

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

SK INNOVATION CO., LTD.,)
)
Plaintiff,)
)
v.)
)
LG CHEM, LTD., LG CHEM MICHIGAN)
INC., and LG ELECTRONICS INC.)
)
Defendants.)
_____)

Civil Action No. 19-1637-CFC-SRF

LG CHEM, LTD. and LG CHEM)
MICHIGAN INC.,)
)
Counterclaim Plaintiffs,)
)
v.)
)
SK INNOVATION CO., LTD.,)
)
Counterclaim Defendant.)
_____)

MEMORANDUM OPINION

I. INTRODUCTION

Presently before the court in this patent infringement action is the motion to stay pending the resolution of two petitions for *inter partes* review (“IPR”) filed by defendants LG Chem, Ltd., LG Chem Michigan Inc. (collectively, “LG Chem”), and LG Electronics, Inc. (“LGE”) (together with LG Chem, “Defendants”).¹ (D.I. 56) For the following reasons, Defendants’

¹ The briefing and declarations associated with the pending motion to stay are found at D.I. 57, D.I. 58, D.I. 65, D.I. 66, D.I. 70, and D.I. 71.

motion to stay is DENIED without prejudice.²

II. BACKGROUND

LG Chem filed a trade secret misappropriation complaint against plaintiff SK Innovation Co., Ltd. (“SKI”) with the International Trade Commission (“ITC”) on April 29, 2019. (D.I. 49, Ex. A at 3) On September 3, 2019, SKI filed a complaint in this case against Defendants asserting infringement of United States Patent Number 9,698,398 (“the ’398 patent”). (D.I. 1) At the same time, SKI filed an ITC complaint asserting a different patent and commenced corresponding Civil Action No. 19-1638-CFC against LG Chem regarding the alleged infringement of that patent. (C.A. No. 19-1638-CFC, D.I. 1) On September 26, 2019, LG Chem filed ITC complaints against SKI regarding five patents and filed corresponding Civil Action No. 19-1805-CFC in this court. (C.A. No. 19-1805-CFC, D.I. 1) Litigation in both Civil Action Nos. 19-1638-CFC and 19-1805-CFC is stayed pending resolution of the related ITC investigations pursuant to 28 U.S.C. § 1659(a). (C.A. No. 19-1638-CFC, D.I. 11; C.A. No. 19-1805-CFC, D.I. 10)

On November 25, 2019, LG Chem filed its answer, affirmative defenses, and counterclaims in this action. (D.I. 9) SKI answered the counterclaims and filed its motion to strike the affirmative defense of unclean hands on December 23, 2019. (D.I. 17, D.I. 19) A scheduling order was entered on January 13, 2020, setting a fact discovery deadline of December 5, 2020 and a trial date of September 20, 2021. (D.I. 24) The parties’ Joint Claim Construction

² SK Innovation Co., Ltd.’s (“SKI”) motion to strike LG Chem’s affirmative defense of unclean hands (D.I. 17) and LG Chem’s motion for leave to file a sur-reply (D.I. 68) remain pending and will be addressed separately upon resolution of objections, if any, to the instant Memorandum Opinion and Order.

Chart is due on June 24, 2020, and the Joint Claim Construction Brief is due on September 16, 2020. (*Id.* at ¶¶ 15-16) A *Markman* hearing is scheduled for November 10, 2020. (*Id.* at ¶ 17)

On March 31, 2020, Defendants filed a petition for *inter partes* review (“IPR”) challenging the validity of asserted claims 1-3 of the ’398 patent with the U.S. Patent and Trademark Office (“USPTO”). (D.I. 57, Ex. 2) The Patent Trial and Appeal Board (“PTAB”) is expected to release its institution decision regarding Defendants’ IPR petition in October 2020. 35 U.S.C. § 314(b). If the PTAB institutes proceedings on Defendants’ petition, a final decision on the merits of the petitions is expected by October 2021. 35 U.S.C. §§ 316(a)(11).

