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

3D4MEDICAL LIMITED, an Irish corporation, and
3D4MEDICAL.COM LLC, a Nevada corporation,

Plaintiffs,

v.

ORCA HEALTH, INC., a Delaware corporation,

Defendant.

Case No. 17-cv-0335 DMS (NLS)

ORDER GRANTING MOTION TO STAY

Pending before the Court is Defendant Orca Health, Inc.’s (“Orca Health”) Motion to Stay pursuant to the first-to-file rule. Plaintiffs 3D4Medical Limited and 3D4Medical.com LLC (collectively “3D4Medical”)¹ filed an opposition to the motion, and Orca Health filed a reply. For the reasons discussed below, the motion is granted.

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¹ Initially, the Complaint identified one of the Plaintiffs as 3D4Medical LLC. Plaintiffs, however, corrected the name to 3D4Medical.com LLC in their opposition to the motion.

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I.
BACKGROUND

A. Utah Action

Orca Health is a Delaware corporation that develops patient education software applications (“apps”). One of Orca Health’s apps include Orca Care, originally known as “OrcaMD,” which allows physicians to educate their patients about their diagnosis and treatment options by using an interactive three-dimensional model of the human anatomy.

In July 2014, Orca Health employed Jared Huish as the Vice President of Business Development. Huish had access to Orca Health’s confidential and proprietary information regarding Orca Care.² Beginning in 2015, Huish allegedly disclosed such information to 3D4Medical, a corporation that also develops patient education apps. Subsequently, Huish left Orca Health and joined 3D4Medical. Orca Health alleges 3D4Medical acquired and used confidential and proprietary information regarding Orca Care to develop competing apps, Complete Ortho and Complete Ortho Pro.

Orca Health also alleges 3D4Medical has developed other apps, including Complete Anatomy, Spine Pro III, and Essential Skeleton 4, that allows users to visualize, manipulate personalize, and modify anatomical elements in a manner that infringes the claims of its U.S. Patent No. 8,908,943. Orca Health contends the fundamental purpose, interface, and capabilities of 3D4Medical’s apps are embodied by the issued claims of the ’943 patent.

On January 3, 2017, Orca Health filed suit against 3D4Medical Limited,

² Specifically, Orca Health alleges, “Huish had access to all, or a portion, of Orca Health’s business plans and market strategies, software research, design, and development; product, market, pricing, and sales research and plans; clinical studies and hospital trials; and investor, partner, employee, supplier, client, and customer lists, information, prospects, communications, and agreements.” (Declaration of Michael K. Erickson (“Erickson Decl.”) ¶ 11, Ex. F.)

1 3D4Medical.com LLC, 3D4Medical, Inc., and Huish in the U.S. District Court for
2 the District of Utah. In the first amended complaint, Orca Health alleges the
3 following causes of action: (1) misappropriation of trade secrets, Utah Code § 13-
4 24-1 *et seq.*, (2) violation of the Defend Trade Secrets Act (“DTSA”), 18 U.S.C. §
5 1831 *et seq.*, (3) interference with economic relations, (4) breach of fiduciary duty,
6 (5) breach of contract, (6) interference with contract, (7) unjust enrichment, (8)
7 unfair competition, 15 U.S.C. § 1125, (9) patent infringement, (10) unfair
8 competition, Utah Code § 13-5A-101 *et seq.*, and (11) civil conspiracy.³ On March
9 21, 2017, 3D4Medical Limited and 3D4Medical, Inc. filed a motion to transfer the
10 Utah action to this Court. That motion is currently pending.

11 **B. California Action**

12 Like Orca Health, 3D4Medical develops patient education apps that allow
13 users to view, observe, and explore three-dimensional representation of the human
14 anatomy. Some of 3D4Medical’s apps include the Heart Pro and Skeleton System
15 Pro. 3D4Medical contends “[t]hese proprietary works are protected by U.S.
16 copyright registrations.”⁴ (Mem. of P. & A. in Opp’n to Mot. at 12.)

17 3D4Medical alleges Orca Health has released several apps, such as Heart
18 Decide and Orca Care, which copy several distinctive and original features of its
19 apps; thereby infringing its copyrights. Specifically, 3D4Medical argues Orca Heath
20 copied several features of its apps, including the display of blue pushpins to
21 designate features of organs.

