

What The Latest Case Data Reveals About Stays Pending IPR

By **Amy Han, Forrest McClellen and Michelle Armond** (March 7, 2022)

Ten and a half years after the America Invents Act was signed into law, inter partes review proceedings before the Patent Trial and Appeal Board are ubiquitous. They are commonly accompanied by requests to stay the co-pending federal court patent litigation during the IPR proceeding.

In 2019, we conducted an empirical analysis[1] of a statistically significant increase in stays of district court litigation after the U.S. Supreme Court's 2018 decision in *SAS Institute Inc. v. Iancu*. [2]

This article analyzes the most recent data, through Dec. 31, 2021, and shows a new and emerging trend.[3] While the overall increase in stays of patent litigation after *SAS Institute* remains, the empirical data show a sudden and statistically significant 10% drop in granting motions for stays in 2021.

This drop suggests that the anecdotal evidence — of plaintiffs strategically filing patent litigation in federal courts that are less likely to stay litigation as a result of IPR challenges to the asserted patents — is indicative of something that is happening on a wide scale.

The U.S. Supreme Court's *SAS Institute* decision affected IPR stays.

IPRs are U.S. Patent and Trademark Office proceedings that allow parties to challenge patent validity quickly and inexpensively compared to district court proceedings.

On April 24, 2018, the U.S. Supreme Court issued a decision overruling prior PTAB practice allowing partial institution of IPR proceedings on fewer than all challenged claims or grounds. Partial institution on fewer than all challenged claims reduced the likelihood of a stay because, whatever the outcome of the IPR proceeding, some asserted claims would remain for the district court to decide.

When *SAS Institute* ended partial institution, some commentators predicted district courts would grant more stays in view of IPR proceedings.[4] Our 2019 analysis confirmed that prediction, with the data showing a statistically significant 5% increase in stays granted in 2019 compared to pre-*SAS Institute* stay rates.[5]

Stay rates pending IPR proceedings significantly dropped in 2021.

As of Dec. 31, 2021, the most popular courts for patent litigation maintained elevated rates of stays pending IPR proceedings compared to pre-*SAS Institute* rates.

The following chart shows the success rate of motions to stay in eight venues before and after *SAS Institute*. These venues account for around half of all motions to stay and more than half of all patent cases filed each year.



