

4-30-2018

To Stay or Not to Stay Pending IPR? That Should be a Simpler Question

Joel Sayres

Julie Wahlstrand

Follow this and additional works at: <https://scholarship.kentlaw.iit.edu/ckjip>

 Part of the [Law Commons](#)

Recommended Citation

Joel Sayres & Julie Wahlstrand, *To Stay or Not to Stay Pending IPR? That Should be a Simpler Question*, 17 Chi. -Kent J. Intell. Prop. | PTAB Bar Assoc. 52 (2018).

Available at: <https://scholarship.kentlaw.iit.edu/ckjip/vol17/iss3/6>

This Article is brought to you for free and open access by Scholarly Commons @ IIT Chicago-Kent College of Law. It has been accepted for inclusion in Chicago-Kent Journal of Intellectual Property by an authorized editor of Scholarly Commons @ IIT Chicago-Kent College of Law. For more information, please contact dginsberg@kentlaw.iit.edu.

TO STAY OR NOT TO STAY PENDING IPR? THAT SHOULD BE A SIMPLER QUESTION

JOEL SAYRES & JULIE WAHLSTRAND*

One purpose of the America Invents Act (AIA) was to address what many in Congress perceived to be burdensome litigation involving patents of questionable validity.¹ To many in Congress, the then-current system of *inter partes* reexamination had failed to ameliorate these issues,² and district courts had compounded the problem by adjudicating motions to stay litigation pending *inter partes* reexamination inconsistently. Perhaps Senator Kyl

* Joel Sayres is a partner in the Denver office of Faegre Baker Daniels LLP. Julie Wahlstrand is an associate in the Minneapolis office of Faegre Baker Daniels LLP.

1. See 157 CONG. REC. S1380 (daily ed. Mar. 8, 2011) (statement of Sen. Grassley) (“The [AIA] will institute beneficial changes to the patent approval and review process, and will curb litigation abuses and improve certainty for investors and innovators.”); see also *id.* at S1361 (statement of Sen. Leahy) (“This bill will establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs. . . .”); *id.* at S1350 (“[W]e must have a patent system that produces high quality patents, that limits counterproductive litigation over those patents, and that makes the entire system more streamlined and efficient.”); *id.* at S1361–62 (“The America Invents Act will accomplish 3 important goals, which have been at the center of the patent reform debate from the beginning: It will improve and harmonize operations at the PTO; it will improve the quality of patents that are issued; and it will provide more certainty in litigation.”); *id.* at S1363 (statement of Sen. Schumer) (“Litigation over invalid patents places a substantial burden on U.S. courts and the U.S. economy.”); H.R. REP. NO. 112-98, pt. 1, at 40 (2011) (“The legislation is designed to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.”).

2. See 157 CONG. REC. S5374 (daily ed. Sept. 7, 2011) (statement of Sen. Whitehouse) (“Administrative processes that should serve as an alternative to litigation also have broken down, resulting in further delay, cost, and confusion. The America Invents Act . . . will improve administrative processes so that disputes over patents can be resolved quickly and cheaply without patents being tied up for years in expensive litigation.”); 157 CONG. REC. S952 (daily ed. Feb. 28, 2011) (statement of Sen. Grassley) (“[T]he bill would improve the current *inter partes* administrative process for challenging the validity of a patent.”); H.R. REP. NO. 112-98, pt.1, at 60–61 (2011) (“Congress created the administrative ‘reexamination’ process . . . in the expectation that it would serve as an effective and efficient alternative to often costly and protracted district court litigation,” but that there were “limitations that later proved to make it a less viable alternative to litigation for evaluating patent validity than Congress intended”); 157 CONG. REC. S1352 (daily ed. Mar. 8, 2011) (statement of Sen. Udall) (noting that *inter partes* reexamination was “intended to serve as a less-expensive alternative to courtroom litigation and provide additional access to the expertise of the Patent Office on questions of patentability,” but that the process “was not frequently used . . . because of procedural restrictions in the existing law”); see also *SAS Inst., Inc. v. ComplementSoft, LLC*, 825 F.3d 1341, 1359 (Fed. Cir. 2016) (Newman, J., dissenting) (“[T]he legislative history is clear that the AIA *inter partes* review proceedings were designed to correct inadequacies plaguing [*inter partes* reexamination].”).

put it most bluntly when he characterized district court case law on motions to stay pending reexamination as “a dog’s breakfast of different combinations of factors and different meanings ascribed to those factors.”³ As described more fully below, Congress believed that *inter partes* reviews (“IPRs”) would better address the cost and burdens of patent litigation by serving as a “complete substitute” for district court litigation with respect to the issue of validity based on patents and printed publications under 35 U.S.C. §§ 102 and 103.

