

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

RETAILMENOT, INC.,)	
)	
Plaintiff,)	
)	
v.)	C.A. No. 18-937 (CFC) (MPT)
)	
HONEY SCIENCE CORP.,)	JURY TRIAL DEMANDED
)	
Defendant.)	

**RETAILMENOT’S OPENING BRIEF IN SUPPORT OF ITS MOTION TO STAY
PENDING PTAB REVIEW OF U.S. PATENT NO. 10,140,625**

OF COUNSEL:

Jeanne M. Heffernan, P.C.
Robert A. Appleby, P.C.
Jon R. Carter
KIRKLAND & ELLIS LLP
601 Lexington Avenue
New York, NY 10022-4611
(212) 446-4800

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MORRIS, NICHOLS, ARSHT & TUNNELL LLP
Jack B. Blumenfeld (#1014)
Jeremy A. Tigan (#5239)
1201 North Market Street
P.O. Box 1347
Wilmington, DE 19899
(302) 658-9200
jblumenfeld@mnat.com
jtigan@mnat.com

*Attorneys for Plaintiff and Counterclaim
Defendant RetailMeNot, Inc.*

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Plaintiff RetailMeNot, Inc. (“RetailMeNot”) respectfully requests that this Court stay Defendant Honey Science Corp.’s (“Honey”) counterclaim for infringement of U.S. Patent No. 10,140,625 (“’625 patent”) pending resolution of RetailMeNot’s August 2019 petitions to the Patent Trial and Appeals Board (“PTAB”) challenging the validity of all claims of the ’625 patent.

Although motions to stay are typically granted only after the PTAB institutes proceedings, special circumstances exist here that make an immediate stay warranted. First, institution is not merely speculative; it is more than likely. In its IPR petition, RetailMeNot contends that all claims of the ’625 patent are invalid in view of U.S. Patent Publication No. 2017/0148046 (“Mashadi”) and that if “the [’625 patent’s] examiner [had] been aware of the asserted prior art during prosecution, the challenged [’625 patent] claims would not have issued.” Ex. 1, IPR Petition at 1. Just a few weeks ago (on September 23), *the same examiner* that allowed the ’625 patent issued a final rejection of Honey’s continuation application—which has nearly identical claims to the ’625 patent—based on Mashadi.¹ The examiner’s reliance on Mashadi was not a coincidence: Honey provided RetailMeNot’s IPR petition in an Information Disclosure Statement (“IDS”) during prosecution of the continuation application, after which the examiner issued a final rejection that copied much of RetailMeNot’s petition verbatim. The examiner’s final rejection of the continuation application creates a unique set of facts that strongly suggest one or more of RetailMeNot’s PTAB petitions challenging the ’625 patent will be instituted.

Second, many of the factors courts previously relied upon in denying pre-institution stay

¹ Although the rejection was mailed to Honey in September 2019, it was not made public until October 2019.

requests have recently changed. As Chief Judge Stark observed earlier this month, “the arguments for a stay pending institution and/or completion of an IPR have been strengthened by recent changes in the law: namely, institution must be on all or none of the claims on which IPR is sought ... and claim construction undertaken by [the PTAB] is now conducted according to the same legal standards this Court must apply.” Ex. 2, *Arch Chems., Inc. v. Sherwin-Williams Co.*, No. 18-2037-LPS, D.I. 48 (D. Del. Nov. 5, 2019) (granting stay pending IPR institution) (citing *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1354-55 (2018) and 37 C.F.R. § 42.100(b)). These changes in the law mean that PTAB review of Honey’s ’625 patent will substantially simplify the issues in the case while potentially avoiding unnecessary expenditure of resources concerning Honey’s patent during “the most burdensome stages of the case.” See *IOENGINE LLC v. PayPal Holdings Inc.*, No. 18-452-WCB, 2019 WL 3943058, at *5 (D. Del. Aug. 21, 2019) (Bryson, J., sitting by designation).

