

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

JS-6

CIVIL MINUTES – GENERAL

Case No. SA CV 19-02115-DOC-JDE

Date: May 8, 2020

Title: MEDTRONIC, INC. ET AL. v. AXONICS MODULATION TECHNOLOGIES,
INC.

PRESENT:

THE HONORABLE DAVID O. CARTER, JUDGE

Kelly Davis
Courtroom Clerk

Not Present
Court Reporter

ATTORNEYS PRESENT FOR
PLAINTIFF:
None Present

ATTORNEYS PRESENT FOR
DEFENDANT:
None Present

**PROCEEDINGS (IN CHAMBERS): ORDER GRANTING
DEFENDANT’S MOTION TO STAY
LITIGATION PENDING *INTER*
PARTES REVIEW [49]**

Before the Court is Defendant Axonics Modulation Technologies, Inc.’s (“Defendant”) Motion to Stay Litigation Pending *Inter Partes* Review (“Motion”) (Dkt. 49). The Court finds this matter appropriate for resolution without oral argument. *See* Fed. R. Civ. P. 78; C.D. Cal. R. 7-15. Having reviewed the parties’ moving papers, the Court GRANTS Defendant’s Motion.

I. Background

This case arises out of a dispute over seven asserted patents between Plaintiffs¹ and Defendant. Plaintiffs initiated this action on November 4, 2019 (Dkt. 1), and filed a First Amended Complaint (Dkt. 28) on November 26, 2019. On March 13, 2020, the Court issued its Scheduling Order (Dkt. 42). On March 16, 2020, Defendant filed

¹ Viz., Medtronic, Inc.; Medtronic Puerto Rico Operations Co.; Medtronic Logistics, LLC; and Medtronic USA, Inc.

Medtronic Exhibit 1039

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petitions for *inter partes* review with the U.S. Patent and Trademark Office (“PTO”) as to all seven patents at issue, and filed the instant Motion with this Court on April 10, 2020, asking the Court to stay the action pending *inter partes* review.

II. Legal Standard

“Courts have inherent power to manage their dockets and stay proceedings, including the authority to order a stay pending conclusion of a PTO reexamination.” *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426-27 (Fed. Cir. 1988) (citations omitted). “To be sure, a court is under no obligation to delay its own proceedings by yielding to ongoing PTAB patent reexaminations—even if the reexaminations are relevant to the infringement claims before the Court.” *Robert Bosch Healthcare Sys., Inc. v. Cardiocom, LLC*, No. C-14-1575 EMC, 2014 WL 3107447, at *3 (N.D. Cal. July 3, 2014); *see also Viskase Corp. v. Am. Nat’l Can Co.*, 261 F.3d 1316, 1328 (Fed. Cir. 2001).

To determine whether to stay a case pending reexamination or *inter partes* review, courts in this district typically consider three factors: “(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). The three factors “are not exhaustive, however, as the decision whether to order a stay must be based on the totality of the circumstances.” *Polaris Innovations Ltd. v. Kingston Tech. Co., Inc.*, No. 8:16-cv-00300-CJC-RAO, 2016 WL 7496740, at *1 (C.D. Cal. Nov. 17, 2016) (citing *Universal Elecs., Inc.*, 943 F. Supp. 2d at 1030-31).

III. Discussion

In support of the instant Motion, Defendant argues that a stay is appropriate because the Scheduling Order was issued very recently and little discovery has been conducted, reexamination will potentially dispose of or simplify the issues in this action, and a stay will not unduly disadvantage Plaintiffs. *See generally* Mot. Plaintiff disagrees, arguing that the stay will only delay litigation and prejudice its position. *See generally* Opp’n.

