

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

WONDERLAND NURSERYGOODS CO.,
LTD.,

Plaintiff,

v.

THORLEY INDUSTRIES LLC (d/b/a
4MOMS),

Defendant.

Civil Action No. 2:13-cv-00387

Judge Mark R. Hornak

MEMORANDUM ORDER

AND NOW this 6th day of November, 2015, it is hereby ORDERED that ruling on Defendant's Motion to Stay or in the Alternative for Summary Judgment of Non-Infringement, ECF 152, is deferred and the trial currently scheduled to begin Monday, November 16, 2015, is removed from the trial list, all pending further proceedings in this case consistent with this Order. The final Pretrial Conference set for Monday, November 9, 2015 is cancelled, and all further filing obligations/deadlines related to the jury trial of this matter previously set for November 16, 2015 are held in abeyance pending further Order of the Court.

Both Thorley's Motion, ECF 152, and Wonderland's opposition to that Motion, ECF 154, carry facial merit, and were more than ably argued by counsel both in their papers and in a telephonic oral argument held November 4, 2015¹. Thorley's Motion has its genesis in an *inter partes* review ("IPR") proceeding before the Patent Office filed by another baby crib

¹ Wonderland specifically requested oral argument on such Motion, which the Court concluded would be helpful in the disposition of Thorley's Motion, and which was held at the earliest date available on the Court's calendar.

manufacturer and in which Thorley has not intervened or otherwise joined. That proceeding was filed months ago. What is new, says Thorley, is a conditional amendment request filed by Wonderland on October 13, 2015 in that IPR proceeding which Thorley says fundamentally changes the scope and reach of Claim 8 of the Patent² in suit here. The core of Thorley's Stay Motion is that it would be forced to re-litigate the merits of the case in this Court if Wonderland's proposed Patent amendment was accepted in the IPR proceeding now pending; Wonderland counters that this contingency was far from certain and that the very late stage of where this case now stands strongly/overwhelming counsels against imposing any stay³.

In light of the arguments advanced by both parties, and based on its examination of the record, this Court believes that in exercising its sound discretion to manage its own docket, the path set forth in this Order is the prudent direction for further proceedings in this action at this juncture.

Wonderland's conditional Patent amendment would at least facially and substantively alter and seemingly narrow the Patent. To the extent that there is "any product or process that would infringe the original claim, but not infringe the amended claim," the amended claim is narrower. *See R+L Carriers, Inc. v. Qualcomm, Inc.*, 801 F.3d 1346, 1350 (Fed. Cir. 2015). Here, by adding language in the conditional Patent amendment, "the enclosure member including a plurality of side panels made of fabric, the side panels having edge portions, the edge portions

² The '919 Patent at issue here, and in particular, its Claim 8, which is the subject of Wonderland's Conditional Amendment, and is the independent claim allegedly infringed in this case.

³ At oral argument, the parties confirmed that the procedural lay of the land in and resulting from the IPR proceeding is as follows: The Patent Trial and Appeal Board in the IPR proceeding is being asked to cancel the '919 Patent. Wonderland's conditional amendment is intended to "save" the Patent by refining Claim 8 if cancellation is imminent. Thus, the central point of this (or any) conditional amendment request to the PTAB is to rescue a patent or patent claim that would otherwise fall by the wayside. This matters for at least two reasons here: first, from where this Court sits, in such context, it cannot at this point credit a central tenet of Wonderland's argument, namely that the conditional amendment has little/no substantive meaning, and second, it would appear to give facial credence to the "stay" position of Thorley that if, after a trial here, that Patent Claim were amended, then any infringement/validity verdict and ensuing remedy would be fundamentally called into question.

of adjacent side panels being in contact with one another, the enclosure member defining a continuous wall of fabric surrounding the enclosed space” the scope of the amended Patent will no longer include, for example, a different form of an “enclosure member” in which the side panels of fabric are not in contact with each other.

As part of its renewed Summary Judgment Motion⁴, Thorley claims that if the Patent were amended as Wonderland says should happen if the IPR proceeding is headed toward Patent cancellation, the *Breeze*⁵ would not infringe the amended Patent. Among other arguments, Thorley asserts that under the post-amendment language, the *Breeze* would not infringe because the portion of fabric stretching across the inside of the upright tube is not a “side panel” of the enclosure member. As such, Thorley contends, the *Breeze* does not have an enclosure with “side panels having edge portions, the edge portions of adjacent side panels being in contact with one another.” This argument only arises if the Patent includes, or should be construed as including, the language from the amended Claim 8.

