

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No.: CV 19-04382-AB (AFMx)

Date: March 17, 2020

Title: *Weserve Drone, LLC v. SZ DJI Technology Co., Ltd.*

Present: The Honorable **ANDRÉ BIROTTE JR., United States District Judge**

Carla Badirian  
Deputy Clerk

N/A  
Court Reporter

Attorney(s) Present for Plaintiff(s):

None Appearing

Attorney(s) Present for Defendant(s):

None Appearing

**Proceedings: [In Chambers] Order GRANTING Defendant’s Motion to Stay**

Before the Court is Defendant DJI Technology Inc.’s (“Defendant”) Motion to Stay, pending institution and final resolution of Defendant’s *Inter Partes* Review Petition (IPR2020-00517) filed on February 5, 2020. (“Motion,” Dkt. No. 45). Plaintiff Weserve Drone LLC (“Plaintiff”) filed an Opposition, (“Opp’n,” Dkt. No. 48), and Defendant filed a Reply, (“Reply,” Dkt. No. 51). Finding this matter appropriate for decision without oral argument, the Court vacated the hearing on this Motion scheduled for March 13, 2020, pursuant to Federal Rule of Civil Procedure 78 and Local Rule 7-15. (*See* Dkt. No 53). For the reasons below, the Court **GRANTS** Defendant’s Motion.

**I. BACKGROUND**

On May 20, 2019, Plaintiff filed this lawsuit against Defendant and two other defendants, alleging infringement of its U.S. Patent No. 9,352,834 (“the ’834

patent”). (Complaint, Dkt. No. 1).<sup>1</sup> On November 14, 2019, the Court issued its Scheduling Order, setting a jury trial for November 17, 2020, a non-expert discovery cut-off for April 24, 2020, and an expert discovery cut-off for June 26, 2020. (Dkt. No. 42). Plaintiff served its infringement contentions on December 16, 2019, and the parties began serving discovery requests on January 29, 2020. (Motion at 3–4).

On February 5, 2020, Defendant filed an *Inter Partes* Review (“IPR”) Petition. Defendant subsequently filed this Motion on February 14, 2020, requesting a stay of this case pending institution and final resolution of Defendant’s IPR Petition, which challenges the validity of each patent claim asserted in this action. Defendant states that a decision on whether the IPR will be instituted is expected in early August 2020, and if instituted, a final decision is expected in August 2021. (Motion at 1).

## II. LEGAL STANDARD

“A district court has the inherent power to stay its proceedings. This power to stay is ‘incidental to the power inherent in every court to control the disposition of the causes on its docket with economy of time and effort for itself, for counsel, and for litigants.’” *Rivers v. Walt Disney Co.*, 980 F. Supp. 1358, 1360 (C.D. Cal. 1997) (quoting *Landis v. N. Am. Co.*, 299 U.S. 248, 254 (1936)).

In deciding whether to grant a stay pending IPR proceedings, courts in this District have considered three factors that were originally used to consider requests for stays pending the U.S. Patent and Trademark Office (“PTO”) reexamination proceedings: “(1) whether discovery is complete and whether a trial date has been set; (2) whether a stay will simplify the issues in question and trial of the case; and (3) whether a stay would unduly prejudice or present a clear tactical disadvantage to the nonmoving party.” *Universal Elecs., Inc. v. Universal Remote Control, Inc.*, 943 F. Supp. 2d 1028, 1030–31 (C.D. Cal. 2013). While these three factors are important, ultimately, “the totality of the circumstances governs.” *Allergan Inc. v. Cayman Chem. Co.*, No. SACV 07-01316 JVS (RNBx), 2009 WL 8591844, at \*2 (C.D. Cal. Apr. 9, 2009).

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<sup>1</sup> Defendant represents that Plaintiff has not yet attempted to serve the other two defendants in this action, SZ DJI Technology Co., Ltd. and DJI Europe B.V. (Motion at 2).

### III. DISCUSSION

Based on the aforementioned factors and the circumstances in this case, the Court finds that a stay is warranted here.

#### a. Stage of the Proceedings

The first factor is the stage of the proceedings, including “whether discovery is complete and whether a trial date has been set.” *Universal Elecs.*, 943 F. Supp. 2d at 1031 (quotation omitted). “The Court’s expenditure of resources is an important factor in evaluating the stage of the proceedings.” *Id.* Accordingly, “[c]ourts are significantly more likely to grant motions to stay while litigation is in its early stages.” *Biomet Biologics, LLC v. Bio Rich Med., Inc.*, No. SACV 10-1582 DOC (PJWx), 2011 WL 4448972, at \*2 (C.D. Cal. Sept. 26, 2011). As to discovery, the relevant question is “whether discovery is nearing completion” as opposed to what has already occurred. *Sorensen v. Black & Decker Corp.*, No. 06cv1572 BTM (CAB), 2007 WL 2696590, at \*4 (S.D. Cal. Sept. 10, 2007). Thus, “if a significant amount of discovery remains, a stay is more appropriate.” *Blast Motion, Inc. v. Zepp Labs, Inc.*, No. 15-CV-700 JLS (NLS), 2016 WL 5107678, at \*2 (S.D. Cal. Mar. 29, 2016).

