

**UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA**

C.R. LAURENCE CO., INC., a  
California corporation,

Plaintiff,

v.

FRAMELESS HARDWARE  
COMPANY LLC, a Delaware  
limited liability company;  
CHRISTOPHER HANSTAD, an  
individual;  
BARRY SUTHERLAND, an  
individual;  
GLASSWERKS LA, INC., a California  
corporation; and  
RANDY STEINBERG, an individual,

Defendants.

Case No. 2:21-cv-01334-JWH-RAO

**ORDER GRANTING  
DEFENDANTS' MOTION TO  
STAY PENDING COMPLETION  
OF USPTO *INTER PARTES*  
REVIEW PROCEEDINGS AND  
DENYING DEFENDANTS'  
MOTION TO SEVER NON-  
PATENT-RELATED CLAIMS [ECF  
No. 102]**

REVELYST v. BRAINGUARD  
IPR2025-01032  
REVELYST 1053

1 Before the Court is the motion of Defendant Frameless Hardware  
 2 Company LLC (“FHC”) to sever and stay patent-related claims and  
 3 counterclaims pending completion of U.S. Patent and Trademark Office  
 4 (“PTO”) *Inter Partes* Review (“IPR”) proceedings involving U.S. Patent  
 5 No. 9,074,413 (the “’413 Patent”).<sup>1</sup> The Court finds this matter appropriate for  
 6 resolution without a hearing. *See* Fed. R. Civ. P. 78; L.R. 7-15. After  
 7 considering the papers filed in support and in opposition,<sup>2</sup> the Court orders that  
 8 the Motion to stay is **GRANTED** and that the Motion to sever is **DENIED**, as  
 9 set forth herein.

## 10 I. BACKGROUND

### 11 A. Procedural History

12 Plaintiff C.R. Laurence Co., Inc. (“CRL”) commenced this action in  
 13 February 2021. Six months later, the Court granted CRL’s motion for a  
 14 preliminary injunction.<sup>3</sup> In March 2022, CRL filed its operative Third  
 15 Amended Complaint. FHC filed its first motion to stay in January 2022, which  
 16 this Court denied in February 2022.<sup>4</sup> FHC submitted the instant Motion to stay  
 17 and sever in July 2022,<sup>5</sup> and it is fully briefed.

21 \_\_\_\_\_  
 22 <sup>1</sup> Defs.’ Mot. to Stay and Sever (the “Motion”) [ECF No. 102].

23 <sup>2</sup> The Court considered the documents of record in this action, including  
 24 the following: (1) Third Am. Compl. (the “Amended Complaint”) [ECF  
 25 No. 85]; (2) Order Regarding Def. Mot. to Dismiss and Mot. to Stay (the “Stay  
 26 Denial Order”) [ECF No. 83]; (3) the Motion (including its attachments);  
 (4) Pl.’s Opp’n to Mot. to Stay and Sever (the “Opposition”) (including its  
 attachments) [ECF No. 105]; (5) Defs.’ Reply in Supp. of the Mot. to Stay and  
 Sever (the “Reply”) [ECF No. 106]; and (6) Pl.’s Sur-Reply in Opp’n to Mot.  
 to Stay and Sever [ECF No. 111].

27 <sup>3</sup> *See* Order Granting Pl.’s Mot. for Prelim. Inj. [ECF No. 46].

28 <sup>4</sup> *See* Stay Denial Order.

<sup>5</sup> *See* Motion.

