

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. CV 07-05042 MMM (CWx) Date July 16, 2010

Title *Aspex Eyewear, Inc., et al. v. Revolution Eyewear, Inc.*

Present: The Honorable MARGARET M. MORROW

ANEL HUERTA

N/A

Deputy Clerk

Court Reporter

Attorneys Present for Plaintiff:

Attorneys Present for Defendant:

None

None

**Proceedings: Order Denying Plaintiffs' Request to Lift Stay[43]**

On August 2, 2007, Aspex Eyewear, Inc. and Contour Optik, Inc. this action alleging that Revolution Eyewear, Inc. had infringed U.S. Patent No. RE37,545 ("the '545 Patent").<sup>1</sup> On March 7, 2008, the court granted defendant's motion to stay the proceeding pending resolution of related claims in *Revolution Eyewear, Inc. v. Aspex Eyewear, Inc., et al.*, No. CV 02-01087 VAP (CWx) (C.D. Cal.) ("the 2002 action").<sup>2</sup> On August 27, 2009, plaintiffs filed a request to lift the stay.<sup>3</sup> Defendant opposed the request.<sup>4</sup>

<sup>1</sup>Complaint, Docket No. 1 (Aug. 2, 2007).

<sup>2</sup>Order Granting Motion to Stay, Docket No. 40 (March 7, 2008).

<sup>3</sup>Request to Lift Stay, Docket No. 43 (Aug. 27, 2009); see also Response in Support of Request to Lift Stay ("Pl.'s Response"), Docket No. 46 (Sept. 3, 2009).

<sup>4</sup>Objections to Request to Lift Stay, Docket No. 44 (Aug. 28, 2009); see also Status Report re Pending Stay ("Status Report"), Docket No. 52 (Feb. 5, 2010).

## I. FACTUAL AND PROCEDURAL BACKGROUND

This action was filed after the court dismissed Aspex's counterclaims in the 2002 action for lack of standing.<sup>5</sup> Aspex alleges that Revolution has infringed Claim 22 of the '545 patent.<sup>6</sup> Because the court found that Revolution's liability in this case was dependent on the resolution of its liability in the 2002 action, the court stayed the action for reasons of judicial economy on March 7, 2008.<sup>7</sup>

At the time the stay was entered, the 2002 action was on appeal in the Federal Circuit.<sup>8</sup> The 2002 action had been transferred to Judge Virginia Phillips prior to trial, and the jury had returned a verdict against Revolution on September 21, 2007.<sup>9</sup> On February 25, 2008, Judge Phillips entered a final judgment against Revolution for infringement of the '545 patent, awarding Contour \$4,193,567 in damages.<sup>10</sup> The Federal Circuit subsequently affirmed that judgment on April 29, 2009.<sup>11</sup> Satisfaction of judgment was filed on August 4, 2009.<sup>12</sup>

Just prior to the Federal Circuit's ruling, Revolution filed a request for reexamination of Claim 22 of the '545 patent in the United States Patent and Trademark Office ("PTO").<sup>13</sup> On May 28, 2009, the PTO granted Revolution's request to reexamine the Claim 22, finding that "[a] substantial new question of patentability affecting Claim 22 . . . is raised by the request for *ex parte* reexamination."<sup>14</sup> Although Revolution subsequently sought a stay of execution of judgment in the 2002 action, Judge Philips denied the request on July 8, 2009,

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<sup>5</sup>The parties are familiar with the procedural history of the two actions. Consequently, the court will not repeat it here.

<sup>6</sup>Request to Lift Stay at 2.

<sup>7</sup>Order Granting Stay at 13-14.

<sup>8</sup>*Id.* at 14.

<sup>9</sup>Judgment, Case No. 02-01087, Docket No. 549 (Feb. 25, 2008).

<sup>10</sup>*Id.* at 5-6.

<sup>11</sup>*Revolution Eyewear, Inc. v. Aspex Eyewear, Inc.*, 563 F.3d 1358 (Fed. Cir. 2009).