First, discovery has only just begun. The parties started serving discovery requests on January 29, 2020, when Plaintiff served its first set of discovery requests. (Motion at 3–4). Defendant sent its first set of discovery requests on February 4, 2020. Based on Plaintiff’s representations, at this point, responses to discovery requests have likely just been exchanged. (Opp’n at 2). Expert discovery has not commenced, and the parties have not yet noticed any fact witnesses for deposition, which Defendant notes is significant because some fact witnesses are located in the United Kingdom. (Motion at 4). Plaintiff itself concedes that “discovery is not complete,” and does not argue that it is anywhere near completion, stating only that the Court has “expended non-trivial resources into this litigation[.]” (Opp’n at 48) (citation omitted). Overall, more work lies ahead for the Court and the parties than what lies behind them.

Second, a trial date has been set in this case for November 14, 2020, less than nine months away. The existence of a trial date alone, while important to the Court’s analysis, does not overcome the present realities that this case is relatively young, the parties have only exchanged limited discovery to date, and the Court has expended few resources on this litigation thus far. The Court finds that this factor favors a stay.

## b. Simplification of the Issues

The second factor is “whether a stay will simplify the issues in question and trial of the case.” *Universal Elecs.*, 943 F. Supp. 2d at 1032 (quotation omitted). The possibility of simplification “is particularly true where . . . a party has requested reexamination of each of the patents-in-suit.” *See, e.g., Semiconductor Energy Lab. Co. v. Chimei Innolux Corp.*, No. SACV12-21-JST (JPRx), 2012 WL 7170593, at \*2 (C.D. Cal. Dec. 19, 2012).

Courts have expressed differing views on whether it is appropriate to grant stays before the PTAB has issued an institution decision on IPR petitions. *See, e.g., Nichia Corp. v. Vizio, Inc.*, No. SACV 16-00545 SJO (MRWx), 2017 WL 3485767, at \*8 (C.D. Cal. Feb. 2, 2017); *Universal Elecs.*, 943 F. Supp. 2d at 1031 (“The undecided status of the petitions clouds the simplification inquiry. While courts have granted stays before the USPTO has issued a reexamination order, the fact that the petitions have not yet been granted or denied makes it more difficult to predict whether the issues are likely to be simplified.” (internal citations omitted)); *Wonderland Nursery Goods Co. v. Baby Trend, Inc.*, No. EDCV 14-01153-VAP, 2015 WL 1809309, at \*3 (C.D. Cal. Apr. 20, 2015) (“It is certainly true that the USPTO may choose not to institute an IPR, in which case no simplification of issues will result from the stay. However, if an IPR is not instituted, the stay will be relatively short and the action can continue with minimal delay.”). Although Plaintiff argues that “the decision as to whether to *institute* the IPR will not simplify anything,” (Opp’n at 6) (emphasis in original), this Court agrees with *Nichia’s* observation that “[t]he discretionary nature of the PTO’s decision whether to institute such proceedings is but one factor courts consider in determining whether a stay is appropriate.” *Id.*

In *SCA Hygiene Products Aktiebolag (“AB”) and SCA Tissue N. Am., LLC v. Tarzana Enters., LLC*, No. CV 17-04395-AB (JPRx), 2017 WL 5952166, at \*11 (C.D. Cal. Sept. 27, 2017), this Court similarly considered (and ultimately granted) a motion to stay pending IPR proceedings before IPR petitions had been instituted, stating that:

Even if the outcome of the IPR does not completely resolve the case, the Court finds that it will simplify this case. Here, [Defendant] has petitioned for review over all the asserted claims of the patents in suit. Thus, IPR review could potentially moot both of [Plaintiff]’s claims and five of [defendant]’s counterclaims, leaving only one claim to be decided by this Court. Moreover, even if all of the asserted claims

survive review, the case would still be simplified because [Defendant] would be limited in which arguments it could raise before this Court. *See* 35 U.S.C. § 315(e). Even still, the Court believes it will benefit from the expert evaluation of the issues by the Patent Office.

*Id.* (citations omitted). The same reasoning applies in this case, where Defendant challenges each patent claim asserted by Plaintiff.

