

Seyfarth PTAB Blog



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

Avoiding Stays Pending *Inter Partes* Review

By Patrick T. Muffo

We recently analyzed district court trends for granting or denying stays pending PTAB proceedings, such as *inter partes* reviews (“IPR”) or covered business method petitions (“CBM”). That post, found [here](#), focused on trends and statistics three years after the America Invents Act was instituted.

The recent case of *Signal IP v. Ford Motor Company* (No. 14-cv-13729, ED Michigan) offers a great example of how courts weigh common fact patterns occurring in patent litigation when deciding to grant or deny stay motions. The *Signal IP* case involves a non-practicing entity (Signal IP), a delay in filing the IPR petition, a cat and mouse game of asserted patent claims, and a court willing to work with the parties to determine a schedule that allows co-pending litigation alongside the PTAB proceedings.

1. Delay in filing IPR petition important

The court, like many others, focused strongly on the delay of the petitioner to file the IPR petition. Here, Ford waited almost a full year after being served with the complaint before filing the IPR petitions. Of course, had Ford waited just a bit longer (more than one year), it would have been barred from filing the IPR petitions under 35 U.S.C. § 315(b). So Ford’s delay was nearly the maximum amount allowed by law while still permitting the filing of the IPR petitions.

The court agreed with Signal IP that delaying the resolution of the lawsuit would prejudice the Plaintiff. The court appeared to find irrelevant the fact that Signal IP is a non-practicing entity seeking only money damages, a factor Ford said weighed in favor of a stay.

2. CBM more deserving of a stay than IPR?

IPR proceedings cannot adjudicate all bases of invalidity for any asserted patent claim. Of course, IPR petitions only request the PTAB to determine whether the challenged claims are unpatentable under §102 or §103, and cannot be used to challenge the patentability of the claims under §101. In *Signal IP*, the court noted the many defenses of the defendants and pointed out those that would not be resolved by the IPR petition, including the defendant’s §101 defense. It is unclear how the court would have weighed this factor if the PTAB proceedings were CBMs rather than IPRs.

3. Cat and mouse game effective

Signal IP owns several patents to a variety of different technologies, and each of these patents includes claims that were originally asserted and some that were not. After suing several automobile manufacturers, those defendants then filed IPRs challenging the originally-asserted claims. Following the petitions, however, Signal IP indicated it was no longer pursuing the challenged claims and would instead assert a different claim set against the defendants.

The court found this procedure to negate the possibility of duplicative proceedings. In the eyes of the court, granting a stay would only allow the Patent Office to adjudicate the validity of the non-asserted claims, and not the claims at issue in the district court litigation. The court did not, however, tip its hand as to whether it would grant a stay if and when the defendants file IPR petitions for the new set of asserted claims.

4. No estoppel weighs against a stay

Ford is one of many defendants who filed IPR proceedings or, in some cases, reexamination proceedings against Signal IP's asserted patents. Ford challenged some patents at issue in the lawsuit, but relied on the petitions from other defendants to challenge the remaining asserted claims. The court found this to weigh against a stay. In effect, Ford was not estopped from presenting the same invalidity arguments that were presented to the PTAB in the related IPR proceedings in which it was not a party. A stay would not simplify the issues, then, because Ford could assert the exact same arguments for the exact same issues that were being adjudicated in the very PTAB proceedings providing the basis for a stay.

5. Court willing to schedule around the IPR

The *Signal IP* case is interesting in that the court offered to work with the parties to craft a scheduling order that set dispositive motion deadlines after the IPRs had concluded. Because IPRs must conclude within 18 months, the court used this definitive timeline to schedule trial and dispositive motion deadlines for after the 18 month period. The likelihood of issuing contradictory decisions was therefore eliminated, further supporting the denial of the stay motion.

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