<sup>12</sup>Satisfaction of Judgment, Case No. 02-01087, Docket No. 670 (Aug. 4, 2009).

<sup>13</sup>Declaration of Dylan C. Dang in Support of Objection to Lifting Stay ("Dang Decl."), Exh. A (Request for Reexamination of US RE3,545), Docket No. 45 (Aug. 28, 2009).

<sup>14</sup>*Id.*, Exh. B (Decision Granting *Ex Parte* Reexamination) at 2.

finding that Revolution had delayed its request for reexamination until significant litigation, including a jury trial, had been completed, and had failed to demonstrate a likelihood that its reexamination request would be successful.<sup>15</sup> Given that the reexamination process was in its early stages, Judge Phillips found that Revolution's predictions of success were "nothing more than speculation."<sup>16</sup>

On January 4, 2010, the PTO issued a non-final office action that rejected Claim 22 as unpatentable.<sup>17</sup> The PTO found that Claim 22 was obvious in light of a prior invention under 35 U.S.C. § 103(a).<sup>18</sup>

## II. DISCUSSION

The court originally stayed this matter because it believed that final resolution of Revolution's liability in the 2002 action would be controlling and would assist in streamlining and clarifying the issues to be tried in this action.<sup>19</sup> As all litigation and appeals in the 2002 action have now been completed, the original basis for a stay no longer exists. As a result, the court would normally reopen the matter. *Canady v. Erbe Elektromedizin GmbH*, 271 F.Supp.2d 64, 74 (D.D.C. 2002). Revolution argues that the PTO's reexamination of the '545 patent supports maintaining the stay, however. It contends this is particularly true given the PTO's January 2010 office action rejecting Claim 22 of the '545 patent as unpatentable.<sup>20</sup> The court therefore evaluates plaintiff's request to lift the stay in light of these changed circumstances.

### A. Legal Standard Governing Stays Pending Patent Reexamination

The Supreme Court has long recognized that district courts have broad discretion to

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<sup>15</sup>Order Denying Stay of Execution of Judgment Pending Reexamination ("Order Denying Stay"), Case No. 02-01087, Docket No. 662 (July 8, 2009) 6-9. Revolution initially appealed the denial of a stay to the Federal Circuit, but voluntarily dismissed the appeal. (Order from Federal Circuit Granting Motion to Voluntarily Dismiss Appeal, 02-01087 Docket No. 683 (Sept. 11, 2009).)

<sup>16</sup>Order Denying Stay at 8.

<sup>17</sup>Status Report, Exh. A (Non-Final Action on Reexamination Request) at 2.

<sup>18</sup>*Id.* at 2-3.

<sup>19</sup>Order Granting Stay at 13-14.

<sup>20</sup>Non-Final Action on Reexamination Request at 2.

manage their dockets, including the power to grant a stay of proceedings. *Landis v. North American Co.*, 299 U.S. 248, 254-55 (1936) (“[T]he power to stay proceedings is incidental to the power inherent in every court to control the disposition of causes on its docket. . . . How this can best be done calls for the exercise of judgment, which must weigh competing interests and maintain an even balance”). Courts have also “consistently recognized the inherent power of the district courts to grant a stay pending reexamination of a patent.” *Procter & Gamble Co. v. Kraft Foods Global, Inc.*, 549 F.3d 842, 849 (Fed. Cir. 2008). See also *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426 (Fed. Cir. 1988) (reviewing the legislative history of *ex parte* reexamination, and noting Congress’s statement that the statute lacks language authorizing district courts to grant stays pending reexamination because “such power already resides with the Court,” quoting H.REP. NO. 1307(I), 96th Cong., 2d Sess. 4, reprinted in 1980 U.S.C.C.A.N. 6460, 6463)); *Gould v. Control Laser Corp.*, 705 F.2d 1340, 1341 (Fed. Cir. 1983) (noting that “because district courts have broad discretionary powers to control their dockets, stays will not be vacated unless they are ‘immoderate or of an indefinite duration,’” quoting *McKnight v. Blanchard*, 667 F.2d 477, 479 (5th Cir. 1982)).<sup>21</sup> Thus, where the PTO has commenced a patent reexamination, “the defendant may . . . seek a stay under the district court’s inherent power.” *Procter & Gamble*, 549 F.3d at 849.<sup>22</sup>