Amy Han

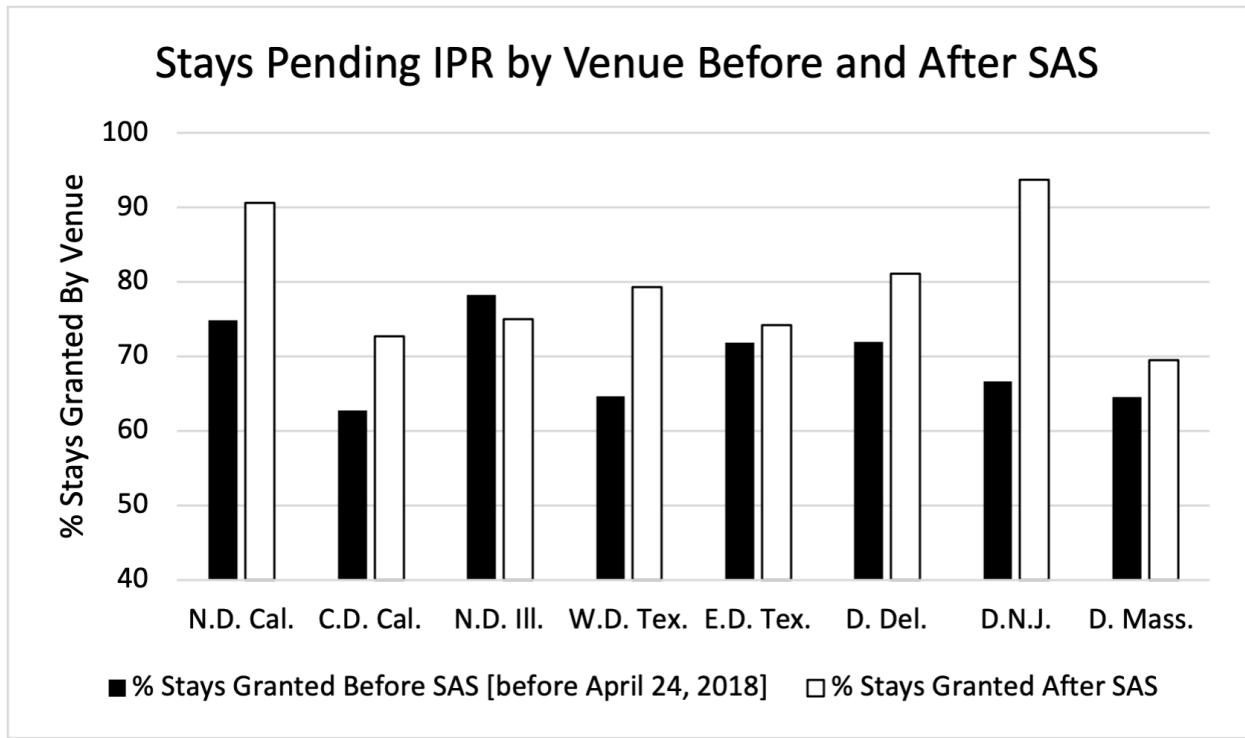


Forrest McClellen

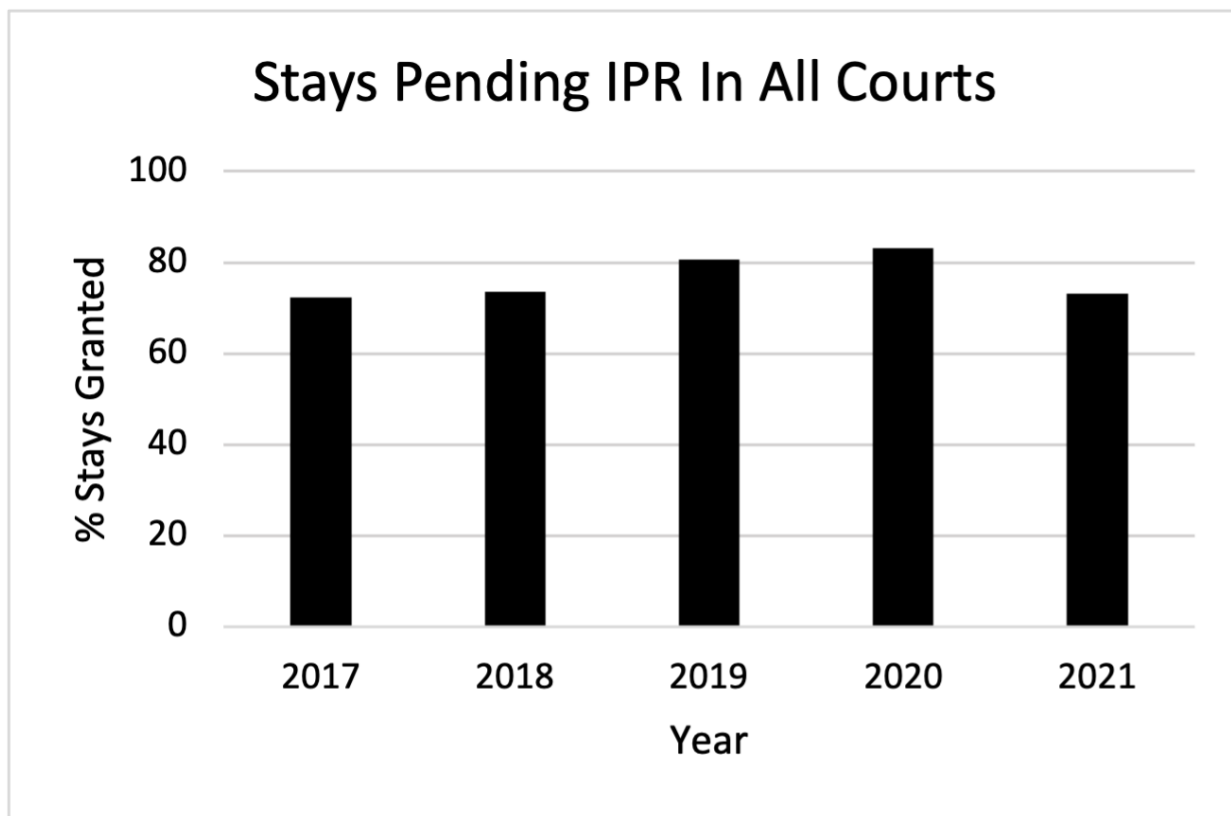


Michelle Armond

With the exception of the U.S. District Court for the Northern District of Illinois, each of these venues has increased the fraction of motions to stay granted following SAS Institute.