First factor: discovery and trial date. According to Defendant, “this case is still in its early stages,” as a trial date was set in the Court’s Scheduling Order less than a month before the Motion was filed, no depositions have been taken, claim construction briefing has not begun, no expert discovery has occurred, and no summary judgment motions

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have been filed. Mot. at 3. Plaintiffs respond that the Court has now set a trial date, and that Plaintiffs have already “provid[ed] Axonics a substantial amount of the discovery it has requested.” Opp’n at 1. Plaintiffs also point out that “Axonics has admittedly spent years, since 2013, studying Medtronic’s patent portfolio . . . [and] could have filed its IPR petitions at any time.” *Id.*

To analyze this factor, courts in the Central District of California often consider whether “there is more work ahead of the parties and the Court than behind the parties and the Court.” *Limestone v. Micron Tech.*, Nos. SA CV 15-0278-DOC (RNBx) et al., 2016 WL 3598109, at *3 (C.D. Cal. Jan. 12, 2016) (quoting *Semiconductor Energy Lab. Co., Ltd. v. Chimei Innolux Corp.*, No. SA CV 12-21-JST (JPRx), 2012 WL 7170593, at *2 (C.D. Cal. Dec. 19, 2012)). Here, although a trial date has been set, and although Defendant may have been able to file for *inter partes* review earlier, with respect to this litigation, the amount of work still to do far outweighs that which has already been completed. The Court therefore finds that this factor weighs in favor of a stay.

Second factor: simplification of issues. Here, Defendant has filed for *inter partes* review against all seven patents at issue. The PTO has until September 2020 to decide whether to institute the *inter partes* review proceedings. Should the PTO decline to institute *inter partes* review, the discovery timeline will undoubtedly be compressed, but the parties will still have over two months—until December 7, 2020—to conduct fact discovery. *See* Scheduling Order. Moreover, if the PTO does institute *inter partes* review, there is a strong likelihood that issues would be simplified or resolved at the summary judgment or trial stage. Although *inter partes* review would not be completed until September 2021, which is later than the current trial date, the conservation of judicial resources stemming from the simplification of issues would justify continuing the trial date. As such, the Court finds that there is a sufficient chance that *inter partes* review would simplify the issues in this case, and that the second factor supports a stay.

Third factor: undue prejudice. Defendant argues that no undue prejudice will result because it filed its *inter partes* review petitions expediently, Plaintiffs have not identified any product that practices the patents at issue, and the parties are not sole competitors. Mot. at 13-14. Defendant also points out that Plaintiffs “did not move for a preliminary injunction . . . which indicates that any prejudice to Medtronic that might result from delaying the resolution of this suit is not severe.” *Id.* at 14. Medtronic responds that the parties do directly compete—and as sole competitors, with respect to at least one product—and that Plaintiffs in their interrogatory responses have identified products that practice the patents. Opp’n at 13. Plaintiffs further argue that their choice to

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forgo a preliminary injunction should not be held against them, and that if a stay is granted, it “will amount to a compulsory license” for the remaining term of two of the patents, which will expire in November 2021 and February 2022. *Id.* at 14-15.

The Court notes that Plaintiffs do not explain why they did not move for a preliminary injunction, and the Federal Circuit has more recently given increased importance to this consideration. *See VirtualAgility Inc. v. Salesforce.com, Inc.*, 759 F.3d 1307, 1318-20 (Fed. Cir. 2014) (finding that “rational reasons for not pursuing a preliminary injunction” nevertheless contradicted the plaintiff’s “assertion that it needs injunctive relief as soon as possible”). Plaintiffs also do not explain why an eventual award of damages would be an inadequate remedy. These considerations suggest that a stay should not be granted.

Thus, even if the parties’ products were sole market competitors—the briefing conflicts on this issue, and the Court makes no factual determination as to competition—the competition factor is mitigated by Plaintiffs’ failure to move for preliminary injunction or to show why damages would be inadequate. At most, then, this factor tilts slightly against a stay.

Other circumstances: The Court also notes that the Panel Mediator scheduled a mediation date for October 20, 2020 (Dkt. 51). Independent of *inter partes* review, this provides the parties yet another opportunity to simplify or resolve issues before summary judgment or trial, and the possibility for the conservation of judicial resources.

Considering the totality of the circumstances, and guided by the factors established in our case law, the Court finds that a stay pending *inter partes* review is warranted.

IV. Disposition

For the reasons set forth above, the Court GRANTS Defendant’s Motion to Stay Litigation Pending *Inter Partes* Review, and the case is hereby STAYED. The parties shall file a joint status report within 30 days of the PTO’s decision whether to institute *inter partes* review. Should the PTO begin *inter partes* review, the parties shall inform the Court within 30 days of the PTO issuing its decisions on *inter partes* review.

The Clerk shall serve this minute order on the parties.

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MINUTES FORM 11

Initials of Deputy Clerk: kd

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