1 **B. Factual Allegations**

2 CRL provides the architectural glass industry with supplies and  
3 equipment.<sup>6</sup> In 2019, high-ranking former CRL employees, including Defendant  
4 Christopher Hanstad, formed Defendant FHC to compete with CRL.<sup>7</sup> CRL  
5 alleges that FHC’s entry into the market was based upon products and services  
6 that FHC developed through its theft of CRL’s property.<sup>8</sup> Specifically, CRL  
7 alleges that FHC illegally accessed CRL’s “computer systems to use proprietary  
8 software programs to design and sell products to compete directly with CRL.”<sup>9</sup>  
9 CRL further contends that FHC infringed one of CRL’s patents,  
10 misappropriated other trade secrets and intellectual property, and engaged in  
11 unfair competition.<sup>10</sup>

12 CRL asserts the following 12 claims for relief:

- 13 • violation of the Computer Fraud & Abuse Act, 18 U.S.C. §§ 1030, *et seq.*;
- 14 • violation of Cal. Penal Code § 502;
- 15 • patent infringement under 35 U.S.C. §§ 101, *et seq.*;
- 16 • violation of the Defend Trade Secrets Act, 18 U.S.C. §§ 1832, *et seq.*;
- 17 • violation of the California Uniform Trade Secret Act, Cal. Civ. Code  
18 §§ 3426, *et seq.*;
- 19 • violation of the Lanham Act § 43(a), 15 U.S.C. § 1125(a);
- 20 • common law unfair competition;
- 21 • fraud;
- 22 • breach of contract;
- 23 • intentional interference with contract;

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25 <sup>6</sup> Amended Complaint ¶ 2.

26 <sup>7</sup> *Id.* at ¶ 3.

27 <sup>8</sup> *Id.*

28 <sup>9</sup> *Id.*

<sup>10</sup> *Id.*

- 1 • unjust enrichment and restitution; and
- 2 • violation of California’s Unfair Competition Law (the “UCL”),
- 3 Cal. Bus. & Prof. Code § 17200.<sup>11</sup>

## 4 II. LEGAL STANDARD

### 5 A. Motion to Stay

6 Courts have broad discretion to stay cases, including staying discovery  
7 therein, in the interests of judicial economy and to ensure the orderly and  
8 efficient management of litigation. *See Landis v. North American Co.*, 299 U.S.  
9 248, 254 (1936) (“The power to stay proceedings is incidental to the power  
10 inherent in every court to control the disposition of the causes on its docket with  
11 economy of time and effort for itself, for counsel, and for litigants.”); *Chambers*  
12 *v. NASCO, Inc.*, 501 U.S. 32, 45-46 (1991) (noting court’s broad inherent  
13 authority to address discovery issues); *see also* Fed. R. Civ. P. 26(b)(2)(C)(iii)  
14 (“On motion or on its own, the court must limit the frequency or extent of  
15 discovery otherwise allowed . . . if it determines that the burden or expense of  
16 the proposed discovery outweighs its likely benefit, considering the needs of the  
17 case, the amount in controversy . . .”).

18 Specifically, a “trial court may, with propriety, find it is efficient for its  
19 own docket and the fairest course for the parties to enter a stay of an action  
20 before it, pending resolution of independent proceedings which bear upon the  
21 case.” *Leyva v. Certified Grocers of California, Ltd.*, 593 F.2d 857, 863 (9th Cir.  
22 1979) (citing multiple cases). Courts may grant a stay to promote “the orderly  
23 course of justice[.]” *CMAX, Inc. v. Hall*, 300 F.2d 265, 268 (9th Cir. 1962)  
24 (citing *Landis*, 299 U.S. at 254-55).

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28 <sup>11</sup> *See generally id.*

1 **B. Motion to Sever**

2 The Federal Rules of Civil Procedure allow a court to “sever any claim  
3 against a party,” pursuant to a district court’s broad discretion.  
4 Fed. R. Civ. P. 21; *see Coleman v. Quaker Oats Co.*, 232 F.3d 1271, 1297 (9th Cir.  
5 2000). Courts consider the following factors when determining whether to  
6 grant a severance: “whether (1) the claims arise out of the same transaction or  
7 occurrence; (2) the claims present some common questions of law or fact;  
8 (3) settlement of the claims or judicial economy would be facilitated;  
9 (4) prejudice would be avoided if severance were granted; and (5) different  
10 witnesses and documentary proof are required for the separate claims.”  
11 *Broadcom Corp. v. Sony Corp.*, 2016 WL 9108039, at \*2 (C.D. Cal. Dec. 20, 2016)  
12 (citations omitted).