Whether to stay an action pending patent reexamination is committed to the sound discretion of the district court. “The court is not required to stay judicial resolution in view of the reexaminations.” *Viskase Corp. v. American National Can Co.*, 261 F.3d 1316, 1328

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<sup>21</sup> In *Gould*, the Federal Circuit held that it lacked jurisdiction to review a stay entered by the district court pending patent reexamination by the PTO. A stay order “should not ordinarily be viewed . . . as ‘final’ and thus within the jurisdiction of an appellate court [unless] . . . it effectively puts the parties out of . . . court, either permanently because it terminates the action as a practical matter, or, as some courts have held, for a protracted or indefinite period.” *Gould*, 705 F.2d at 1341. “That general rule does not prevent review of a stay, however, when it is clear that no further action is contemplated by the district court following the stay.” *Slip Track Systems, Inc. v. Metal Lite, Inc.*, 159 F.3d 1337, 1340 (Fed. Cir. 1998).

<sup>22</sup>By contrast, the PTO does “not have authority to stay a patent reexamination proceeding pending the outcome of a case in a district court given the requirement in 35 U.S.C. § 305 that all reexaminations be conducted with ‘special dispatch.’” *In re Swanson*, 540 F.3d 1368, 1378 (Fed. Cir. 2008) (citing *Ethicon*, 849 F.2d at 1425-29). In *Ethicon*, the Federal Circuit concluded that “the suspension of PTO [reexamination] proceedings does not prevent duplication;” instead, it improperly “precludes access to the forum where there is no presumption of validity.” *Ethicon*, 849 F.2d at 1427. The Federal Circuit noted that “if the district court determines a patent is not invalid, the PTO should continue its reexamination because, of course, the two forums have different standards of proof for determining invalidity.” *Id.* at 1428-29.

(Fed. Cir. 2001). See also *Slip Track Systems, Inc.*, 159 F.3d at 1341 (while a stay of patent litigation may be appropriate in certain circumstances, where the copending actions are “neither duplicative nor dependent on one another, there is neither any need nor any justification” for a stay); *Patlex Corp. v. Mossinghoff*, 758 F.2d 594, 602-03 (Fed. Cir. 1985) (a stay pending reexamination is within the district court’s discretion).

There is, however, “a ‘liberal policy’ in favor of granting motions to stay pending the outcome of PTO reexamination proceedings.” *Sorensen v. Giant International (USA) Ltd.*, No. 07cv2121, 2009 WL 5184497, \*1 (S.D. Cal. Dec. 21, 2009) (quoting *ASCII Corp. v. STD Entertainment USA, Inc.*, 844 F.Supp. 1378, 1381 (N.D. Cal. 1994) (“[T]here is a liberal policy in favor of granting motions to stay proceedings pending the outcome of USPTO reexamination or reissuance proceedings”)); *HTC Corp. v. Technology Properties Ltd.*, Nos. C 08-00882 JF, C 08-00877 JF, 2009 WL 1702065, \*1 (N.D. Cal. June 17, 2009) (“There is a liberal policy in favor of granting motions to stay proceedings pending the outcome of reexamination, especially in cases that still are in the initial stages of litigation and where there has been little or no discovery”).

