

United States District Court
Northern District of California

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

UNIVERSITY OF BRITISH COLUMBIA,
Plaintiff,
v.
CAPTION HEALTH, INC., et al.,
Defendants.

Case No. [24-cv-03200-EKL](#)

**ORDER DENYING MOTION TO STAY
AND GRANTING MOTION TO SEAL**

Re: Dkt. Nos. 71, 72

In this patent infringement case, Defendants ask the Court to stay the case in its entirety pending completion of *inter partes* review (“IPR”) proceedings before the Patent Trial and Appeal Board (the “PTAB”). Mot. to Stay, ECF No. 72. Plaintiff opposes the stay. Opp., ECF No. 77. The Court carefully reviewed the parties’ briefs and relevant authority and heard argument on August 6, 2025. For the following reasons, the Court DENIES the motion to stay and GRANTS the unopposed motion to seal portions of the briefing.

I. MOTION TO STAY

A. Legal Standard

“Courts have inherent power to manage their dockets and stay proceedings, including the authority to order a stay pending conclusion of a PTO reexamination.” *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426-27 (Fed. Cir. 1988) (citations omitted). In exercising discretion to stay proceedings pending *inter partes* review, courts consider three primary factors: (1) the stage of the litigation; (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 non-moving party.” *Finjan, Inc. v. Symantec Corp.*, 139 F. Supp. 3d 1025, 1033 (N.D. Cal. 2015) (quoting *Evolutionary Intelligence, LLC v. Facebook, Inc.*, No. 1:13-cv-00001-LJP, 2013 WL 5231233 (N.D. Cal. Sept. 17, 2013)).

CAPTION HEALTH Ex1039
Caption Health, Inc. v.
University of British Columbia
Trial IPR2025-01066

United States District Court
Northern District of California

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

UNIVERSITY OF BRITISH COLUMBIA,
Plaintiff,
v.
CAPTION HEALTH, INC., et al.,
Defendants.

Case No. [24-cv-03200-EKL](#)

**ORDER DENYING MOTION TO STAY
AND GRANTING MOTION TO SEAL**

Re: Dkt. Nos. 71, 72

In this patent infringement case, Defendants ask the Court to stay the case in its entirety pending completion of *inter partes* review (“IPR”) proceedings before the Patent Trial and Appeal Board (the “PTAB”). Mot. to Stay, ECF No. 72. Plaintiff opposes the stay. Opp., ECF No. 77. The Court carefully reviewed the parties’ briefs and relevant authority and heard argument on August 6, 2025. For the following reasons, the Court DENIES the motion to stay and GRANTS the unopposed motion to seal portions of the briefing.

I. MOTION TO STAY

A. Legal Standard

“Courts have inherent power to manage their dockets and stay proceedings, including the authority to order a stay pending conclusion of a PTO reexamination.” *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426-27 (Fed. Cir. 1988) (citations omitted). In exercising discretion to stay proceedings pending *inter partes* review, courts consider three primary factors: (1) the stage of the litigation; (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 non-moving party.” *Finjan, Inc. v. Symantec Corp.*, 139 F. Supp. 3d 1032, 1035 (N.D. Cal. 2015) (quoting *Evolutionary Intelligence, LLC v. Facebook, Inc.*, No. 13-cv-04202-SI, 2014 WL

1 261837, at *1 (N.D. Cal. Jan. 23, 2014)). “No single factor operates as the sole determinant of
2 whether to stay. Rather, the factors should be weighed and balanced to get to the right outcome in
3 each case.” *LELO, Inc. v. Standard Innovation (US) Corp.*, No. 13-cv-01393-JD, 2014 WL
4 2879851, at *2 (N.D. Cal. June 24, 2014). The Court may also “balance considerations beyond
5 those captured by the three-factor stay test. The burden litigation places on the court and the
6 parties when IPR proceedings loom is one such consideration that district courts may rightfully
7 choose to weigh.” *Murata Mach. USA v. Daifuku Co.*, 830 F.3d 1357, 1362 (Fed. Cir. 2016)

8 **B. Discussion**

9 **1. Stage of the Litigation**

10 The first factor, the stage of the litigation, slightly favors a stay. In evaluating this factor,
11 courts often consider “(1) whether parties have engaged in costly expert discovery and dispositive
12 motion practice; (2) whether the court has issued its claim construction order; and (3) whether the
13 court has set a trial date.” *Finjan*, 139 F. Supp. 3d at 1035.

14 Overall, this case is at a relatively early stage. Although fact discovery began one year
15 ago, *see* Opp. at 5, the parties have not engaged in costly expert discovery or dispositive motion
16 practice. The Court has not issued a claim construction order – though the parties are prepared to
17 brief claim construction soon. *See* Joint Status Report, ECF No. 79. Finally, the Court has not set
18 a trial date. *See* Case Mgmt. & Scheduling Order, ECF No. 39. Thus, the case is at a relatively
19 early stage, and “substantial work still remains for this case to be ready for trial.” *Finjan*, 139 F.
20 Supp. 3d at 1035. Accordingly, the first factor slightly favors a stay.

21 **2. Potential for Simplification and Conservation of Resources**

22 The second factor, the potential for simplification, weighs against a stay at this time. A
23 stay is justified where “the outcome of the reexamination would be likely to assist the court in
24 determining patent validity and, if the claims were canceled in the reexamination, would eliminate
25 the need to try the infringement issue.” *Slip Track Sys., Inc. v. Metal Lite, Inc.*, 159 F.3d 1337,
26 1341 (Fed. Cir. 1998). “The standard is simplification of the district court case, not complete
27 elimination of it by the PTAB.” *LELO*, 2014 WL 2879851, at *3.

