Huvepharma EOOD v. Associated British Foods, PLC

United States District Court for the District of Delaware

August 12, 2019, Decided; August 13, 2019, Filed

Civil Action No. 18-129-RGA

Reporter
2019 U.S. Dist. LEXIS 139034 *; 2019 WL 3802472

HUVEPHARMA EOOD and HUVEPHARMA, INC., Plaintiffs, v. ASSOCIATED BRITISH FOODS, PLC, AB VISTA, INC., PGP INTERNATIONAL CORPORATION, ABITEC CORPORATION, AB ENZYMES, INC., and AB ENZYMES GMBH, Defendants,

Prior History: Huvepharma EOOD v. Associated British Foods, PLC, 2019 U.S. Dist. LEXIS 103832 (D. Del., June 21, 2019)

Counsel: [*1] For Huvepharma EOOD, Huvepharma, Inc., Plaintiffs: Jack B. Blumenfeld, LEAD ATTORNEY, Jeremy A. Tigan, Morris, Nichols, Arsht & Tunnell LLP, Wilmington, DE; Carolyn M. Pirraglia, PRO HAC VICE; Jennifer C. Tempesta, PRO HAC VICE; Michael E. Knierim, PRO HAC VICE; Richard E. Parke, PRO HAC VICE; Robert L. Maier, PRO HAC VICE; Ryan E. Dowell, PRO HAC VICE; Yi Han, PRO HAC VICE.

For Associated British Foods, plc, AB Vista, Inc., PGP International Corporation, ABITEC Corporation, AB Enzymes, Inc., AB Enzymes GmbH, Defendants: John C. Phillips, Jr., LEAD ATTORNEY, David A. Bilson, Phillips, Goldman, McLaughlin & Hall, P.A., Wilmington, DE; Claire A. Fundakowski, PRO HAC VICE; Kurt A. Mathas, PRO HAC VICE; Noorossadat Torabi, PRO HAC VICE.

Judges: Richard G. Andrews, United States District Judge.

Opinion by: Richard G. Andrews

Opinion

MEMORANDUM ORDER

Plaintiffs filed this lawsuit near the beginning of 2018. Plaintiffs allege infringement of six now-expired patents. Trial is set for June 1, 2020. The PTAB instituted IPRs on the 44 asserted claims (and some unasserted ones) on July 25, 2019. Decisions are likely on or about July 23, 2020. I gather document discovery is substantially complete and that fact depositions will [*2] be starting imminently. I had a Markman hearing and issued a Markman ruling. Defendants requested to stay the suit pending the IPRs, and the parties have been heard on the issue. (D.I. 96, 97, 99, 100).

Plaintiffs and Defendants are competitors, but, as the patents are expired, the only advantage Plaintiffs can gain from litigation is damages.

The standard for granting a stay involves consideration of three factors:

(1) whether granting the stay will simplify the issues for trial;

(2) whether discovery is complete and a trial date is set; and

(3) whether granting a stay would cause the non-moving party to suffer undue prejudice from any delay, or a clear tactical disadvantage.

The pending IPRs will simplify the issues by, at a minimum, removing some or all anticipation and obviousness issues from trial due to the estoppel provisions relating to an IPR. Of course, at the maximum, all asserted claims will be found invalid, and the case will be over. More likely, some claims will be invalidated, and others will not. In any event, the only question is not whether the IPR results will simplify the trial, but what the extent of simplification will be. The first factor thus strongly supports granting [*3] the stay.

Discovery is in progress, and there is a trial date. Given the amount of discovery that remains, including all expert discovery, the second factor does not strongly favor either side.