Considering where a stay was appropriate, the Federal Circuit in *Slip Track* reviewed a number of district court decisions in which a stay had been approved. It noted that in *ASCII Corp. v. STD Entertainment USA, Inc.*, 844 F.Supp. 1378 (N.D. Cal. 1994), “the district court stayed a patent action that raised infringement and validity issues in favor of an ongoing reexamination in the PTO. The stay was justified in that case because the outcome of the reexamination would be likely to assist the court in determining patent validity and, if the claims were canceled in the reexamination, would eliminate the need to try the infringement issue.” *Slip Track*, 159 F.3d at 1341 (citing *ASCII*, 844 F.Supp. at 1380-81). The *Slip Track* court also observed that in *NL Chemicals Inc. v. Southern Clay Products Inc.*, 14 U.S.P.Q.2d 1561 (D.D.C. 1989), the district court considered “copending interference proceedings in the PTO and in district court. The district court chose to stay the interfering patents suit in favor of the PTO interference after finding that ‘the PTO interference proceeding encompasses all issues presented in this suit.’ . . . The court noted that the PTO had more expertise in the intricacies of resolving issues of priority of invention.” *Id.* (quoting *NL Chemicals*, 14 U.S.P.Q.2d at 1565).

“Congress intended the reexamination process to provide an efficient and relatively inexpensive procedure for reviewing the validity of patents which would employ the PTO’s expertise.” *Ethicon*, 849 F.2d at 1426. It created the procedur “to shift the burden of reexamination of patent validity from the courts to the PTO.” *Canady v. ERbe Elektromedizin GmbH*, 271 F.Supp.2d 64, 78 (D.D.C. 2002). The focus of a reexamination is essentially the same as that of an initial patent examination; nonpatentability must be shown “by a preponderance of the evidence . . . the PTO may reject the claims of a patent application. The intent underlying reexamination is to ‘start over’ in the PTO with respect to the limited examination areas involved, and to re-examine the claims . . . as they would have been

considered if they had been originally examined in light of all the prior art of record in the reexamination proceeding.” *Id.* at 1427 (internal citations and quotations omitted). At the conclusion of a reexamination, the PTO publishes “a certificate canceling any claim of the patent finally determined to be unpatentable, confirming any claim of the patent determined to be patentable, and incorporating in the patent any proposed amended or new claim determined to be patentable.” 35 U.S.C. § 316(a). See also *Synthes (U.S.A.) v. G.M. dos Reis Jr. Ind. Com. de Equip. Medico*, Civil No. 07-CV-309-L(AJB), 2010 WL 669733, \*2 (S.D. Cal. Feb. 22, 2010) (describing the patent reexamination process).

“[L]itigation and reexamination are distinct proceedings, with distinct parties, purposes, procedures and outcomes.” *Ethicon*, 849 F.2d at 1427 (emphasis omitted). “When considering whether to stay patent infringement litigation pending a reexamination of the patent in suit, courts generally examine three factors, including (1) whether a stay would unduly prejudice or present a clear tactical disadvantage to the non-moving party; (2) whether a stay will simplify the issues in question and trial of the case; and (3) whether discovery is complete and whether a trial date has been set.” *Synthes*, 2010 WL 669733 at \*2 (quoting *Equipements de Transformation IMAC v. Anheuser-Busch Co., Inc.*, 559 F.Supp.2d 809, 815 (E.D. Mich. 2008)). “In light of the overlapping proceedings in this Court and before the PTO, this inquiry requires the Court to carefully consider the particular posture of the litigation before it, and do its best to make a difficult judgment call about the most efficient and fair way to proceed here, despite the uncertainty about the timing and final outcome of future proceedings in another forum.” *Network AppliCance, Inc. v. Sun Microsystems, Inc.*, No. C-07-06053 EDL, 2010 WL 545855, \*2 (N.D. Cal. Feb. 11, 2010).<sup>23</sup>