1 In theory, a stay could simplify the litigation in three ways. But at this stage, these benefits
2 are speculative. First, the PTAB may invalidate some of Plaintiff's patent claims, which would
3 eliminate the need for this Court to resolve infringement of those claims. Second, the IPR
4 proceedings "could clarify the scope and interpretation of the asserted claims." *Anza Tech., Inc. v.*
5 *Toshiba Am. Elec. Components Inc.*, No. 17-cv-07289-LHK, 2018 WL 4859167, at *2 (N.D. Cal.
6 Sept. 28, 2018). Third, the IPR proceedings could constrain the invalidity arguments that
7 Defendants may raise in this case. 35 U.S.C. § 315(e)(2). But the Court cannot assume that any
8 of these benefits will manifest here because the PTAB has not yet instituted IPR on either patent.
9 Indeed, Defendants have only filed an IPR petition as to one of two patents asserted here. With
10 respect to the already-filed IPR petition, the PTAB is not expected to make an institution decision
11 until late December 2025. *See* 35 U.S.C. § 314(b). And because Defendants have not yet filed the
12 second IPR petition, a stay pending the PTAB's institution decisions would not be efficient in this
13 case. Accordingly, this factor weights against a stay.

14 3. Undue Prejudice and Tactical Disadvantage

15 The third factor, the potential for undue prejudice and tactical disadvantage, is neutral.
16 "All told, courts address four considerations when evaluating prejudice: (1) the timing of the IPR
17 petition; (2) the timing of the stay request; (3) the status of review; and (4) the relationship of the
18 parties." *Zomm, LLC v. Apple Inc.*, 391 F. Supp. 3d 946, 957 (N.D. Cal. 2019). "Where parties
19 are direct competitors, the risk of prejudice to the non-moving party is higher than it would be
20 otherwise." *Id.* at 958. "Delay alone, without a specific explanation of why that would cause
21 undue prejudice, is not enough[.]" *LELO*, 2014 WL 2879851, at *4.

22 The first two subfactors are neutral or slightly favor a stay because Defendants did not
23 unduly delay in filing the IPR petitions or in bringing the motion to stay. *See* Opp. at 9. Although
24 Defendants could have acted earlier, they timely filed the first IPR petition within one year after
25 this litigation commenced, and the time for filing the second IPR petition has not yet expired. The
26 third subfactor, the early status of the IPR proceedings, weighs against a stay for the reasons
27 discussed above. The fourth subfactor, the relationship of the parties, does not factor strongly in
28 the Court's analysis. Plaintiff "is a public research university and has not developed a commercial

1 embodiment of the asserted patents,” *id.*, therefore the parties are not direct competitors. *Cf.*
 2 *Cypress Semiconductor Corp. v. GSI Tech., Inc.*, No. 13-cv-02013-JST, 2014 WL 5021100, at *4
 3 (N.D. Cal. Oct. 7, 2014) (holding that this subfactor favored a stay “because the parties compete
 4 directly” in the same market). However, Plaintiff “expends substantial time and resources
 5 licensing its inventions,” and a delay in resolving this litigation may cause Plaintiff some financial
 6 harm. *Opp.* at 9-10. Overall, the third factor is neutral.

7 **4. Balancing the Factors**

8 The Court finds that, on balance, the factors above weigh against a stay. Absent a stay, the
 9 case will soon be ready to proceed with claim construction. Although the likely harm from a stay
 10 is minimal, the potential benefits of a stay – simplifying this case – are speculative at this stage.
 11 The PTAB has not yet decided to review either patent at issue. The first institution decision is not
 12 expected for at least four months, and Defendants have not yet filed an IPR petition as to the other
 13 patent. However, the Court recognizes that this balance may shift if the PTAB decides to proceed
 14 to a trial on one or both of the asserted patents. Accordingly, the motion to stay is DENIED
 15 without prejudice to renewal.

16 **II. MOTION TO SEAL**

17 The Court grants Defendants’ unopposed motion to seal limited portions of its motion to
 18 stay. *See* Mot. to Seal, ECF No. 71. The sealing request is narrowly tailored to prevent disclosure
 19 of “confidential details of licensing agreements, such as precise royalty rates, as well as the
 20 amount of revenue that Defendants have made from sales of accused products.” Butler Decl. ¶ 1,
 21 ECF No. 71-1. Defendants have shown compelling reasons to seal this information because
 22 disclosure “would put Defendants at risk of competitive harm.” *Id.*

23
 24
 25
 26
 27 //

28 //

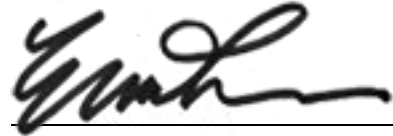
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

III. CONCLUSION

For the foregoing reasons, the motion to stay is DENIED without prejudice to renewal if the PTAB institutes *inter partes* review of at least one of the patents asserted in this case. The motion to seal is GRANTED. The Court will issue a separate order to address the schedule for further proceedings in this case.

IT IS SO ORDERED.

Dated: August 6, 2025



Eumi K. Lee
United States District Judge

United States District Court
Northern District of California