These goals, however, have not been fully realized, in part because the variation and inconsistency in applying the factors commonly applied to stay motions during the days of *inter partes* reexamination have remained. Even though district courts in their discretion⁴ to stay litigation pending IPR generally apply the same stay factors that apply in other circumstances,⁵ courts have not applied these factors consistently. In fact, courts often analyze even the same factual circumstances in contradictory ways. For example, some courts have found that fact discovery should not be stayed pending IPR when a case is in its early stages to avoid risk of evidentiary staleness,⁶ while others have explicitly rejected evidentiary staleness arguments or simply found that an early stage weighs in favor of granting a stay (or correspondingly that a later stage weighs against a stay).⁷ While some courts have granted a stay

3. 157 CONG. REC. S1380 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl).

4. The stay determination is within a court’s inherent power to manage its docket and is reviewed for abuse of discretion. *See Procter & Gamble Co. v. Kraft Foods Glob., Inc.*, 549 F.3d 842, 845, 848–49 (Fed. Cir. 2008).

5. These factors are: (1) whether a stay would unduly prejudice or present a clear tactical disadvantage to the non-moving party; (2) whether a stay will simplify the issues for trial; and (3) whether discovery is complete and a trial date set. *See, e.g., Fisher-Price, Inc. v. Dynacraft BSC, Inc.*, No. 17-CV-3745-PJH, 2017 WL 5153588, at *1 (N.D. Cal. Nov. 7, 2017); *Armor All/STP Products Co. v. Aerospace Commc’ns Holdings Co.*, No. 6:15-CV-781, 2016 WL 6397269, at *2 (E.D. Tex. Oct. 28, 2016).

6. *See, e.g., General Elec. Co. v. Vibrant Media, Inc.*, No. 1:12-CV-00526-LPS, 2013 WL 6328063, at *1 (D. Del. Dec. 4, 2013) (“[T]he Court will permit fact discovery to be completed—reducing any risk of evidentiary staleness that might otherwise be present during the pendency of the stay—but will allow the parties to avoid the expense of expert discovery until after the results of the IPR are known.”); *see also SoftView LLC v. Apple Inc.*, No. CIV. 10-389-LPS, 2012 WL 3061027, at *4 (D. Del. July 26, 2012); *Gentherm Canada, Ltd. v. IGB Auto.*, No. 13-11536, 2015 WL 804657, at *3–4 (E.D. Mich. Feb. 26, 2015).

7. *See, e.g., Evolutionary Intelligence, LLC v. Apple, Inc.*, No. C 13-04201 WHA, 2014 WL 93954, at *3 (N.D. Cal. Jan. 9, 2014) (“Without specific evidence based on sworn testimony that spoliation has in fact occurred, a vague generalized ‘loss of evidence’ argument is unpersuasive.”); *DSS Tech. Mgmt., Inc. v. Apple Inc.*, No. 14-CV-05330-HSG, 2015 WL 1967878, at *2–3 (N.D. Cal. May 1, 2015) (“Given the relatively early stage of this litigation, the Court finds that this factor weighs slightly in favor of a stay.”); *Intellectual Ventures II LLC v. FedEx Corp.*, No. 2:16-CV-00980-JRG, 2017 WL 4812434, at *2 (E.D. Tex. Oct. 24, 2017) (“[T]he Parties have already invested substantial effort and resources during discovery and in preparing claim construction briefing. These circumstances weigh against staying this case.”) (citation omitted).

before IPR institution,⁸ many have denied stay requests without prejudice when the PTAB has not yet granted the petition—even when the defendant petitioned for IPR soon after commencement of the litigation—based on the lower potential for simplification of issues.⁹ Moreover, some courts have found it reasonable for a defendant to file an IPR petition near the statutory deadline or after it receives infringement contentions,¹⁰ while other courts have viewed such timing as an attempt to obtain an unfair tactical advantage or as a lack of diligence, weighing against a stay.¹¹

8. See, e.g., *Evolutionary Intelligence LLC v. Yelp Inc.*, No. C-13-03587 DMR, 2013 WL 6672451, at *10 (N.D. Cal. Dec. 18, 2013); *TAS Energy, Inc. v. San Diego Gas & Elec. Co.*, No. 12CV2777-GPC BGS, 2014 WL 794215, at *6 (S.D. Cal. Feb. 26, 2014); *Cannarella v. Volvo Car USA LLC*, No. CV 16-6195-RSWL-JEMX, 2016 WL 9450451, at *14–15 (C.D. Cal. Dec. 12, 2016).

