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UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

INTREPID AUTOMATION, INC., a Delaware Corporation;

Plaintiff,

v.

3D SYSTEMS CORPORATION, a Delaware Corporation; and 3D SYSTEMS, INC., a California Corporation,

Defendants.

Case No.: 3:24-cv-02262-AGS-DDL

DEFENDANTS 3D SYSTEMS CORPORATION AND 3D SYSTEMS, INC.'S MOTION TO STAY PROCEEDINGS

Hon. Andrew G. Schopler
Courtroom: 5C
Hearing Date: February 7, 2025
Hearing Time: 10:00 a.m.

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3D SYSTEMS, INC.

TO THE COURT, AND TO PLAINTIFF AND THEIR ATTORNEYS OF RECORD:

PLEASE TAKE NOTICE that on that on February 7, 2025 at 10:00 a.m., or as soon thereafter as this matter may be heard, in this Court, located at 221 West Broadway, Courtroom 5C, San Diego, California 92101, Defendants 3D Systems Corporation and 3D Systems, Inc. (collectively, "3DS" or "Defendants") will, and hereby do, move the Court for an order staying proceedings in this action pursuant to its inherent power to stay proceedings and pursuant to the first-to-file doctrine. The Court should, under its inherent discretionary authority, should stay this action in its entirety pending resolution of the Trade Secrets Action.

As further argued below, the relevant factors courts consider when determining whether to grant a stay strongly weigh in favor of a stay. This is particularly the case given the substantial overlap between the two cases. Specifically, whether IA's patent filings incorporate 3DS's trade secrets is directly at issue in the Trade Secrets case, which, in turn, will bear on issues raised by IA's Patent Infringement Case, including whether IA owns the Asserted Patents, whether the Asserted Patents are valid, and whether the Asserted Patents are enforceable against 3DS (or anyone else). Accordingly, regardless of which party prevails in the Trade Secrets Case, both parties and the Court would benefit from the simplification of issues, proof, and questions of law that would necessarily result from resolution of the Trade Secrets Case. Moreover, because the two actions necessarily involve the same parties, technologies, and some of the same discovery and witnesses, the resolution of the Trade Secrets Case will streamline the issues in this action, further the orderly course of justice, and allow the parties to avoid potentially needless and expensive discovery and motion practice. Last, the duration of the stay is not indefinite but limited to the resolution of the Trade Secrets Case, mitigating any damage IA may suffer (if at all).

This Motion is based on this Notice of Motion and Motion to Stay Proceedings, Defendants' Memorandum of Points and Authorities in Support, the Declaration of Ozzie A.

Farres, as well as any further materials, evidence or arguments to be presented either at or before the hearing on this Motion, and any other materials or evidence the Court deems proper. As moving party, Defendants request oral argument.

DATED: January 10, 2025

HUNTON ANDREWS KURTH LLP

By: */s/ Emily Burkhardt Vicente*
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D. Andrew Quigley
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3D CORPORATION and 3D SYSTEMS, INC.

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I. INTRODUCTION

Defendants 3D Systems Corporation and 3D Systems, Inc. (collectively, "3DS" or "Defendants") respectfully move this Court to stay the instant patent infringement case (the "Patent Infringement Case") brought against 3DS by Intrepid Automation, Inc. ("IA") pending a resolution of the trade secrets case between the parties in *3D Systems, Inc. v. Intrepid Automation et al.*, No. 3:21-cv-01141, which is currently before this Court and awaiting rulings on potentially dispositive motions (the "Trade Secrets Case").

As this Court is well aware, the Trade Secrets Case involves five former 3DS employees, Ben Wynne, Chris Tanner, Jamie Etcheson, Robert Mueller and Ivan Chousal, (collectively, "Wynne *et al.*"). *See* Trade Secrets Case, ECF No. 6, ¶20. Although the Architects had little to no meaningful 3D printing experience prior to 3DS, within only a few months of starting their employment at 3DS, the Architects began plans to depart from 3DS to start a competing 3D printing venture, Intrepid Automation, Inc. *Id.* at ¶¶28-45. In an effort to facilitate IA's founding, the Architects stole the confidential and trade secret information they were exposed to at 3DS, used the information to design similar products for IA, and even went as far as seeking funding/investors for IA—*all while employed by 3DS*. *Id.* In August 2017, after roughly a year of employment, the Architects collectively resigned from 3DS, attempted to forensically wipe their company hard drives to avoid detection of any wrongdoing, and within just days of their resignation, formally founded IA. *Id.* at ¶¶42-45.

The following year, in the summer of 2018, IA began to file various patent applications related to 3D printing, including a patent application (Serial No. 16/370,337) which eventually matured into USPN 10,780,640 ("the '640 Patent") and is the parent patent of the Asserted Patents at issue in the Patent Infringement Case. The '640 Patent issued on September 22, 2020 and contains references to 3DS's trade secrets, including certain aspects of 3DS's edge blending and calibration trade secret that includes the use of specific filters, namely edge-blending bars, warp correction, irradiance and gamma adjustment, among others, which are critical elements of the Asserted Patents. Upon

discovering IA's use of 3DS's trade secrets in IA's patents, including the'640 Patent, and after additional due diligence, 3DS filed the 3DS Trade Secrets Case in May 2021, accusing IA and Wynne *et al*. of misappropriating 3DS's trade secrets—both by incorporating 3DS's trade secrets into IA's patent filings and by developing printers that, unsurprisingly, are nearly identical to the 3DS proprietary printers and systems the Architects were exposed to while working at 3DS.