Third, a stay would cause no undue prejudice to Honey. Although the parties are competitors, Honey’s litigation strategy—including its decision not to seek a preliminary injunction—confirms that any potential delay in judgment would be compensable. Moreover, should the PTAB ultimately find claims of the ’625 patent to be valid, those claims could be addressed in connection with the second case pending in this Court between the parties (No. 19-1345), which involves the same accused technologies as the first case and is still in its earliest stages. The justifications for a stay thus outweigh any arguments against it.

I. NATURE AND STAGE OF THE PROCEEDINGS

RetailMeNot filed its initial Complaint with this Court on June 25, 2018, asserting infringement of four patents. D.I. 1. On September 17, 2018, Honey filed its Answer to the Complaint and Counterclaims for non-infringement and invalidity of the RetailMeNot patents. D.I. 8. On December 20, 2018, after the ’625 patent issued, Honey amended its counterclaims to

accuse RetailMeNot of infringing the '625 patent. D.I. 28.

The parties have served written discovery and produced documents, but no party depositions have occurred. The Court has not yet issued a claim-construction order. The deadline for fact discovery is January 17, 2020; the deadline for expert discovery is May 29, 2020; and trial is set for October 26, 2020. D.I. 29.

A follow-on case is also pending. On July 18, 2019, RetailMeNot filed a second suit, claiming infringement of three continuation patents by the same Honey accused products. No. 19-1345, D.I. 1 (“second case”). On September 10, Honey filed its Answer to the Complaint and Counterclaims. *Id.*, D.I. 8. A case management conference has not yet taken place in the second case.

II. SUMMARY OF THE ARGUMENT

Courts typically consider three factors in determining whether to grant a stay: “(1) whether a stay will simplify the issues for trial, (2) whether discovery is complete and a trial date has been set, and (3) whether a stay would unduly prejudice or present a clear tactical disadvantage to the non-moving party.” *Ethicon LLC v. Intuitive Surgical, Inc.*, No. 17-871-LPS, 2019 WL 1276029, at *1 (D. Del. Mar. 20, 2019). Each of these factors weighs in favor of a stay in this case.

1. **Simplifying issues for trial:** The examiner’s endorsement of RetailMeNot’s arguments in its IPR petition indicates that the PTAB is likely to institute review, which will cover every claim of the '625 patent. But even if the PTAB does not invalidate every claim of Honey’s patent, estoppel will limit the prior art available to RetailMeNot during the remainder of discovery and at trial. Further, because the PTAB now applies the same claim-construction standard as district courts, a stay would allow this Court to consider both the PTAB’s analysis and supplemental prosecution history created through PTAB proceedings in construing the

disputed terms of the '625 patent.

2. **Stage of proceedings:** The most costly and time-consuming stages of this case are yet to come: fact depositions, expert discovery, trial, and post-trial proceedings. A stay of Honey's counterclaim at this juncture will substantially preserve both judicial and party resources. And, in the event that institution is denied or the '625 patent survives PTAB review, the second case is ready-made for consolidation with Honey's patent counterclaim.

3. **Undue prejudice or tactical disadvantage:** The timing of RetailMeNot's PTAB petitions, as well as RetailMeNot's request for stay, are well within the standards for diligence. RetailMeNot filed its PTAB petitions approximately four months after serving its invalidity contentions, which is reasonable in view of the well-recognized complexity of PTAB petitions. Further, RetailMeNot is proactively seeking the stay *before* the PTAB's institution decision, and within weeks of learning of the '625 examiner's endorsement of the invalidity arguments in RetailMeNot's IPR petition. And although the parties are competitors, there is no indication that RetailMeNot will gain an unfair tactical advantage from the stay. Honey did not seek a preliminary injunction, which suggests that a delay in judgment—if Honey should successfully defend validity and prove infringement—will not cause irreparable harm. Furthermore, courts have repeatedly noted that mere delay cannot constitute undue prejudice where, as here, the facts suggest that delay can be adequately compensated.

In short, every factor favors a stay.