Wonderland says that all of that has no merit on the substance and that as a procedural matter, Thorley cannot get another bite at the summary judgment apple at this stage of the case. Wonderland is correct in saying that, until now, Thorley never contested that the *Breeze* had an “enclosure member” under the terms of the Patent. However, until now, Thorley had no reason to believe that “enclosure member” had the narrowing definition or construction advanced by

⁴ Wonderland points out correctly that under the Federal Rules of Civil Procedure, this Court’s Local Rules, and this Court’s Pretrial Orders, that summary judgment motion comes way too late. If there was no proposed conditional amendment to the Patent focused on Claim 8, that Motion would likely not get any further consideration. But, for the reasons noted, that conditional amendment, and the representations made to the PTAB about what it is, and what it means, could for the reasons noted by Thorley present a whole different ballgame. For the purposes of this Order, the Court need not rule on whether and on what terms the Court would consider that summary judgment motion, but it can say that if Thorley’s substantive position has legs, then the timing of the filing of that summary judgment motion would not be necessarily problematic. Of course, no disposition of such a motion would occur until Wonderland had been given a full and fair opportunity to weigh in both as to the procedural situation, and as to its merits.

⁵ The Thorley baby crib that is at the center of this case.

Wonderland's proposed Patent amendment. Still, Wonderland responds that Thorley *should have known*, because, according to Wonderland, this is "how a district court would construe" claim 8, and it so stated in its Contingent Motion to Amend before the PTAB. ECF 153-4 at 27.

The court is drawn to the following conclusions. If Wonderland asserts that the amendment language specifies what "enclosure member" as used in the Patent actually means (and, according to Wonderland, what it necessarily meant all along), then, before this Court conducts a jury trial involving, among other things, both asserted infringement of Claim 8 of the Patent, and a challenge to validity, the parties have to be given a fair chance to litigate the construction of "enclosure member" in light of these developments, along with the impact of that construction on those issues. In this Court's judgment and discretion, proper judicial administration of both this case, and management of the Court's docket, compels doing so. Furthermore, if it turns out that the amended language is substantially in play through further claim construction, and if the Court then concludes that such construction would not affect the necessity of a trial on infringement and validity issues, then Thorley may then have little reason remaining to worry about an amendment coming into play via the IPR and then altering any trial decision in this case—and thus, there may be no reason to stay the case until the conclusion of the IPR proceeding⁶.

As such, the Court finds and concludes that the most prudent course is to defer both ruling on the Motion to Stay and consideration of whether and how it would decide the renewed Motion for Summary Judgment, until the parties have had the opportunity to brief and litigate issues related to the construction of Claim 8 (and, as appropriate, the alleged infringement and

⁶ Or, perhaps a stay pending the conclusion of the IPR proceedings would nonetheless be proper. Among the things that the Court does believe it knows at this point is that the conditional amendment and its effect on the scope of the Patent construction and the issues that would be tried in this case do substantively and substantially scramble the deck in this case, counselling a reboot of the trial schedule. Whether the Court should put the brakes on the entire proceeding pending conclusion of the IPR proceeding is a different question that need not be resolved now.

invalidity of the Patent) in light of the new developments in this case generated by Wonderland's conditional amendment and related representations to the PTAB⁷.

The plan moving forward is as follows. The trial currently scheduled to begin Monday, November, 16, 2015 is removed from the trial list. The parties are to confer and submit a joint proposed Scheduling Order for further briefing and potential expert reevaluation and re-deposition consistent with this Order. All such briefing shall be limited to new claim construction arguments generated by or related to Wonderland's requested conditional amendment (and any related statements or filings) before the PTAB, and the impact (if any) of such matters on the infringement and validity issues in this case. The parties shall submit that joint proposed Scheduling Order on or before November 20, 2015. In the event that the parties are unable to agree to the terms of such a scheduling order, each party shall file an individual proposed Scheduling Order on or before November 20, 2015, and shall set forth in their filings the scope of and basis for such disagreements. The Court believes that this briefing, expert reevaluation, and expert re-deposition should, and can, be completed no later than March 31, 2016. Ruling on Defendant's Motion to Stay and the disposition (procedurally and substantively) of Thorley's renewed Motion for Summary Judgment will be deferred until a later point in such proceedings.⁸

⁷ In referencing such "representations," the Court does not imply that Wonderland did anything untoward in making them, but only notes that Wonderland did make them, and for the reasons noted by Thorley, they may well make a big difference in how this case proceeds procedurally and on the merits. *See* ECF No. 153 at 6 at "C".

⁸ Facially, Thorley's stay motion appears to have merit, and at the same time, Wonderland has advanced reasonable arguments against a stay in response. Perhaps that is why the applicable standard for this Court's evaluation of a stay request is that it is entrusted to the sound discretion of the trial court.

