

1 GREGORY P. STONE (SBN 78329)
gregory.stone@mto.com
2 TED G. DANE (SBN 143195)
ted.dane@mto.com
3 HEATHER E. TAKAHASHI (SBN 245845)
heather.takahashi@mto.com
4 PETER E. GRATZINGER (SBN 228764)
peter.gratzinger@mto.com
5 MUNGER, TOLLES & OLSON LLP
350 South Grand Avenue, Fiftieth Floor
6 Los Angeles, California 90071-3426
Telephone: (213) 683-9100
7 Facsimile: (213) 687-3702

8 *Attorneys for Plaintiff and Counterclaim-Defendants*

9 Additional Counsel Listed on Signature Page

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

IMMUNEX CORPORATION,

Plaintiff,

v.

SANOFI et al.,

Defendants.

SANOFI-AVENTIS U.S. LLC et al.,

Counterclaim-
Plaintiffs,

v.

IMMUNEX CORPORATION et al.,

Counterclaim-
Defendants.

Case No. 2:17-cv-2613-SJO-PLA

**IMMUNEX’S BRIEF IN SUPPORT
OF MOTION TO STAY PENDING
INTER PARTES REVIEW**

Judge: The Hon. S. James Otero
Hearing: April 16, 2018
Time: 10:00 a.m.
Place: Courtroom 10C

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1 **I. INTRODUCTION**

2 Immunex respectfully requests that the Court stay this litigation pending
3 resolution of two inter partes review (“IPR”) proceedings that the Patent Trial and
4 Appeal Board (“PTAB”) recently instituted regarding every claim at issue in this
5 case. The Court has the inherent power to manage its docket by staying the case
6 pending resolution of the IPR proceedings. District courts typically consider three
7 factors when determining whether to grant a stay: (1) the status of the litigation,
8 (2) the likelihood the IPRs will simplify issues for trial, and (3) any prejudice or
9 tactical advantage that might result from a stay. Here, all three factors support a
10 stay pending completion of the IPR proceedings.

11 First, the early stage of this case favors a stay. Fact discovery has just begun,
12 no *Markman* order has issued, and trial is more than a year away. There is a
13 significant volume of work to be done before trial. Second, the IPRs will simplify
14 the issues in this case. There is a complete overlap between the claims at issue in
15 the litigation and those involved in the IPRs. If the IPRs confirm the validity of
16 Immunex’s patent claims, the Court and the parties will benefit from the full
17 estoppel effect of the PTAB’s decisions, which will eliminate several issues for trial.
18 If the IPRs result in some or all of the claims being found invalid, that will also
19 streamline the case or perhaps resolve it entirely. No matter the outcome, the
20 resources of the Court and the parties will be conserved. Finally, there would be no
21 undue prejudice or tactical disadvantage to Defendants. Defendants chose to file
22 three IPR petitions to challenge the validity of Immunex’s patent in the Patent
23 Office. Now that the PTAB has instituted two of those petitions, the IPRs should
24 serve as a “timely, cost-effective alternative to litigation,” consistent with the goals
25 of the America Invents Act. *Skip Hop, Inc. v. Munchkin, Inc.*, No. CV 15-06339
26 SJO (AGRx), 2016 WL 7042093, at *1 (C.D. Cal. Mar. 15, 2016).

27 Absent a stay, the Court and the parties will face continued, protracted
28 litigation, including not only the pending claim construction, summary judgment

1 and evidentiary motions, but then full document and deposition discovery, expert
2 reports, depositions, and trial. For the parties, this would mean expending additional
3 resources on duplicative, parallel proceedings contrary to the very purpose of IPRs.

4 Immunex filed this lawsuit to obtain fair compensation for Defendants'
5 unlicensed use of its intellectual property. Immunex is not seeking injunctive relief.
6 Accordingly, Immunex is willing to accept a modest delay to allow the PTAB to
7 confirm the validity of its patent in exchange for the efficient resolution of its
8 infringement and damages claims in this Court. Immunex therefore respectfully
9 requests that its motion be granted.