III. **STATEMENT OF FACTS**

A. RetailMeNot's PTAB Petitions

On August 23, 2019, RetailMeNot filed a PGR petition challenging all claims of the '625

patent as obvious in view of Mashadi (“§ 103 PGR petition”). Ex. 3, 103 PGR petition at 1.² The Mashadi reference was not considered by the examiner during prosecution of the ’625 patent. On the same day, RetailMeNot filed a second PGR petition alleging invalidity on two additional grounds: (1) that the ’625 patent claims subject-matter that is ineligible for patentability under 35 U.S.C. § 101; and (2) that the claims of the ’625 patent are indefinite under 35 U.S.C. § 112 (“§ 101 PGR petition”). Ex. 4, 101 PGR Petition at 12. Finally, on August 29, RetailMeNot filed an IPR petition on the same obviousness grounds raised in RetailMeNot’s § 103 PGR petition (*i.e.*, grounds based on the Mashadi reference). Ex. 1, IPR petition at 4.

Honey’s preliminary responses are due December 12, and the PTAB is expected to issue institution decisions by March 2020.

B. Honey’s Pending ’036 Patent Application

Honey’s pending U.S. patent application number 16/403036 (“’036 application”), filed May 3, 2019, is a continuation of the ’625 patent and was filed after this lawsuit commenced. The ’036 application is pending before the same examiner that previously allowed the claims of the ’625 patent.³ Ex. 6, ’036 App. FH at 17; *see also* D.I. 119, RetailMeNot’s Notice of Supplemental Authority. The claims of the pending ’036 application substantially overlap with

² The § 103 PGR petition raised six obviousness grounds, all of which are based, at least in part, on Mashadi. In addition, the § 103 PGR petition alleges invalidity of the ’625 patent for lack of enablement under 35 U.S.C. § 112. Ex. 3, § 103 PGR Petition at 7.

³ The ’036 application was filed after RetailMeNot served invalidity contentions in this case, and Honey attempted to address in that application the indefiniteness issues that RetailMeNot raised in its contentions and at the *Markman* hearing on August 27, 2019, with respect to the ’625 patent. *See* Ex. 5, RetailMeNot Invalidity Contentions at 39 (identifying terms lacking antecedent basis in claims 5, 7, 8, 11, 15, 17 and 19 for terms “the server” and “the list”); Appendix A, ’625 Patent Claims vs. ’036 Application Claims (removing reference to “the server” and “the list” in claims 5, 7, 8, 11, 17, 19, and 21).

the claims of the '625 patent,⁴ as illustrated in the following comparison of claim 1 of the '625 patent (original) to pending claim 1 of the '036 application (in redline):

~~1.1. (Currently Amended)~~ An online computer system that ~~directly interfaces with a webpage of a third party website that~~ causes a certain numerical value displayed on ~~the a~~ webpage to change in value comprising:

a system coupled to a public network configured to cause the numerical value to change

when one or more digital codes are transmitted to the ~~third party website~~ webpage, wherein the one or more digital codes enable the numerical value to change;

a browser software installed on a user's device with an electronic display that is operably connected to the public network, said browser software configured to:

receive the one or more digital codes over the public network;

when the user ~~connects with the third party website and~~ opens the webpage, ~~after the webpage displayed on the electronic display by~~ dynamically generating a graphical trigger to be presented on the display;

identify ~~a data entry an~~ an interface ~~on the webpage~~ to input each of the one or more digital codes;

upon the user's selection of the graphical trigger, automatically input each of the one or more digital codes into the ~~data entry~~ interface to invoke a function ~~on the webpage~~ for each of the one or more digital codes without selection of each ~~of the~~ one or more digital codes by the user, thereby triggering the ~~third party website~~ webpage to receive the one or more digital codes and to return a response to each of the received one or more digital codes;

monitor the returned response from the ~~third party website~~ webpage to determine and identify which of the one or more digital codes cause a change and determine the amount of ~~the~~ change;

store in ~~a~~ memory one or more digital codes along with data that shows the amount the one or more digital codes causes the numerical value to change, wherein the system is further configured to determine the digital code causing the greatest amount of change; and

apply the digital code that causes the greatest change in the numerical value to obtain and display a resulting numerical value on the ~~third party website~~ webpage.