After years of contentious litigation in the Trade Secrets Case, IA now brings this Patent Infringement Case against 3DS. It is nothing more than a desperate and last-ditch attempt by IA to escape liability for its own misappropriation by remarkably claiming ownership of the trade secrets *it stole from 3DS and incorporated into its patent filings*. The Court should not reward IA's thinly veiled gamesmanship and instead should exercise its inherent discretionary authority to stay this action in its entirety pending resolution of the Trade Secrets Action.

Indeed, as further explained below, the relevant factors strongly weigh in favor of a stay, particularly given the substantial overlap between the two cases. Specifically, whether IA's patent filings incorporate 3DS's trade secrets is directly at issue in the Trade Secrets case, which, in turn, will bear on issues raised by IA's Patent Infringement Case, including whether IA owns the Asserted Patents, whether the Asserted Patents are valid, and whether the Asserted Patents are enforceable against 3DS (or anyone else). Accordingly, regardless of which party prevails in the Trade Secrets Case, both parties and the Court would benefit from the simplification of issues, proof, and questions of law that would necessarily result from resolution of the Trade Secrets Case. Moreover, because the two actions necessarily involve the same parties, technologies, and some of the same discovery and witnesses, the resolution of the Trade Secrets Case will streamline the issues in this action, further the orderly course of justice, and allow the parties to avoid potentially needless and expensive discovery and motion practice. Last, the duration of the stay is not indefinite but limited to the resolution of the Trade Secrets Case, mitigating any damage IA may suffer (if at all).

For all of these reasons, 3DS respectfully asks the Court to stay this case pending resolution of the Trade Secrets Case.

II. FACTUAL BACKGROUND

A. The Trade Secrets Case

Defendant 3DS is a pioneer in 3D printing solutions. In June and August 2016, 3DS hired Wynne *et al.*—each of whom is listed as a co-inventor on the Asserted Patents—to work with specific DLP multi-projection systems. Through training and opportunities provided by 3DS, Wynne *et al.* were exposed to 3DS's multi-projector printer project with edge blending and calibration technology, all of which 3DS maintains as trade secrets. 3DS's internal documents and confidential source code establish 3DS's work on a multi-projector printer with edge blending and calibration technology during at least the 2016-2017 time frame. Declaration of Ozzie A. Farres ("Farres Decl."), ¶3, Ex. 1.

Wynne *et al.* worked for 3DS for 14 months and then coordinated their departures to start IA using 3DS's trade secrets and confidential information in August 2017. In July 2018, IA filed a patent application (Serial No. 16/370,337) that eventually matured into USPN 10,780,640 ("the '640 Patent") which is the parent patent of the Asserted Patents. *See* Request for Judicial Notice ("RJN"), Ex. A (Patent No. US 10,780,640). The '640 Patent issued on September 22, 2020 and contains references to 3DS's trade secrets, including certain aspects of 3DS's edge blending and calibration trade secret that includes the use of specific filters, namely edge-blending bars, warp correction, irradiance and gamma adjustment, among others. Farres Decl., ¶¶4-5, Exs. 2 (Response #3) -3 (Response #12).

Upon discovering IA's use of 3DS's trade secrets in IA's '640 Patent and further due diligence, 3DS filed the 3DS Trade Secrets Case, accusing IA and Wynne *et al.* of misappropriating 3DS's trade secrets—both by incorporating 3DS's trade secrets into IA's patent filings and by developing printers that are virtually identical to 3DS's proprietary printers and systems, to which they were exposed while working at 3DS. *See* Trade Secrets Case, ECF No. 6.

In its defense of the Trade Secrets Case, IA has argued that the edge blending and calibration aspects of 3DS's DLP multi-projector trade secret—including each of the filters described in the '640 Patent, as well as the Asserted Patents—fail to qualify as trade secrets because they are all well-known and conventional technology. *See, e.g.*, Rebuttal Export Report of Will Allen, pp. 11-15 ("***Edge blending*** has been well-known in multi-projector systems for decades."); pp. 16-22 ("[T]he use of ***blending bars*** was known long before the individual Defendants worked at 3DS."); pp. 26-29 ("***Warp correction*** has been well-known in multi-projector systems for many years."); pp. 29-32 ("Extensive ***irradiance control*** methods for multi-projector visual imaging systems have been developed and employed for years [cites several references]."); pp. 32-41 ("***Gamma characterization and adjustment***, or compensation, for multi-projector imaging systems, has been well known for decades.") (emphasis added in all).

After extensive discovery and motion practice over the course of more than three years in the Trade Secrets Case, the parties are currently awaiting rulings on summary judgment and Daubert motions with trial to follow thereafter, if necessary.

B. The Patent Infringement Case

On December 4, 2024, IA filed a Complaint against 3DS alleging patent infringement of U.S. Patent Nos. 11,014,301 ("the '301 Patent") and 11,338,511 ("the '511 Patent"), both of which disclose and claim a multi-projector printer with edge blending and calibrations that is essentially identical to the multi-projector system and project that Wynne *et al*. were introduced to during their time at 3DS.[1] *See* ECF No. 1. The products accused of infringing the Asserted Patents include 3DS's PSLA 270 printer (*see id.* at

[1] During their time at 3DS, Wynne and Mueller filed a patent application (Serial No. 15/425.289) for 3DS covering multi-projector printer concepts, which eventually issued as U.S. Patent No. 10,773,510. Despite an obligation to disclose to the Patent Office any information that is material to the patentability of a pending application, neither Wynne, Mueller nor anyone else from IA disclosed the existence of this application to the U.S. Patent Office in connection with IA's patent filings. *See, e.g.*, "References Cited" Section of the Asserted Patents.

¶¶48-67), a multi-projector printer that IA has known about since no later than November 2023 when Tanner saw a model of the PSLA 270 at a FormNext, stating "it was a vat-based DLP multi-projection 3D printer." *See* Trade Secrets Case, ECF No. 542-35, ¶12.

