

Seyfarth PTAB Blog



A legal look at Patent Trial and Appeal Board decisions and trends

Motion to Stay Pending IPR: Lessons Learned Three Years In

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This month marks the three year anniversary of when Inter Partes Review (“IPR”) proceedings first became available in September 2012. Since that time, over 3,200 litigants have petitioned the PTAB for institution of IPR proceedings, typically as an alternative to litigating the same patent invalidity defenses in district court.¹

Not long after the emergence of IPRs, patent defendants began filing motions to stay district court proceedings pending the outcome of the IPR (“Stay Motions”). All Stay Motions are premised on the same general argument: courts and parties should avoid expending resources litigating patent claims that may be found invalid. And, while this basic premise seems logical, Stay Motions are often met with mixed results. In fact, a survey of the 88 contested Stay Motion opinions issued so far in 2015 reveals a break-down of only 38 granted (43%) and 42 denied (48%).²

Courts generally weigh three factors in deciding whether to grant a stay: (1) the status of the litigation; (2) whether a stay will simplify the issues before the court; and (3) prejudice to the patent owner. A review of court opinions denying stays reveals the court’s approaches to these factors and identifies common pitfalls that should be avoided.

1. Act Promptly In Petitioning For IPR.

While the statute allows defendants to wait as long as one year from service of the complaint to petition for IPR, defendants improve their chances of being awarded a stay by petitioning the PTAB as soon as practically possible. Many Stay Motion denial rulings involved situations where the defendant petitioned well into discovery or, in some cases, close to trial.³ In one denial ruling, the court found that four months was too long of a wait.⁴

¹ www.uspto.gov/sites/default/files/documents/071615_aia_stat_graph.pdf (statistics as of July 15, 2015).

² Percentage based on data from www.docketnavigator.com. Excludes agreed and renewed motions. Partial grants and “other” outcomes accounted for the remaining 9%.

³ *SynQor, Inc. v. Cisco Systems, Inc.*, 2-14-cv-00286 (ED Tex. August 10, 2015).

⁴ *Allure Energy, Inc. v. Honeywell International Inc.*, 1-15-cv-00079 (WD Tex July 2, 2015).

Less clear, however, is whether the defendant should file the Stay Motion at the time the IPR petition is filed, or wait until after institution, which generally takes six months. Courts sometimes hesitate to stay proceedings before the IPR is instituted based on the chances (however slim)⁵ the PTAB will deny the petition. On the other hand, waiting to move for a stay can sometimes be perceived as a delay. In order to avoid this potential pitfall, many defendants move for a stay immediately upon filing the IPR petition, anticipating the court will, at the very least, deny the Stay Motion without prejudice and invite the defendant to renew the motion if and when an IPR is instituted.⁶ Many courts have looked favorably at renewed Stay Motions so long as the defendant moved promptly after IPR institution.⁷

2. Cover As Many Patent Claims As Possible In The IPR Petition.

A survey of opinions denying Stay Motions reveals many examples where the IPR involved only some of the patents or patent claims at issue.⁸ These types of circumstances provide the court a relatively straightforward basis for denying a Stay Motion. As a result, defendants should include in the IPR petition, at bare minimum, all patents and patent claims at issue (or potentially at issue) in the litigation.

3. Proceed Carefully In Asserting Defenses And Other Invalidity Grounds.

Frequently, patent defendants raise every conceivable defense and invalidity position. While this strategy may be sound under certain circumstances, defendants should proceed carefully in raising defenses with only a marginal probability of success, particularly in situations where the defendant places the Stay Motion as a top priority. Because IPR petitioners can assert only limited invalidity grounds (namely, novelty and obviousness based on prior art patents or printed publications), district courts sometimes find that the presence of other defenses and invalidity positions not resolvable by IPR weighs against finding that the IPR will simplify the case.⁹

4. Emphasize Lack of Undue Prejudice.

Courts also weigh prejudice to the patent owner in deciding on a Stay Motion. If the parties are not competitors, defendants should emphasize that fact in the Stay Motion.¹⁰ And, while not always determinative, the fact that a patent owner has failed to move for a preliminary injunction can weigh against a finding of undue prejudice.¹¹

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⁵ Statistics indicate the PTAB has denied approximately 31% of IPR petitions so far in 2015. www.uspto.gov/sites/default/files/documents/2015-07-31%20PTAB.pdf

⁶ *Williamson v. Google Inc.*, 5-15-cv-00966 (ND Cal. March 13, 2015) (“PTAB is not even scheduled to make that decision until approximately [5 months from now]. [Defendant] may renew its motion to stay if and when the PTAB has instituted any IPR proceedings”).

⁷ *Netlist, Inc v. Smart Modular Technologies, Inc.*, et al 4-13-cv-05889 (N.D. Cal. April 9, 2015).

⁸ *SCVNGR, Inc. d/b/a LevelUp v. eCharge Licensing, LLC* 1-13-cv-12418 (D. Mass. September 25, 2014); *Adaptix, Inc. v. Dell, Inc. et al*, 5-14-cv-01259 (ND Cal. August 5, 2015).

⁹ *Rensselaer Polytechnic Inst. & Dynamic Advances, LLC v. Apple Inc.*, 1:13-cv-00633 (N.D.N.Y.) (“invalidity claim under 35 U.S.C. § 112 cannot be adjudicated by the PTAB, and thus would remain for trial regardless of the outcome of IPR”).

¹⁰ *Card-Monroe Corp. v. Tuftco Corp.*, 1-14-cv-00292 (E.D. Tenn. February 19, 2015).

¹¹ *Polymer Technology Systems, Inc. v. Jant Pharmacal Corporation*, 2-15-cv-02585 (C.D. Cal. August 20, 2015).

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Seyfarth Shaw LLP PTAB Blog | September 17, 2015

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