See also Appendix A (redline comparing all '625 patent claims to '036 application claims; blue

⁴ The examiner first rejected the '036 application based on double patenting, finding that the pending claims were either “drawn to identical subject matter” or “not patentably distinct” from the '625 patent claims. Ex. 6, '036 App. FH at 32–35. Honey initially overcame this rejection by making minor adjustments to the claim. *Id.* at 37–42. However, in a subsequent office action, the examiner issued a second double-patenting rejection of the amended '036 application claims—this time based on the pending claims of application no. 16/172685 (“’685 application”), which is another continuation of the '625 patent. *Id.* at 50–52. Simultaneously, the examiner rejected the very same '685 application claims for double patenting based on the '625 patent. Ex. 7, '685 App. FH at 21–23. Thus, the examiner has repeatedly found that the claims of the '625 patent, '036 application, and '685 application are not patentably distinct.

underlined text indicates additions, and red strike-through text indicates deletions).

On September 11, 2019, Honey filed an IDS for the pending '036 application, notifying the examiner of RetailMeNot's IPR petition against the '625 patent. Ex. 6, '036 App. FH at 46. On September 23, 2019, the examiner issued a final rejection of all claims in the '036 application as anticipated or rendered obvious by Mashadi. Ex. 6, '036 App. FH at 52–63. Critically, the examiner found RetailMeNot's IPR petition to be highly relevant and adopted wholesale RetailMeNot's analysis. For example, in finding that Mashadi discloses the first limitation of claim 1 of the '036 application, the examiner copied verbatim most of RetailMeNot's petition (yellow highlighting below), including citations to RetailMeNot's expert's declaration (green highlighting) that accompanied RetailMeNot's IPR petition:

RetailMeNot's IPR Petition	Examiner's Final Rejection
<p>Mashadi discloses a system (front-end module) coupled to a public network (the Internet) configured to cause the numerical value to change when one or more digital codes (Value Elements (VEs) such as discount coupons) are transmitted to the third-party website, wherein the one or more digital codes enable the numerical value to change. Ex. 1003 ¶¶0002, 0008, 0063-65, 0074-75, 0126-127, 0169-173; Ex. 1002 ¶¶93-95. The browser extension is configured to transmit available VEs, such as coupons, to the third-party webpage. Ex. 1003 ¶¶0065, 0075, 0126-127. As explained for claim 1[preamble], Mashadi's plugin tests each coupon by entering it into the retailer's webpage directly as if it were the user. Ex. 1002 ¶91. Directly "applying" coupons on a retailer's webpage involves transmitting digital codes (VEs) to the retailer's webpage to determine whether a given code results in savings. Ex. 1002 ¶95.</p>	<p>Mashadi teaches... a system coupled to a public network configured to cause the numerical value to change when one or more digital codes are transmitted to the webpage, wherein the one or more digital codes enable the numerical value to change (front-end module) coupled to a public network (the Internet) configured to cause the numerical value to change when one or more digital codes (Value Elements (VEs) such as discount coupons) are transmitted to the third-party website, wherein the one or more digital codes enable the numerical value to change. ¶¶0002, 0008, 0063-65, 0074-75, 0126-127, 0169-173; ¶¶93-95. The browser extension is configured to transmit available VEs, such as coupons, to the third-party webpage. ¶¶0065, 0075, 0126-127. As explained for claim 1 [preamble], Mashadi's plugin tests each coupon by entering it into the retailer's webpage directly as if it were the user. Ex. ¶91. Directly "applying" coupons on a retailer's webpage involves transmitting digital codes (VEs) to the retailer's webpage to determine whether a given code</p>

	results in savings. ¶95);
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Compare Ex. 6, '036 App. FH at 53 with Ex. 1, IPR Petition at 16–17 (annotations added). By adopting the invalidity analysis in RetailMeNot's petition, the examiner indicated not only that Mashadi invalidates the '036 application claims, but also that the minor differences between the claims of the '625 patent and those of the '036 application (*e.g.*, the '625 patent claims recite a “third party website,” whereas the '036 application recites a “webpage” (*see* Appendix A)) are inconsequential in view of Mashadi.