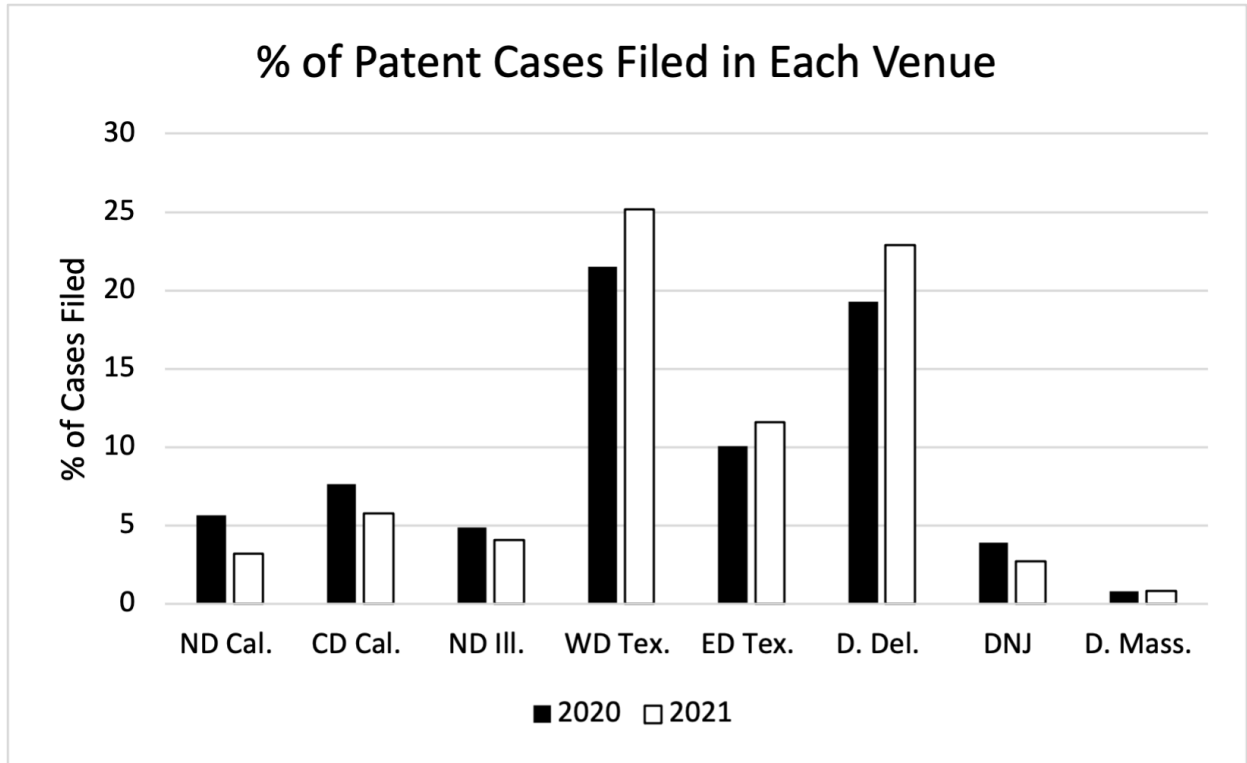
However, while stay rates remain higher after SAS Institute, the data show an overall 10% decline in stays pending IPR proceedings in 2021 relative to 2020. That 10% decline was statistically significant at a p-value of less than 0.05.