9. See, e.g., *Davol, Inc. v. Atrium Med. Corp.*, No. 12-958-GMS, 2013 WL 3013343, at *1–2 (D. Del. June 17, 2013) (denying pre-institution stay where defendant filed its IPR requests less than one month after being served with the complaint and just one day after filing its answer); *Trover Grp., Inc. v. Dedicated Micros USA*, No. 2:13-CV-1047-WCB, 2015 WL 1069179, at *5–6 (E.D. Tex. Mar. 11, 2015) (Bryson, J., sitting by designation) (collecting cases in which courts have denied stay requests when the PTAB has not yet acted on a petition for review); see also *NFC Tech. LLC v. HTC Am., Inc.*, No. 2:13-CV-1058-WCB, 2015 WL 1069111, at *6 (E.D. Tex. Mar. 11, 2015) (Bryson, J., sitting by designation) (collecting cases).

10. See, e.g., *Finjan, Inc. v. Symantec Corp.*, 139 F. Supp. 3d 1032, 1036 (N.D. Cal. 2015) (“[T]he Court declines to condition a stay on Symantec seeking IPR earlier than the end of its statutory deadline, or to read a dilatory motive into the timely exercise of its statutory rights.”); *ACQIS, LLC v. EMC Corp.*, 109 F. Supp. 3d 352, 359 (D. Mass. 2015) (finding that filing IPR petitions within a week of the statutory deadline was not unreasonable, stating, “It was reasonable for EMC to wait for ACQIS to choose which claims it intended to assert in the litigation before pursuing IPRs.”); *Bonutti Skeletal Innovations, L.L.C. v. Zimmer Holdings, Inc.*, No. 12-CV-1107 (GMS), 2014 WL 1369721, at *3 (D. Del. Apr. 7, 2014) (“Defendants’ use of the year-long period to attempt to determine exactly which claims Bonutti would ultimately assert was reasonable.”); *NFC Tech. LLC*, 2015 WL 1069111, at *4 (“Given the complexity entailed in seeking *inter partes* review, a delay of seven and one-half months from the filing of the complaint is not unreasonable. That is particularly true in light of the fact that the petitions were filed only four months after NFCT served its infringement contentions on HTC.”) (citing *Destination Maternity Corp. v. Target Corp.*, 12 F. Supp. 3d 762, 766–68 (E.D. Pa. 2014)); *Cypress Semiconductor Corp. v. GSI Tech., Inc.*, No. 13-CV-02013-JST, 2014 WL 5021100, at *4 (N.D. Cal. Oct. 7, 2014); *Software Rights Archive, LLC v. Facebook, Inc.*, No. C-12-3970 RMW, 2013 WL 5225522, at *6 (N.D. Cal. Sept. 17, 2013); *Semiconductor Energy Lab. Co. v. Chimei Innolux Corp.*, No. SACV 12-21-JST JPRX, 2012 WL 7170593, at *3 (C.D. Cal. Dec. 19, 2012)); see also 157 CONG. REC. S5429 (daily ed. Sept. 8, 2011) (statement of Sen. Kyl) (stating that one year deadline provided by 35 U.S.C. § 315(b) for filing an IPR petition after service of a complaint provides time for defendants to determine “which claims will be relevant and how those claims are alleged to read on the defendant’s products”).

11. See, e.g., *Realtime Data LLC v. Actian Coporation*, No. 6:15-CV-463-RWS-JDL, 2016 WL 3277259, at *3 (E.D. Tex. June 14, 2016) (“All Defendants waited between seven and eleven months to file their IPR petitions and between one month and seven months after the petitions to file the current motion, which demonstrates a lack of diligence on the part of the Defendants, and they have not attempted to provide an explanation for this unjustifiable delay.”); *TruePosition, Inc. v. Polaris Wireless, Inc.*, No. CV 12-646-RGA/MPT, 2013 WL 5701529, at *6 (D. Del. Oct. 21, 2013), *report and recommendation adopted*, No. CV 12-646-RGA, 2013 WL 6020798 (D. Del. Nov. 12, 2013) (finding that filing IPR petitions close to the statutory deadline “may suggest an unfair tactical advantage or dilatory motive”); *Pragmatus Mobile, LLC v. Amazon.com, Inc.*, No. CV 14-436-LPS, 2015 WL 3799433, at *1 (D. Del. June 17, 2015) (“The timing of Moving Defendants’ filing suggests they may be seeking a tactical advantage, given they were aware of the prior art asserted in their IPR petition many months before filing the petition just three days before the statutory deadline.”).