C. The Asserted Patents

The '301 Patent is entitled "Multiple Image Projection System for Additive Manufacturing" and describes an image projection system comprising a plurality of image projectors that project a composite image onto a build area within a resin pool where the composite image comprises a plurality of sub-images. *See* ECF No. 1-1 ('301 Patent), Abstract. The properties of each sub-image and the alignment of the position of each sub image within the composite image can be adjusted using a stack of four filters. *Id*.

Claim 1 of the '301 Patent recites an additive manufacturing system that comprises: ***a stack of filters*** configured to adjust the properties of each sub-image in the array, the stack of filters comprising: (1) ***an irradiance mask*** configured to normalize irradiance; (2) ***a gamma adjustment mask*** configured to adjust sub-image energy by mapping a plurality of pixel intensity levels to an addressable range of reactivity for curing resin of the resin pool, thereby reducing aliasing artifacts of curved or smooth surfaces; (3) ***a warp correction filter*** configured to provide geometric correction; and (4) ***an edge blending bar*** at one or more sub-image edges. *Id.*, claim 1. The '301 Patent has 20 claims, two of which are independent. *Id.*, claims. Independent claim 1 is a system claim and independent claim 11 recites a method. *Id.*

Claim 1 of the '511 Patent recites a method comprising the step of: "adjusting properties and aligning a position of each sub-image in the array using ***a set of filters*** comprising: (1) ***an irradiance mask*** that normalizes irradiance; (2) ***a gamma adjustment mask*** that adjusts sub-image energy based on a reactivity of resin in the resin pool; (3) ***a warp correction filter*** that provides geometric correction; and (4) ***an edge blending bar*** at one or more sub-image edges. *See* ECF No. 1-2, ('511 Patent), claim 1. The '511 Patent has 15 claims; only claim 1 is independent, and it is a method claim. *Id.*, claims.

Both the '301 Patent and the '511 Patent are continuation applications of the '640

Patent, and as such incorporate all of the disclosures and subject matter contained in the '640 Patent (which is also identified by its application number, Serial No. 16/370,337). Complaint, Ex. 1, '301 Patent, Page 31, Col. 1, lines 6-14 ("This application is a continuation of U.S. patent application Ser. No. 16/370,337, filed Mar. 29, 2019, which claims priority to U.S. Provisional Patent Application No. 62/711,719, filed on Jul. 30, 2018, and entitled "Multiple Image Projection System for Additive Manufacturing"; and U.S. Provisional Patent Application No. 62/734,003, filed on Sep. 20, 2018, and entitled "Multiple Image Projection System for Additive Manufacturing"; which are hereby incorporated by reference for all purposes.").

The stack or set of four filters are critical claim elements of the Asserted Patents. The '301 Patent explains that the stack or set of four filters is important to adjust the properties and alignment of each sub image within a composite image. Complaint, Ex. 1, '301 Patent, Abstract. Figure 2A, reproduced below, illustrates the stack of filters containing a warp correction filter 210, a resin reactivity "gamma" adjustment mask filter 220, a filter with edge blending bars 230 and an irradiance mask filter 240.[2]

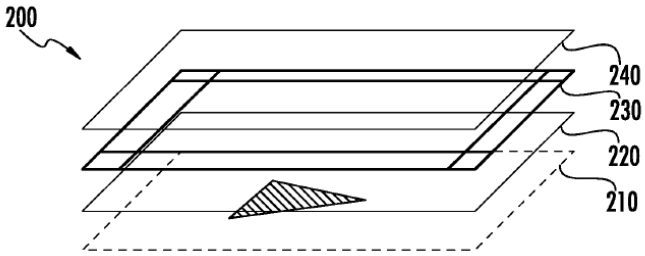

FIG. 2A

During prosecution of the '301 Patent, IA argued that the stack of filters comprising the irradiance mask, the gamma adjustment mask, the warp correction filter, and the edge blending bar is "not described by, or obvious from, the cited prior art." '301 Patent

[2] In the Trade Secrets Case, 3DS contends all of Figures 1-15B and related disclosures in the '640 Patent (including the stack of filters shown in Figure 2A), contain 3DS's asserted trade secrets. Farres Decl., ¶5, Ex. 3 (Response #12). The same figures and related disclosures appear in the Asserted Patents.

Prosecution History, Amendment After Non-Final Office Action filed 12/15/2020, at 7. *See* RJN, Ex. B at 7 ('301 Patent Prosecution History, Amendment After Non-Final Office Action filed 12/15/2020). Similarly, with the '511 Patent, IA made arguments during prosecution that distinguished the set of filters from known technology. '511 Patent Prosecution History, Amendment After Non-Final Office Action filed 12/20/2021, at 7. RJN, Ex. C at 7 ('511 Patent Prosecution History, Amendment After Non-Final Office Action filed 12/20/2021). Accordingly, the stack/set of four filters is a critical feature of the Asserted Patents and, based on IA's arguments to the United States Patent and Trademark Office, was necessary to overcome the prior art rejections. *Id*.

All the claims of the Asserted Patents require a stack or set of four filters including: (1) an irradiance mask; (2) a gamma adjustment mask; (3) a warp correction filter; and (4) an edge blending bar. Wynne *et al*. were exposed to these filters while at 3DS and misappropriated them from 3DS. Yet—in direct contradiction to their assertions to the Patent Office—IA contends in the Trade Secrets Case that the filters are well-known and conventional concepts.