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<sup>23</sup>Among the efficiencies weighing in favor of a stay are: “(1) many discovery problems relating to the prior art may be alleviated; (2) the record of the reexamination likely would be entered at trial, reducing the complexity and length of the litigation; (3) the issues, defenses, and evidence will be more easily limited in pretrial conferences following a reexamination; (4) the outcome of the reexamination process may encourage a settlement without further involvement of the court; and (5) if the patent is declared invalid, the suit likely will be dismissed as to that patent.” In addition, “the court will gain the benefit of the PTO’s particular expertise, in that all prior art presented to the court will have been first considered by that agency.” *Pegasus Development Corp. v. DirecTV, Inc.*, No. Civ.A. 00-1020-GMS, 2003 WL 21105073, \*2 (D. Del. May 14, 2003). See also *Synthes*, 2010 669733 at \*4 (“Although an inter partes reexamination proceeding can be lengthy, see, e.g., *Fresenius USA, Inc. v. Baxter International, Inc.*, 582 F.3d 1288, 1305-06 (Fed. Cir. 2009) (Newman, J., concurring), they, including any appeals to the Board of Patent Appeals and Interferences, are conducted ‘with special dispatch’ within the PTO. 35 U.S.C. § 314(c)”).

## B. Whether the Court Should Maintain the Stay

### 1. Stage of the Litigation

When evaluating whether to stay an action pending reexamination of a patent by the PTO, courts have generally concluded that the fact an action is in its early stages weighs in favor of granting a stay. See, e.g., *Network Appliance*, 2010 WL 545855 at \*3 (finding a stay appropriate where the case was “in the middle stages of litigation” and “[s]ome discovery and claim construction has been done”); *Advanced Analogic Technologies, Inc. v. Kinetic Technologies, Inc.*, No. C-09-1360 MMC, 2009 WL 4981164, \*2 (N.D. Cal. Dec. 15, 2009) (granting a stay where the parties had litigated a motion to dismiss but no other dispositive motion or briefing on the merits of claim construction had occurred); *HTC*, 2009 WL 1702065 at \*2 (finding a stay appropriate where “proceedings still are at an early stage because no trial date has been set, no substantive motions have been filed, no depositions have been noticed or taken, the claim construction hearing has not occurred, and only limited discovery has taken place”); *Speedtrack, Inc. v. Wal-Mart.com USA, LLC*, No. C 06-7336 PJH, 2009 WL 281932, \*1 (N.D. Cal. Feb. 5, 2009) (granting a stay where damages discovery had not started and a trial date had not been set).

As noted, the court originally stayed this action in its early stages to await final resolution of the 2002 action.<sup>24</sup> At that time, no discovery had been propounded, and few resources had as yet been expended.<sup>25</sup> While the action was stayed, the PTO determined to reexamine Claim 22. Thus, this factor weighs in favor of maintaining the stay.

### 2. Simplification of Issues

A stay is proper when “the outcome of the reexamination would be likely to assist the court in determining patent validity and, if the claims are canceled in the reexamination, would eliminate the need to try the infringement issue.” *Slip Track Systems*, 159 F.3d at 1341. Reexamination can result in a “simplification of litigation . . . [as a] result [of] the cancellation, clarification or limitation of claims, and, even if the reexamination [does] not lead to claim amendment or cancellation, it [can] still provide valuable analysis to the district court, which it [can] consider in reaching its determination.” *Ethicon*, 849 F.2d at 1428 (internal citations omitted). “Regardless of the outcome of the reexamination, . . . the court will have the benefit of the PTO’s expertise, analysis of the Patent claims, and evaluation of the relevant prior art.” *Synthes*, 2010 WL 669733 at \*3.

While the court found Claim 22 of the ’545 patent not invalid in the 2002 action, it did

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<sup>24</sup>Order Granting Stay at 13–14.

<sup>25</sup>*Id.* at 8.

so on grounds other than obviousness. The PTO has now preliminarily rejected the claim as unpatentable for obviousness.<sup>26</sup> Plaintiffs argue that the PTO's reexamination is irrelevant because the final judgment in the 2002 action has collateral estoppel effect.<sup>27</sup> In its order staying the action pending completion of proceedings in the 2002 action, the court noted the possibility that Revolution would assert a new invalidity defense, and commented that the defense might be barred by collateral estoppel because it "could most probably have been raised in the 2002 action."<sup>28</sup> The court made that comment, however, before it learned of the reexamination proceeding. Neither party has cited any authority addressing whether this new development impacts the preclusion analysis, and the court declines to decide the issue on the basis of the present filings.<sup>29</sup>

Until such time as the preclusive effect of the 2002 judgment in light of the

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<sup>26</sup>Status Report, Exh. A (Non-Final Action on Reexamination Request) at 2.

