

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. SA CV 24-00415 JVS-JDE Date April 4, 2025

Title Kolon Industries, Inc. v. HS Hyosung Advanced Materials Corp. and HS Hysoung USA, Inc.

Present: The Honorable **James V. Selna, U.S. District Court Judge**

Elsa Vargas

Not Present

Deputy Clerk

Court Reporter

Attorneys Present for Plaintiffs:

Attorneys Present for Defendants:

Not Present

Not Present

Proceedings: [IN CHAMBERS] Order Granting Hyosung Advanced’s Motion to Stay Pending *Inter Partes* Review 143]

On February 28, 2024, Kolon Industries, Inc.’s (“Kolon”) filed this patent infringement action against HS Hyosung Advanced Materials Corp. (“Hyosung Advanced”) and HS Hyosung USA, Inc. (“Hyosung USA”) (together, “Hyosung Defendants”). Complaint, Docket No. 1. Kolon alleges that the Hyosung Defendants infringe at least claim 1 of U.S. Patent No. 9,617,663 (the “’663 Patent”), at least claim 4 of U.S. Patent No. 9,789,731 (the “’731 Patent”), and at least claim 1 of U.S. Patent No. 10,196,765 (the “’765 Patent”). Third Amended Complaint (“TAC”), Docket Nos. 85, 100 (sealed) ¶¶ 133, 154, and 171. The ’663, ’731, and ’765 Patents (together, the “Asserted Patents”) relate to hybrid tire cord (“HTC”) comprised of different yarns having different physical properties. See ’663 Patent, Abstract.

On February 27-28, 2025, Hyosung Advanced filed petitions for *inter partes* review (“IPR”) with the U.S. Patent and Trademark Office (“PTO”) Patent Trial and Appeal Board (“PTAB”) seeking cancellation of claims all asserted claims of the ’731, ’765, and ’663 Patents. Docket Nos. 143-2, 143-2, and 143-2. Hyosung Advanced now moves to stay this action pending resolution of its petitions. “Motion,” Docket No. 143. Hyosung USA filed a non-opposition to the Motion. Docket No. 145. Kolon opposed. “Opp’n,” Docket No. 146. Hyosung Advanced filed a reply. “Reply,” Docket No. 148. The Court finds that oral argument is not necessary and **VACATES** the hearing set for April 7, 2024. See L.R. 7-15. The Court **GRANTS** the Motion for the following reasons.

Kolon Industries, Inc.
Exhibit 2002
HS Hyosung v. Kolon
IPR2025-00662
Ex. 2002-001

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II. LEGAL STANDARD

District courts have broad discretion to stay proceedings in patent actions pending resolution of reexamination or IPR proceedings before the PTO. *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426-27 (Fed. Cir. 1988). This discretion to stay proceedings “is incidental to the power inherent in every court to control the disposition of the cases on its docket with economy of time and effort for itself, for counsel, and for litigants.” *Landis v. N. Am., Co.*, 299 U.S. 248, 254 (1936).

To determine whether a stay pending IPR is appropriate, courts 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) (quoting *Aten Int’l Co., Ltd v. Emine Tech. Co., Ltd.*, No. SACV 09-0843 AG (MLGx), 2010 WL 1462110, at *6 (C.D. Cal. Apr. 12, 2010)). The inquiry, however, is not limited to these factors and “the totality of the circumstances governs.” *Allergan Inc. v. Cayman Chem. Co.*, No. SACV 07-01316 JVS (RNBx), 2009 WL 8591844, at *2 (C.D. Cal. Apr. 9, 2009) (citation omitted).

III. DISCUSSION

A. Stage of the Litigation

Courts favor stays when litigation is in the early stages. *Universal Elecs.*, 943 F. Supp. 2d at 1031 (“There is a liberal policy in favor of granting motions to stay proceedings pending the outcome of re-examination, especially in cases that are still in the initial stages of litigation and where there has been little or no discovery.”) (citing *Aten Int’l Co.*, 2010 WL 1462110, at *6). Considerations relevant to the stage of litigation factor include “whether discovery is complete and whether a trial date has been set.” *Universal Elecs.*, 943 F. Supp. 2d at 1030-31.

This case is in its early stages. First, there has been little discovery here. The parties exchanged some documents but have not taken any depositions. Motion at 11. Fact discovery is not yet complete and is set to close in August of 2025. See Order Amending

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Case Schedule, Docket No. 139.. Second, though the parties exchanged claim terms and proposed constructions, they have not filed any claim construction briefing and the Court has not held a claim construction hearing. See Minutes of Status Conference, Docket No. 144. Third, though the Court set a trial date in February of 2026, this date is nearly a year away. See Scheduling Order, Docket No. 68. These circumstances indicate litigation is at an early stage. PureCircle USA, Inc. v. SweeGen, Inc., No. SACV181679JVSJDEX, 2020 WL 5260492, at *2 (C.D. Cal. Aug. 5, 2020) (finding litigation at an early stage where trial was scheduled for more than nine months away, claim construction hearing had not yet occurred, and discovery was not yet complete).