D. Infringement Allegations

In its Complaint, IA alleges that the term "trade secret pixel blending" found on 3DS's product website for the PSLA 270 printer refers to one of 3DS's trade secrets at issue in the Trade Secrets Case that includes the four filters. Complaint, ¶60. ("Upon information and belief, the term 'trade secret pixel blending methods' used on the 3DS product website for the PSLA 270 refers to techniques asserted by 3DS in the Trade Secrets Case as its alleged 'edge-blending' trade secret, …"). But, as is being litigated in the Trade Secrets Case, 3DS's edge blending trade secret—including the four filters identified in the Asserted Patents—***predates*** the Asserted Patents.[3] In other words, 3DS developed its edge

[3] 3DS's proprietary edge blending and calibration trade secrets are part of 3DS's DLP multi-projector system trade secret that Defendants were exposed to during their time at 3DS. Details of this trade secret are described in a document that Defendants were given access to when they first joined 3DS in the summer of 2016. Farres Decl., ¶3, Ex. 1. The

blending and calibration trade secret well ***before*** IA filed patent applications for the Asserted Patents. 3DS's edge blending and calibration trade secrets are supported by 3DS's internal documents, confidential implementation details, source code and algorithms—all of which predate the Asserted Patents and involved the named inventors of the Asserted Patents while they were still employed at 3DS, as well as other 3DS employees who predate Wynne *et al.*'s time at 3DS. Complaint, Ex. 6, Second Supplemental Resp to Rog. 3, at 13-17. The use of these filters in a multi-projector DLP system originated with 3DS, not IA. *Id.*

Indeed, that IA relies on 3DS's edge blending and calibration trade secret to allege infringement of the claims of the Asserted Patents supports 3DS's trade secret misappropriation position—that IA stole 3DS's edge blending trade secret and used aspects of this technology in IA's patent filings. The description of these four filters in the '640 Patent, which is the parent patent of the Asserted Patents, is evidence of IA's misappropriation of 3DS's edge blending and calibration trade secret.[4] Complaint, Ex. 6, Second Supplemental Resp to Rog. 3, at 15.

Moreover, in challenging the edge blending and calibration aspects of 3DS's DLP multi-projector printer trade secret in the Trade Secrets Case, IA has taken the position that the very filters claimed as novel by the Asserted Patents actually are well-known and conventional. Given these admissions, there are serious concerns as to the validity of the Asserted Patents.

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trade secret includes a particular digital light projector arrangement and projector edge blending and calibration features that Defendants incorporated into their Valkyrie product.

[4] Other aspects of 3DS's DLP multi-projector trade secret, including specific DLP multi-projection projector configuration, implementation details, source code and algorithms, are confidential and unknown to the public. As 3DS has claimed throughout the Trade Secrets Case, the disclosures of the four filters in the '640 Patent and the Asserted Patents do not contain the entirety of 3DS's edge blending and calibration trade secret at issue in the Trade Secrets Case.

III. LEGAL ARGUMENT

A. The Court Has Inherent Authority to Stay the Case Pending Resolution of The Trade Secrets Case

A district court has discretion to stay proceedings in its own court. *Landis v. North American Co.*, 299 U.S. 248, 254 (1936). "'[T]he power to stay proceedings is incidental to the power inherent in every court to control the disposition of the causes on its docket with economy of time and effort for itself, for counsel, and for litigants.'" *Sentinel Ins. Co., Ltd. v. Starritt*, No. 3:21-CV-788-CAB-BGS, 2021 WL 4034160, at *1 (S.D. Cal. Sept. 3, 2021) (quoting *Landis*, 299 U.S. at 254). The United States Court of Appeals for the Federal Circuit—the appellate court with authority to hear substantive patent appeals—also recognizes a district court's inherent power to stay cases in proper situations. *Murata Mach. USA v. Daifuku Co.*, 830 F.3d 1357, 1361 (Fed. Cir. 2016).

In the interests of efficiency and fairness, a district court may stay an action before it "pending resolution of independent proceedings which bear upon the case." *Safeco Ins. Co. of Am. v. Nelson*, No. 20CV00211MMADEB, 2020 WL 3791675, at *4 (S.D. Cal. July 7, 2020) (citing *Leyva v. Certified Grocers of Cal. Ltd.*, 593 F.2d 857, 864 (9th Cir. 1979)); *see also FormFactor, Inc. v. Micronics Japan Co.*, No. CV-06-07159 JSW, 2008 WL 361128, at *3 (N.D. Cal. Feb. 11, 2008) (if the prior "proceedings bear on the issues of this case, it would be the most efficient and fairest course of action to stay the remaining claims of this action."). Indeed, courts recognize that the "existence of another proceeding that may have a ***substantial impact*** on a pending case is a particularly compelling reason to grant a stay." *Lindell v. Synthes, USA*, No. 1:11-cv-2053 LJO-BAM, 2012 WL 1657197, at *3 (E.D. Cal. May 10, 2012) (emphasis in original) (citing *Leyva*, 593 F.2d at 863–64). The Ninth Circuit has further explained that this rule applies "'whether the separate proceedings are judicial, administrative, or arbitral in character, and does not require that the issues in such proceedings are necessarily controlling of the action before the court.'" *Wang v. Abbott Lab'ys*, No. 22-CV-1224-MMA (MMD), 2022 WL 16951658, at *6 (S.D. Cal. Nov. 15, 2022) (quoting *Leyva*, 593 F.2d at 863–6).

When considering a motion to stay, the Court must balance the possible damage to the plaintiff that may result from the granting of a stay with the hardship or inequity that the defendant may suffer in being required to go forward. *Abikar v. Bristol Bay Native Corp.*, No. 18-CV-1700 JLS (AGS), 2020 WL 1287729, at *2 (S.D. Cal. Mar. 18, 2020) (citing *CMAX, Inc. v. Hall*, 300 F.2d 265, 268 (9th Cir. 1962)). The Court must weigh the following competing interests when considering whether to grant a motion to stay: "(1) the hardship or inequity upon the non-moving party that would result from granting the stay, (2) the hardship or inequity upon the moving party in being required to go forward after denial of the stay, and (3) the orderly course of justice measured in terms of the simplifying or complicating of issues, proof, and questions of law that could be expected to result from a stay."[5] *Id.*

Here, the relevant factors strongly weigh in favor of staying this case pending resolution of the Trade Secrets Case, which will simplify many of the issues, discovery, proof and legal questions that are relevant to the Patent Infringement Case.

