IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF IOWA
CENTRAL DIVISION

G.W. LISK COMPANY, INC.,	)	Case No. 4:17-cv-273-SMR-CFB
	)	
Plaintiff,	)	
	)	
v.	)	ORDER ON
	)	STAY OF PROCEEDINGS
GITS MANUFACTURING COMPANY,	)	
	)	
Defendant.	)	

Before the Court is the joint status report of Plaintiff G.W. Lisk Company, Inc. ("Lisk") and Defendant Gits Manufacturing Company ("Gits"), [ECF No. 64]. These proceedings have been stayed since the parties' joint request after the Patent Trial and Appeal Board ("PTAB" or "Board") granted Gits's petition for *inter partes* review challenging the validity of the patent at issue in this case. Following the final written decision of the PTAB, Lisk asserts the stay in this case should be lifted. *See* [ECF No. 68]. Gits contends the stay should be extended. *See* [ECF Nos. 66; 69]. No party requested oral argument, and the Court finds the matter can be resolved without a hearing. *See* LR 7(c). For the reasons discussed below, Gits's request to extend the stay of these proceedings is GRANTED, and Lisk's request to lift the stay is DENIED.

I. BACKGROUND

The procedural history of this litigation is well-documented in this Court's previous orders. *See generally* [ECF No. 40 at 1–3]. Lisk commenced this lawsuit on July 15, 2016, alleging Gits was infringing on its patent, U.S. Patent No. 6,601,821 (the '821 patent). [ECF No. 1]. After transferring the case to this Court and engaging in unsuccessful settlement discussions, Gits answered and filed a counterclaim requesting a declaratory judgment of non-infringement and

invalidity of the '821 patent. [ECF No. 28]. Shortly thereafter, Gits filed two petitions for *inter partes* review with the PTO, raising numerous grounds of unpatentability. [ECF Nos. 33-1; 33-2]; *see* 35 U.S.C. §§ 102, 103. The Court initially denied without prejudice Gits's request to stay this litigation pending review by the PTAB in large part because the PTAB had not, at that time, determined whether it would grant review. [ECF No. 40 at 8–9]. On March 19, 2018, the PTAB accepted both petitions for *inter partes* review on every claim in the '821 patent. *See* [ECF Nos. 48-1 at 41; 48-2 at 40]. At the joint request of both parties, the Court granted their request to stay this case. [ECF No. 49].

In IPR2017-02034, the petition directed against claims 1–11 of the '821 patent, Gits raised five grounds of unpatentability:

- Ground 1: claims 1–10 as anticipated by Martin under § 102;
- Ground 2: claim 11 as obvious over Martin and Oleksiewicz under § 103;
- Ground 3: claims 1–5 as anticipated by Eggers under § 102;
- Ground 4: claims 1–10 as obvious over Eggers and Martin under § 102;
- Ground 5: claim 11 as obvious over Eggers, Martin, and Oleksiewicz under § 103.

[ECF No. 33-1 at 22–70]. The petition directed against claims 12–22 of the '821 patent, IPR2017-02035, also raised five grounds of unpatentability:

- Ground 1: claims 12–22 as anticipated by Martin under § 102;
- Ground 2: claim 19 as obvious over Martin under § 103;
- Ground 3: claim 19 as obvious over Martin and Oleksiewicz under § 103;
- Ground 4: claims 12–13 and 16–18 as anticipated by Eggers under § 102;
- Ground 5: claims 12–22 as obvious over Eggers and Martin under § 103.

[ECF No. 33-2 at 20–74].

The PTAB issued a final written decision on March 18, 2019, finding claims 6–11, 14–15, and 19 of U.S. Patent 6,601,821 to be patentable, but that claims 1–5, 12–13, 16–18, and 20–22

were not. *See* [ECF No. 50 at 1]; *see generally* [ECF Nos. 50-1; 50-2]. Claims 1–5, 12–13, and 16–18, it found, were anticipated by Eggers; claims 20–22 were anticipated by Martin.

The parties challenged both rulings. Lisk filed a request for rehearing in IPR2017-02034 on April 17, 2019, regarding the PTAB's conclusion that Eggers anticipates claims 1–5 of the '821 patent. The PTAB rejected Lisk's challenge in a written decision dated October 30, 2019. *See* [ECF No. 66-1 at 9–10]. Gits then appealed on December 11, 2019, and Lisk cross-appealed on February 5, 2020. *See* [ECF No. 66 at 7]. Gits appealed from the final written decision in IPR2017-02035 on May 20, 2019, contending the PTAB's claim construction of the term "flow-regulating value" was too narrow and that the Board erred in finding that Martin does not render claims 14, 15, and 19 unpatentable. *See id.* Lisk cross-appealed, arguing the PTAB erred in holding that Eggers anticipates claims 12–13 and 16–18, and that Martin anticipates claims 20–22. *See id.* The parties represent that the two cases are currently pending on appeal before the United States Court of Appeals for the Federal Circuit; while briefing is complete, neither has been set for oral argument. *See* [ECF No. 64 at 1].