13 **III. DISCUSSION**

14 **A. Motion to Stay**

15 Although this Court denied FHC’s first motion to stay,<sup>12</sup> factual  
16 circumstances have changed that warrant a reconsideration of whether a stay is  
17 appropriate. On July 8, 2022, the PTO granted FHC’s first IPR petition and  
18 instituted an IPR of Claims 1, 4, 5, 7, and 8 of the ’413 Patent, which CRL  
19 owns.<sup>13</sup> The PTO concluded that FHC “has provided sufficient argument and  
20 evidence in relation to challenging” those Claims “to demonstrate a reasonable  
21 likelihood that [FHC] would prevail with respect to this challenge at trial.”<sup>14</sup>  
22 Additionally, on September 13, 2022, the PTO granted FHC’s second IPR  
23 petition and instituted a second IPR concerning Claim 8 of the ’413 Patent. The  
24 PTO concluded that FHC “has demonstrated a reasonable likelihood of success  
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26 <sup>12</sup> See Stay Denial Order.

27 <sup>13</sup> Motion 17:17-19.

28 <sup>14</sup> *Id.* at 18:12-21.

1 in proving that at least one claim of the '413 patent is unpatentable.”<sup>15</sup> With a  
2 likelihood that FHC will prevail before the PTO on multiple Claims, the Court  
3 elects to revisit its previous Order.

4 “Courts consider three factors when determining whether to grant a stay  
5 pending IPR: ‘(1) whether discovery is complete and whether a trial date has  
6 been set; (2) whether a stay will simplify the issues in question and trial of the  
7 case; and (3) whether a stay would unduly prejudice or present a clear tactical  
8 disadvantage to the non-moving party.’” *Finjan, Inc. v. Symantec Corp.*, 139  
9 F. Supp. 3d 1032, 1035 (N.D. Cal. 2015) (quoting *Evolutionary Intelligence, LLC*  
10 *v. Facebook, Inc.*, 2014 WL 261837, at \*1 (N.D. Cal. Jan. 23, 2014)). The inquiry  
11 is not limited, however, to those three factors. *See Universal Elecs., Inc. v.*  
12 *Universal Remote Control, Inc.*, 943 F. Supp. 2d 1028, 1031 (C.D. Cal. 2013).  
13 “Rather, ‘the totality of the circumstances governs.’” *Id.* (quoting *Allergan Inc.*  
14 *v. Cayman Chem. Co.*, 2009 WL 8591844, at \*2 (C.D. Cal. Apr. 9, 2009)). “The  
15 moving party bears the burden of demonstrating that a stay is appropriate.”  
16 *Finjan*, 139 F. Supp. 3d at 1035 (citing *Netlist, Inc. v. Smart Storage Sys., Inc.*,  
17 2014 WL 4145412, at \*1 (N.D. Cal. Aug. 21, 2014)).

18 In light of the PTO’s decisions granting FHC’s petitions and instituting  
19 two IPR proceedings concerning the '413 Patent, the decision whether to grant a  
20 stay pivots on the second *Finjan* factor. Granting a stay in this case will simplify  
21 issues relating to the patent infringement claim for relief and will conserve  
22 judicial resources if the Court refrains from conducting a *Markman* hearing or  
23 issuing a claim construction order concerning issues that will be addressed in  
24 connection with the pending IPR proceedings.<sup>16</sup>

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27 <sup>15</sup> See Defendant’s Notice that PTO has Granted Second IPR [ECF  
No. 113].

28 <sup>16</sup> *Id.* at 22:19-23:10.