1. No Damage Would Result to IA if the Case is Stayed

"In determining whether to grant a stay, courts generally consider whether doing so would cause undue prejudice or present a clear tactical disadvantage to the non-moving party." *ASCII Corp. v. STD Entm't USA, Inc.*, 844 F.Supp. 1378, 1380 (N.D. Cal. 1994). Here, none of the stay factors counsel ***against*** staying this case until the Trade Secrets Case is resolved; they counsel in favor of a stay. In the present context, "[t]he only potential damage that may result from a stay is that the parties will have to wait longer for resolution

[5] Relatedly, in determining whether to impose a stay of a patent infringement case pending parallel administrative proceedings before the Patent Trial and Appeal Board ("PTAB"), courts generally 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." *mate, LLC v. Advanced Lighting Concepts, LLC*, 2023 WL 6612481, *1 (S.D. Cal. Oct. 10, 2023) (quoting *TAS Energy, Inc., v. San Diego Gas & Elec. Co.*, No. 12cv2777-GPC(BGS), 2014 WL 794215, at *3 (S.D. Cal. Feb. 26, 2014).

of this case"— a risk that courts have characterized as negligible in the context of stays where related issues were pending in a parallel proceeding. *Nationstar Mortg., LLC v. RAM LLC*, No. 15-cv-1776, 2017 WL 1752933, at *2 (D. Nev. May 4, 2017). Any "generalized risk of delayed litigation is minimized" if a parallel proceeding is progressing apace and resolving substantially similar claims and issues that will also bear on this case. *Aliphcom v. Fitbit, Inc.*, 154 F. Supp. 3d 933, 938 (N.D. Cal. 2015) (granting a stay of a patent infringement case in light of a parallel proceeding); *see, e.g., Provo v. Rady Children's Hosp.- San Diego*, No. 15-cv-81, 2015 WL 6144029, at *2 (S.D. Cal. July 29, 2015) ("[T]he Supreme Court is likely to issue a decision within one year and neither party will be significantly prejudiced by a less than one year delay.").

Indeed, granting the stay might not "ultimately lengthen the life of this case" at all, given that an equal delay could result if the Court were to proceed notwithstanding the pendency of the Trade Secrets Case and then "rebriefing or supplemental briefing [were] necessitated." *Nationstar*, 2017 WL 1752933 at *2. This is particularly true where, as here, this case remains in its procedural infancy, without rulings on Defendants' pending Motion to Dismiss (ECF No.26),. *See Aleisa v. Square, Inc.*, 493 F. Supp. 3d 806, 816 (N.D. Cal. 2020) ("the early stage of this litigation weighs in favor of a stay") (citation and quotation marks omitted).

3DS's request for a stay is limited only until the Trade Secrets case is resolved. Whether IA's patent filings incorporate 3DS trade secrets is directly at issue in the Trade Secrets case. Trade Secrets Case, ECF No. 6, ¶¶ 7, 50-52. In addition, the Trade Secrets Case will also address whether certain aspects of 3DS's asserted trade secrets—which include the "four filters" that are critical elements of the Asserted Patents—are well-known and conventional. These determinations will bear on issues raised by IA's Patent Infringement Case, including whether IA owns the Asserted Patents, whether the Asserted Patents are valid, and whether the Asserted Patents are enforceable against 3DS (or anyone else).

Moreover, the Trade Secrets case is nearing an end. Dispositive motions were filed

months ago and the parties are awaiting Court rulings. *See* Trade Secrets Case, ECF Nos. 531 (IA's Amended Motion for Summary Judgment), 549 (3DS's Response in Opposition). Even if trial will be necessary, it is reasonable to expect that trial will be completed within a year following the Court's rulings on the dispositive motions. Consequently, any delay of the Patent Infringement Case will be limited to the pendency of the Trade Secrets Case, for which a final resolution is not far off. *Alzheimer's Institute of Am. v. Elan Corp. PLC*, 2011 WL 6748634, at *2 (N.D. Cal. Dec. 22, 2011) (stay appropriate where issue of plaintiff's standing was set for trial in another federal court and "[was] potentially dispositive of this entire action"); *Lopez v. Am. Express Bank, FSB*, No. CV 09-07335 SJO MANX, 2010 WL 3637755, at *4 (C.D. Cal. Sept. 17, 2010) (recognizing that it would be "burdensome for both parties to spend much time, energy, and resources on pre-trial and discovery issues, only to find those issues moot within less than a year."); *Ferguson v. CVS Pharmacy, Inc.*, No. 18-CV-1529 JLS (MDD), 2019 WL 4345787, at *2 (S.D. Cal., Sept. 12, 2019) (holding that plaintiff would not be damaged by stay which ensured plaintiff would not waste unnecessary expenses in an action that may be subject to dismissal).

Although IA may claim that it will suffer hardship if 3DS markets the PSLA 270 during the stay period, this concern does not outweigh 3DS's need for a stay. As stated, IA has already known about the product since no later than November 2023 when Tanner was able to physically inspect the product during a conference to the point where he was able to discern that it was a DLP multi-projection printer. *See* Trade Secrets Case, ECF No. 542-35, ¶12. Notwithstanding this, there was no urgency by IA to bring this action, as it waited over a year to do so. Additionally, any concerns regarding IA's urgency are undermined by the fact that it has not sought any sort of TRO or preliminary injunction to stop any such marketing efforts. Ultimately a stay—which will most likely be for a limited duration—will not cause IA any hardship even if 3DS does proceed to market the product (which could be possible with or without any stay).

