

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF IOWA  
WESTERN DIVISION**

GUNTERT & ZIMMERMAN  
CONSTRUCTION DIVISION, INC.,

No. 20-CV-4007-CJW-KEM

**ORDER**

Plaintiff,

vs.

GOMACO CORPORATION,

Defendant.

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***I. INTRODUCTION***

This matter is before the Court on plaintiff's objections to United States Chief Magistrate Judge Kelly K.E. Mahoney's order granting defendant's motion to stay proceedings pending the United States Trademark and Patent Office's ("USPTO") decision on defendant's requests for inter partes review ("IPR"). (Doc. 83); *see also* (Doc. 82). Defendant timely filed a response. (Docs. 84 & 85) (containing redacted and unredacted versions). Plaintiff did not file a reply. For the following reasons, plaintiff's objections are **overruled**.

***II. APPLICABLE LAW***

Under Federal Rule of Civil Procedure 72(a), non-dispositive pretrial matters may be referred to a magistrate judge. Once a magistrate judge issues an order, a party may file objections to the order within 14 days after being served with a copy. FED. R. CIV. P. 72(a). "The district judge in the case must consider timely objections and modify or set aside any part of the [magistrate judge's] order that is clearly erroneous or is contrary to law." *Id.*; *see also* LR 72A.

In deciding whether to grant a stay pending IPR, courts consider three factors: (1) the stage of the court proceedings, including whether discovery is complete and whether a trial date is set; (2) whether a stay will simplify the issues in the case and facilitate trial; and (3) whether a stay would unduly prejudice or tactically disadvantage the non-moving party. *Intellectual Ventures II, LLC, v. Com. Bancshares, Inc.*, No. 2:13-CV-04160-NKL, 2014 WL 2511308, at \*2 (W.D. Mo. June 4, 2014) (citation omitted). “Although the decision to grant a stay remains firmly in the district court’s discretion, the interests of judicial economy and deference to the [US]PTO’s expertise have given rise to a liberal policy in favor of granting stays.” *Id.* (citation and internal quotation marks omitted).

### **III. ANALYSIS**

On January 13, 2021, Judge Mahoney issued an order (“the Order”) granting defendant’s motion to stay proceedings pending the USPTO’s decision on defendant’s requests for IPR. (Doc. 82). After accurately stating the applicable law, the Order, in relevant part, broadly concluded the following: (1) “the stage of the court proceedings does not weigh strongly in either direction” because some substantial discovery and litigation has already occurred, but much is still forthcoming (*Id.*, at 5–7); (2) that a stay is not premature because “plenty of courts grant stay requests before the [USPTO’s Patent and Trial Appeal] Board has ruled on the IPR petition” and at least one petition here is likely to be granted (*Id.*, at 7–10); (3) “a stay will facilitate simplification of the issues” because the USPTO proceedings may resolve some or all of the claims or resolve some of defendant’s patent invalidity arguments and the Court will benefit from the USPTO’s expertise (*Id.*, at 10–11); and (4) even accounting for defendant’s delay in filing its IPR petitions, plaintiff will not be unduly prejudiced and these proceedings will not be unduly delayed by granting a stay here (*Id.*, at 12–13).

In its objections, plaintiff argues that Judge Mahoney’s “decision is clearly erroneous given the severe prejudice to [plaintiff] that a stay will create and the late stage of the case, which was not appropriately weighed against the fact that the Patent Trial and Appeal Board . . . has not issued any determination as to whether the IPRs will even be instituted in the first instance.” (Doc. 83, at 2). Plaintiff breaks its argument into three parts (*Id.*, at 2–5); the Court will consider each part in turn.

**A. *Undue Prejudice***

First, plaintiff asserts the Order “did not address the undue prejudice that would result from a stay.” (*Id.*, at 2). Plaintiff argues the Order gave insufficient weight to the fact that the parties are direct competitors. (*Id.*, at 2–3). Plaintiff also asserts that money damages will be insufficient to compensate for the market erosion it will suffer while this action is stayed. (*Id.*, at 3). Plaintiff further argues that defendant’s delay in filing its petitions (particularly when it raised similar arguments in resisting plaintiff’s motion for a preliminary injunction) and the fact that the IPRs have not yet been instituted should weigh against a stay. (*Id.*, at 3–4).

The Order addressed the prejudice-based arguments plaintiff asserts in its objections here. The Order acknowledged that the parties are direct competitors but discounted that fact because there are also other competitors in the market. (Doc. 82, at 12). The Order also noted that this Court reached the same finding in ruling on plaintiff’s motion for a preliminary injunction. *See, e.g.*, (Doc. 72, at 20). Thus, the Court finds no error on this point.

The Order also held that further evidence is needed to support plaintiff’s allegation of market erosion and that monetary damages would likely be sufficient if relief is ultimately awarded. (Doc. 82, at 12). In support of its finding, the Order cited this Court’s preliminary injunction order which reached these conclusions. (Doc. 72, at 19–22). Thus, the Court finds no error on this point.