Although the parties are competitors, Plaintiffs seek only monetary damages. It does not appear that Plaintiffs will suffer any undue prejudice if the motion is granted, as pre-judgment interest generally appears to compensate for any delay in obtaining damages. Both sides will benefit to the extent the IPRs simplify the case (and therefore lower their litigation costs), and, of course, should the IPRs resolve the case, the benefit will be significant. Plaintiffs contemplate having anticipation and obviousness tried twice, whereas a stay will mean that those issues will only be tried once. Plaintiffs do not argue in their submissions that there are sources for an anticipation or obviousness argument that would avoid the estoppel effect of the IPRs on any claims that survive. Plaintiffs primary argument is that Defendants waited too long to file the IPRs. I agree that Plaintiffs could have filed sooner, but I do not think that any unnecessary delay (which may be somewhat related to the unsuccessful [*4] attempt at early mediation) suggests an attempt to gain a "tactical advantage." Thus, I do not see the third factor as weighing in favor of denying the stay.

Considering all the circumstances, this case seems to be an easy case for granting a stay pending IPR.

Thus, IT IS HEREBY ORDERED this 12 day of August 2019 that:

1. The request to stay litigation pending resolution of the IPRs (D.I. 96) is **GRANTED**;

2. The parties shall submit a status report no later than August 3, 2020; and

3. The stay shall remain in effect until lifted by Court Order. The parties should promptly advise the Court if and when the stay should be lifted.

/s/ Richard G. Andrews

United States District Judge

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Ethicon LLC v. Intuitive Surgical, Inc.

United States District Court for the District of Delaware

March 20, 2019, Decided; March 20, 2019, Filed

C.A. No. 17-871-LPS

Reporter

2019 U.S. Dist. LEXIS 45452 *; 129 U.S.P.Q.2D (BNA) 1793 **; 2019 WL 1276029

ETHICON LLC, ETHICON ENDO-SURGERY, INC. and ETHICON US LLC, Plaintiffs, v. INTUITIVE SURGICAL, INC., INTUITIVE SURGICAL OPERATIONS, INC. and INTUITIVE SURGICAL HOLDINGS, LLC, Defendants.

Prior History: Ethicon LLC v. Intuitive Surgical, Inc., 2018 U.S. Dist. LEXIS 217254 (D. Del., Dec. 28, 2018)

Counsel: [*1] For Ethicon LLC, Ethicon Endo-Surgery, Inc., Ethicon US LLC, Plaintiffs: Jack B. Blumenfeld, LEAD ATTORNEY, Brian P. Egan, Morris, Nichols, Arsht & Tunnell LLP, Wilmington, DE; Anish R. Desai, PRO HAC VICE; Christopher T. Marando, PRO HAC VICE; Christopher M. Pepe, PRO HAC VICE; Daniel Musher, PRO HAC VICE; Elizabeth S. Weiswasser, PRO HAC VICE; Matthew D. Sieger, PRO HAC VICE.

For Intuitive Surgical, Inc., Defendant: Brian L. Ferrall, PRO HAC VICE; David M. Fry, John W. Shaw, Shaw Keller LLP, Wilmington, DE; Divya Musinipally, PRO HAC VICE; Eduardo E. Santacana, PRO HAC VICE; R. Adam Lauridsen, PRO HAC VICE; Robert A. Van Nest, PRO HAC VICE; William S. Hicks, PRO HAC VICE.

For Intuitive Surgical Operations, Inc., Intuitive Surgical Holdings, LLC, Defendants: David M. Fry, John W. Shaw, Shaw Keller LLP, Wilmington, DE; Divya Musinipally, PRO HAC VICE.

Judges: HONORABLE LEONARD P. STARK, UNITED STATES DISTRICT JUDGE.

Opinion by: LEONARD P. STARK

Opinion

[**1793] **MEMORANDUM ORDER**

Pending before the Court is Defendants Intuitive Surgical, Inc., Intuitive Surgical Operations, Inc., and Intuitive Surgical Holdings, LLC's (collectively, "Intuitive" or "Defendants") motion (D.I. 246) to "stay this matter until the final disposition, [*2] including the completion of any appeals, of the currently-pending *inter partes* review ('IPR') proceedings regarding" U.S. Patent Nos. 9,113,874 (the "874 patent"), 8,479,969 (the "969 patent"), 9,585,658 (the "658 patent"), 8,998,058 (the "058 patent"), 8,991,677 ("the 677 patent"), 9,084,601 (the "601 patent"), and 8,616,431 (the "431 Patent") (collectively the "patents-in-suit").