Regarding the simplification inquiry, Plaintiff asserts that (1) “this is not a complicated infringement case,” (Opp’n at 4); (2) “it is not at all clear that the IPR, even if instituted, will simplify the proceeding with respect to invalidity” (Opp’n at 3); and (3) that “any estoppel that might result from the four grounds advanced in the IPR process would have a minimal impact on simplifying the hundreds of invalidity arguments advanced by [Defendant] in this case.” (*Id.*). However, the Court declines to consider the merits of Defendant’s IPR petition at this juncture, leaving that task to the Patent Trial and Appeal Board (“PTAB”). If Plaintiff is correct about Defendant’s IPR Petition, any “stay will be relatively short and the action can continue with minimal delay.” *Wonderland*, 2015 WL 1809309, at \*3.

Ultimately, as Defendant notes, its IPR Petition has the potential to fully resolve—if not significantly simplify—Plaintiff’s patent infringement claims. (Reply at 4). Accordingly, the simplification factor tips in favor of a stay.

### **c. Prejudice to Nonmovant**

The third factor considers “whether a stay would unduly prejudice or present a clear tactical disadvantage to the nonmoving party.” *Universal Elecs.*, 943 F. Supp. 2d at 1033 (quotation omitted). “In analyzing this factor, courts have looked to considerations such as the timing of the requests for [IPR] and a stay, the status of the [IPR] proceedings, and the relationship of the parties.” *SCA Hygiene*, 2017 WL 5952166, at \*5. Specifically, courts consider whether the parties are direct competitors and whether the defendant continues to infringe on the plaintiff’s patent. *Biomet*, 2011 WL 4448972, at \*2. While delay alone is not sufficient to deny an otherwise meritorious stay request, it can support the denial of a stay where the parties compete with each other. *Compare Photoflex Prod., Inc. v. Circa 3 LLC*, No. C 04- 03715 JSW, 2006 WL 1440363, at \*2 (N.D. Cal. May 24, 2006) (“The delay inherent to the reexamination process does not constitute, by itself, undue prejudice.”) *with Toshiba*, 2016 WL 9137646, at \*4 (finding that “any

additional delay in resolving th[e] matter ha[d] the potential to prejudice” the plaintiff where the parties were direct competitors).

The Court finds that a stay would not unduly prejudice or disadvantage Plaintiff here. First, Plaintiff argues that a stay “will deprive Plaintiff of its trial date,” (Opp’n at 7), and that Defendant’s time estimates regarding the PTAB’s resolution of the IPR are “optimistic,” (Opp’n at 5), but again, delay alone does not constitute prejudice. Second, Plaintiff asserts that “Defendant just petitioned for IPR on February 5, 2020, more than eight months after this case was filed,” (Opp’n at 5). While this petition was not swiftly filed, the Court notes that Congress allows a 12-month window for a Defendant to submit an IPR Petition after Defendant has been served with the Complaint. 35 U.S.C. § 315(b). Further, Defendant provides that Plaintiff does not make or sell any products or compete in the marketplace with Defendant—which Plaintiff does not contest—and in any event, Plaintiff does not seek an injunction and has not alleged any irreparable harm from the alleged infringement. Consequently, “[h]ere, there is no potential for irreparable harm, as [Plaintiff] is not a competitor of Defendant[], and any harm suffered could be compensated with monetary damages. *Pi-Net Int’l, Inc. v. Hertz Corp.*, No. 12-10012, 2013 WL 7158011, at \*3 (C.D. Cal. June 5, 2013). Plaintiff does not argue to the contrary.

Thus, the prejudice factor weighs strongly in favor of granting Defendant’s Motion to Stay.

#### **IV. Totality of the Circumstances**

Weighing the three factors together, the Court concludes that a stay is warranted in this case. Here, while a trial date has been set, discovery is in its nascent stages, with ample work remaining, and Plaintiff has not shown that it would suffer undue prejudice if this Court issues a stay, claiming only that it would experience delay. Finally, Defendant has established that a stay would likely benefit the parties and the Court by at least simplifying an issue or issues in this case, especially here where Defendant challenges the validity of all of Plaintiff’s patent claims in its IPR Petition.

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## V. CONCLUSION

For the foregoing reasons, the Court **GRANTS** Defendant's Motion to Stay pending an institution decision of *Inter Partes* Review ("IPR") Petition No. IPR2020-00517, filed on February 5, 2020. This case is hereby **STAYED** in its entirety pending a decision by the Patent Trial and Appeal Board ("PTAB") on whether to institute proceedings based on Defendant's IPR Petition.

To permit the Court to monitor this action, the Court **ORDERS** the Parties to file periodic status reports. The first such report is to be filed on **August 28, 2020**, unless the PTAB decides whether or not to institute proceedings sooner. Successive reports shall be filed every 60 days thereafter. Each report must indicate on the face page the date on which the next report is due. The Parties are further **ORDERED** to file a notice informing the Court of the PTAB's institution decision within **seven days** of its issuance.

All pending calendar dates are hereby **VACATED** by this Court. Further, this Court retains jurisdiction over this action and this Order shall not prejudice any party to this action.

**IT IS SO ORDERED.**