The 2021 decline in stay rates may be a result of plaintiffs seeking more favorable courts.

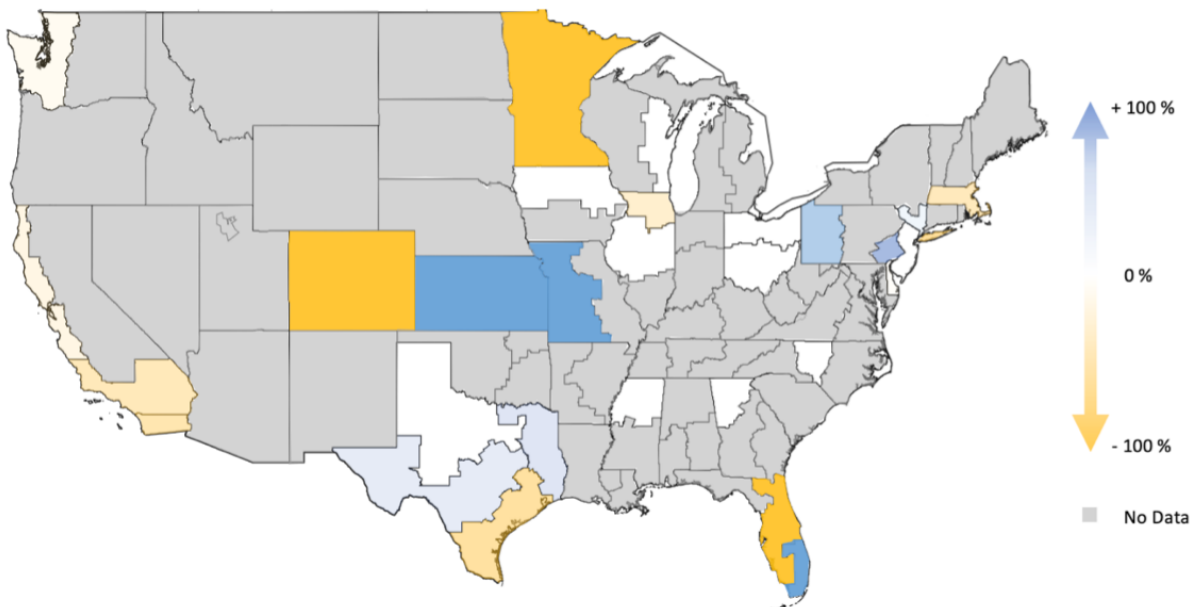
The 2021 decline in stay rates may be attributable to plaintiffs strategically filing cases in federal courts with reputations for relatively low stay rates, including the U.S. District Court for the Eastern District of Texas, the U.S. District Court for the Western District of Texas and the U.S. District Court for the District of Delaware.

The below chart shows a reduction in patent cases filed in the U.S. District Court for the Northern District of California and the U.S. District Court for the District of New Jersey, which grant stays pending IPR proceedings at high rates, and a corresponding increase in patent cases filed in Texas courts and the District of Delaware, which grant stays pending IPR proceedings at relatively lower rates.



Compounding the move away from district courts with high stay rates, some district courts that historically granted stays at high rates did so at lower rates in 2021. For example, as shown below, every district court in California that considered motions for stays pending IPR proceedings granted them at lower rates in 2021 than in 2020.