<sup>27</sup>Request to Lift Stay at 7–8. Plaintiffs assert that Revolution is barred from disputing the '545 patent's validity under the doctrine of *res judicata* or claim preclusion. (*Id.*) Claim preclusion "treats a judgment, once rendered, as the full measure of relief to be accorded between the parties on the same 'claim' or 'cause of action.'" See *Hydranautics v. Filmtec Corp.*, 204 F.3d 880, 887 (9th Cir. 2000) (quoting *Robi v. Five Platters, Inc.*, 838 F.2d 318, 321-22 (9th Cir. 1988)). The Ninth Circuit has identified four factors that should be considered in determining whether two successive suits cover the same cause of action: "(1) whether rights or interests established in the prior judgment would be destroyed or impaired by prosecution of the second action; (2) whether substantially the same evidence is presented in the two actions; (3) whether the two suits involve infringement of the same right; and (4) whether the two suits arise out of the same transactional nucleus of facts." *Single Chip Systems Corp. v. Intermec IP Corp.*, 495 F.Supp. 2d 1052, 1060-1061 (S.D. Cal. 2007) (quoting *In re International Nutronics, Inc.*, 28 F.3d 965, 970 (9th Cir. 1994)). Although they assert that claim preclusion applies, plaintiffs note the damages sought in this action are based on infringement that occurred during a time period not at issue in the 2002 action, and also that the action involves at least some products that are different than those found to be infringing in the 2002 action. (Request to Lift Stay at 2.) While the court does not finally decide the matter, these differences may lead to the conclusion that collateral estoppel, rather than *res judicata*, is the relevant preclusion doctrine.

<sup>28</sup>Order Granting Motion to Stay at 6 n. 10.

<sup>29</sup>Request to Lift Stay at 2. Plaintiffs also note that Judge Phillips found that it was "nothing more than speculation" that the PTO would invalidate Claim 22. (*Id.* at 8.) The PTO's subsequent order, although not necessarily indicative of the ultimate outcome of the reexamination proceeding, suggests that possibility the claim was be invalidated is more than mere speculation.

reexamination proceeding is clear, conservation of judicial and party resources weighs in favor of maintaining the stay. See *Speedtrack*, 2009 WL 281932 at \*2 (“[T]here is a real risk that were a stay not granted, the parties and the court would expend substantial resources and costs in litigating this case through trial with respect to claims that the PTO later finds disallowed. Accordingly, and since the outcome of the reexamination is likely to assist the court in determining patent validity, the second factor weighs in favor of a stay”). See also *Network Appliance, Inc.*, 2010 WL 545855 at \*4 (“It would not serve judicial efficiency for this Court and the parties to continue litigation of the Patent claims when all of the asserted claims now appear likely to be invalidated by the PTO”). The parties contemplate securing expert testimony on willful infringement, and plaintiffs seek to add a new defendant whom they allege actively induced Revolution’s patent infringement.<sup>30</sup> Discovery will be required concerning sales of the products at issue, including those that were not accused in the 2002 litigation. Thus, this factor presently weighs in favor of maintaining the stay.