Kolon argues that a pre-institution stay should be denied so the parties can continue to make progress toward completing fact discovery before the PTAB issues its institution decisions. Opp’n at 9. However, the stage of the litigation is evaluated at the time the motion is filed. See VirtualAgility Inc. v. Salesforce.com, Inc., 758 F.3d 1307, 1317 (Fed. Cir. 2014). At present, a stay is appropriate because “there is more work ahead of the parties and the Court than behind.” Realtime Data LLC v. Teradata Operations, Inc., No. SA CV 16-02743 AG (FFMx), 2017 WL 3453295, at *2 (C.D. Cal. Feb. 27, 2017) (quoting Tierravision, Inc. v. Google, Inc., No. CV 11-02170 DMS (BGS), 2012 WL 559993, at *2 (S.D. Cal. Feb. 21, 2012)).

Kolon also argues that the Court and parties’ work on the three motions to dismiss in this case disfavor a stay. See Opp’n at 13. Despite this investment, more work lies ahead, including fact and expert discovery and the Markman process. See Realtime Data, 2017 WL 343295, at *2.

Accordingly, the stage of litigation factor favors a stay.

B. Simplification of the Issues

Next, the Court considers “whether a stay will simplify the issues in question and the trial of the case.” Aten, 2010 WL 1462110, at *6 (quoting Telemac Corp. v. Teledigital, Inc., 450 F. Supp. 2d 1107, 1111 (N.D. Cal. 2006)). Because the PTAB is still deciding whether to institute Kolon’s petitions, simplification of the issues is speculative. See Purecircle USA, Inc., v. SweeGen, Inc., SACV 18-1679 JVS (JDEx), 2019 WL 3220021,

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at *2 (C.D. Cal. June 3, 2019). “However, courts in this District have adopted the majority position that even if IPR has not yet been instituted, the simplification factor may still weigh in favor of a stay.” Id. at *3; accord Doc. Sec. Sys., Inc. v. Seoul Semiconductor Co., SACV 17-00981 JVS (JCGx), 2018 WL 10670109, at *4 (C.D. Cal. Mar. 26, 2018); but see JBF Interlude 2009 Ltd. v. Quibi Holdings LLC, No. 2:20-CV-02250-CAS (SKx), 2020 WL 6203555, at *7 (C.D. Cal. Oct. 19, 2020) (citing Polaris Innovations, 2016 WL 7496740, at *2). Also, “the risk of delay attending an unnecessary stay is minimal relative to the risk of unnecessary expenditure of resources should the stay be denied and an IPR subsequently commence.” Wonderland Nurserygoods Co. v. Baby Trend, Inc., No. EDCV 14-01153-VAP (SPx), 2015 WL 1809309, at *3 (C.D. Cal. Apr. 20, 2015).

Here, a stay will conserve party and Court resources if the PTAB institutes review and cancels any asserted claim. Simplification is particularly likely because the petitions challenge all asserted claims. Polaris PowerLED Techs., LLC v. LG Elecs., Inc., No. SACV2000125JVSDFMX, 2020 WL 6064964, at *3 (C.D. Cal. Aug. 26, 2020). Even if the PTAB institutes review but does not cancel some asserted claims, Hyosung Advanced cannot reargue invalidity on any grounds it raised or reasonably should have raised before the PTAB. 35 U.S.C. § 315(e)(2). Thus, Kolon’s arguments concerning the prior art references are not persuasive. See Opp’n at 11. The Court would only need to consider the references if the PTAB does not institute review.

Simplification is also possible even if the PTAB does not cancel any asserted claims. Realtime Data, 2017 WL 3453295, at *2 (finding that a stay provides “a richer prosecution history upon which to base necessary claim construction determinations”); Core Optical Techs., LLC v. Fujitsu Network Commc’ns, Inc., No. SACV1600437AGJPRX, 2016 WL 7507760, at *2 (C.D. Cal. Sept. 12, 2016) (“Even if no patent claim is eliminated, the intrinsic record developed during the IPR may inform on issues like claim construction.”) These simplification may be beneficial even though the parties raise indefiniteness issues, which the PTAB will not address. Moreover, the preclusive effects which would flow from a denial could also result in simplification. 35 U.S.C.A. § 315(e).

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Finally, if the PTAB does not institute review, delay due to an unnecessary stay will be minimal. Purecircle USA, 2019 WL 3220021, at *2 (quoting Game & Tech. Co. v. Riot Games, Inc., No. CV 16-06486-BRO (Skx), 2016 WL 9114147, at *3 (C.D. Cal. Nov. 4, 2016)). Therefore, the simplification factor likely favors a stay.

Kolon argues that simplification is unlikely because the petitions lack merit. Opp'n at 12. The Court declines to consider the merits of the petitions. Sleep No. Corp. v. Sizewise Rentals, LLC, No. EDCV1800356ABSPX, 2019 WL 1091335, at *3 (C.D. Cal. Feb. 12, 2019). Here, either the PTAB will not institute review and the stay will be minimal or the PTAB will institute review and will evaluate the petitions on the merits. Id. The Court need not and should not evaluate the petitions on the merits at this stage.

