

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WISCONSIN

OUT RAGE, LLC,

Plaintiff,

v.

NEW ARCHERY PRODUCTS
CORPORATION,

Defendant.

OPINION AND ORDER

13-cv-240-bbc

In this civil action, plaintiff Out RAGE, LLC contends that defendant New Archery Products Corporation's mechanical arrowheads infringe its U.S. Patent RE No. 44,144. Out RAGE has now filed a motion to set an expedited schedule and consolidate this case with cases nos. 11-cv-701-bbc and 12-cv-122-bbc, Dkt. #54, which concern the same products but different patents and are set for trial on September 23, 2013. New Archery opposes the motion and has filed a motion to stay this case pending ex parte reexamination of the RE '144 patent by the United States Patent Office.

I will deny New Archery's motion to stay because the benefits of a stay are speculative and granting the stay would give New Archery a tactical advantage. I will deny Out RAGE's motion to consolidate all three cases because this one will require additional development and Out RAGE's proposed schedule is unrealistic. Because the parties have completed substantial discovery related to issues in this case, I will direct Magistrate Judge Crocker to

set this case for an expedited trial in February.

BACKGROUND

Plaintiff Out RAGE, LLC owns and practices the RE '144 patent, which claims a mechanical arrowhead with blades that deploy from the rear when the arrow strikes its target. The predecessor of the RE '144 patent, U.S. Pat. No. 6,910,979, was issued in 2005. In 2006, Out RAGE's predecessor began selling broadheads practicing the '979 patent under the trademark "RAGE." In 2007, its predecessor filed for inter partes reexamination of the '979 patent, seeking to broaden the patent claims.

In 2011, defendant New Archery Products Corporation was preparing to release its own mechanical broadhead with rearwardly deploying blades. In July 2011, it called Out RAGE, saying that one of New Archery's engineers was an inventor of the '979 patent and threatening to file for ex parte reexamination unless Out RAGE gave it a royalty free license. Out RAGE refused the offer and submitted New Archery's alleged inventorship information to the Patent and Trademark Office. In January 2012, New Archery filed additional information with the PTO regarding its claims of inventorship, which delayed the reissue of the '979 patent further. That January, New Archery released three broadheads with rearwardly deploying blades under a "Killzone" trademark.

In October 2011, Out RAGE and New Archery filed dueling infringement suits. In case no. 11-cv-701, Out RAGE alleged that New Archery's Killzone broadheads infringed its U.S. Pat. Nos. 6,626,776, 6,669,586 and 6,942,588. In case no. 12-cv-122, New Archery

alleged that Out RAGE's RAGE broadheads infringed three of New Archery's patents for arrowheads with interchangeable blades. New Archery also filed counterclaims in case no. 11-cv-701, including various trademark and unfair competition claims. The two cases were consolidated.

In addition, New Archery filed a request with the PTO for inter partes reexamination of the '776 patent. After the PTO rejected seven of the eight claims in the '776 patent as anticipated or obvious, New Archery filed a motion to stay all claims relating to the '776 patent pending completion of the reexamination proceedings. In an order entered on April 9, 2012, I stayed the claims relating to the '776 patent but allowed the remaining claims and counterclaims to proceed. The parties filed cross-motions for partial summary judgment and completed briefing on those motions on March 22, 2013.

After almost six years, the PTO finished its reexamination of the '979 patent on April 9, 2013 and reissued the patent as RE '144. That same day, Out RAGE filed this lawsuit along with a motion for a preliminary injunction, alleging that New Archery infringed the RE '144 patent with its Killzone broadheads, including the models accused in Case No. 11-cv-701 and several new models introduced in January 2013.

On April 15, 2013, New Archery asked the patent office for ex parte reexamination of the RE '144 patent and moved in this court to stay a hearing on the preliminary injunction pending reexamination. I denied the motion to stay the preliminary injunction hearing and held it on May 2, 2013. At that time, I denied Out RAGE's motion for a preliminary injunction after finding that it had not shown a likelihood of irreparable harm.

On May 14, 2013, the PTO granted New Archery's request for reexamination of the RE '144 patent in part. Relying on six patents and two non-patent references, the examiner found a substantial new question of patentability for all of the claims in the RE '144 patent. All of patents relied upon by the examiner were listed as prior art in the RE '144 patent, but neither of the non-patent references was listed in the patent.

OPINION

I will begin with New Archery's motion to stay this case pending the reexamination of the RE '144 patent. New Archery argues that this case is at an early stage, the patent office is reexamining every claim in the RE '144 patent and a stay might simplify issues if the patent examiner disallows some claims and avoid wasted efforts if some claims are later found invalid or amended. I will deny the motion for a stay because New Archery's asserted benefits are speculative and a stay would give New Archery a strategic advantage while unduly prejudicing Out RAGE.

