

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO**

Civil Action No. 1:21-cv-2112-CMA-SKC

SMITH SPORT OPTICS, INC., a Delaware company,
and KOROYD SARL, a Monaco company,

Plaintiffs,

v.

THE BURTON CORPORATION, a Vermont company,

Defendant.

**THE BURTON CORPORATION'S MOTION TO STAY PENDING *INTER PARTES*
REVIEW**

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Defendant The Burton Corporation (“Burton” or “Defendant”) respectfully moves the Court to stay this case pending *inter partes* review (“IPR”) of U.S. Patent No. 10,736,373 (“the ‘373 patent”), which is the sole patent in suit (“Motion”). This patent is subject to an IPR petition, which Burton has filed today. The Patent Trial and Appeal Board (“PTAB”) is scheduled to decide whether to institute this IPR within the next six months. A stay of this case while the IPR process unfolds is warranted as the three traditional stay factors weigh heavily in favor of a stay.¹

First, this case is at a very early stage. Fact discovery has barely commenced – indeed, Burton’s responses to Plaintiffs Smith Sports Optics, Inc.’s and Koroyd Sarl’s (“Plaintiffs”) initial discovery requests are not yet due, nor has Defendant served any discovery requests to date; invalidity contentions are not yet due; dispositive motions are months away; and the final pre-trial conference is set for more than a year from now in January 2023. No trial date has been set, and given that Plaintiff requests a trial longer than 5 days, it is likely not to occur until the second half of 2023. This Court has previously granted a stay pending IPR when, as here, a petition is filed prior to significant litigation activities commencing.

Second, a stay has great potential to simplify the case given that all of the claims of the ‘373 patent asserted in this litigation are being challenged in the IPR. If the PTAB institutes trial against the patent-in-suit and finds the ‘373’s claims unpatentable, there

¹ Alternatively, at a minimum, Burton respectfully requests that the Court issue a short stay of the case until the pending institution decision issues in or before June of 2022. The Court could then determine whether to continue the stay based on the outcome of the institution decision.

will be nothing left for the parties or this Court to do, and the enormous resources that the parties and the Court would otherwise devote to assessing Plaintiffs' allegations of infringement, and related issues such as discovery disputes, a *Markman* hearing, summary judgment motions, etc., would all be unnecessary. Even if some claims of the '373 patent were to survive, the IPR will still simplify the case because any claims that do not survive will be eliminated from the case entirely and the PTAB will have interpreted the claim limitations of any surviving claims, thereby simplifying the infringement analysis. The validity analysis would be simplified as well, given the estoppel effect the decision would have on the use of certain prior art references.

Third, Burton filed its petition and this motion expeditiously, so as to minimize needless expense on discovery or other subsidiary matters and to avoid unreasonable delay. Thus, a stay will not unduly prejudice Plaintiffs and would reduce the burden of litigation on the parties and the Court. Inasmuch as the Court has already ruled that monetary damages will suffice to compensate Plaintiffs for any claims against Burton that may survive, that is a further indicator that Plaintiffs will not be prejudiced.

I. BACKGROUND

Plaintiffs filed suit in this Court on August 4, 2021. (ECF No. 1).² In the Complaint, Plaintiffs allege that Burton's Anon® Merak and Logan helmets ("the Accused Products") infringe claims 1-3 and 7 ("the Asserted Claims") of the '373 patent.

² Plaintiffs previously filed suit in the United States District Court for the District of Utah on July 13, 2021. See *Smith Sport Optics, Inc. v. The Burton Corp.*, Case No. 2:21-cv-00425-DAO, ECF No. 2 (D. Utah July 13, 2021). However, that complaint was withdrawn after Burton moved to dismiss or transfer based on improper venue. *Id.*, ECF No. 29.

Id. Plaintiffs moved for a preliminary injunction to prevent Burton's sales of the Accused Products. ECF No. 22. After briefing and a hearing, this Court found that Plaintiffs had failed to meet their burden as to any of the four preliminary injunction factors.

Accordingly, the motion was denied. ECF No. 51. As soon as it reasonably could do so thereafter, on December 21, 2021, Burton prepared, and filed with the PTAB, a detailed IPR petition setting out grounds to challenge the validity of the '373 patent. The petition is currently under review and pursuant to 35 U.S.C. § 314(b), an institution decision will issue from the PTAB within six months, *i.e.*, no later than June 2022. In light of the IPR petition, Burton files this Motion.