On balance, the simplification factor favors a stay.

C. Undue Prejudice

Finally, the court considers “whether a stay would unduly prejudice or present a clear tactical disadvantage to the non-moving party.” Universal Elecs., 943 F. Supp. 2d at 1031 (citations omitted). Four sub-factors guide the prejudice analysis: “(1) the timing of the petition for review; (2) the timing of the request for the stay; (3) the status of the review proceedings; and (4) the relationship of the parties.” Telesign Corp., 2016 WL 6821111, at *4 (quoting E. Digital Corp. v. Dropcam, Inc., No. 14-cv-04922-JST, 2016 WL 658033, at *4 (N.D. Cal. Feb. 18, 2016)).

The timing factors slightly disfavor a stay. Generally, “courts expect accused infringers to evaluate whether to file, and then to file, IPR petitions as soon as possible after learning that a patent may be asserted against them.” Jiaxing Super Lighting Elec. Appliance Co. v. MaxLite, Inc., No. CV194047PSGMAAX, 2020 WL 5079051, at *4 (C.D. Cal. June 17, 2020). Here, Hyosung Advanced did not seek review until close to the end of the statutory period. See Motion at 7. “[T]his fact, on its own, [is not] sufficient to change the ultimate conclusion on this factor or the overall analysis.” Nichia Corp. v. Vizio, Inc., No. SACV1800362AGKESX, 2018 WL 2448098, at *3 (C.D. Cal. May 21, 2018). Still, a “request for [review] made well after the onset of litigation followed by a subsequent request

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to stay may lead to an inference that the moving party is seeking an inappropriate tactical advantage.” *CAO Lighting, Inc. v. Feit Elec. Co., Inc.*, No. CV 20-04926-AB (PJW), 2022 WL 18142504, at *3 (C.D. Cal. Dec. 5, 2022) (citations omitted). Because Kolon’s petitions were timely, the Court does not heavily consider this factor.

The status of the review proceedings does not, alone, pose undue prejudice. Here, final disposition may take a considerable period of time. However, “[p]rotracted delay is always a risk inherent in granting a stay . . . [and the] general prejudice of having to wait for resolution is not a persuasive reason to deny the motion for stay.” *Wonderland Nurserygoods Co.*, 2015 WL 1809309, at *4 (quoting *Sorensen ex rel. Sorensen Research and Development Trust v. Black & Decker Corp.*, No. 06-cv-1572-BTM, 2007 WL 2696590, at *4 (S.D. Cal. Sept. 10, 2007)).

Finally, the relationship of the parties is an important factor that slightly disfavors a stay here. Kolon and Hyosung Advanced are direct competitors. See Motion at 8. Courts are often reluctant to stay proceedings when the parties are direct competitors. See, e.g., Kirsch Rsch. & Dev., LLC v. Epilay, Inc., No. 220CV03773RGKJPR, 2021 WL 4732578, at *3 (C.D. Cal. May 7, 2021) (“When the parties are business competitors, however, and the plaintiff may lose customers if the case does not proceed, this may result in prejudice.”) (citations omitted); see also TPK Touch Sols., Inc v. Wintek Electro-Optics Corp., No. 13-CV-02218-JST, 2013 WL 6021324, at *6 (N.D. Cal. Nov. 13, 2013). In some instances, however, courts have declined to find prejudice even where the parties are direct competitors. See Sonics, Inc. v. Arteris, Inc., No. C 11–05311 SBA, 2013 WL 503091, at *4 (N.D. Cal. Feb. 8, 2013) (holding that there was no undue prejudice from continued potentially infringing sales during the stay period because the patentee’s “legal and equitable remedies will be available when the stay is lifted.”)

Additionally, though the parties are direct competitors, Kolon has not moved for an injunction. UPL NA, Inc. v. Tide Int’l (USA), Inc., No. CV 19-1201-RSWL-KSX, 2021 WL 663128, at *4 (C.D. Cal. Feb. 19, 2021) (“Plaintiff’s failure to seek a preliminary injunction belies its claims of undue prejudice in the marketplace.”) (citing VirtualAgility Inc. v. Salesforce.com, Inc. 759 F.3d 1307, 1319 (Fed. Cir. 2014)). Still, some courts do not find a lack of injunction indicative of a lack of prejudice. Hologram USA, Inc v. Vntana, 3D, LLC, No. CV1409489BROAGR, 2015 WL 12791513, at *3 (C.D. Cal. Dec. 7, 2015) (“But

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the fact that Plaintiffs did not seek a preliminary injunction does not mean that they would not suffer prejudicial harm from their competitor's market activity during a lengthy delay in the case.”)

On balance, the undue prejudice factor disfavors a stay.

* * *

For the foregoing reasons, the totality of the circumstances favors a stay here.

IV. CONCLUSION

The Court **GRANTS** Hysung Advanced’s motion and **STAYS** this case. The parties shall file a Joint Status Report within ten days of the PTAB’s institution decisions for all petitions. If the PTAB institutes review, the parties shall file a second Joint Status Report within ten days of the PTAB’s final written decisions in all proceedings.

IT IS SO ORDERED.