2. 3DS Will Experience Hardship if a Stay is Not Granted

The second competing interest to be considered is whether the defendants will suffer a hardship or inequity if a stay is not granted. Here, IA is asking that 3DS defend a patent infringement case involving patented technology that 3DS has been claiming for the past three years in the Trade Secrets Case rightfully belongs to 3DS. Indeed, it was upon learning that IA was pursuing patent protection on certain aspects of 3DS's trade secrets that 3DS filed the Trade Secrets Case. Under these circumstances, it would present an unnecessary hardship to 3DS (and the Court) to have to spend time, effort and other resources to litigate issues that are already being addressed in the Trade Secrets Case, the resolution of which may moot the Patent Infringement Case.

Indeed, Courts have found that defending a suit that a party should not have to defend qualifies as "more" than defending a suit that would exist either way, giving rise to a "clear case of hardship or inequity." *Alvarez v. T-Mobile USA, Inc.*, 2010 WL 5092971, at *2 n.2 (E.D. Cal. Dec. 7, 2010) (finding defendant had shown clear case of hardship or inequity where defendant might not have to defend the suit at all if the arbitration agreement is held enforceable in separate proceeding); *see also Lopez*, 2010 WL 3637755 at *4 ("It would be burdensome for both parties to spend much time, energy, and resources on pre-trial and discovery issues, only to find those issues moot within less than a year."); *Nelson*, 2020 WL 3791675 at *5 (finding "that the possibility of 'being forced to litigate on two fronts' constituted hardship to the insured.") (quoting *Zurich Am. Ins. Co. v. Omnicell, Inc.*, No. 18-CV-05345-LHK, 2019 WL 570760, at *5-6 (N.D. Cal. Feb. 12, 2019)); *see also Omnicell*, 2019 WL 570760 at *6 ("Courts have found that any prejudice (if at all) to the insurer in having to pay defense costs while the underlying case is pending is outweighed by prejudice to the insured in having to fight a 'two-front war.'").

Moreover, were this Court to proceed with the Patent Infringement Case before resolution of Trade Secrets Case, 3DS faces a very real likelihood of being subject to overlapping or inconsistent judgments. For example, a determination in the Trade Secrets Case that the Asserted Patents include 3DS's trade secrets would conflict with the

assumption or determination in the Patent Infringement Case that 3DS is infringing the Asserted Patents, or that the Patents are valid or otherwise enforceable against 3DS. *See, e.g.*, *Bergh v. State of Wash.*, 535 F.2d 505, 507 (9th Cir. 1976) ("When an injunction sought in one federal proceeding would interfere with another federal proceeding, considerations of comity require more than the usual measure of restraint, and such injunctions should be granted only in the most unusual cases."); *Posner v. Essex Ins. Co.*, 178 F.3d 1209, 1224 (11th Cir. 1999) (holding that, among other factors, the risk of inconsistent judgments indicated that the district court should have stayed the case); *Hart Interior Design LLC 401(k) Profit Sharing Plan v. Recorp Invs. Inc.*, No. CV-16-02347-PHX-GMS, 2018 WL 1961643, at *7 (D. Ariz. Apr. 26, 2018) (issuing stay to avoid the risk of inconsistent rulings); *Hawai'i v. Trump*, 233 F. Supp. 3d 850, 856 (D. Haw. 2017) (finding duplicative litigation and the risk of inconsistent rulings warranted stay); *see also SST Millennium LLC v. Mission St. Dev. LLC*, No. 18-cv-06681, 2019 WL 2342277, at *5 (N.D. Cal. June 3, 2019) (finding risk that arbitration could find no liability while a simultaneous court action could find liability a "clear case of hardship or inequity") (citation omitted).

Lastly, proceeding with the Patent Infringement Case would burden 3DS with discovery that might be at best duplicative and potentially unnecessary once the Trade Secrets Case concludes. *See Safeco*, 2020 WL 3791675, at *6 (staying the instant action because allowing it to proceed simultaneously with underlying actions would create "a real risk of duplicative factual inquiry."); *Vance v. Google LLC*, No. 5:20-CV-04696-BLF, 2021 WL 534363, at *6 (N.D. Cal. Feb. 12, 2021) ("Because significant discovery and litigation could be rendered moot by the IBM action, and because parallel proceedings could create inconsistent and confusing outcomes, the potential hardship to Google weighs in favor of granting the stay."); *Arris Enterprises LLC v. Sony Corp.*, No. 17-CV-02669-BLF, 2017 WL 3283937, at *3 (N.D. Cal. Aug. 1, 2017) (granting motion to stay pending resolution of independent proceeding, in part, because of "significant overlap in discovery" due to "similar technology and products asserted in both the ITC proceeding and the instant

action."); *Minor v. FedEx*, 2009 WL 1955816 (N.D. Cal. July 6, 2009) (stating proceeding without a stay "certainly appears to be a hardship to conduct pointless discovery that may well be moot."); *Smelkinson v. Fitness Int'l, LLC*, No. SACV 16-01365-JVS, 2061 WL 10957955 at * 3 (C.D. Cal. Oct. 27, 2016) (granting stay to avoid "subject[ing] the parties to potentially unnecessary discovery.")