10 **II. BACKGROUND**

11 Immunex filed this action against Defendants for infringement of United
12 States Patent No. 8,679,487 on April 5, 2017. Dkt. 1. Defendants filed
13 counterclaims seeking declaratory judgment of non-infringement and invalidity on
14 June 28, 2017. Dkt. 64. Defendants also filed three separate IPR petitions
15 challenging the validity of the '487 patent. The PTAB denied the first petition
16 (IPR2017-01129) on October 4, 2017, and decided to institute proceedings pursuant
17 to the other two petitions (IPR2017-01879 and IPR2017-01884) on February 15,
18 2018, giving rise to this motion.

19 The PTAB will consider the validity of all of the claims asserted in this
20 litigation. Further, all of the prior art references, combinations, and invalidity
21 arguments in the two instituted IPR petitions are also being asserted as a basis for
22 invalidity in this litigation. Ling Decl. ¶ 3. The PTAB is required to issue a final
23 determination in each IPR proceeding within one year of institution, or no later than
24 February 15, 2019, absent good cause for an extension. *See* 35 U.S.C. § 316(a)(11);
25 37 C.F.R. § 42.100(c).

26 **III. LEGAL STANDARD**

27 The IPR process is designed to be a “timely, cost-effective alternative to
28 litigation.” *Skip Hop*, 2016 WL 7042093, at *1 (citation and internal quotation

1 marks omitted). The process is designed to be completed within twelve months
2 after review is instituted, with limited discovery, while minimizing “duplicative
3 efforts” between the Patent Office and the district court. *Id.* The Court has broad
4 discretion to stay this litigation pending the IPR proceedings. *See Star Envirotech,*
5 *Inc. v. Redline Detection, LLC*, No. SACV 12-01861 JGB (MLGx), 2013 WL
6 1716068, at *1 (C.D. Cal. Apr. 3, 2013) (citing *Ethicon, Inc. v. Quigg*, 849 F.2d
7 1422, 1426-27 (Fed. Cir. 1988)).

8 There is a “liberal policy in favor of granting motions to stay proceedings
9 pending the outcome of USPTO IPR proceedings.” *Semiconductor Energy Lab. Co.*
10 *v. Chimei Innolux Corp.*, No. SACV 12-21-JST (JPRx), 2012 WL 7170593, at *4
11 (C.D. Cal. Dec. 19, 2012). Courts in this district consider three “significant factors”
12 when determining whether to stay proceedings pending IPRs: “(1) whether
13 discovery is complete and whether a trial date has been set; (2) whether a stay will
14 simplify the issues in question and trial of the case; and (3) whether a stay would
15 unduly prejudice or present a clear tactical disadvantage to the nonmoving party.”
16 *Universal Elecs., Inc. v. Universal Remote Control, Inc.*, 943 F. Supp. 2d 1028,
17 1030–31 (C.D. Cal. 2013) (citation and internal quotation marks omitted). The
18 inquiry is not limited to these three factors; rather, “the totality of the circumstances
19 governs.” *Id.* at 1031.

20 **IV. ARGUMENT**

21 **A. The Early Stage Of This Case Favors A Stay**

22 Complex patent cases like this one can take multiple years, requiring the
23 development of infringement and invalidity contentions, claim construction briefing
24 and a *Markman* hearing, completion of fact and expert discovery, submission of
25 dispositive motions, pretrial motions, and trial. This case has been pending for less
26 than a year, and is still in its early stages. The Court has yet to hold a *Markman*
27 hearing, which is set for April 27, 2018, or to construe any claim terms. The parties
28 have not finished briefing claim construction or Defendants’ early motion for

1 summary judgment of indefiniteness. Indeed, the parties have not even completed
2 discovery as to the latter, because Defendants were recently ordered to produce
3 more documents and produce their expert Dr. Robinson for a further deposition. *See*
4 Dkt. 245 at 11-12. The trial date of March 19, 2019 is more than a year away and
5 would occur *after* the one-year statutory deadline for the PTAB to issue its final
6 determination. Dkt. 80.

