp.*, 486 F.3d 1365, 1368 (Fed. Cir. 2007).

24 Moreover, “[d]istrict courts have inherent authority to stay proceedings before them.” *Rohan*
25 *ex rel. Gates v. Woodford*, 334 F.3d 803, 817 (9th Cir. 2003). “[T]he power to stay proceedings is
26 incidental to the power inherent in every court to control the disposition of the causes on its docket
27 with economy of time and effort for itself, for counsel, and for litigants.” *Landis v. North Am. Co.*,
28 299 U.S. 248, 254 (1936).

1 BDT Products has demonstrated that all of the requirements for a stay pursuant to § 1659(a)
2 are met. First, BDT Products is both a party to this civil action and a respondent in ITC Investigation
3 Number 337-TA-746, entitled *In the Matter of Certain Automated Media Library Devices*, which is
4 being conducted pursuant to section 337 of the Tariff Act of 1930.¹ (*See* Doc. No. 21-1 (Hedrick
5 Decl.) Ex. B.) Second, both the civil action and the ITC investigation involve allegations of
6 infringement of the ‘766 and ‘581 patents. (*See* FAC; Hedrick Decl. Exs. A, B.) Third, the request
7 to stay the proceedings in this Court was timely filed. The ITC issued notice of initiation of its
8 investigation on November 18, 2010, which notice was published in the Federal Register on
9 November 24, 2010. (*See* Hedrick Decl. Ex. B; Notice of Institution of Investigation, 75 Fed. Reg.
10 71735–36 (Nov. 24, 2010).) BDT Products’ motion to stay was filed on November 24, 2010, and thus
11 within thirty days of BDT Products being named as a respondent in the ITC investigation.

12 Accordingly, the motion to stay the proceedings in this Court with respect to BDT Products
13 and IBM, which has joined in BDT Products’ motion, is **GRANTED**. Further, the Court exercises
14 its inherent authority to stay this civil action with respect to the non-moving defendants, as they, too,
15 are respondents in the ITC investigation, “and it is in the interest of judicial economy that the Court
16 stay this entire case pending the ITC’s final determination.” *Verve, LLC v. Verifone, Inc.*, 2004 WL
17 2600452, at *1 (N.D. Cal. Feb. 15, 2004).

18 As to Plaintiff’s request that it be allowed to continue to effect service of process on the
19 Foreign Defendants, it is **DENIED**. On its face, § 1659(a) seems to say that once a stay is imposed,
20 all proceedings in the district court must cease. *See* 28 U.S.C. § 1659(a); *Sandisk Corp. v. Phison*
21 *Elects. Corp.*, 2008 WL 4533715, at *1 (W.D. Wis. Sept. 17, 2008). This reading is consistent with
22 the only appellate decision on point, which holds that § 1659 should not be read as allowing
23 “cumbersome on-again, off-again stays.” *In re Princo*, 478 F.3d at 1355. Moreover, the Court is
24 persuaded that the stay should extend to service of process. “A defendant served with process during
25 a stay may be unaware of the stay; at a minimum, he is confronted with the confusing position of
26 being told that nothing is to happen in the case but that he is also required to serve an answer (or other

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28 ¹ The non-moving Defendants also are named as respondents in the ITC investigation. (*See*
Hedrick Decl. Ex. B.)

1 responsive pleading).” *Denton v. United States*, 2006 WL 3783595, at *1 (N.D. Ga. Dec. 21, 2006).
2 The Court doubts that Congress intended such a result when it enacted § 1659.²

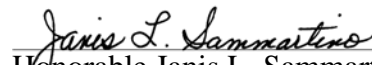
3 **CONCLUSION**

4 For the reasons stated, BDT Products’ motion for stay is **GRANTED**. This action is **STAYED**
5 as to all Defendants. Plaintiff’s request that it be allowed to continue to effect service on the Foreign
6 Defendants is **DENIED**.

7 Good cause appearing, IBM’s motion for extension of time to file answer is **GRANTED**. IBM
8 shall serve its answer or another responsive pleading within 21 days after the Court lifts the § 1659(a)
9 stay.

10 IT IS SO ORDERED.

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12 DATED: December 8, 2010

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14 Honorable Janis L. Sammartino
15 United States District Judge
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27 ² Further, the Court finds instructive by the reasoning of *Sandisk*, in which the Court declined
28 to lift a § 1659(a) stay in order to allow the plaintiff to seek the issuance of letters rogatory. 2008 WL
4533715, at *1 (“At any rate, I am not persuaded that this court has the authority to lift the stay for
even allegedly ministerial tasks connected with the litigation.”).