IV. ARGUMENT

A. A Stay Will Substantially Simplify the Issues for Trial

“The most important factor bearing on whether to grant a stay is whether the stay is likely to simplify the issues at trial.” *IOENGINE*, 2019 WL 3943058, at *8. Here, the potential for simplification is substantial.

First, the PTAB is likely to institute one or more of RetailMeNot's petitions. The PTAB already institutes approximately 63% of petitions (Ex. 8, Sep. 2019 PTAB Statistics at 6), but the unique facts of this case indicate that the likelihood of institution here is much greater. In general, the PTAB may institute if (for an IPR) “there is a reasonable likelihood” or (for a PGR) it is “more likely than not” that RetailMeNot will prevail with respect to at least one claim of the '625 patent. *See* 35 U.S.C. §§ 314(a), 324(a). The examiner's rejection of Honey's co-pending continuation application based on RetailMeNot's invalidity analysis of Mashadi (*see supra*) demonstrates that RetailMeNot can meet both standards in its petitions.

Second, PTAB review of Honey's '625 patent will undoubtedly simplify issues in this case. RetailMeNot's PTAB petitions challenge every claim of the '625 patent, and any instituted review must “address every claim the petitioner has challenged.” *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1354-55 (2018). This all-or-nothing requirement favors a stay, even before the PTAB

has instituted review (*e.g.*, Ex. 2, *Arch Chems.*, D.I. 48) because “[t]he case will unquestionably become simpler” if the PTAB invalidates every claim, thereby removing Honey’s patent from this case. *British Telecomms. PLC v. IAC/InterActiveCorp*, No. 18-366-WCB, 2019 WL 4740156, at *8 (D. Del. Sept. 27, 2019) (Bryson, J., sitting by designation).

Furthermore, even without the unique circumstances created here by the examiner’s recent rejection, courts frequently grant motions to stay pending the PTAB’s decision on institution where, as here, the potential breadth of simplification is substantial. *See, e.g., Uniloc USA Inc. v. LG Elecs. U.S.A. Inc.*, No. 18-CV-06737-JST, 2019 WL 1905161, at *4 (N.D. Cal. Apr. 29, 2019) (granting stay where there was “maximum potential for simplification of issues” because “all the asserted claims are challenged”); *Neuro Cardiac Techs., LLC v. LivaNova, Inc.*, No. CV H-18-1517, 2018 WL 4901035, at *4 (S.D. Tex. Oct. 9, 2018) (same); *Qualcomm Inc. v. Apple Inc.*, No. 3:17-CV-2403-CAB-MDD, 2018 WL 4104966, at *2 (S.D. Cal. Aug. 29, 2018) (same); *Neste Oil OYJ v. Dynamic Fuels, LLC*, No. 12-1744-GMS, 2013 WL 3353984, at *4 (D. Del. July 2, 2013) (same). And the potential for simplification is even greater here because RetailMeNot’s PGR petitions challenge the ’625 patent on additional grounds (*i.e.*, § 101 and § 112) that cannot be raised in an IPR petition.

Third, the case will be simplified even if the PTAB ultimately finds claims of the ’625 patent to be valid because estoppel would apply in this court for “any ground that [RetailMeNot] raised or reasonably could have raised during that inter partes review.” 35 U.S.C. § 315(e)(2); *see also* § 325(e)(2) (same estoppel for PGR). Thus, “[a]ny conclusion that the PTAB reaches will have a likely effect on the litigation by limiting the arguments [RetailMeNot] can make regarding validity.” *British Telecomms.*, 2019 WL 4740156, at *8.