7 Fact discovery is also in its early stages. No fact witness has been deposed,
8 and the parties are still negotiating the custodians and electronically stored
9 information (“ESI”) search terms pursuant to the Document Production Protocol that
10 the parties attached to their Joint Rule 26(f) report. *See* Dkt. 76 Ex. B;¹ Ling Decl.
11 ¶ 4. Based on the number of keyword search “hits” that the parties have reported as
12 part of those negotiations, Immunex estimates that document discovery is less than
13 10% complete. Ling Decl. ¶ 4. Fact discovery is not set to close until August 17,
14 2018, and expert discovery is not set to close until November 9, 2018. Dkt. 80.

15 “The Court’s expenditure of resources is an important factor in evaluating the
16 stage of the proceedings.” *Universal Elecs.*, 943 F. Supp. 2d at 1031. Absent a stay,
17 the Court will soon be called upon to rule on claim construction, a motion for
18 summary judgment alleging indefiniteness, and two motions to strike expert reports,
19 a task that will require consideration of voluminous briefing and exhibits. The fact
20 that the parties have already completed some of this briefing is secondary to the
21 resources that the Court may be able to save by granting the stay. *See, e.g.*,
22 *Wonderland Nursery Goods Co. v. Baby Trend, Inc.*, No. EDCV 14-01153-VAP
23 (SPx), 2015 WL 1809309, at *2 (C.D. Cal. Apr. 20, 2015) (finding that stage of

24
25 ¹ As Defendants stated in a recent joint stipulation accompanying Immunex’s
26 motion to compel, “Defendants acknowledge that, with the fact discovery deadline
27 some eight months away, work remains to be done. Most notably, despite weeks of
28 meet and confers, the parties are yet to select the particulars of the general protocol
... the parties agreed to follow to produce [ESI].” Dkt. 172-1 at 4 (Jan. 12, 2018
Joint Stipulation).

1 proceedings favored a stay where *Markman* briefing had been completed but the
2 Court had not yet conducted the *Markman* hearing).

3 In short, the bulk of the work for both the Court and the parties lies ahead,
4 including rulings on the pending motions, the majority of fact discovery, expert
5 reports and expert discovery, a summary judgment motion that Immunex may file at
6 a later stage of the case, trial preparation, and trial. Therefore, the early stage of this
7 case weighs in favor of a stay. *See id*; *see also, e.g., Skip Hop*, 2016 WL 7042093,
8 at *2 (granting stay, holding that stage of case weighed in favor of a stay where fact
9 discovery cutoff was approximately four months away, and trial was scheduled to
10 begin in more than nine months); *Evolutionary Intelligence LLC v. Yelp Inc.*, No. C-
11 13- 03587 DMR, 2013 WL 6672451, at *4 (N.D. Cal. Dec. 18, 2013) (granting stay,
12 holding that stage of case weighed in favor of a stay where, among other things, “the
13 court has not substantially intervened in the action such as by conducting a
14 *Markman* hearing or issuing a claim construction order”).

15 **B. The IPR Proceedings Will Simplify The Issues In This Case**

16 The IPR proceedings have been instituted as to every asserted patent claim in
17 this case. As a result, the PTAB proceedings will necessarily simplify the issues for
18 trial.

19 If the claims are confirmed, as Immunex expects, the IPR proceedings are
20 “guaranteed to finally resolve at least some issues of validity because the requesting
21 party is barred from seeking district court review on any grounds it could have
22 raised in the [IPR].” *Skip Hop*, 2016 WL 7042093, at *3 (quoting *Avago Techs.*
23 *Fiber IP (Sing.) Pte. Ltd. v. IPtronics Inc.*, No. 10-CV-02863-EJD, 2011 WL
24 3267768, at *5 (N.D. Cal. July 28, 2011)) (relying on precedent from the
25 reexamination context to hold that simplification favored stay pending IPR); *see*
26 *also* 35 U.S.C. § 315(e) (“The petitioner in an inter partes review of a claim in a
27 patent under this chapter that results in a final written decision . . . may not assert
28 either in a civil action arising in whole or in part under section 1338 of title 28 . . .

