UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

IMMERSION CORPORATION,

Plaintiff,

v.

VALVE CORPORATION,

Defendant.

CASE NO. 2:23-cv-00712-TL

ORDER ON MOTION TO STAY PENDING *INTER PARTES* REVIEW

This is an action for patent infringement involving the application of haptics to augmented reality ("AR") and virtual reality ("VR") technology. This matter is before the Court on Defendant Valve Corporation's Motion to Stay Case Pending Resolution of Petitions for *Inter Partes* Review. Dkt. No. 62; *see also* Dkt. No. 64-1 (praecipe). Having reviewed Plaintiff Immersion Corporation's response (Dkt. No. 65), Defendant's reply (Dkt. No. 66), and finding oral argument unnecessary, *see* LCR 7(b)(4), the Court GRANTS the motion and STAYS the case pending a decision on Defendant's petitions for *inter partes* review.

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I. BACKGROUND

On May 14, 2023, Plaintiff commenced this action. Dkt. No. 1. Plaintiff asserts numerous claims involving seven different patents: U.S. Patent No. 7,336,260 ("the '260 Patent"); U.S. Patent No. 8,749,507 ("the '507 Patent"); U.S. Patent No. 9,430,042 ("the '042 Patent"); U.S. Patent No. 9,116,546 ("the '546 Patent"); U.S. Patent No. 10,627,907 ("the '907 Patent"); U.S. Patent No. 10,665,067 ("the '067 Patent"); and U.S. Patent No. 11,175,738 ("the '738 Patent") (collectively, "the Patents-in-Suit"). *See* Dkt. Nos. 1-2–1-8; Dkt. No. 63 (Kwun declaration) ¶ 3. The Patents-in-Suit "generally teach novel systems and methods for generating haptic signals used to generate haptic feedback in, among other things, video game systems and controllers." Dkt. No. 1 ¶ 33; *see also id.* ¶¶ 34–40. On July 24, 2023, Defendant filed a motion to dismiss, which remains pending.[1] Dkt. No. 37.

Between January 19, 2024, and March 22, 2024, Defendant filed seven petitions for *inter partes* review ("IPR") by the Patent Trial and Appeal Board ("PTAB"), challenging all seven of the Patents-in-Suit. *See* Dkt. No. 63 ¶ 8; Dkt. No. 67 (Dinh declaration) ¶ 3. The PTAB has issued preliminary response dates for all petitions except for the one challenging the '907 Patent, which Defendant expects to be issued "soon." Dkt. No. 67 ¶¶ 5–6; *see* Dkt. No. 65-1 (Szpajda declaration) ¶ 6. The PTAB's institution decisions are expected between July and October 2024. 35 U.S.C. § 314(b); *see* Dkt. No. 65-1 ¶ 6. When the PTAB grants a petition, it has one year to complete the review, but may extend the one-year period by up to six months for good cause. 35 U.S.C. § 316(a)(11); 37 C.F.R. § 42.100(c). Thus, if the PTAB grants all of Defendant's petitions and grants an IPR trial on all of the patents, the IPR trials and decisions should conclude by October 2025, but may be extended to April 2026. *Id.*

[1] The Court held oral argument on the motion on February 8, 2024.

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Defendant now moves to stay this matter pending the outcome of its IPR petitions. Dkt. Nos. 62, 64-1; *see also* Dkt. No. 66 (reply). Plaintiff opposes. Dkt. No. 65.

II. LEGAL STANDARD

"The [district] court has the authority to stay [a] case pending the outcome of an IPR petition." *WAG Acquisition, LLC v. Amazon.com, Inc.*, No. C22-1424, 2023 WL 1991888, at *1 (W.D. Wash. Feb. 14, 2023); *see also Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426–27 (Fed. Cir. 1988). "To determine whether to grant such a stay, the court considers (1) whether a stay will simplify the court proceedings; (2) the stage of the case; and (3) whether a stay will unduly prejudice or present a clear tactical disadvantage to the non-moving party." *WAG Acquisition*, 2023 WL 1991888, at *1 (citing *Pac. Bioscience Lab'ys, Inc. v. Pretika Corp.*, 760 F. Supp. 2d 1061, 1063 (W.D. Wash. 2011)); *accord WSOU Invs., LLC v. F5 Networks, Inc.*, No. C20-1878 *et al.*, 2022 WL 766997, at *1 (W.D. Wash. Mar. 14, 2022) (citing the same).

III. DISCUSSION

Defendant argues that all relevant factors weigh in favor of granting a stay. *See* Dkt. No. 64-1 at 8–14. Specifically, Defendant argues: (1) a stay would simplify the issues and trial of this matter (*id.* at 9–12); (2) the matter is in its early stages (*id.* at 12–13); and (3) Plaintiff would suffer no undue prejudice or tactical disadvantage (*id.* at 13–14). In opposition, Plaintiff argues that all factors weigh against a stay. *See* Dkt. No. 65 at 8–15.