1           The instituted IPR proceedings could invalidate—and thereby eliminate  
 2 from this case—five claims in the '413 Patent. But even if those patent claims  
 3 survive, the IPR process will assist the Court by providing guidance from the  
 4 PTO and clarifying the scope of the claims.<sup>17</sup> Additionally, the second *Finjan*  
 5 factor weighs against this Court continuing litigation in parallel with the IPRs on  
 6 the relevant claims, because the creation of extrinsic evidence will affect claim  
 7 construction and will complicate issues within the case.<sup>18</sup> Because granting the  
 8 Motion to Stay will allow the PTO IPR to clarify issues in this case, given the  
 9 weight of the second factor, on balance the above factors now favor granting the  
 10 stay.

11       **B. Motion to Sever**

12           Having determined that a stay is appropriate, the Court must now decide  
 13 whether to sever all non-patent claims and allow them to proceed independently.  
 14 Weighing the five *Coleman* factors, the Court denies FHC's Motion to sever.

15           **1. Same Transaction or Occurrence**

16           CRL's patent infringement claim against FHC relates to or supports  
 17 multiple other claims for relief in this case, including CRL's CFAA claim,  
 18 Cal. Penal Code § 502 claim, unjust enrichment claim, and  
 19 Cal. Bus. & Prof. Code § 1700 claim.<sup>19</sup> In short, all of CRL's claims for relief  
 20 arise from the same alleged theft of intellectual property by CRL's former  
 21 employee who then started his own company.

22           FHC argues that CRL's non-patent claims for relief “do not concern  
 23 CRL's patented products and systems” and “[a]t most . . . make passing  
 24 reference to CRL's patent and FHC's [HERC]-Door product.”<sup>20</sup> FHC also

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 26 <sup>17</sup> *Id.* at 23:22-24:11.

27 <sup>18</sup> *Id.* at 24:17-22.

28 <sup>19</sup> Opposition 23:18-22.

<sup>20</sup> Motion 29:14-27.

1 contends that the state-law unjust enrichment claim and UCL claim are  
2 preempted by federal patent law.<sup>21</sup>

3 This Court finds that the non-patent claims for relief still relate to the  
4 same transaction or occurrence, and that finding weighs against granting the  
5 Motion to sever. CRL's non-patent claims are plainly linked to FHC's alleged  
6 misappropriation of protected information and technology, FHC's development  
7 of competing technology, and FHC's sales of HERC-Door technology and  
8 products.

9 FHC's federal patent law preemption arguments fail because, as CRL  
10 notes, the cases that FHC cites address only state-law claims duplicating the  
11 patent claim or remedy.<sup>22</sup> Because CRL is not pursuing a duplicate claim or  
12 remedy, that argument does not support severance.

### 13 2. Common Questions of Law or Fact

14 FHC argues that the patent-related claims and counterclaims do not  
15 present a common question of law or fact because they are unrelated to issues  
16 raised in the non-patent claims such as unauthorized computer access, theft of  
17 supplier information, and breach of license agreements.<sup>23</sup>

18 As detailed in the Court's analysis of the first *Coleman* factor above, the  
19 underlying validity and scope of the '413 Patent will affect the viability of CRL's  
20 non-patent claims, as they all hinge on or closely relate to the alleged misuse or  
21 misappropriation by FHC of CRL's patented HERC-Door product and related  
22 confidential information. The Court concludes that common elements of law  
23 and fact exist between the patent and non-patent claims for relief.

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<sup>21</sup> *Id.* at 30:1-9.

<sup>22</sup> Opposition 23:25-24:6.

<sup>23</sup> Motion 30:20-31:5.

1           **3. Judicial Economy**

2           Both FHC and CRL argue that severing the non-patent claims would  
3 promote judicial economy—FHC contends that severance would allow the  
4 parties and Court to focus on patent and non-patent issues separately,<sup>24</sup> while  
5 CRL argues against staying any portion of the case.<sup>25</sup> This Court disagrees with  
6 both positions because, with patent-related claims stayed, it would not be in the  
7 interest of judicial economy to proceed with the non-patent claims. Allowing  
8 the non-patent claims to proceed to trial would lead to the duplication of  
9 motions by the parties and orders by the Court, along with the potential for two  
10 separate juries and trials on patent and non-patent claims. As a result, *Coleman*  
11 factor three weighs against granting the Motion to sever.