Notably, during a recent meet and confer, IA's counsel made it known to 3DS's counsel that IA will be seeking expedited discovery on 3DS's multi-projector printers, including 3DS's PSLA 270 printer, which IA has known about for more than a year, dating back to Tanner seeing a model of the printer at a conference. *See* Trade Secrets Case, ECF No. 542-35, ¶12. This will include wide-ranging discovery demands—including interrogatories, the production (and review) of proprietary source code, the operation of functioning models of 3DS's PSLA 270, and other discovery relating to 3DS's multi-projector printers. 3DS will face significant hardship if it is required to engage in such extensive discovery that will likely be rendered moot by resolution of the Trade Secrets Case. Additionally, 3DS should not be required to turn over its technology, in discovery, to a competitor that 3DS contends has stolen its trade secretes especially given the likelihood the case is rendered moot by the Trade Secrets Case. *See, e.g.*, *Realtek Semiconductor Corp. v. MediaTek, Inc.*, 732 F. Supp. 3d 1101, 1118 (N.D. Cal. 2024) (court staying discovery pending dispositive motions, in part, due to "the possible disclosure of sensitive business information to a competitor.")

3. A Stay is Required to Ensure the Orderly Course of Justice

The third factor for the Court to consider is "the orderly course of justice measured in terms of the simplifying or complicating of issues, proof, and questions of law which could be expected to result from a stay." *Abikar*, 2020 WL 1287729 at *2. The Court may, with propriety, find it is efficient for its own docket and the fairest course for the parties to enter a stay of an action before it, pending resolution of independent proceedings which bear upon the case." *Leyva*, 593 F.2d at 863. This rule "does not require that the issues in such proceedings are necessarily controlling of the action before the court." *Id.* at 863-4.

A cornerstone issue in the Trade Secrets Case is whether IA's patent filings—including the '640 Patent and by extension the Asserted Patents—incorporate 3DS's trade secrets. A determination that they do would directly impact the issues to be determined in the Patent Infringement Case, including whether Intrepid owns the Asserted Patents, whether the Asserted Patents are valid, and whether the Asserted Patents are enforceable against 3DS or anyone else. Further, IA's contention in the Trade Secrets case that the four filters required by the claims of the Asserted Patents are all well-known and conventional and not deserving of trade secret protection, also raises serious doubts as to whether the Asserted Patents are valid and enforceable.

Thus, proceeding with the Patent Infringement Case will result in an inevitable duplication of resources. Discovery in the Trade Secrets Case has already been completed. A stay of this case would undoubtedly conserve judicial resources and promote efficiency by streamlining the issues and avoiding the potential for contrary or unnecessarily duplicative rulings. *See Montgomery v. Target Corp.*, No. EDCV194924JGBMRWX, 2019 WL 8168064, at *5 (C.D. Cal. Sept. 20, 2019); *see also CMAX*, 300 F.2d at 268; *Figueroa v. Autozoners, LLC*, 2019 WL 11023547, at *2 (C.D. Cal. Jan. 31, 2019) (later-filed actions should be stayed because "[e]fficiency is lost, and judicial resources are wasted where multiple actions, comprised of substantially similar claims and parties, continue simultaneously.")

In *Aliphcom*, for example, the district court found that judicial economy weighs in favor of a stay where the related proceeding would involve the same issues, the related proceeding had already commenced discovery while discovery had not yet commenced in the action before the court, and the court would benefit from the other proceeding's final decision. 154 F. Supp. 3d at 939; *see also California Cap. Ins. Co. v. Enstar Holdings US LLC*, No. 220CV07806ODWJPRX, 2022 WL 1127879, at *3 (C.D. Cal. Apr. 15, 2022) (motion to stay granted pending resolution of related case; ". . . [T]he resolution of CCI I will have an impact on the issues, proof, and questions of law in the instant case. . . . the instant case would benefit from the simplification of issues, proof, and questions of law

that would necessarily result from the resolution of CCI I. And because the two actions necessarily involve the same parties, some of the same issues, and some of the same discovery and witnesses, the resolution of CCI I will streamline the issues in this action, thereby furthering the "orderly course of justice." (citations omitted)).; *Morgan Hill Concerned Parents Ass'n v. California Dep't of Educ.*, 781 F. App'x 666, 667 (9th Cir. 2019) (affirming the district court's granting of a stay because "[w]hat is done [in the related case] will likely provide at least a partial remedy for [the plaintiff] here; thus, judicial economy strongly favors the stay"); *See Safeco*, 2020 WL 3791675, at *6 (staying action because allowing it to proceed simultaneously with underlying actions would create "a real risk of duplicative factual inquiry.")

These burdensome efforts may well be unnecessary if the Trade Secrets Case determines Intrepid's Asserted Patents contain 3DS's trade secrets. Indeed, "[a]dditional discovery is more than the hardship of continuing litigation," and the creation of duplicative efforts resulting from duplicative discovery will prejudice the party seeking a stay. *FormFactor, Inc.*, 2008 WL 361128 at *3; s*ee generally Leyva*, 593 F.2d at 864 (holding it would waste judicial resources and be burdensome upon the parties to permit discovery and take evidence on the merits of the case at the same time an arbitrator is going through a substantially parallel process) (internal quotation marks and citations omitted); *Lopez*, 2010 WL 3637755 at *4 (holding it would be burdensome for the parties to spend much time, energy, and resources on pre-trial and discovery issues only to find issues moot within less than a year).