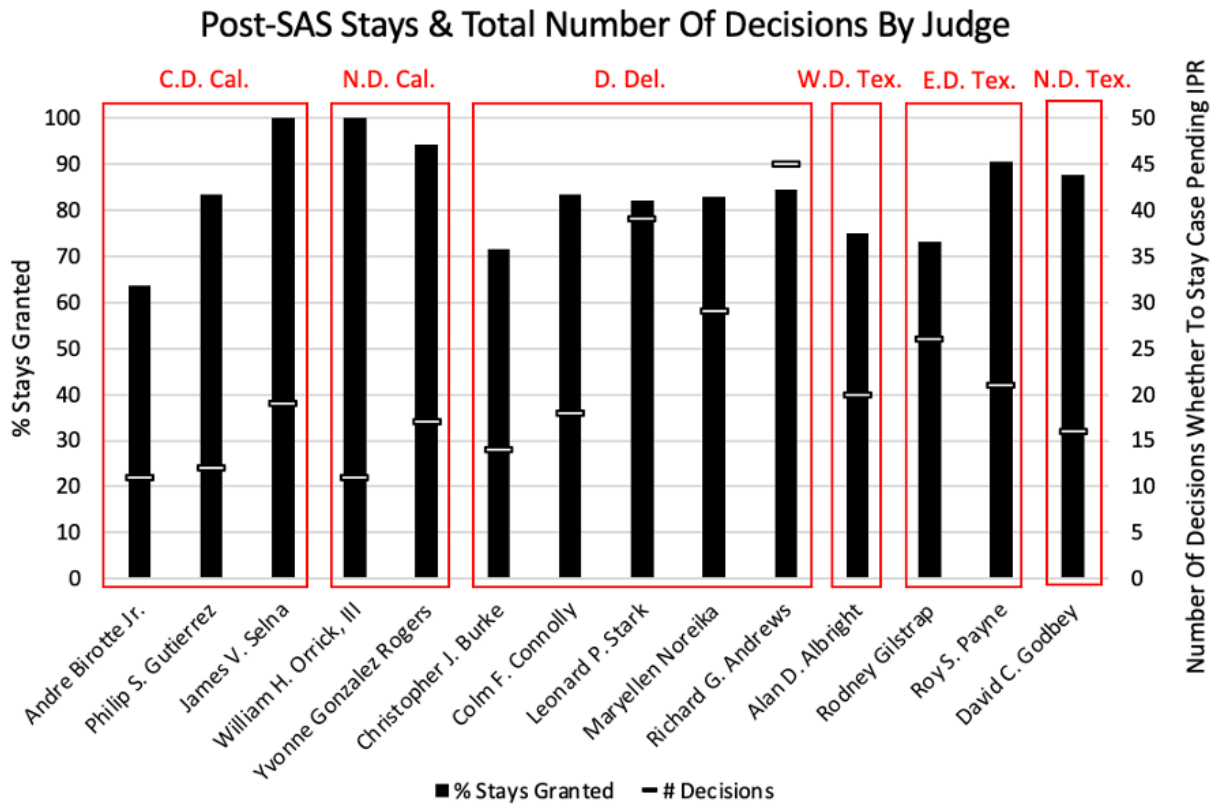
Change in Percentage of Stays Granted in 2021 vs. 2020



Individual judges grant stays at varying rates following SAS Institute.

While SAS Institute increased the overall stay rate for popular patent venues, there remain variations among individual judges in granting stays pending IPR proceedings. Judges have discretion in deciding whether to stay cases.

The following chart summarizes the rates of stays granted pending IPR proceedings for all federal district court and magistrate judges that have considered 10 or more such motions after SAS Institute.