On October 1, 2020, the parties jointly submitted a status report indicating Lisk desires to lift the stay, while Gits wishes to continue its extension through the pendency of appeal before the Federal Circuit. *Id.*

II. LEGAL STANDARDS

"A court may lift a stay if the circumstances supporting the stay have changed such that the stay is no longer appropriate." *Murata Mach. USA v. Daifuku Co., Ltd.*, 830 F.3d 1357, 1361 (Fed. Cir. 2016); *see also Canady v. Erbe Elektromedizin GmbH*, 271 F. Supp. 2d 64, 75 (D.D.C. 2002) ("[T]he court may abandon its imposed stay of litigation if the circumstances that persuaded the court to impose the stay in the first place have changed significantly."). Three primary factors

guide district courts' consideration of whether to stay litigation pending administrative patent proceedings: "(1) whether discovery is complete, and whether a trial date has been set; (2) whether a stay of litigation will simplify the issues and facilitate the trial; and (3) whether a stay would unduly prejudice or present a clear tactical disadvantage for the non-moving party." [ECF No. 40 at 4] (quoting *Karma, Inc. v. Allied Mach. & Eng'g Corp.*, No. 4:10-CV-00568-SMR-RAW, 2013 WL 12082496, at *2 (S.D. Iowa Jan. 29, 2013)).[1] The Federal Circuit has also approved consideration of a fourth, informal factor—"the burden of litigation on the court and the parties." *Murata Mach.*, 830 F.3d at 1362. "The ability to stay cases is an exercise of a court's inherent power to manage its own docket," and the decision to do so, or not, is well within its discretion. *Id.* at 1361; *see also Landis v. N. Am. Co.*, 299 U.S. 248, 254–55 (1936).

III. ANALYSIS

A. First Factor

The first factor considers the extent discovery has been completed and whether a trial date has been set. As noted in the Court's earlier order, there is a "liberal policy" in favor of staying litigation pending *inter partes* review, "especially in cases that are still in the initial stages of litigation and where there has been little or no discovery." *Universal Elecs., Inc. v. Universal Remote Control, Inc.*, 943 F. Supp. 2d 1028, 1031 (C.D. Cal. 2013) (citation omitted).

This case was only eighteen months old when the Court first considered Gits's motion to stay, [ECF No. 40 at 5], but it has now been almost four and one-half years—53 months—since its inception. In terms of its age, this case is not young. Still, the initial delay appears to be the result of the parties' good faith efforts to attempt to resolve the case through settlement, *see id.*,

[1] *G.W. Lisk Co. Inc. v. GITS Mfg. Co.*, Case No. 4:17-CV-00273-SMR-CFB, 2018 WL 8786387, at *2 (S.D. Iowa Jan. 4, 2018) (Rose, J.).

and the remainder stems from the stay currently in place to allow *inter partes* review to proceed. Discovery had hardly begun by the time the Court stayed the case in March 2018, with only initial disclosures produced and a stipulated protective order and e-discovery plan put in place. *See* [ECF Nos. 45; 47]. No trial date has been set. *See* [ECF No. 53] (cancelling previously-scheduled pretrial conference and jury trial pending *inter partes* review). The motion practice occurring outside PTAB proceedings has been minimal, consisting of Gits's motion to dismiss for improper venue before Lisk stipulated to transfer the case to this Court in 2016, and the litigation of Gits's original motion to stay pending *inter partes* review in late 2017. *See* [ECF Nos. 11; 32; 37; 38]. All work that has been done in this case has been procedural, not substantive. Thus, despite the age of the case, this factor weighs slightly in favor of extending the stay.

B. Second Factor

The second factor considers whether extending the stay will simplify the issues and facilitate trial. This factor also favors extending the stay.

On one hand, the PTAB concluded *inter partes* review and issued two final written decisions concerning the '821 patent, fulfilling the original purpose of imposing a stay in this case. On the other hand, the parties appeal and cross-appeal both decisions, and their challenges relate to the validity of each and every claim of the patent-in-suit. *Compare Andrea Elecs. Corp. v. Apple Inc.*, 16-CV-5220 (JMA) (SIL), 2019 WL 3712120, at *2 (E.D.N.Y. Aug. 6, 2019) *with Oyster Optics, LLC v. Ciena Corp.*, No. 17-cv-05920-JSW, 2019 WL 4729468, at *3 (N.D. Cal. Sept. 23, 2019) (noting that "all outstanding [*inter partes* review] issues [were] resolved as to two of the three patents in suit" in lifting the stay). In short, every aspect of the PTAB's ruling is under continued scrutiny. Thus, the appeals before the Federal Circuit could be dispositive, or at least highly influential, of this entire case. The Court agrees that a decision by the Federal Circuit is