As previously stated, IA's counsel made it known to 3DS's counsel that IA will be seeking expedited discovery on 3DS's multi-projector printers, including 3DS's PSLA 270 printer which IA has known about for more than a year, dating back to Tanner seeing a display of the model at a conference. *See* Trade Secrets Case, ECF No. 542-35, ¶12. If the Trade Secrets Case provides any indication, the extensive discovery that will follow would certainly precipitate discovery disputes that, in turn, will require significant resources of the parties and Court to litigate. This clearly favors a stay. *See McMenemy v.*

Colonial First Lending Grp., Inc., No. 14-cv-1482, 2015 WL 1137344, at *2 (E.D. Cal. Mar. 12, 2015) (absent a stay, there is a "substantial risk of duplication of proceedings and waste of judicial resources."); *Vance*, 2021 WL 534363 at *6 ("Preserving the resources of the court will also preserve those of both parties involved while simultaneously allowing them to tailor discovery and avoid duplicative or unnecessary tasks.") (quotations omitted); *Huitt v. Teva Pharms. USA, Inc.*, No. 220CV00954WBSKJN, 2020 WL 8483907, at *1 (E.D. Cal. Dec. 15, 2020) ("The prospect of duplicative motion practice and discovery proceedings suggests that judicial economy weighs heavily in favor of the stay.")

B. The Case Should Be Stayed Pursuant to the First to File Rule

Courts have the authority under multiple doctrines to manage their dockets by dismissing and staying cases. One such doctrine, the first-to-file rule, allows courts to "transfer, stay, or dismiss [a later-filed complaint] in the interest of efficiency and judicial economy." *In re Bozic*, 888 F.3d 1048, 1051-52 (9th Cir. 2018) (citation omitted). The first-to-file rule is "designed to avoid placing an unnecessary burden on the federal judiciary, and to avoid the embarrassment of conflicting judgments." *Church of Scientology of Cal. v. U.S. Dep't of Army*, 611 F.2d 738, 750 (9th Cir. 1979), overruled on other grounds by *Animal Legal Def. Fund v. U.S. Food & Drug Admin.*, 836 F.3d 987 (9th Cir. 2016). To determine if the rule is triggered, "a court analyzes three factors: chronology of the lawsuits, similarity of the parties, and similarity of the issues." *Kohn Law Grp., Inc. v. Auto Parts Mfg. Miss., Inc.*, 787 F.3d 1237, 1240 (9th Cir. 2015).

1. <u>The Trade Secrets Case Was Filed First</u>

The first factor that must be satisfied for the first-to-file rule to apply is the chronology of actions. The first-to-file rule is "not limited to cases brought in different districts." *Wallerstein v. Dole Fresh Vegetables, Inc.*, 967 F. Supp. 2d 1289, 1294 (N.D. Cal. 2013); *see also Intervet, Inc. v. Merial Ltd.*,535 F.Supp.2d 112, 115 (D.D.C. 2008) (applying first-to-file rule where two actions—both filed in the District of Columbia—were "functionally the same," except that the plaintiff in one action was the defendant in another and vice versa); *Abrahams v. Hard Drive Productions, Inc.*, Case No. C–12–01006 JCS,

2012 WL 1945493, at *7 (N.D.Cal. May 30, 2012) (first-to-file doctrine applied where two cases were initially filed in the Northern District of California).

The Trade Secrets Case was filed more than three years ago, whereas the Patent Infringement Case was filed just one month ago. Accordingly, this factors weighs in favor of granting a stay.

2. The Parties Across the Actions are Substantially Similar

The second factor considers whether the parties in each case are similar. Here, both 3DS and IA are parties to the Trade Secrets Case and to this case. That Wynne, *et al.* are not parties to the Patent Infringement Case is of no import. Courts have held that "the first-to-file rule does not require strict identity of the parties, but rather substantial similarity." *Adoma v. Univ. of Phoenix, Inc.*, 711 F.Supp.2d 1142, 1147 (E.D.Cal.2010); *see also Microchip Tech., Inc. v. United Module Corp.*, No. CV–10–04241–LHK, 2011 WL 2669627, at *3 (N.D.Cal. July 7, 2011) (transferring case under first-to-file rule despite plaintiffs' arguments that a named plaintiff and a named defendant were not parties in the first-filed action). In other words, "[e]xact identity is not required to satisfy the first-to-file rule." *Pac. Coast Breaker, Inc. v. Conn. Elec., Inc.*, No. CIV 10–3134 KJM EFB, 2011 WL 2073796, at *3 (E.D.Cal. May 24, 2011) ("The rule is satisfied if some [of] the parties in one matter are also in the other matter, regardless of whether there are additional, unmatched parties in one or both matters.") (citation omitted); *Microchip Tech.*, 2011 WL 2669627 at *3 (exact identity not required).

3. The Issues Across the Actions are Substantially Similar

The final factor considers whether both actions involve similar issues. The issues in the two actions must be substantially similar, but need not be identical. *Wallerstein*, 967 F. Supp. 2d at 1296; *see also Dumas v. Major League Baseball Properties, Inc.*, 52 F. Supp. 2d 1183, 1189 (S.D. Cal. 1999), vacated sub nom. *Rodriguez v. Topps Co.*, 104 F. Supp. 2d 1224 (S.D. Cal. 2000), aff'd sub nom. *Chaset v. Fleer/Skybox Int'l, LP*, 300 F.3d 1083 (9th Cir. 2002). Indeed, "where key issues overlap and the resolution of one case could affect the resolution of the other, the first to file rule should apply to further the rule's

underlying interest in judicial economy." *In re Com21, Inc.*, 357 B.R. 802, 808 (Bankr. N.D. Cal. 2006). That is the case here: as previously stated, resolution of key issues regarding IA's purported ownership of the Asserted Patents and the validity of the Asserted Patents overlap and the resolution of the Trade Secrets Case could affect resolution of this case. Thus, the Court should stay the Patent Infringement Case pending resolution of the Trade Secrets Case, which would be of limited duration, would preserve the resources of the Court and the parties, allow the parties to avoid the risk of inconsistent judgments, and allow the parties to avoid potentially needless and expensive discovery.

IV. CONCLUSION

For the foregoing reasons, the proceedings should be stayed pending resolution of the Trade Secrets Case, or for a period of time that the Court deems reasonable and appropriate.

DATED: January 10, 2025

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