II. ARGUMENT

A. Legal Standard

"Courts have the inherent power to stay proceedings to manage their dockets." *Collect LLC v. Samsung Elecs. Co., Ltd., et al.*, Civ. No. 19-cv00438-CMA-MEH, 2020 WL 3425166, at *2 (June 23, 2020) (granting pre-institution stay pending IPR) (citing *Landis v. N. Am. Co.*, 299 U.S. 248, 254 (1936)). The Court assesses four factors holistically when determining whether to stay a case based on the filing of an IPR. *Cf. Broad. Innovation, L.L.C. v. Charter Commc'n, Inc.*, No. 03-cv-2223-ABJ-BNB, 2006 WL 1897165, at *4 (D. Colo. July 11, 2006) (granting motion to stay pending reexamination). These factors include: (1) whether the stay will lead to the simplification of issues in the case; (2) whether discovery is complete and a trial date has been set; (3) whether a stay would unduly prejudice the non-moving party; and (4) whether a stay would reduce the burden of litigation on the parties and court. *Kamstrup A/S v. Axioma*

Metering UAB, No. 19-CV-1669-WJM-SKC, 2019 WL 6296699, at *1-2 (D. Colo. Nov. 25, 2019) (citing *eSoft, Inc. v. Blue Coat Sys., Inc.*, 505 F. Supp. 2d 784, 787 (D. Colo. 2007) (“eSoft”).

B. The IPR’s Potential to Simplify the Issues Strongly Favors a Stay

In weighing whether the case will be simplified due to the IPR, the Court considers “(1) the role of the PTO’s expertise in determining claim validity and the assistance such determination will assist the Court in its own analysis and (2) whether ‘claims, arguments, and defenses can be narrowed to entirely disposed of. . . .’” *Collect*, 2020 WL 3425166, at *4 (citing *Broad. Innovation*, 2006 WL 1897165, at *5).

The outcome of the IPR is likely to simplify, if not entirely resolve, the case. If the PTAB cancels all of the Asserted Claims of the ‘373 patent, then the case is moot and will be subject to dismissal. Even if the PTAB does not cancel all the claims, if it cancels some of them, or even narrows some of them, that will simplify the issues for this Court and narrow the scope of discovery and motion practice for the parties, thus conserving resources. Under any outcome, this Court stands to “gain valuable expert insight as to the issues underlying claim validity.” *Id.* (citing *Gould v. Control Laser Corp.*, 705 F.2d 1340, 1342 (Fed. Cir. 1983)). Thus, granting a stay may well “result in a simpler and more streamlined trial, and this weighs in favor of granting” Burton’s motion. *Id.*

C. The Early Stage of this Litigation Strongly Favors a Stay

This case is in its infancy. To date, Plaintiffs have served requests for production and interrogatories upon Burton. Burton’s response to these requests are due per the

parties' stipulation (ECF No. 59) on January 3, 2022. Fact discovery will remain open for approximately another seven months. See ECF No. 57. Expert discovery has not commenced, dispositive motions are not due for ten months, and a final pre-trial conference is set for over a year from now. *Id.* Moreover, Plaintiffs have requested a jury trial of longer than five days, which could further delay any trial date. See CMA Civ. Practice Standard 43.1E(c)(1) (Dec. 2021) ("If the parties believe that they will require more than five (5) days for trial, the Court will review the case to determine whether a status conference needs to be set. . . .").

As this case is in a relatively early stage of litigation, this factor weighs in favor of granting a stay. *Cellect*, 2020 WL 3425166, at *5.