1 that the claim is invalid on any ground that the petitioner raised or reasonably could
2 have raised during that [IPR].”). Moreover, because Immunex is the only plaintiff
3 in this litigation and is the only other party to Defendants’ IPRs, the Court would
4 give the estoppel effect of any IPR proceedings its “full weight.” *See*
5 *Semiconductor Energy Lab.*, 2012 WL 7170593, at *2.

6 Conversely, if some or all asserted claims are found invalid, that will also
7 necessarily simplify this litigation. *AutoAlert, Inc. v. DealerSocket, Inc.*, No. SA
8 CV 13-00657 SJO (JPRx), 2014 WL 12581767, at *5 (C.D. Cal. July 18, 2014) (“A
9 decision by the PTAB to cancel all challenged claims would result in the dismissal
10 of the current litigation, or ‘the ultimate simplification of issues.’”) (quoting
11 *VirtualAgility Inc. v. Salesforce.com, Inc.*, 759 F.3d 1307, 1314 (Fed. Cir. 2014)).

12 The “simplification” factor has been found to weigh in favor of a stay even
13 prior to the institution decision, where the accused infringer has sought review of
14 every asserted claim. *See, e.g., Skip Hop*, 2016 WL 7042093, at *2-3; *Wonderland*,
15 2015 WL 1809309, at *3 (“[B]ecause Defendants have petitioned for review of all
16 claims asserted in this action, the outcome of the IPR has the potential to be case-
17 dispositive.”). This factor weighs more strongly in favor of a stay where, as here,
18 review has already been *instituted* as to every asserted claim.

19 Of course, the obviousness and anticipation defenses before the PTAB are a
20 subset of the invalidity defenses asserted by Defendants. Nonetheless, it would be
21 wasteful for the parties and the Court to prepare to try obviousness and anticipation
22 in this Court only to learn shortly before trial that those defenses are estopped.
23 Likewise, it would be wasteful for this Court to expend the resources to rule on
24 indefiniteness when other invalidity defenses that Defendants have placed before the
25 PTAB could be case-dispositive. Thus, guarantee of simplification regardless of the
26 PTAB’s final decisions in the pending IPR proceedings weighs heavily in favor of a
27 stay.

28

1 **C. Defendants Will Not Suffer Undue Prejudice Or Tactical**
2 **Disadvantage**

3 Defendants will not suffer undue prejudice. To the contrary, they will benefit
4 just as much from the efficiencies of a stay as Immunex and the Court. Defendants
5 have previously told the Court that “[t]his litigation. . . has resulted in many of
6 Defendants’ scientists receiving various litigation-related tasks that have distracted
7 them from their research and development jobs; and has pointlessly inflicted on
8 Defendants significant legal expense.” Dkt. 215 at 2-3. Defendants should
9 therefore welcome a stay of this litigation, rather than insist on inflicting “pointless
10 legal expense” on Immunex through parallel proceedings on validity, particularly
11 where Defendants are asserting many of the same grounds of invalidity in the IPR
12 proceedings.

13 Furthermore, pursuant to the PTAB’s one-year statutory deadline, the parties
14 will receive final written decisions from the PTAB *before* this case would go to trial
15 under the Court’s current schedule. Although Defendants in the current litigation
16 have filed a motion for early summary judgment of indefiniteness (an issue not
17 before the PTAB in the IPR), they face a high hurdle in establishing both the
18 absence of any genuine dispute of material fact and invalidity by clear and
19 convincing evidence. Defendants’ indefiniteness contention relates to the fact-
20 intensive issue of whether different assays yield consistent results, and the summary
21 judgment record includes *thousands* of pages of expert declarations and exhibits.
22 Any argument based on the possibility of terminating this litigation early through
23 summary judgment is therefore highly speculative. Given that Defendants
24 themselves selected an alternative forum for addressing their
25 anticipation/obviousness defenses, they should be required to proceed in that forum
26 rather than engage in dual-track proceedings in the PTAB and this Court with the
27 attendant inefficiencies and waste of resources.