(D.I. 247; *see also* D.I. 135) Plaintiffs Ethicon LLC, Ethicon Endo-Surgery, Inc., and Ethicon US LLC (collectively, "Ethicon" or "Plaintiffs") oppose the motion. (D.I. 279) After considering the parties' briefing (D.I. 247, 279, 283), **IT IS HEREBY ORDERED** that Defendants' motion (D.I. 246) is **GRANTED**, and this case is **STAYED** until the issuance of the Final Written Decision in the last of the now-instituted IPRs (but ***not*** also through the pendency of any appeals from the Final Written Decisions).

1. Ethicon filed a patent infringement action asserting the patents-in-suit on June 30, 2017,[1] alleging that these patents cover aspects of a type of surgical stapler called an endocutter. (D.I. 1) On November 13, 2017, the Court issued a scheduling order setting trial [**1794] for October 2019. (D.I. 47) Intuitive petitioned for the institution of IPR proceedings against the patents-in-suit in May, June, and September 2018. Completion of fact discovery appears to have occurred in January 2019. (D.I. 247 at 2) The Court held a claim [*3] construction hearing on October 1, 2018 (D.I. 175) and issued its decision on December 28, 2018 (D.I. 254, 255). Although the parties had not served expert reports or begun expert discovery at the time of the filing of this motion (D.I. 247 at 2), they have now largely completed expert discovery (*see* D.I. 305) (extending deadline for rebuttal expert reports to March 20, 2019). IPR proceedings have been instituted against six of the seven patents-in-suit, covering 14 of the 15 asserted claims. (D.I. 283 at 1; D.I. 299) The Patent Trial and Appeal Board ("PTAB") declined to institute an IPR with respect to the remaining patent-in-suit, the '874 patent. (D.I. 247 at 4)[2]

2. Whether or not to stay litigation is a matter left to the Court's discretion. *See Dentsply Int'l Inc. v. Kerr Mfg. Co.*, 734 F. Supp. 656, 658 (D. Del. 1990). In exercising this discretion, the Court must weigh the competing interests of the parties and attempt to maintain an even balance. *See Landis v. N. Am. Co.*, 299 U.S. 248, 254-55, 57 S. Ct. 163, 81 L. Ed. 153 (1936). Courts typically rely on three factors in determining whether a stay is appropriate: (1) whether a stay will simplify the issues for trial, (2) whether discovery is complete and a trial date has been set, and (3) whether a stay would unduly prejudice or present a clear tactical disadvantage to the non-moving party. [*4] *See id.* Sometimes courts also consider whether the moving party would face hardship or inequity in going forward with the litigation. *See, e.g., Enhanced Sec. Research, LLC v. Cisco Sys., Inc.*, 2010 U.S. Dist. LEXIS 63789, 2010 WL 2573925, at *3 (D. Del. June 25, 2010).

3. The potential for simplification of the issues in this case is quite substantial. Fourteen of the 15 asserted claims are under IPR review and it is likely that some of these claims will be modified or invalidated. A stay will simplify the case because a PTAB decision will reduce and/or clarify

[1] Ethicon amended its complaint to add the '431 patent on November 13, 2017. (D.I. 49)

[2] Defendant has filed a motion for reconsideration of this denial decision, a motion which (as far as the Court can discern) remains pending.