As the data shows, grants of motions to stay pending IPR proceedings vary by court and often between judges. For example, U.S. District Judge Alan D. Albright of the Western District of Texas denied a motion to stay pending an IPR proceeding in part because the "Court strongly believes [in] the Seventh Amendment." [6]

In another case, he denied a motion to transfer, noting that "if this case is transferred to [the Northern District of California], it will likely be stayed pending the IPRs." [7]

This is supported by our data, which showed higher rates of granting motions for stays in the Northern District of California compared to the Western District of Texas.

Opinions issued by the Western District of Texas and the Northern District of California further illustrate this phenomenon.

Take, for example, the July 2021 USC IP Partnership LP v. Facebook Inc. decision. The defendant moved to stay the case after the PTAB instituted review of all challenged claims,

but after the court had issued a claim construction ruling, and near the close of fact discovery.[8]

The Western District of Texas denied the motion, finding that delaying the jury trial could prejudice the plaintiff, citing the court's issuance of a claim construction ruling, and stating there was no reason to believe the PTAB was likely to simplify the case.

Also take, for example, the 2018 Contour IP Holding LLC v. GoPro Inc. decision. The Northern District of California considered similar facts and reached the opposite conclusion.[9]

There, the PTAB had instituted inter partes review of all challenged claims after the district court had issued a claim construction ruling and the parties had conducted significant discovery. The Northern District of California granted the motion to stay, finding that the plaintiff had failed to show any specific prejudice from a stay, because "several costlier stages of pretrial preparation remain," and because "a PTAB decision would still be at least somewhat helpful."

Conclusion

The data again confirm earlier predictions that SAS Institute would increase stays pending IPR proceedings. However, plaintiffs appear to be adapting to SAS Institute's impact on motions to stay by increasingly shifting litigation to venues that are more favorable by being less likely to grant stays.

Further affecting the rate of stays granted pending IPR proceedings, the data also show that despite an overall increase in the rate of stays in popular venues, individual judges continue to grant stays at differing rates.

Amy Han and Forrest McClellan are associates, and Michelle E. Armond is a partner, at Armond Wilson LLP.

Armond Wilson partner Douglas Wilson contributed to this article.

The opinions expressed are those of the author(s) and do not necessarily reflect the views of the firm, its clients, or Portfolio Media Inc., or any of its or their respective affiliates. This article is for general information purposes and is not intended to be and should not be taken as legal advice.

[1] <https://www.law360.com/articles/1220066/how-increased-stays-pending-ipr-may-affect-venue-choice>.

[2] 138 S. Ct. 1348 (2018).

[3] The authors gathered data for this article through Dec. 31, 2021, from Docket Navigator. Partial stays were treated as denials of motions to stay.

[4] See, e.g., Scott McKeown, *New SAS Reality Impacts Motion to Stay Analysis*, Patents Post-Grant (May 30, 2018), available at <https://www.patentspostgrant.com/sas-reality-strikes-motion-stay-analysis/>; Matthew Bultman, *Checking In On SAS Institute 6 Months Later*, Law360 (Nov. 30, 2018), available

at <https://www.law360.com/articles/1106616/checking-in-on-sas-institute-6-months-later>.

[5] Forrest McClellan, Douglas R. Wilson, Michelle Armond, How Increased Stays Pending IPR May Affect Venue Choice, Law360 (Nov. 15, 2019), available at <https://www.law360.com/articles/1220066/how-increased-stays-pending-ipr-may-affect-venue-choice>.

[6] Continental Intermodal Grp. v. Sand Revolution LLC, No. 7:18-cv-00147, 7/22/2020 docket entry (W.D. Tex. July 22, 2020).

[7] Demaray LLC v. Samsung Elecs ., No. 6:20-CV-00636-ADA, 2021 WL 5316455, at *5 (W.D. Tex. July 29, 2021).

[8] No. 6:20-CV-00555-ADA, 2021 WL 6201200 (W.D. Tex. Aug. 5, 2021).

[9] No. 17-CV-04738-WHO, 2018 WL 6574188 (N.D. Cal. Dec. 12, 2018).