22 On February 17, 2017, approximately 45 days after the commencement of the
23

24 ³ Fourth and fifth causes of action were alleged only against Huish. Sixth through
25 ninth causes of action were alleged only against 3D4Medical Limited,
26 3D4Medical.com LLC, and 3D4Medical, Inc. The remaining causes of action were
27 alleged against all defendants.

28 ⁴ On February 16 and 17, 2017, 3D4Medical submitted an application to the U.S.
Copyright Office for registration of copyright for Heart Pro, Heart Pro III, and
Skeleton System Pro apps. (Compl., Exs. L–Q.)

1 Utah action, 3D4Medical filed the present action against Orca Health. In the
2 complaint, 3D4Medical alleges the following causes of action: (1) copyright
3 infringement, (2) trade dress infringement in violation of the Lanham Act, 15 U.S.C.
4 § 1125(a)(1)(A), (3) unfair competition, Cal. Bus. & Prof. Code § 1700 *et seq.*, and
5 (4) breach of contract. On April 18, 2017, Orca Health filed a motion to stay
6 proceedings pending the resolution of the motion to transfer in the Utah action.

7 II.

8 DISCUSSION

9 Pursuant to the first-to-file rule, federal district courts have discretion “to stay
10 proceedings if a similar case with substantially similar issues and parties was
11 previously filed in another district court.” *Kohn Law Grp., Inc. v. Auto Parts Mfg.*
12 *Miss., Inc.*, 787 F.3d 1237, 1239 (9th Cir. 2015). “The first-to-file rule was
13 developed to serve[] the purpose of promoting efficiency well and should not be
14 disregarded lightly.” *Alltrade, Inc. v. Uniweld Prod., Inc.*, 946 F.2d 622, 625 (9th
15 Cir. 1991) (internal quotation marks and citations omitted); *see Crawford v. Bell*,
16 599 F.2d 890, 893 (9th Cir. 1979) (“increasing calendar congestion in the federal
17 courts makes it imperative to avoid concurrent litigation in more than one forum
18 whenever consistent with the rights of the parties.”). Courts analyze three factors to
19 determine the applicability of the first-to-file rule: (1) “chronology of the lawsuits,”
20 (2) “similarity of the parties,” and (3) “similarity of the issues.” *Kohn Law Grp.,*
21 *Inc.*, 787 F.3d at 1240.

22 A. Chronology of the Lawsuits

23 The first factor, chronology of the lawsuits, “simply requires that the case in
24 question was filed later in time.” *Therapy Stores, Inc. v. JGV Apparel Grp., LLC*,
25 No. 4:16-CV-02588-YGR, 2016 WL 4492583, at *4 (N.D. Cal. Aug. 26, 2016)
26 (citations omitted). The Utah action was filed on January 3, 2017, and the California
27 action was filed on February 17, 2017. Because the Utah action is the first-filed
28 action, the first factor weighs in favor of applying the first-to-file rule.

1 **B. Similarity of the Parties**

2 The second factor, similarity of the parties, “does not require exact identity of
3 the parties.” *Kohn Law Grp., Inc.*, 787 F.3d at 1240 (citations omitted). Rather, the
4 first-to-file rule “requires only substantial similarity of parties.” *Id.* (citations
5 omitted). Here, the parties are substantially similar. Orca Health is a defendant in
6 this action and the plaintiff in the Utah action. 3D4Medical Limited and
7 3D4Medical.com LLC are plaintiffs in this action and defendants in the Utah action.

8 3D4Medical argues this factor is not met because this action does not include
9 Huish or 3D4Medical, Inc., and “[t]his difference destroys any similarity between
10 the parties and further bars application of the first-to-file rule.” (Mem. of P. & A. in
11 Opp’n to Mot. at 15.) However, the first-to-file rule does not require that the parties
12 in the relevant actions be identical, but only that they be “substantially similar.”
13 *Kohn Law Grp., Inc.*, 787 F.3d at 1240. Because there is sufficient similarity
14 between the parties in the two actions, the second factor warrants application of the
15 first-to-file rule.