issues the Court would otherwise address, including in connection with dispositive motions and trial. *See UCB, Inc. v. Hetero USA Inc.*, 277 F. Supp. 3d 687, 690 (D. Del. 2017); *Princeton Digital Image Corp. v. Konami Digital Entm't Inc.*, 2014 U.S. Dist. LEXIS 61555, 2014 WL 3819458, at *2 (D. Del. Jan. 15, 2014). "[T]here will be estoppel of defenses that could otherwise be litigated in this court. There will be additional prosecution history relating to all of the claims in this case. Some claims may be cancelled. There may be amendments." *Thermo Fisher Sci. Inc. v. Agilent Techs., Inc.*, C.A. No. 17-600-LPS-CJB D.I. 164 at 23 (D. Del. June 29, 2018). Further, "the first wave of PTAB's final decisions may not issue until December 2019, more than two months after the trial date for this case," meaning a jury verdict (in October 2019) could conflict with the outcomes of the PTAB's IPR proceedings. (D.I. 247 at 8-9) (citing *Boston Sci. Corp. v. Cook [*5] Grp. Inc.*, C.A. No. 15-980-LPS-CJB D.I. 304 at [16] (D. Del. Aug. 16, 2017))

Ethicon responds that "while some simplification could potentially result from the IPRs, this simplification does not apply to the case as a whole." (D.I. 279 at 4; *see also id.* at 14-16) Ethicon also emphasizes that Intuitive's IPR petition as to the '874 patent has been denied, so further proceedings in this Court are certain to be required with respect to at least one asserted claim. (*See id.* at 4) Nonetheless, for the reasons already stated, substantial simplification is almost certain, not merely "speculative," as Ethicon unpersuasively contends. (*Id.*)

4. Ethicon argues that the case is at an advanced stage, as the Court has already issued its claim construction order (D.I. 255), fact discovery is complete, and expert discovery is nearly concluded (D.I. 279 at 6). Ethicon also observes that the suit was filed 18 months prior to Intuitive's motion to stay, an amount of time courts often find favors denying a stay. (*See id.* at 13) (citing *President & Fellows of Harvard College*, C.A. No. 17-1729-LPS-SRF D.I. 213 at 1-2 (D. Del. Jan. 8, 2018)) Defendants counter that although fact discovery is complete, the case is at "an efficient pausing point," [*6] so this factor should not weigh heavily against a stay. (D.I. 283 at 9; D.I. 247 at 13-14 (citing *Found. Med., Inc. v. Guardant Health, Inc.*, 2018 U.S. Dist. LEXIS 24864, 2018 WL 950261, at *2 (D. Del. Feb. 15, 2018)) The Court agrees with Intuitive that although this case is further along than is typical for a motion to stay, it is indeed at an efficient stopping point, and any weight given to this factor is outweighed by the likelihood [**1795] that the issues for trial will be simplified by a stay.

5. Ethicon argues at length that "a stay will significantly prejudice Ethicon by allowing Intuitive to use its infringement as a vehicle to unfairly compete with Ethicon." (D.I. 279 at 7) In considering whether a stay will be prejudicial to Ethicon or give Intuitive a clear tactical advantage, the Court will consider four factors: (1) the timing of the request for review; (2) the timing of the request for a stay; (3) the status of the review proceedings; and (4) the relationship of the parties. *See Contour IP Holding, LLC v. GoPro, Inc.*, 2016 U.S. Dist. LEXIS

95627, 2016 WL 4474340, at *4 (D. Del. July 14, 2016).