"likely to carry at least some streamlining benefits for this action, whether because causes of action are reduced in their scope or foreclosed entirely or because the contours of the infringement inquiry are sharpened." *Straight Path IP Grp., Inc. v. Verizon Commc'ns, Inc.*, 16-CV-4236 (AJN), 2016 WL 6094114, at *3 (S.D.N.Y. Oct. 18, 2016); *see Realtime Data LLC v. Silver Peak Sys., Inc.*, Case No. 17-cv-02373-PJH, 2018 WL 3744223, at *2 (N.D. Cal. Aug. 7, 2018) (noting "the pending appeals and PTAB petitions could clarify and simplify the issues for trial"). "On balance, the simplification factor lends at least modest—and, potentially, far greater—support to a stay." *Straight Path*, 2016 WL 6094114, at *3.

Lisk argues the stay should be lifted because nine of the confirmed patent claims are ripe for adjudication following the PTAB's written decisions. The Court is sensitive to Lisk's desire to proceed with the patent infringement claims that have been supported by the PTAB's decisions. But the claims are hardly "ripe" until the conclusion of the Federal Circuit's review, particularly considering that Lisk itself appeals to overturn the PTAB's decisions on several fronts. The complexity of the cross-appeals, and the possibility of a mixed ruling, counsel in favor of a maintaining the stay. Given the significant amount of time and resources the parties and the Court can expect to expend in anticipation of trial, this factor favors extending the stay while the PTAB's decisions are reviewed by the Federal Circuit.

C. Third Factor

The third factor concerns whether extending the stay would unduly prejudice or present a clear tactical disadvantage to the party seeking to lift the stay. This factor weighs in favor of lifting the stay. With nine of its claims found by the PTAB to be patentable, further staying this case could risk potential infringement by one of Lisk's competitors. *See Karma, Inc.*, 2013 WL 12082496, at *3; *see also Boston Sci. Corp. v. Cordis Corp.*, 777 F. Supp. 2d 783, 789 (D. Del.

2011) ("Courts are generally reluctant to stay proceedings where the parties are direct competitors."). Further, Lisk represents that the '821 patent will expire in November 2021, forcing it to litigate an expired patent at a tactical disadvantage.

The Court also notes, as it did in its previous order, that part of the delay in this case came from Gits waiting almost one year before filing its petitions for *inter partes* review. *See* [ECF No. 40 at 7]. While parties have a right to file for *inter partes* review within one year after being served with a complaint alleging patent infringement, 35 U.S.C. § 315(b), "[t]he one year ceiling does not change the fact that delay in seeking the PTO's review of a patent within that year can adversely affect a district court's view of a request for a stay pending review," *Universal Elecs., Inc.*, 943 F. Supp. 2d at 1030. However, the Court does not find that the request by Gits to extend the stay to be a dilatory tactic to engage in strategic delay, considering Lisk itself has filed cross-appeals from both decisions of the PTAB.

In sum, this factor weighs against extending the stay.

D. Fourth Factor

Finally, the fourth, informal factor considers the stay's burden on the judiciary and the parties. As noted above, little discovery has been produced, and none of the motion practice has yet implicated the substantive merits of Lisk's claims. The great extent of work anticipated before trial can begin may be obviated, or at least re-focused, by the decision of the Federal Circuit. This factor weighs in favor of extending the stay through the appeal.

E. Summary

Considered together, the totality of the circumstances counsel in favor of maintaining the stay of this litigation. Few circumstances have changed since the stay was put in place that would render the stay inappropriate, and those that have weigh more heavily in favor of extending the

stay. The PTAB's decisions indeed shed light on the basis for Lisk's, infringement claims, and fulfill the original purpose of imposing a stay of this litigation. But it is clear that both parties' cross-appeals to the Federal Circuit could change this outlook considering every claim is subject to the appeal. Though the passing of one of Lisk's employees is unfortunate, Lisk has not identified any witness or documents that are at risk of becoming permanently lost. The risk of lost evidence noted by Lisk can be appropriately mitigated by proactively securing evidence it believes is necessary to prosecute its claims.

The Court is sensitive to Lisk's position and the age of this lawsuit. However, the Court ultimately finds that, under the totality of the circumstances, the prejudice suffered by Lisk does not outweigh the benefits of maintaining the stay pending the resolution of appeal by the Federal Circuit. Though its patent expires in November 2021, it is not likely that the case would be set for trial before that date in the event the Court lifted the stay and litigation resumed immediately. Considering all the above, extending the stay is warranted pending the resolution of the appeal before the Federal Circuit.

IV. CONCLUSION

For the reasons discussed above, the stay on this litigation shall be extended until the United States Court of Appeals for the Federal Circuit issues decisions in the cross-appeals from both final written decisions by the PTAB.

IT IS SO ORDERED.

Dated this 4th day of December, 2020.

STEPHANIE M. ROSE, JUDGE
UNITED STATES DISTRICT COURT