### 3. Undue Prejudice

Plaintiffs contend that the extended process of reexamination, combined with the years that may be spent appealing the result of the reexamination, will unfairly prejudice their interests. “[C]ourts have held that delays inherent in the reexamination process do not alone constitute undue prejudice.” *Network Appliance, Inc.*, 2010 WL 545855 at \*4. See also *Spectros Corp. v. Thermo Fisher Scientific, Inc.*, No. C 09-1996 SBA, 2010 WL 338093, \*3 (N.D. Cal. Jan. 20, 2010) (noting that concerns regarding the delays inherent in reexamination did not constitute undue prejudice and granting a stay pending reexamination); *Esco Corp. v. Berkeley Forge & Tool, Inc.*, No. C 09-1635 SBA, 2009 WL 3078463, \*3 (N.D. Cal. Sept. 28, 2009) (“[C]ourts have found that ‘delay inherent in the reexamination process does not constitute, by itself, undue prejudice,’” quoting *SKF Condition Monitoring, Inc. v. SAT Corp.*, No. 07CV1116 BTM (NLS), 2008 WL 706851, \*6 (S.D. Cal. Feb. 27, 2008)); *Dataquill Ltd. v. High Tech Computer Corp.*, No. 08cv543-IEG-LSP, 2009 WL 1391537, \*3 (S.D. Cal. May 14, 2009) (noting that the delay caused by reexamination does not, without more, constitute undue prejudice, and that no case has “relied exclusively on the potential loss of evidence when denying a stay”); *Nanometrics, Inc. v. Nova Measuring Instruments, Ltd.*, No. C 06-2252 SBA, 2007 WL 627920 \*3 (N.D. Cal. 2007) (holding, in the context of a motion for stay pending reexamination, that “[m]ere delay, without more [ ], does not demonstrate undue prejudice”); *Photoflex Products v. Circa 3 LLC*, No. C 04-03715 JSW, 2006 WL 1440363, \*2 (N.D. Cal. May 24, 2006) (“The delay inherent to the process of the U.S. Patent and Trademark Office’s reexamination of a patent claim does not constitute, by itself, undue prejudice”).

Additionally, only plaintiffs can appeal the PTO’s reexamination decision; their

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<sup>30</sup>Motion for Leave to Amend First Amended Complaint, Docket No. 21 (Dec. 21, 2007), at 1.

decision to do so would not support a finding of prejudice flowing from a stay. See *MercExchange, LLC v. Ebay*, 500 F.Supp 2d 556, 567 n. 7 (E.D. Va. 2007) (“Although appeals to the BPAI and Federal Circuit may further lengthen the stay period, such discretionary appeals may only be sought by the patent holder; thus, any additional delay due to an appeal to the BPAI or Federal Circuit will be a delay initiated by [the party opposing the stay]”).<sup>31</sup>

Plaintiffs argue that Revolution should not be rewarded for its negligence in delaying the filing of its request for reexamination until the eve of the Federal Circuit’s decision in the 2002 action. They suggest that the delay was particularly egregious given that Revolution relies on a prior art reference that was before the PTO at the time it issued the ’545 Patent.<sup>32</sup> Revolution has paid a price for its dilatoriness, however, in that it has been required to pay a multimillion judgment in the 2002 action. Vis-à-vis this matter, which is in its infancy, Revolution’s reexamination request is less dilatory. Consequently, the court concludes that this factor weighs in favor of maintaining the present stay.

#### 4. Weighing the Factors

Based on the present record, all relevant factors weigh in favor of maintaining the stay. The record the parties have presented, however, does not adequately address the preclusive effect of the 2002 judgment on plaintiffs’ allegations in this case, or whether the outcome of the reexamination proceeding would alter that preclusive effect in any way. Should plaintiffs wish to request that the court lift the stay for the limited purpose of litigating the preclusion issue, including the impact of the reexamination proceeding on the preclusive effect of the 2002 judgment, they may file a properly noticed motion requesting that relief.

### III. CONCLUSION

For the foregoing reasons, the court denies plaintiffs’ motion to lift the stay.

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<sup>31</sup>The court notes that, to the extent the reexamination proceeding impacts the preclusive effect of the 2002 judgment, Revolution would potentially be prejudiced if the court were to lift the stay and Claim 22 were later invalidated by the PTO. See *Everything for Love.com, Inc. v. Tender Loving Things, Inc.*, No. CIV 02-2605-PHX-EHC, 2006 WL 2091706, \*4 (D. Ariz. July 21, 2006) (“If Plaintiff acquires a judgment against Defendant for infringement, and the ’980 patent is subsequently held invalid by the PTO, there exists the possibility of irreparable harm to Defendant”)

<sup>32</sup>*Id.* at 3.