A. Simplification of the Case

The Court first considers "whether and to what extent staying these cases pending the outcome of the IPR petitions would simplify the issues and the trial in this case." *SRC Labs, LLC v. Microsoft Corp.*, No. C18-321, 2018 WL 6065635, at *2 (W.D. Wash. Nov. 20, 2018) (citing *Pac. Bioscience*, 760 F. Supp. 2d at 1063).

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1 Defendant's IPR petitions challenge every asserted claim of the Patents-in-Suit. *Compare*
2 Dkt. No. 63 ¶ 3 (asserted claims) *with id.* ¶ 8 (challenged claims). Thus, IPR may be dispositive
3 of this matter. *See WAG Acquisition*, 2023 WL 1991888, at *2 ("[T]here is a substantial risk that
4 both the court and the parties will needlessly expend valuable resources in determining the
5 validity of patent claims that are ultimately cancelled or amended by the USPTO."). The PTAB's
6 2023 fiscal year-end statistics indicate that the PTAB instituted review on 67 percent of petitions
7 filed. Dkt. No. 63 at 11. The institution rate rises to 70 percent for patents directed to
8 "Electrical/Computer" technology, like the Patents-in-Suit. *Id.* at 13. The PTAB previously
9 instituted review of claims 1 and 2 of the '260 Patent—a strong indication that it is likely to
10 institute review here, given the same patent and the related other Patents-in-Suit. *Id.* ¶ 11. And
11 the "closely related subject matter" among the Patents-in-Suit makes it "more likely that the
12 PTAB rules similarly" on all seven petitions. *SRC Labs*, 2018 WL 6065635, at *3.

13 Plaintiff argues that data regarding IPR petitions about its own patents suggest institution
14 is unlikely, as only 166 of 463 claims (challenged across 43 IPRs) have been reviewed and only
15 29 claims cancelled. *See* Dkt. No. 65 at 10–11. However, Defendant explains that 14 of the 43
16 IPRs were mooted by settlements before an institution decision, and five others were denied
17 because they were second petitions filed after institution decisions in prior IPRs challenging the
18 same patents. *See* Dkt. No. 66 at 7. Moreover, "[o]f the 24 petitions where the PTAB considered
19 the *merits*, it granted review in 19 (79.1%) IPRs." *Id*. These data demonstrate a strong likelihood
20 of institution.

21 Finally, even if some claims survive IPR, the Court would benefit from the expert
22 analysis of the PTAB in managing multiple aspects of this matter. Plaintiff points out that
23 Defendant "has not asked the PTAB to construe any terms" (Dkt. No. 65 at 11), but the Court
24 still believes that the PTAB's analysis will shed light on the meaning and scope of the Patents-in-

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1 Suit, even if it will not conclusively resolve any claim construction disputes. Plaintiff also argues
2 that "the IPR may not fully resolve even the invalidity arguments put forth by [Defendant]," as
3 Defendant did not file a *Sotera* stipulation and is raising defenses that will not be addressed by
4 IPR. *See* Dkt. No. 65 at 11–12. But even without a *Sotera* stipulation, if the PTAB issues a final
5 written decision on IPR, Defendant will be estopped from raising the same arguments in this
6 matter. *See* 35 U.S.C. § 315(e)(2). And even if IPR would not address some of Defendant's
7 defenses, "if the PTAB invalidates the claims, [Defendant's] invalidity defenses would be moot."
8 *SRC Labs*, 2018 WL 6065635, at *3. For all these reasons, simplification of the case weighs in
9 favor of a stay.

10 **B. Stage of the Litigation**

11 Next, the Court considers "the stage of the litigation." *SRC Labs*, 2018 WL 6065635, at
12 *4 (citing *Pac. Bioscience*, 760 F. Supp. 2d at 1063). "'[T]he proper time to measure the stage of
13 the litigation' is at 'the date of the filing of the motion to stay.'" *Id.* (quoting *VirtualAgility Inc. v.*
14 *Salesforce.com, Inc.*, 759 F.3d 1307, 1316 (Fed. Cir. 2014)).

15 This matter is in its early stages, and Defendant's motion to dismiss remains pending. *See*
16 Dkt. No. 37. Plaintiff argues that "the parties have made substantial progress in litigation." Dkt.
17 No. 65 at 13. While some discovery has occurred and preliminary infringement and validity
18 contentions have been exchanged (*see id.* at 6), only "minimal documents" have been exchanged,
19 and no depositions have been scheduled (*see* Dkt. No. 64-1 at 7). Further, at the time Defendant
20 filed its motion to stay, the close of fact discovery was more than five months away, the close of
21 expert discovery was almost nine months away, the *Markman* hearing was four months away,
22 and trial was nearly 16 months away. *See* Dkt. No. 46 (scheduling order); *see also, e.g.*, *Pac.*
23 *Bioscience*, 760 F. Supp. 2d at 1066 ("The fact that substantial additional discovery, claim
24 construction, and other issues lie ahead in this case weighs in favor of a stay."). Further, the

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