6. In relation to these factors, Ethicon notes that the parties are direct competitors in a three-player market, so extending the time before final judgment would allow Intuitive to take market share from Ethicon through more sales of its allegedly infringing products. (D.I. 279 at 7-9) Ethicon also characterizes Intuitive's [*7] 11-month delay (from first notice of the claims being asserted to first filing of IPR petitions) as tactical. (*Id.* at 10) ("Instead of diligently filing IPRs in a manner that would have avoided delay in the trial, Intuitive's IPR timing appears to have been intentionally structured to preclude the possibility of a final written decision prior to the scheduled trial date.") Intuitive responds that "[t]he true scope of Ethicon's claims against Intuitive was not settled until April 2018 because Ethicon resisted narrowing its claims." (D.I. 283 at 4-5) (noting that, after some dispute, Court required Ethicon to narrow its claims, while allowing Ethicon to do so on its own proposed timeline) "In May 2018, a month after Ethicon reduced its asserted claims by nearly half — from 52 to 30 — Intuitive began filing its IPR petitions." (*Id.* at 5) Intuitive then moved to stay "within days of receiving the PTAB's first wave of institution decisions." (D.I. 247 at 10) Intuitive also challenges Ethicon's claims of prejudice, contending that (1) Ethicon filed suit four years after Intuitive began selling the accused products (D.I. 283 at 6-7); (2) Ethicon did not seek a preliminary injunction (*Id.* at 7-8); and (3) Ethicon's [*8] own competitive analyst described a market with more competition than three players and conceded that Ethicon may have lost some market share to new entrants (*Id.* at 8-9) (citing D.I. 283-5 at 34-37).

7. It seems possible that Intuitive will benefit in the marketplace from a postponement of trial. Still, Ethicon has not demonstrated that this is likely, that this was the motivation for Intuitive's litigation strategy, or that Intuitive could and should have filed its IPR petitions much sooner than it did. Nor is there any indication Intuitive's motion was "prompted by, for example, a case event that harmed" Intuitive. *Ever Win Int'l Corp. v. Radioshack Corp.*, 902 F. Supp. 2d 503, 508-09 (D. Del. 2012). Ethicon's prejudice from a delay in trial is not severe, and any continued infringement may be compensated with damages. Further, Ethicon's delay in filing suit, decision not to seek a preliminary injunction,[3] and delay in narrowing its asserted claims weigh in favor of Intuitive.

8. In sum, while every case is different and must be assessed based on its particular facts and circumstances, and the Court often (as here) confronts a difficult question of how best to exercise its discretion, in the instant case the substantial likelihood of simplification of issues from trial — [*9] given that the Court will have the benefit of the PTAB's consideration of certain invalidity defenses, and there will be

[3] In giving this fact some weight, the Court does ***not*** intend to suggest that patentees should file motions for a preliminary injunction when such extraordinary relief is neither warranted nor necessary.

estoppel effects, with respect to 14 of 15 asserted claims — combined with Ethicon's general diligence and the lack of emergent, nonquantifiable, or noncompensable prejudice to Intuitive, outweigh the fact that this case has now reached a fairly advanced stage and would be ready for trial just seven months from now. Accordingly, the Court will stay this case until after the issuance of a Final Written Decision in each of the IPRs which have been instituted. The Court will ***not***, at this time, stay this case during the pendency of any appeals from the IPRs. Should either party wish to extend the stay, it will have to move for such relief at the appropriate time.[4]

IT IS FURTHER ORDERED that: (i) all dates and deadlines in the governing scheduling order (D.I. 47) are VACATED, ***other than*** [**1796] that the parties SHALL file their rebuttal expert reports today, as agreed; (ii) the trial scheduled to begin on October 15, 2019 is CANCELLED; and (iii) the parties shall provide the Court with a joint status report no later than September 20, 2019, and again every thirty (30) days thereafter, [*10] as well as no later than seven (7) days after the issuance of the Final Written Decision in the last of the pending IPRs.

March 20, 2019

Wilmington, Delaware

/s/ Leonard P. Stark

HONORABLE LEONARD P. STARK

UNITED STATES DISTRICT JUDGE

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[4] The stay will likely be lifted in or around March 2020, when the last of the Final Written Decisions is anticipated. (*See* D.I. 279 at 2) It is quite possible the case can then be trial-ready within approximately six months thereafter, meaning the total delay resulting from the IPRs will be approximately one year.