The Order also considered the pending IPR petitions. It acknowledged that courts have reached differing conclusions, but ultimately cited extensive authority in finding that the pending status of the petitions does not preclude a stay. (*Id.*, 7–11). The Order discussed at length the benefits of staying these proceedings pending review, notably that review was likely to be granted at least in part, the Court would benefit from the USPTO’s expertise, and review has the potential to resolve significant issues here. (*Id.*). This last benefit is particularly important given the Court’s prior finding under the preliminary injunction standards that some of defendant’s invalidity arguments have substantial merit. (Doc. 72, at 8, 13). Although the Order noted defendant’s delay in filing its IPR petitions, it ultimately found the delay was reasonable under the circumstances and was not done in bad faith. (Doc. 82., at 12–13).

In sum, although plaintiff asserts that the Order “did not address” or “did not properly consider” certain arguments (Doc. 83, at 2–4), its objections here amount more so to a disagreement with the Order’s conclusions. In other words, plaintiff’s objections arise from their disagreement with how Judge Mahoney weighed their arguments and evidence, not her outright failure to consider them. The Court finds that the Order is well-reasoned, supported, and thorough. Although plaintiff has the right to disagree with the Order and raise its objections, the Court nonetheless finds that plaintiff’s objections here do not identify a clear error on the issue of prejudice. Thus, these objections are overruled.

***B. Stage of Litigation***

Second, plaintiff asserts that “the Order did not take into appropriate consideration the amount of work done in connection with the preliminary injunction briefing in considering the stage of the case.” (Doc. 83, at 4). Plaintiff concludes that the Order should not have relied on the fact that a claim construction hearing has not yet occurred

because the Court “construed the most substantive terms” in ruling on plaintiff’s motion for a preliminary injunction. (*Id.*).

The Order acknowledged the work that has already been done on this case. (Doc. 82, at 5) (“[T]he parties have exchanged some written discovery, produced thousands of pages of documents, litigated a preliminary injunction and conducted limited depositions in connection therewith, and completed the claim-construction briefing.”). The Order weighed that progress against the work yet to be done. (*Id.*) (“[T]here is still plenty of outstanding discovery, including most depositions, expert discovery, third-party discovery, and all email discovery.”). It also noted that the deadline for dispositive motions is months away and trial is more than a year away. (*Id.*).

Indeed, the Order also considered the fact that a claim construction hearing has not yet been held or scheduled. (*Id.*). This finding is accurate. Although the Court acknowledges that it already construed some terms in ruling on plaintiff’s motion for preliminary injunction, it has not yet construed many others, and many phases of this litigation are still forthcoming. Further, the Order shows that Judge Mahoney was plainly aware of the Court’s preliminary injunction order. The Order also cited extensive authority on the relationship between this factor and claim construction briefing and discussed the authority cited by plaintiff. (*Id.*, at 5–7).

In light of these facts, the Court finds that the Order is not erroneous on this point. It appropriately considered the work done and the work that still needs to be completed and ultimately found that this factor did not weigh strongly in either direction. Plaintiff’s objections again amount to a disagreement with the Order, not an error. Given its well-reasoned, supported, and thorough findings, the Court cannot conclude that the Order’s analysis was in error. Thus, these objections are overruled.

### ***C. Simplification***

Last, plaintiff “objects to the Order’s erroneous determination that a stay will result in the simplification of issues . . . because none of [defendant]’s IPR petitions have yet been instituted.” (Doc. 83, at 4). Plaintiff argues that granting a stay at this time is premature and rewards defendant for its alleged delay in filing its IPRs. (*Id.*, at 4–5).

As discussed above, the Order weighed a litany of differing authority in determining that the pending status of an IPR petition does not preclude a stay. (*Id.*, 7–11). Given the split of authority on this issue, the Court cannot find that the Order erred in coming down on one side instead of the other. Similarly, the Order also found that defendant’s delay was reasonable under the circumstances and not in bad faith. (*Id.*, at 12–13). The Court finds that conclusion to be correct. Thus, despite plaintiff’s objections, the Court cannot find that the Order erred in granting a stay here for the reason expressed therein. Also, the Order acknowledged that in the less likely event that review is denied entirely, the stay will be relatively short, only a few months. (*Id.*, at 11). Given that the USPTO’s review of at least some of the petitions is likely and such review would likely resolve significant issues in this case, the Court cannot find that the Order erred on this factor.

In sum, although such simplification is not guaranteed, it is likely. Even if simplification does not occur, the resulting delay will be minimal. Thus, the Order did not err and plaintiff’s objections on this issue are overruled.

#### ***IV. CONCLUSION***

For these reasons, plaintiff's objections are **overruled**. (Doc. 83). Judge Mahoney's order staying this case remains unchanged. (Doc. 82).

**IT IS SO ORDERED** this 22nd day of February, 2021.



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C.J. Williams  
United States District Judge  
Northern District of Iowa