Fourth, the Court has not yet issued a ruling on claim construction and could choose to

“benefit from the PTAB’s guidance.” *Id.* As of November 2018, the PTAB construes terms “using the same claim construction standard that would be used to construe the claim in a civil action.” 37 CFR § 42.100. This change in law favors a stay because the PTAB’s analysis can no longer be discounted in district court proceedings based on the application of a different claim-construction standard. *E.g.*, *Ex. 2, Arch Chems.*, D.I. 48. Moreover, a PTAB “proceeding may produce additional prosecution history that could assist the Court in addressing the issues of claim construction and validity.” *British Telecomms.*, 2019 WL 4740156, at *8; *Ethicon*, 2019 WL 1276029, at *2 (“There will be additional prosecution history relating to all of the claims in this case. Some claims may be cancelled. There may be amendments.”).

B. A Stay Will Reduce Costs during the Most Burdensome Stages of the Case

PTAB proceedings “give the PTO an opportunity to reconsider patents that have become the focus of litigation, relieving the courts of some of the burdens of deciding issues of obviousness and anticipation, and saving the courts from having to adjudicate infringement claims based on patents of questionable validity.” *British Telecomms.*, 2019 WL 4740156, at *3. These benefits strongly favor a stay here.

As observed by the Court in *IOENGINE*, “completing discovery, preparing expert reports, filing and responding to pretrial motions, preparing for trial, going through the trial process, and engaging in post-trial motions practice” are “the most burdensome stages of the case.” *IOENGINE*, 2019 WL 3943058, at *5; *British Telecomms.*, 2019 WL 4740156, at *4 (same). All of those stages still lie ahead in the present case. And even where a case is “at an advanced stage,” a stay is still favored where it is “likel[y] that the issues for trial will be simplified by a stay.” *Ethicon*, 2019 WL 1276029, at *2. For example, in *Ethicon*, the Court granted a stay even though “fact discovery [wa]s complete, and expert discovery [wa]s nearly concluded” because “the Court will have the benefit of the PTAB’s consideration of certain

invalidity defenses, and there will be estoppel effects, with respect to 14 of 15 asserted claims.” *Id.* at *3. This case is not nearly as far along as *Ethicon*. Although the parties have served written discovery, no fact depositions have taken place, no expert discovery has occurred (outside of limited *Markman*-related discovery), the Court has not yet issued a claim-construction order, and trial is still nearly a year away. Granting a stay now, rather than in March—when institution is expected but after fact discovery is complete and expert discovery has already begun—will avoid unnecessary expenses related to Honey’s patent counterclaim.⁵

C. Honey Will Not Be Unduly Prejudiced or Disadvantaged

“In analyzing whether a plaintiff would suffer undue prejudice (and relatedly whether a defendant would gain an unfair tactical advantage) if a stay were granted, this Court has examined four factors: (1) the timing of the request for review; (2) the timing of the request for a stay; (3) the status of the review proceedings; and (4) the relationship of the parties.” *IOENGINE*, 2019 WL 3943058, at *5. In total, these considerations weigh in favor of a stay, particularly in light of the potential for simplification and avoidance of unnecessary costs.

First, “the timing of [RetailMeNot’s] request for review” falls well within the diligence period during which courts have granted stays. RetailMeNot filed its PTAB petitions approximately nine months after Honey added its infringement counterclaim to this case, five months after Honey served its infringement contentions, and four months after RetailMeNot served its initial invalidity contentions. Courts considering this factor have recognized the “complexity entailed in seeking *inter partes* review” and have frequently granted motions to stay

⁵ Although the case would continue with respect to RetailMeNot’s asserted patents, a stay of Honey’s patent counterclaim will eliminate the need for expert discovery and a trial on Honey’s sole asserted patent, substantially narrowing the scope of disputed issues to those related to RetailMeNot’s asserted patents and Honey’s accused products.

based on similar timing. *See, e.g., NFC Tech. LLC v. HTC Am., Inc.*, No. 2:13-CV-1058-WCB, 2015 WL 1069111, at *4 (E.D. Tex. Mar. 11, 2015) (“a delay of seven and one-half months from the filing of the complaint is not unreasonable.”); *Ethicon*, 2019 WL 1276029, at *2 (eleven-month delay in filing IPRs not unreasonable); *Bonutti Skeletal Innovations, L.L.C. v. Zimmer Holdings, Inc.*, No. 12-1107-GMS, 2014 WL 1369721, at *3 (D. Del. Apr. 7, 2014) (“IPR petitions were timely filed between eight months to exactly a year after [patentee] served its complaints on the [d]efendants”). Some courts have even granted stays where a party filed an IPR petition almost a year after the Patent Owner filed its infringement claim in district court.⁶

