

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. CV 08-4619 DSF (JCx) Date 11/23/09

Title ValueClick, Inc. v. Tacoda, Inc., et al.

Present: The Honorable DALE S. FISCHER, United States District Judge

Debra Plato

Not Present

Deputy Clerk

Court Reporter

Attorneys Present for Plaintiffs:

Attorneys Present for Defendants:

Not Present

Not Present

Proceedings: (In Chambers) Order GRANTING IN PART Motion to Stay Proceedings (Docket No. 109)

Plaintiff ValueClick, Inc. holds certain patents related to online advertising. On July 30, 2009, the Patent and Trademark Office (“PTO”) granted a third-party’s request for a reexamination of the ValueClick patents in light of certain prior art that was not considered during the original examination. Defendants Tacoda, Inc., AOL, LLC, and Platform-A, Inc. now move to stay this case pending reexamination of the patents at issue.

The Court has the inherent power to grant a stay. Landis v. N. Am. Co., 299 U.S. 248, 254 (1936) (“[T]he power to stay proceedings is incidental to the power inherent in every court to control the disposition of the causes on its docket with economy of time and effort for itself, for counsel, and for litigants.”); see also Filtrol Corp. v. Kelleher, 467 F.2d 242, 244 (9th Cir. 1972). A stay may be appropriate when separate proceedings related to the suit are pending in another forum. Leyva v. Certified Grocers of Cal., Ltd., 593 F.2d 857, 863 (9th Cir. 1979). This is true “whether the separate proceedings are judicial, administrative, or arbitral in character, and does not require that the issues in such proceedings are necessarily controlling of the action before the court.” Id. at 863-64.

When determining whether to grant a stay, a court must “weigh competing interests and maintain an even balance.” Landis, 299 U.S. at 254-55. “Among these competing interests are the possible damage which may result from the granting of a stay,

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the hardship or inequity which a party may suffer in being required to go forward, and the orderly course of justice measured in terms of the simplifying or complicating of issues, proof, and questions of law” Filtrol, 467 F.2d at 244 (quoting CMAX, Inc. v. Hall, 300 F.2d 265, 268 (9th Cir. 1962)). The party petitioning for a stay “must make out a clear case of hardship or inequity in being required to go forward, if there is even a fair possibility that the stay for which he prays will work damage to some one else.” Landis, 299 U.S. at 255. “Considerations such as these, however, are counsels of moderation rather than limitations upon power.” Id.

In patent infringement actions, district courts have often stayed actions until pending administrative proceedings are resolved. Filtrol, 467 F.2d at 244. In considering a stay pending reexamination of a patent by the PTO, courts generally consider three factors: (1) the stage of the litigation, including whether discovery is completed or nearly completed, (2) whether a stay will cause undue prejudice or tactical disadvantage to the nonmoving party, and (3) whether a stay will facilitate resolution of the action. See ASCII Corp. v. STD Entm’t USA, Inc., 844 F.Supp. 1378, 1380-81 (N.D. Cal. 1994).

The three factors favor a stay. The case is at a somewhat advanced point with non-expert discovery completed, but expert discovery has not commenced and trial is still eight months away. There is also no reason to believe that Plaintiff will suffer any undue prejudice from a stay. Plaintiff points out that any prolonging of the litigation allows Defendants to sell infringing products in competition with Plaintiff for a longer period. But this kind of harm is suffered by many patent plaintiffs when a stay pending reexamination is requested. If this consideration were given much weight, stays pending reexamination would rarely be granted. And while Defendants could have moved for a stay somewhat sooner than they did, the delay was not so extraordinary as to impute bad faith to Defendants’ stay request. Finally, there is a good chance that a stay will facilitate the resolution of the litigation. The PTO either cancels or requires modifications to the patent in 75% of reexaminations. (See Tabler Decl., Ex. C, ¶ 8.) Therefore, there is a reasonably good chance that the claims at issue will be altered or canceled during the reexamination process. Cancellation of some or all of the claims would obviously streamline or end the litigation. Alteration of the claims could change the case in ways that would foster settlement or simplify the case. Even if the claims at issue are not altered or canceled, the Court will be provided with a more extensive prosecution history that will likely shed light on why the PTO believes that the claims should have been issued even considering the prior art presented in the reexamination and that Defendants plan to present in this case.

While the Court finds that a stay is appropriate, it does not believe that the stay

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should be opened. Therefore, the Court will stay the case for six months and will consider whether the stay should be extended when the six months expires.

The motion for a stay is GRANTED IN PART. The matter is stayed until May 24, 2010. The parties are ordered to file papers stating their position on whether the stay should be extended by May 10, 2010. Plaintiff is ordered to notify the Court within one week of any action taken by the PTO in the reexamination.

New case management dates are as follows:

Expert Witness Exchange Deadlines:

Initial: June 18, 2010

Rebuttal: July 19, 2010

Cut-off: August 19, 2010

Motion Hearing Cut-off: October 25, 2010

Settlement Conference Cut-off: November 5, 2010

Final Pretrial Conference: December 13, 2010

Trial Date: January 18, 2011

IT IS SO ORDERED.