DATE FILED	COURT / AGENCY	CASE NO.	SUBJECT	STATUS
4/29/2019	ITC	337-TA-1159	Defendants allege trade secret misappropriation by SKI	Default judgment entered vs. SKI on March 18, 2020
9/3/2019	D. Del.	19-1637-CFC-SRF	SKI alleges infringement of ’398 patent	Ongoing
9/3/2019	D. Del.	19-1638-CFC	SKI alleges infringement of ’994 patent	Stayed pending resolution of ITC action ³
9/3/2019	ITC	337-TA-1179	SKI alleges infringement of ’994 patent	Trial scheduled for Sept. 2020

³ Related Civil Action Nos. 19-1638-CFC and 19-1805-CFC are stayed due to the mandatory stay requirement pursuant to 28 U.S.C. § 1659(a). Section 1659(a) provides that, when a party to both a civil action and an action before the ITC requests a stay of the civil action,

the district court shall stay, until the determination of the Commission becomes final, proceedings in the civil action with respect to any claim that involves the same issues involved in the proceeding before the Commission, but only if such request is made within—

- (1) 30 days after the party is named as a respondent in the proceeding before the Commission, or
 - (2) 30 days after the district court action is filed,
- whichever is later.

28 U.S.C. § 1659(a). Consequently, the stay of other matters pending in this district due to parallel ITC proceedings has no bearing on the outcome of the instant motion.

9/26/2019	D. Del.	19-1805-CFC	SKI alleges infringement of '517, '241, '152, '877, and '626 patents	Stayed pending resolution of ITC action ⁴
9/26/2019	ITC	337-TA-1181	SKI alleges infringement of '517, '241, '152, '877, and '626 patents	Trial scheduled for October 2020
3/31/2020	PTAB	IPR2020-00657	Defendants allege invalidity of claims 1-3 of '398 patent	Institution decision anticipated in October 2020

III. LEGAL STANDARD

A court has discretionary authority to grant a motion to stay. *454 Life Scis. Corp. v. Ion Torrent Sys., Inc.*, C.A. No. 15-595-LPS, 2016 WL 6594083, at *2 (D. Del. Nov. 7, 2016) (citing *Cost Bros., Inc. v. Travelers Indem. Co.*, 760 F.2d 58, 60 (3d Cir. 1985)). Courts consider three factors in deciding how to exercise this discretion: (1) whether a stay will simplify the issues for trial; (2) the status of the litigation, particularly whether discovery is complete and a trial date has been set; and (3) whether a stay would cause the non-movant to suffer undue prejudice from any delay or allow the movant to gain a clear tactical advantage. *Id.* (citing *Advanced Microscopy Inc. v. Carl Zeiss Microscopy, LLC*, C.A. No. 15-516-LPS-CJB, 2016 WL 558615, at *1 (D. Del. Feb. 11, 2016)).

IV. DISCUSSION

A. Simplification of Issues

In support of the motion to stay, Defendants argue that the IPR proceedings will likely simplify the issues for trial because Defendants asserted four independent grounds of invalidity on all three asserted claims of the '398 patent in the IPR petition, raising the likelihood that the PTAB will institute IPR proceedings on at least one basis. (D.I. 57 at 8) Because each of the

⁴ See n.3, *supra*.

asserted claims is at issue in the IPR petition, Defendants contend that a finding of invalidity by the PTAB could conclude the litigation. (*Id.* at 9) Defendants allege that staying the litigation would have the added benefit of avoiding the risk of inconsistent results between the PTAB and the court. (*Id.* at 10)

In response, SKI contends that the likelihood of simplification is speculative prior to a decision on institution. (D.I. 65 at 4-5) In the event that the PTAB decides not to institute IPR proceedings, SKI argues that a stay would only result in delay, with no collateral simplification of the issues. (*Id.* at 5-6)

The issue simplification factor weighs against a stay at this time because the PTAB has not yet issued a decision on institution. *See Advanced Microscopy Inc. v. Carl Zeiss Microscopy, LLC*, C.A. No. 15-516-LPS-CJB, 2016 WL 558615, at *2 (D. Del. Feb. 11, 2016) (observing that, “[i]f no review is instituted, the asserted basis for a stay will fall away.”). “Generally, the ‘simplification’ issue does not cut in favor of granting a stay prior to the time the PTAB decides whether to grant the petition for *inter partes* review.” *Copy Protection LLC v. Netflix, Inc.*, C.A. No. 14-365-LPS, 2015 WL 3799363, at *1 (D. Del. June 17, 2015); *see also HIP, Inc. v. Hormel Foods Corp.*, C.A. No. 18-615-CFC, 2019 WL 7667104, at *1 (D. Del. May 16, 2019). Under these circumstances, courts in this district typically permit the movant to renew its motion if and when the IPR petition is instituted. *Id.*; *see also KFx Med., LLC v. Stryker Corp.*, 2019 WL 2008998, at *2 (S.D. Cal. May 7, 2019) (“[T]he majority of district courts ‘have postponed ruling on stay requests or have denied stay requests when the PTAB has not yet acted on the

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