12           The Court also notes that if it severs the case, then it will have to spend  
13 nearly twice the amount of judicial resources to resolve a dispute between the  
14 same parties, who are represented by the same attorneys. “As a general rule,  
15 holding multiple trials when claims could be consolidated in one trial is not  
16 conducive to judicial economy.” *See, e.g., Thomas v. Wilber*, 2015 WL 4615911,  
17 at \*6 (E.D. Cal. July 31, 2015). In addition, by not severing the case, the parties  
18 are more likely to take steps toward resolution. “[L]ogic dictates that holding  
19 two trials, as opposed to one, will inevitably cause delay in resolution of the  
20 parties’ disputes.” *Spectra-Physics Lasers, Inc. v. Uniphase Corp.*, 144 F.R.D. 99,  
21 101 (N.D. Cal. 1992).

22           **4. Prejudice**

23           Neither party directly argues that it would be prejudiced by severing the  
24 non-patent claims. CRL’s opposition incorporates its arguments against the  
25 Motion to stay,<sup>26</sup> whereas FHC argues only that it would be prejudiced if it was

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27 <sup>24</sup> *Id.* at 31:6-16.

28 <sup>25</sup> Opposition 24:27-25:7.

<sup>26</sup> *Id.* at 25:8-12.

1 required to litigate the patent-related claims while they are undergoing review in  
2 the IPR proceedings.<sup>27</sup> As a result, the fourth *Coleman* factor is neutral.

### 3 5. Witnesses and Documentary Proof

4 FHC argues that there is little or no overlap in witnesses for CRL’s patent  
5 and non-patent-related claims because “[m]ost of the potential witnesses  
6 identified by the parties have nothing to do with CRL’s claims of patent  
7 infringement.”<sup>28</sup> The Court is not convinced.

8 The Court agrees with CRL that the testimony of Gary Sprague, the  
9 named inventor of the ’413 Patent and designer of the accused HERC-Door  
10 product, will be relevant to all of CRL’s claims—both patent and non-patent.<sup>29</sup>  
11 Additional documents and discovery will be required in this case, and patent-  
12 and non-patent-related witnesses may be relevant to both types of claims.  
13 Although FHC argues that the documents relevant to the patent-related claims  
14 and counterclaims are “mostly different” from those relating to the non-patent  
15 claims, that fact is not enough to warrant severance.<sup>30</sup>

16 Weighing the five *Coleman* factors in considering the Motion to sever, the  
17 Court concludes that the Motion should be **DENIED**.

## 18 IV. CONCLUSION

19 For the foregoing reasons, the Court hereby **ORDERS** as follows:

20 1. This action is **STAYED** (including all discovery activities, case  
21 management deadlines, and hearings) until further order of this Court. Any  
22 party may move for relief from stay at any time, for good cause shown.

23 2. The *Markman* Hearing scheduled for December 22, 2022, is  
24 **VACATED**.

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26 <sup>27</sup> Motion 31:17-25.

27 <sup>28</sup> *Id.* at 32:3-4.

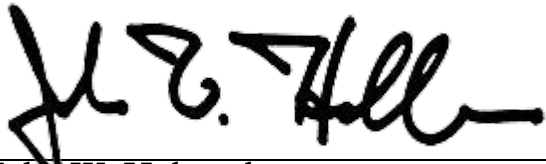
28 <sup>29</sup> Opposition 25:13-15.

<sup>30</sup> Motion 32:10-12.

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- 3. FHC is **DIRECTED** to file a Status Report within 14 days of the resolution of each IPR proceeding currently pending before the PTO.
  - 4. The Motion to Sever is **DENIED without prejudice**.
  - 5. The Clerk is **DIRECTED** to close this case administratively.
- IT IS SO ORDERED.**

Dated: December 9, 2022

  
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John W. Holcomb  
UNITED STATES DISTRICT JUDGE