Second, the “timing of [RetailMeNot’s] request” favors a stay due to RetailMeNot’s diligence in pursuing the stay as soon as it became aware of the PTO’s endorsement of RetailMeNot’s invalidity analysis. Parties typically wait until after institution before moving to stay, but RetailMeNot filed the instant motion shortly after learning of the examiner’s final rejection of Honey’s continuation application. The timing of RetailMeNot’s pre-institution request provides a compelling basis for a stay now, before depositions and expert discovery, when cost savings can be maximized.

Third, the “status of the review proceedings” in comparison to the status of this case favors a stay. If the PTAB institutes one or more of RetailMeNot’s petitions in March 2020, a final written decision will issue by March 2021. 37 CFR §§ 42.100(c), 42.200(c). With trial in this case set to begin in October 2020, the PTAB decision could issue during appeals of any jury

⁶ *E.g., British Telecomms.*, 2019 WL 4740156, at *5 (IPR petitions filed “shortly before the [one year] statutory deadline”); *Software Rights Archive, LLC v. Facebook, Inc.*, No. C-12-3970 RMW, 2013 WL 5225522, at *6 (N.D. Cal. Sept. 17, 2013) (“nearly a year to file the IPR petitions” and “three additional months to prepare and file IPR petitions” after service of invalidity contentions); *Evolutionary Intelligence LLC v. Yelp Inc.*, No. C-13-03587 DMR, 2013 WL 6672451, at *9 (N.D. Cal. Dec. 18, 2013) (IPRs filed “one year after [patentee] served the complaint” and five months after service infringement contentions)

verdict if a stay is not granted, thus potentially resulting in duplication of effort and inconsistent outcomes from two different forums. *See, e.g., IOENGINE*, 2019 WL 3943058, at *10 (“[A]llowing the PTO to adjudicate the validity of the claims before it in the IPR proceeding reduces what otherwise could be duplication of effort and possibly inconsistent results between the administrative agency and this Court”); *Delphix Corp. v. Actifio, Inc.*, No. 13-CV-04613-BLF, 2014 WL 6068407, at *2 (N.D. Cal. Nov. 13, 2014) (“[t]here is also little benefit to be gained from having two forums review the validity of the same claims at the same time.”).

And in the event Honey’s patent ultimately survives PTAB review, its counterclaim could be consolidated with the second case, which, if it follows a similar schedule to the first case, would go to trial in the fall of 2021. This would afford the parties ample time after the PTAB’s final written decision to finish fact and expert discovery and file any dispositive motions relating to the ’625 patent.⁷

Fourth, although the “relationship between the parties” may disfavor a stay where the parties are competitors, mere competition is not enough. Even where the parties are competitors, “whether the patentee will be *unduly prejudiced* by a stay in the district court proceedings during the [PTAB] review, like the irreparable harm-type inquiry, focuses on the patentee’s need for an expeditious resolution of its claim.” *VirtualAgility Inc. v. Salesforce.com, Inc.*, 759 F.3d 1307, 1318 (Fed. Cir. 2014) (emphasis in original). The particular concern is whether Honey “would suffer irreparable harm in the form of lost market share and consumer goodwill stemming from the delay in enforcing its patent rights.” *Id.* at 1317 (Fed. Cir. 2014). But neither

⁷ On the other hand, in the unlikely event that institution is denied, there will be only a four-month lull in Honey’s enforcement of its patent infringement claims. *See, e.g., Ex. 2, Arch Chems.*, D.I. 48 (November 5, 2019 order granting stay because “an institution decision is due by February 2020, so if the PTAB denies institution on both petitions the stay will be of short duration.”). There would be minimal disruption of Honey’s counterclaim.

concern applies here, particularly since Honey did not seek expeditious resolution of its counterclaim through preliminary injunction (which turns on the same considerations).