D. A Stay Will Not Unduly Prejudice Plaintiffs

As this Court recognized in *Cellect*, when ruling on a motion very similar to this one, "mere delay caused by IPR is not prejudicial." *Id.*; see also *Photoflex Prods., 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."); *Micrografx, LLC v. Samsung Telecomm. Am., LLC*, No. 3:13-CV-3599-N, 2014 WL 8239371, at *1 (N.D. Tex. July 9, 2014) ("A delay caused by the *inter partes* review process, without more, does not justify denial of a stay."). Indeed, in its ruling denying Plaintiffs' motion for a preliminary injunction, this Court found that Plaintiffs' "interests would be adequately served by an award of monetary damages against the infringing party should that be found at the conclusion of this case." Decl. of Marie McKiernan ("McKiernan Declaration"), Ex. A, at 63:6-10. Thus, the possibility of a stay will not

impede Plaintiffs' ability to obtain an adequate recovery if they were to succeed after the stay is lifted. Moreover, the IPR process "provides a more efficient and timely resolution to disputes of patent validity than can be achieved by litigation." *Collect*, 2020 WL 3421566, at *6.

Additionally, Burton has acted in a timely manner in filing its detailed IPR just two months after this Court denied Plaintiffs' preliminary injunction motion, approximately one-month *before* invalidity contentions are due, and **seven months** before the statutory bar for filing an IPR petition. In addition, Burton timely files this request to stay the litigation, filing its motion on the same day as the IPR filing. McKiernan Decl., Ex. B. Burton's expeditious filing of the IPR petition and its motion to stay negate any claim of delay that Plaintiffs might assert.

E. A Stay Will Reduce the Burden of This Litigation

"In determining whether a stay of proceedings pending IPR . . . would reduce the burden of litigation, courts consider (1) the impact of prior art evaluation by the PTO during IPR . . . ; (2) any reduction in costs to the judiciary and to the parties; and (3) the likelihood that claims will be narrowed or cancelled." *Collect*, 2020 WL 3421566, at *7. As noted above (*see* Sec. II.B.), the PTAB's review of the prior art and its potential to cancel or narrow the Asserted Claims in this litigation would simplify this case, in turn, reducing the burden of the litigation on the parties and Court. Indeed, at the Preliminary Injunction hearing and in its ruling, the Court already acknowledged that Burton had raised substantial issues of invalidity. McKiernan Decl., Ex. A, at 63:11-17. Although

those issues were not definitively resolved by that ruling, the IPR will present a timely and appropriate forum in which to address them.

Moreover, if the Asserted Claims of the '373 patent "survive any instituted IPR, [Burton] will be estopped from asserting in litigation that a claim is invalid on any ground that it raised or reasonably could have raised during IPR, 35 U.S.C. § 315(e)," thereby reducing "the burden of litigation on the Court and on the parties by narrowing the scope of the matters before the Court." *Collect*, 2020 WL 3421566, at *7. This factor, consequently, weights in favor of granting Burton's motion.

F. A Pre-Institution Stay Is Warranted

This Court has routinely granted pre-institution stays where the *eSoft* factors weigh in favor of a stay. *eSoft*, 505 F. Supp. at 787; *Collect*, 2020 WL 3425166, at *7; *Kamstrup*, 2019 WL 6296699, at *3; *Sound View Innovations, LLC v. DISH Network LLC*, Civ. Action No. 1-19-cv-03707, ECF No. 120 (D. Colo. Nov. 13, 2020); *Gemalto S.A. v. CPI Card Group, Inc.*, Civ. Action No. 15-cv-02776-FM-MJW (D. Colo. July 11, 2016); *Cellport System, Inc. v. BMW of N. Am., L.L.C.*, Civ. Action No. 14-cv-01631-PAB-KLM (D. Colo. Apr. 30, 2015). As detailed above, given the early stage of this litigation, the potential to simplify the issues before the Court and to reduce the burden on the parties and the Court, and the absence of any undue prejudice to Plaintiffs, a pre-institution stay at least until the PTAB has issued its institution decision is warranted.

III. CONCLUSION

A stay of this litigation pending completion of the IPR process is warranted for the reasons discussed above. Alternatively, Burton respectfully requests that the Court (i) issue a stay of the litigation until the PTAB has issued its institution decision; and (ii) order the parties to submit further briefing to address whether the entire case should remain stayed within fourteen days after the institution decision.

Respectfully submitted,

Date: 12/21/2021

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D.C.COLO.LCIVR 7.1(A) CERTIFICATION

Burton's counsel conferred with Plaintiffs' counsel on December 17, 2021,
regarding the requested stay. Plaintiffs oppose this Motion.

/s/ Michael A. Albert

Michael A. Albert