16 **C. Similarity of the Issues**

17 Lastly, the third factor requires the Court to look to the similarity of the issues
18 in the relevant actions. The first-to-file rule does not require identical issues or
19 “exact parallelism,” but requires substantial similarity of the issues. *See Kohn Law*
20 *Grp., Inc.*, 787 F.3d at 1240; *see Nakash v. Marciano*, 882 F.2d 1411, 1416 (9th Cir.
21 1989) (“exact parallelism does not exist, but it is not required. It is enough if the
22 two proceedings are ‘substantially similar.’”). In order to determine whether the
23 actions involve substantially similar issues, courts “look at whether there is
24 ‘substantial overlap’ between the two suits.” *Kohn Law Grp., Inc.*, 787 F.3d at 1240.

25 Both the instant action and the Utah action involve patient education apps
26 created by 3D4Medical and Orca Health. In the Utah action, Orca Health argues in
27 part 3D4Medical misappropriated the features of the Orca Care app in developing
28 competing apps, thereby misappropriating trade secrets, interfering with its

1 economic relations, and engaging in unfair competition. In contrast, 3D4Medical
2 contends in this action that the Orca Care app contains identical features as its apps,
3 resulting in copyright infringement, trade dress infringement, and unfair
4 competition.

5 Both actions also include unfair competition claims and involve similar
6 claims, such as breach of contract, interference of contract, misappropriation of trade
7 secrets, and trade dress infringement. Although the specific causes of action in the
8 two actions may differ, the parties ask for similar relief, and the discovery and
9 evidence necessary to litigate each action are substantially similar.⁵ *See Bashiri v.*
10 *Sadler*, No. CV 07-2268-PHX-JAT, 2008 WL 2561910, at *2 (D. Ariz. June 25,
11 2008) (finding the third factor satisfied because, “[w]hile the specific legal issues
12 vary across the litigations, the discovery and evidence necessary to litigate each is
13 substantially similar.”). Indeed, in a brief filed in the Utah action, 3D4Medical states
14 “the technology at issue in the related California Lawsuit concerns the same
15 3DMedical and Orca technologies, *e.g.*, the ability to display and manipulate
16 anatomical images in a software application.... These technologies are very similar.
17 Both the parties and technologies involved in these two actions are substantially
18 similar so factual matters will overlap[.]” (Erickson Decl. ¶ 9, Ex. D.) Due to the
19 overlapping claims and technologies, a significant portion of discovery in the actions
20 will be duplicative. *See Calderon v. Cargill, Inc.*, No. CV137046GHKJEMX, 2013
21 WL 12205633, at *2 (C.D. Cal. Dec. 10, 2013) (finding the third factor satisfied
22 because “significant judicial resources will be conserved by having discovery
23 managed in one district.”). Because there is “substantial overlap” between the two
24 actions, the third factor also weighs in favor of applying the first-to-file rule.
25 Accordingly, all of the elements of the first-to-file rule are met, and in the interests
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27 ⁵ In this action, 3D4Medical seeks in part injunctive relief precluding Orca Health
28 from distributing Orca Care and Heart Decide apps. In the Utah action, Orca Health
also seeks in part injunctive relief against 3D4Medical.

1 of efficiency and judicial economy, the first-to-file rule applies to this action.⁶

2 **III.**

3 **CONCLUSION**

4 For the foregoing reasons, the Court grants Orca Health’s motion and stays
5 this action pending resolution of the motion to transfer venue in the Utah action.
6 Should the Utah court grant the motion to transfer, the parties shall file a notice of
7 related cases and this Court will relate and consolidate the two actions. If, however,
8 the Utah court denies the motion to transfer, the parties shall notify this Court within
9 14 days of the Utah court’s decision, and the Court will transfer this action to Utah.

10 **IT IS SO ORDERED**

11 Dated: July 17, 2017



12 Hon. Dana M. Sabraw
13 United States District Judge
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22 ⁶ The parties also dispute whether the balance of convenience favors the California
23 action proceeding independently of the Utah action. Because consideration of the
24 respective convenience of the two courts is typically addressed by the court in the
25 first-filed action, the Court declines to address this argument. *See Alltrade*, 946 F.2d
26 at 628 (“the respective convenience of the two courts,... ‘normally ... should be
27 addressed to the court in the first-filed action.’”); *see also Juniper Networks, Inc. v.*
28 *Mosaid Techs. Inc.*, No. C 11-6264 PJH, 2012 WL 1029572, at *2 (N.D. Cal. Mar.
26, 2012) (“it is the court with the first-filed action that should normally weigh the
balance of convenience and any other factors that might create an exception to the
first-to-file rule.”).