The *Ethicon* court’s analysis of this factor is instructive. See *Ethicon*, 2019 WL 1276029, at *2. In *Ethicon*, the patentee argued that the parties were “direct competitors” and that “extending the time before final judgment would allow [the accused infringer] to take market share from [the patentee] through more sales of its allegedly infringing products.” *Id.* at *2. But the Court found that this did not rise to the level of undue prejudice because, as here, there was no indication that “postponement of trial” would “likely” lead to a “benefit in the marketplace” for the accused infringer, and “any continued [alleged] infringement may be compensated with damages.” *Id.* at *3. Further, the Court observed that the patentee’s “decision not to seek a preliminary injunction... weigh[ed] in favor of [the moving party]” by undermining any assertion by the patent owner that harm would result from delay. *Id.*

Rather than cause irreparable harm, any potential delay that may result from a stay in this case would be compensable, if need be, and does not rise to the level of *undue* prejudice. “A stay will not diminish the monetary damages to which [Honey] will be entitled if it succeeds in its infringement suit—it only delays realization of those damages and delays any potential injunctive remedy.” *VirtualAgility Inc. v. Salesforce.com, Inc.*, 759 F.3d 1307, 1318 (Fed. Cir. 2014) (patentee’s failure to seek a preliminary injunction, although arguably underpinned by “rational reasons,” nonetheless “weigh[ed] against [patentee’s] claims that it will be unduly prejudiced by a stay).

V. CONCLUSION

The PTO examiner’s final rejection of Honey’s continuation patent application based on RetailMeNot’s IPR petition presents this Court with a unique situation that favors an immediate stay of Honey’s patent counterclaim. There is no need to wait for the PTAB to institute while

the parties continue to incur costs associated with the most burdensome stages of the case. Instead, a stay is appropriate now because RetailMeNot's PTAB petitions are well positioned for institution and will significantly reduce costs and simplify the disputed issues for trial.

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

/s/ Jeremy A. Tigan

OF COUNSEL:

Robert A. Appleby
Jeanne M. Heffernan P.C.
Jon R. Carter
KIRKLAND & ELLIS LLP
601 Lexington Avenue
New York, NY 10022-4611
(212) 446-4800

Jack B. Blumenfeld (#1014)
Jeremy A. Tigan (#5239)
1201 North Market Street
P.O. Box 1347
Wilmington, DE 19899
(302) 658-9200
jblumenfeld@mnat.com
jtigan@mnat.com

Attorneys for Plaintiff

November 15, 2019

CERTIFICATE OF SERVICE

I hereby certify that on November 15, 2019, I caused the foregoing to be electronically filed with the Clerk of the Court using CM/ECF, which will send notification of such filing to all registered participants.

I further certify that I caused copies of the foregoing document to be served on November 15, 2019, upon the following in the manner indicated:

Kelly E. Farnan, Esquire
RICHARDS, LAYTON & FINGER, P.A.
One Rodney Square
920 North King Street
Wilmington, DE 19801
Attorneys for Defendant Honey Science Corp.

VIA ELECTRONIC MAIL

Tara D. Elliott, Esquire
LATHAM & WATKINS LLP
555 Eleventh Street, NW, Suite 1000
Washington, DC 20004
Attorneys for Defendant Honey Science Corp.

VIA ELECTRONIC MAIL

Lisa K. Nguyen, Esquire
LATHAM & WATKINS LLP
140 Scott Drive
Menlo Park, CA 94025
Attorneys for Defendant Honey Science Corp.

VIA ELECTRONIC MAIL

Robert Steinberg, Esquire
LATHAM & WATKINS LLP
10250 Constellation Blvd., Suite 1100
Los Angeles, CA 90067
Attorneys for Defendant Honey Science Corp.

VIA ELECTRONIC MAIL

/s/ Jeremy A. Tigan

Jeremy A. Tigan (#5239)