



1 Wally. Wally was insured by Defendant American Family Mutual Insurance  
2 Company. Plaintiffs filed suit against Wally and her husband, Edison Wally, in  
3 Snohomish County Superior Court. Plaintiffs entered into a stipulated judgment with  
4 the Wallys, which assigned Plaintiffs any claims arising out of the Wallys' insurance  
5 contract with Defendant. The superior court found the stipulated judgment reasonable,  
6 a finding which Defendant is currently challenging on appeal.  
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8 After entering into the stipulated judgment—and stepping into the shoes of the  
9 Wallys—Plaintiffs brought the instant suit asserting various claims against Defendant,  
10 including breach of contract, breach of fiduciary duty, bad faith, and violations of the  
11 Unfair Claims Practices Act, Washington Consumer Protection Act, and Insurance  
12 Fair Conduct Act. Plaintiffs and Defendant have each moved for summary judgment.  
13 However, Defendant now moves to stay the proceeding and postpone resolution of the  
14 summary judgment motions while its appeal of the superior court's reasonableness  
15 finding is pending. Plaintiffs oppose the motion.  
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## 18 **II. LEGAL STANDARD<sup>1</sup>**

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20 “It is well-established that a district court possesses the power to stay cases,  
21 which is incidental to the ‘inherent power to control its docket and promote efficient  
22 use of judicial resources.’” *Trotsky v. Travelers Indem. Co.*, 2013 WL 12116152, at  
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25 <sup>1</sup> The parties disagree on the correct standard for determining whether a stay should be granted  
26 pending appeal. Defendant has supplied the Court with a Washington state-law standard, while  
Plaintiffs insist that the federal preliminary-injunction standard applies. Neither party is correct. Each  
cites a standard a court would use when determining whether to stay the enforcement of a court order  
pending appeal of that particular order, rather than the standard the district court would apply when  
determining whether to hold the entire proceeding in abeyance pending the outcome of a completely  
independent proceeding, like the state appeal at issue here.

1 \*1 (W.D. Wash. April 5, 2013) (quoting *Dependable Highway Exp., Inc. v. Navigators*  
2 *Ins. Co.*, 498 F.3d 1059, 1066 (9th Cir. 2007)). “A trial court may, with propriety, find  
3 it is efficient for its own docket and the fairest course for the parties to enter a stay of  
4 an action before it, pending resolution of independent proceedings which bear upon  
5 the case.” *Leyva v. Certified Grocers of Cal., Ltd.*, 593 F.2d 857, 863–64 (1979).

7           However, the Court’s discretion to grant a stay is not unfettered. A district  
8 court should consider a number of factors in determining whether to grant a stay.  
9 First, “if there is even a fair possibility that the stay . . . will work damage to someone  
10 else,” the stay may be inappropriate absent a showing by the moving party of a “clear  
11 case of hardship or inequity.” *Landis v. North Am. Co.*, 299 U.S. 248, 255 (1936).  
12 Second, a stay should generally not be granted “unless it appears likely the other  
13 proceedings will be concluded within a reasonable time.” *Leyva*, 593 F.2d at 864.  
14 Third, “courts more appropriately enter stay orders where a party seeks only damages,  
15 does not allege continuing harm, and does not seek injunctive or declaratory relief  
16 since a stay would result only in a delay in monetary recovery.” *Trotsky*, 2013 WL  
17 12116152, at \*2 (citing *Lockyer v. Mirant Corp.*, 398 F.3d 1098, 1109 (9th Cir.  
18 2005)).

### 22           **III. DISCUSSION**

23           Defendant argues that a stay is appropriate because a reversal of the superior  
24 court’s judgment would strip Plaintiffs of standing in this case. Indeed, the viability of  
25 Plaintiffs’ bad-faith claims depends on the validity of the stipulated judgment. If the  
26 judgment is reversed by the state court of appeals, then Plaintiffs—who do not have an

1 insurance contract with Defendant—will not have standing to bring the claims that  
2 form the basis of this suit.

3 Plaintiffs counter that a stay would “substantially injure” them because: (1) they  
4 “have a strong interest in finality”; and (2) the monetary judgment imposed by the  
5 superior court remains unsatisfied while the appeal is pending. Pls.’ Resp., Dkt. 29 at  
6 7. But a stay in *this* proceeding has no effect on the finality of the Plaintiffs’ judgment  
7 in the state court. Nor will it prevent the Wallys, who are not a party to the instant  
8 suit, from paying the damages they owe to Plaintiffs under the stipulated judgment.  
9 Further, Plaintiffs are seeking only monetary damages in this case and do not allege  
10 any continuing harm that would necessitate immediate relief.  
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13 Neither party addresses whether the appeal will be resolved within a reasonable  
14 time, but the briefing schedule provided by Defendant indicates that the Washington  
15 Court of Appeals is fully briefed and ready to consider the appeal. Def.’s Mot., Dkt.  
16 24 at 3. The Court is, therefore, satisfied that the matter will be resolved in a  
17 reasonable time and grants Defendant’s motion to stay the proceeding. The pending  
18 motions for summary judgment are continued until such time as the court of appeals  
19 determines whether the superior court erred in its determination that the stipulated  
20 judgment—including the assignment of the Wallys’ claims to Plaintiffs—was  
21 reasonable.  
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#### 24 **IV. CONCLUSION**

25 For all the foregoing reasons, the Court **GRANTS** Defendant’s motion for stay  
26 pending appeal. The parties shall provide notice to the Court immediately upon the

1 resolution of the pending appeal and brief the Court on its effect on this  
2 proceeding.  
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5 Dated this 8th day of May, 2017.  
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8 A handwritten signature in black ink, reading "Richard A. Jones", is written over a horizontal line.

9 The Honorable Richard A. Jones  
10 United States District Judge  
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