

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

PRO-TROLL, INC.,
Plaintiff,
v.
SHORTBUS FLASHERS, LLC,
Defendant.

Case No. 16-cv-04062-VC

ORDER DENYING MOTION TO STAY

Re: Dkt. No. 20

The motion to stay is denied. Even if the PTO grants the request for an ex parte reexamination of Pro-Troll's patent, the case will not be stayed during that reexamination process.

The decision of whether to stay this case during the potential ex parte reexamination is discretionary. Courts have inherent power to manage their dockets, including by ordering a stay during a patent reexamination. *See Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426-27 (Fed. Cir. 1988). Other cases in this district have considered, in deciding whether to stay a case pending patent reexamination or review, "(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." *Telemac Corp. v. Teledigital, Inc.*, 450 F. Supp. 2d 1107, 1111 (N.D. Cal. 2006); *see In re Cygnus Telecomms. Tech., LLC, Patent Litig.*, 385 F. Supp. 2d 1022, 1023 (N.D. Cal. 2005).

Shortbus Flashers had a choice of applying for ex parte reexamination or inter partes review. The choice of ex parte reexamination was strategically advantageous to Shortbus Flashers because the result of the reexamination will have no estoppel effect on Shortbus

Flashers's arguments here. *See Interwoven, Inc. v. Vertical Comput. Sys., Inc.*, No. 10-cv-04645-RS, 2012 WL 761692, at *3 (N.D. Cal. Mar. 8, 2012). In other words, even if the PTO decided not to invalidate the patent after reexamination, Shortbus Flashers could continue to press an invalidity argument here. This is in contrast to inter partes review, which is "guaranteed to finally resolve at least some issues of validity." *Avago Techs. Fiber IP (Singapore) Pte. Ltd. v. IPtronics Inc.*, No. 10-cv-02863-EJD, 2011 WL 3267768, at *5 (N.D. Cal. July 28, 2011); *see* 35 U.S.C. § 315(e)(2). Thus, the ex parte reexamination process is much less likely to advance the ball in this case. Meanwhile, Pro-Troll, which is a direct competitor of Shortbus Flashers, would be prevented from asserting its patent rights in court for as long as two years, with Shortbus Flashers having effectively pressed the pause button on the litigation while hardly needing to lift a finger. This argues against a stay. *See Interwoven*, 2012 WL 761692, at *3. This is so even acknowledging that Shortbus Flashers was diligent in seeking ex parte reexamination shortly after this lawsuit was filed.¹

A telephonic case management conference is set for January 17, 2017 at 2:30 p.m. The parties shall file a joint case management statement by January 10, 2017 that includes their positions on a litigation schedule for this case.

IT IS SO ORDERED.

Dated: December 23, 2016



VINCE CHHABRIA
United States District Judge

¹ One could imagine a party sued for patent infringement arguing that its limited resources require it to seek ex parte reexamination rather than inter partes review (since the accused party does not participate in the ex parte reexamination process), and that these limited resources similarly justify a stay of the litigation pending the results of the reexamination. Shortbus Flashers did not argue that here; indeed, it indicated at oral argument that it isn't an issue in this case.