It is within the court's inherent power to stay proceedings pending reexamination in the interests of efficiency for the litigants, counsel and the court. Cherokee Nation of Oklahoma v. United States, 124 F.3d 1413, 1416 (Fed. Cir. 1997) (citing Landis v. North American Co., 299 U.S. 248, 254-55 (1936)). When considering whether to impose a stay, the court must "balance interests favoring a stay against interests frustrated by the action," Cherokee Nation, 124 F.3d at 1416, while keeping in mind the "virtually unflagging obligation of federal courts to exercise jurisdiction" in cases properly before them, absent

“exceptional circumstances.” Colorado River Water Conservation Dist. v. United States, 424 U.S. 800, 817 (1976); R.R. Street & Co. v. Vulcan Materials Co., 569 F.3d 711, 715 (7th Cir. 2009). As I explained in Grice Engineering, Inc. v. JG Innovations, Inc., 691 F. Supp. 2d 915 (W.D. Wis. 2010), courts analyzing this balance often consider

(1) whether the litigation is at an early stage; (2) whether a stay will unduly prejudice or tactically disadvantage the non-moving party; (3) whether a stay will simplify the issues in question and streamline the trial; and (4) whether a stay will reduce the burden of litigation on the parties and on the court.

Id. at 920 (citations omitted). As the moving party, New Archery has the burden to show that circumstances justify a stay. Nken v. Holder, 129 S. Ct. 1749, 1761 (2009).

Although this case was filed in April and discovery has not yet begun, the court has already expended significant resources on it. In the process of ruling on Out RAGE’s motion for preliminary injunction, the court has become familiar with the accused products, the asserted patents, the prior art and the parties’ likely arguments on the merits. Moreover, the other two cases between these parties concern the same products and much of the same prior art, and those cases have fully briefed motions for summary judgment.

In addition, it is only speculation on New Archery’s part that a stay would simplify the issues in this case or reduce the burdens of litigation. This second reexamination is at its earliest stage. Out RAGE has not responded to New Archery’s request for reexamination or to the examiner’s finding of a substantial issue of patentability. Moreover, it is less likely than in the typical case that the claims of the RE ‘144 patent will change substantially during this reexamination. The RE ‘144 patent reissued only weeks ago after a six-year reexamination, during which the examiner considered all but two of the prior art references

cited by New Archery.

Last, and most important, it appears that New Archery is using the motion for a stay as a tactical maneuver to prejudice Out RAGE. Most of the delay in the previous reexamination was attributable to Out RAGE's conduct before the examiner. However, when New Archery was working on its new line of rearwardly deploying broadheads in 2011, it delayed the reissue further by intervening in the reexamination, first indirectly in July 2011 and later directly in January 2012. New Archery's request for reexamination seems to be another gambit for delay since New Archery could have simply raised its invalidity claims before this court. Instead, it filed the request for reexamination and now argues that it will be burdened by the need to supplement its arguments before this court in light of events that occur in the reexamination.

As I explained when ruling on the previous motion to stay, New Archery should have considered this potential prejudice when deciding whether to file its request for reexamination. New Archery contends that this argument cuts both ways because Out RAGE was aware that it was planning to file a motion for reexamination when Out RAGE chose to file this infringement suit. However, the parties' positions are not symmetrical. New Archery could have raised its invalidity defenses in this court but Out RAGE could not raise its infringement claims before the patent examiner. In light of the substantial discovery that the parties have accumulated in this case, the court's expenditure of resources on this case and the probability that New Archery is using the stay strategically, I will deny New Archery's motion to stay the proceedings pending reexamination.

B. Motion to Expedite

Out RAGE has filed a motion to consolidate this case with case nos. 11-cv-701-bbc and 12-cv-122-bbc and proceed to trial with all three cases on September 23, 2013. Out RAGE argues that the three cases have “extensive” overlap, including related technology, many of the same accused products and several of the same witnesses and experts, and that the RE ‘144 patent is the most important patent at issue.

It is true that this case has significant overlap with the two previous cases but the overlap is less substantial than Out RAGE represents. Three of the four patents asserted in the two previous cases involve distinct technology and New Archery has filed numerous trademark and unfair competition claims in this case. In addition, the RE ‘144 patent has 57 claims and has six years of prosecution history, not including the time spent prosecuting its ‘979 predecessor. Two of the three named inventors of the RE ‘144 patent are not involved in the consolidated cases. The parties will need time to complete additional discovery about the RE ‘144 patent.

As a result, Out RAGE’s proposed schedule is unduly short, requiring the parties to exchange expert reports in less than a month, complete any additional discovery in six weeks and file dispositive motions in less than seven weeks. Such an abbreviated schedule would be prejudicial to New Archery’s ability to defend the case. Nevertheless, given the overlap of products and technology, the amount of discovery completed for the previous related cases and the ongoing and serious nature of New Archery’s alleged infringement, the court will direct Magistrate Judge Crocker to set this case for an expedited schedule in February 2014.

ORDER

1. Defendant New Archery Products Corporation's "motion for leave to file reply in support of its motion to stay litigation pending reexamination," dkt. #69, is GRANTED.

2. Defendant's "motion to stay litigation pending reexamination," dkt. #59, is DENIED.

3. Plaintiff Out RAGE's "motion to set expedited trial date and consolidate related suits," dkt. #54, is GRANTED IN PART. The motion to set an expedited trial date is GRANTED and Magistrate Judge Crocker is directed to set this case for an expedited trial date in February 2014. The motion is DENIED in all other respects.

Entered this 30th day of May, 2013.

BY THE COURT:

/s/

BARBARA B. CRABB

District Judge