In deciding whether to stay litigation pending the conclusion of proceedings at the PTAB, "courts typically consider: (1) whether a stay will unduly prejudice or present a clear tactical disadvantage to the nonmoving party; (2) whether a stay will simplify the issues in question and trial of the case; and (3) whether discovery is complete and whether a trial date has been set." *Wonderland Nurserygoods Co. v. Thorley Indus., LLC*, 858 F. Supp. 2d 461, 463 (W.D. Pa. 2012) (citing *Soverain Software LLC v. Amazon.com, Inc.*, 356 F.Supp.2d 660, 662 (E.D.Tex.2005); *Xerox Corp. v. 3Com Corp.*, 69 F.Supp.2d 404, 406 (W.D.N.Y.1999)).

The Court does not believe that delaying the trial a short time until further claim construction briefing can take place will materially prejudice either party⁹. Any prejudice which

While there may be some prejudice inherent in allowing any allegedly infringing defendant to continue selling an allegedly infringing product, any prejudice from a stay of this case would not be facially unwarranted or severe. It is contested whether Wonderland and Thorley are directly competing—since Wonderland serves as a retail supplier rather than a to-consumer retailer—but what is uncontested is that the allegedly infringing feature does not allegedly drive consumer demand for the cribs. As such, there is little reason to believe that Thorley’s use of the patent is diminishing Wonderland’s—or its retail customers’—market share. Furthermore, any damages that Wonderland will be able to claim will continue to accrue during the pendency of a stay. *See Wonderland NurseryGoods Co. v. Thorley Indus., LLC*, No. CIV.A. 12-196, 2014 WL 695549, at *7 (W.D. Pa. Feb. 24, 2014) *reconsideration denied*, No. CIV.A. 12-196, 2014 WL 2608117 (W.D. Pa. June 11, 2014) (“To the extent that Wonderland sustains any additional damages due to infringement during the stay, it may still seek compensation for those damages.”).

Second, while a stay would not necessarily simplify the issues in question at *this* trial, it could substantially increase the odds that the parties would not need to re-litigate the merits of their respective cases at a second trial if the Patent is amended in the IPR proceedings. For example, if Thorley were found to be infringing under the present Patent language, but subsequently the Patent is amended and narrowed, it might be necessary to re-litigate the merits of an infringement judgment under the new Patent language. Likewise, any damages award might also need to be re-litigated under the rule of intervening rights. *See* 35 U.S.C. 316(b); 35 U.S.C. 252. Not to mention that any injunctive relief awarded would have to be reconsidered or at least recalibrated if the Patent Claim as to which infringement were enjoined changed.

Third, as to the “tactical advantage” factor, the Court concludes that such is really not an issue here. Thorley has presented legitimate arguments that it filed its Motion only when the facts on the ground changed such that the Motion had a factual and legal basis. As this Court has noted in other settings, it is quite possible that several things can be true at the same time. It may be that the timing of the Motion gives Thorley a tactical edge. It could be that the timing of Wonderland’s conditional amendment with the PTAB, coming as it did after this Court set the fast trial date, in either or both intent and effect gave Wonderland a tactical advantage. That all said, the right thing to do now is what this Order directs. From where the Court sits, the presence of mutual client animosity for one another, or the sparring of trial lawyers as to the purity of the motives of their adversary, rarely (if ever) should drive the substance of the exercise of judicial judgment or discretion, and they surely don’t here. Before the Court are highly experienced counsel who seem to know what they are doing, and their substantive arguments give the Court plenty to consider without getting into an assessment of “tactics.”

Finally, though this case is certainly at a late stage in the proceedings, it does not appear as if Thorley could have moved for a stay on the grounds advanced any sooner than it did. The basis of Thorley’s motion is the proposed language in the conditional Patent amendment, not simply the existence of a parallel IPR. As such, the Motion to Stay/renewed Motion for Summary Judgment came before the Court as soon the underlying bases for them came into being. Furthermore, though trial was imminent, the proper frame of reference for any stay request is the marginal cost of delaying the resolution of the case, not the costs already sunk into the case—those costs are sunk regardless of when the case is tried. Finally, if the case were stayed and it turns out that the Patent is not cancelled or is amended, the parties could pick up right back where they left off and proceed swiftly to trial as appropriate. Subject to the Court’s obligations under the Speedy Trial Act as to cases on its criminal docket, the Court is prepared to give the parties here the judicial equivalent to a “Fastpass,” and get this one-week jury trial teed up at the first opportunity, once the Court concludes that it is ready to go.

⁹Indeed, the original trial date was significantly accelerated from the norm. Wonderland asked for a fast trial date (nothing facially improper about that), and the Court was able to accommodate that only due to the settlement of a civil case set for trial, the movement of a criminal trial date, an ironclad representation by Wonderland that this case

may occur is far outweighed by the efficiencies that will result from further proceedings in this case, as set forth in this Order.

It is so ORDERED.

A handwritten signature in black ink, appearing to read 'Mark R. Hornak', with a long horizontal flourish extending to the right.

Mark R. Hornak
United States District Judge

cc: All counsel of record

could be tried entirely within the week before the Thanksgiving holiday, and the availability of trial counsel on both sides.