1 Thus, the absence of unfair prejudice or tactical disadvantage to Defendants
2 further weighs in favor of a stay.

3 **D. The Totality Of Circumstances Favors A Stay**

4 In considering the “totality of the circumstances,” *Universal Elecs., Inc.*, 943
5 F. Supp. 2d at 1030–31, the Court should also give weight to the fact that it was
6 Defendants who chose to pursue the PTAB proceedings in the first place. Congress
7 intended the IPR process to operate as an “alternative” to litigation—not a parallel
8 track to provide Defendants with multiple bites at the invalidity apple. *Skip Hop*,
9 2016 WL 7042093, at *1. Having sought to have the PTAB address its prior art
10 invalidity defenses, Defendants should now be content with relying on those
11 proceedings, and Immunex, which is not seeking injunctive relief, should not be
12 required to waste resources on parallel proceedings. Ling Decl. Ex. 1 at 4 (Order,
13 *ETS-Lindgren, Inc. v. MVG, Inc.*, Civ. No. 1:15-CV-3859-AT (N.D. Ga. June 14,
14 2016)) (granting stay, holding that “when considering prejudice to [defendant], the
15 Court cannot ignore the fact that [defendant] itself initiated the IPR process”);
16 *Automated Packaging Sys., Inc. v. Free-Flow Packaging Int’l, Inc.*, No.
17 5:14CV2022, 2016 WL 9782345, at *4 (N.D. Ohio Apr. 15, 2016) (granting stay
18 pending IPR sought by patentee, noting that defendant did “not answer” the
19 argument that if Defendant wished to have the Court adjudicate validity without
20 delay, it could have chosen not to file IPR petitions).

21 **V. CONCLUSION**

22 For the foregoing reasons, Immunex respectfully requests that the Court stay
23 this litigation pending the outcome of the IPR proceedings.

24 Respectfully submitted,

25 DATED: March 8, 2018

MUNGER, TOLLES & OLSON LLP

26
27 By: /s/ Gregory P. Stone

Gregory P. Stone

1 SARAH CHAPIN COLUMBIA (*pro*
2 *hac vice*)
3 scolumbia@mwe.com
4 KATHERINE NICOLE CLOUSE
5 (*pro hac vice*)
6 nclouse@mwe.com
7 McDERMOTT WILL & EMERY
8 28 State Street, Suite 3400
9 Boston, Massachusetts 02109-1775
10 Telephone: (617) 535-4000
11 Facsimile: (617) 535-3800

12 WAN-SHON LO (*pro hac vice*)
13 slo@mwe.com
14 McDERMOTT WILL & EMERY
15 444 West Lake Street
16 Chicago, IL 60606-0029
17 Telephone: (312) 372-2000

18 DAVID MLAYER (*pro hac vice*)
19 dmlaver@mwe.com
20 McDERMOTT WILL & EMERY
21 500 North Capitol Street, NW
22 Washington, DC 20001
23 Telephone: (202) 756-8000
24 Facsimile: (202) 756-8087

GREGORY P. STONE (SBN 78329)
gregory.stone@mto.com
TED G. DANE (SBN 143195)
ted.dane@mto.com
HEATHER TAKAHASHI (SBN 245845)
heather.takahashi@mto.com
PETER E. GRATZINGER (SBN 228764)
peter.gratzinger@mto.com
MUNGER, TOLLES & OLSON LLP
350 South Grand Avenue, 50th Floor
Los Angeles, California 90071
Telephone: (213) 683-9100
Facsimile: (213) 687-3702

SARAH G. BOYCE (*pro hac vice*)
sarah.boyce@mto.com
MUNGER, TOLLES & OLSON LLP
1155 F Street NW, 7th Floor
Washington, DC 20004-1361
Telephone: (202) 220-1100
Facsimile: (202) 220-2300

NATHAN MACHIN (SBN 204101)
nmachin@amgen.com
AMGEN INC.
1120 Veterans Blvd., ASF3-2
San Francisco, California 94080
Telephone: (650) 244-3140

*Attorneys for Plaintiff and Counterclaim-
Defendants*