Such inconsistency has led to significant variations in motion success rates among districts. For example, motions to stay pending IPR have been denied less than thirty percent of the time in the Northern District of California, but over sixty percent of the time in the Eastern District of Texas,¹² with additional variations among individual judges.¹³ The high degree of variability of stays pending IPR has potentially problematic consequences, including that such variability may increase the incentive for forum shopping.¹⁴ Additionally, in forums where stays are less likely to be granted, the variability creates a potential for inefficiency.

This variability and inconsistency does not appear to comport with Congress's intent in creating IPRs as part of the AIA.¹⁵ A review of the legislative history suggests that district courts may be placing inordinate emphasis on traditional stay factors more appropriate in other contexts, instead of giving effect to Congress's intent in creating IPRs. One way to address this would be to replace a traditional stay analysis with a presumption that district court litigation should be stayed pending IPRs, while only allowing this presumption to be overcome if there are significant patent claims or causes of action involved in the litigation that are not at issue in the IPR. Such a presumption would increase efficiency in coordinating district court litigation with IPRs, and more closely align with Congress's objective in creating IPRs as an effective alternative to costly district court litigation.

12. In fact, even though the Eastern District of Texas has the highest share of patents challenged in IPR, see Saurabh Vishnubhakat, Arti K. Rai, & Jay P. Kesan, *Strategic Decision Making in Dual PTAB and District Court Proceedings*, 31 BERKELEY TECH. L.J. 45, 104 (2016), "judges in the Eastern District of Texas are less likely than their counterparts in other parts of the country to stay lawsuits pending patent office challenges of the patent-in-suit," Brian J. Love & James Yoon, *Predictably Expensive: A Critical Look at Patent Litigation in the Eastern District of Texas*, 20 STAN. TECH. L. REV. 1, 26–27 (2017).

13. *Success Rates on Requests to Stay Pending IPR, CBM, or PGR through 2017*, DOCKET NAVIGATOR (2018), <http://docketreport.blogspot.com/2018/04/success-rates-on-requests-to-stay.html>. Note that these figures cover stay requests made both before and after PTAB institution of proceedings.

14. See Daniel M. Klerman & Greg Reilly, *Forum Selling*, 89 S. CAL. L. REV. 241, 263–64 (2016) (listing "refusing to stay pending reexamination" as a factor in how the Eastern District of Texas attracts cases, and noting, "[m]otions to stay pending reexamination are granted over half the time nationwide, but are granted only about one-third of the time in the Eastern District of Texas.") (footnote omitted); Matthew Sag, *IP Litigation in U.S. District Courts: 1994-2014*, 101 IOWA L. REV. 1065, 1100 (2016) ("Predictably, the Eastern District of Texas is also far more reluctant than most other districts to stay patent litigation pending reexamination."). Note that the concern regarding a patent holder's ability to forum shop may be reduced in light of the Supreme Court's recent decision interpreting the patent venue statute. See *TC Heartland LLC v. Kraft Foods Grp. Brands LLC*, 137 S. Ct. 1514, 1514 (2017).

15. See Vishnubhakat, *supra* note 12, at 50 ("Of course, substitution of any sort (as contrasted with duplication) can occur only if administrative review is accurate and efficient, and courts generally stay any related Article III litigation pending administrative review.").

I. IPRs AS A “COMPLETE SUBSTITUTION”

“The legislative record is uniform and compelling[:]” IPRs were intended to address the problems of burdensome litigation, and the inadequacy of *inter partes* reexamination to ameliorate these problems, by providing a “complete alternative and complete substitution” for district court litigation regarding validity based on patents and printed publications under Sections 102 and 103.¹⁶ In Congress’s view, such a substitution would enable this key validity issue to be decided by patent experts¹⁷ in a relatively short timeframe, thus avoiding many of the problems and costs inherent in district court patent litigation.¹⁸

Several aspects of the IPR framework demonstrate that Congress intended such proceedings to be an effective substitute for district court litigation. For example, the statutory framework “impose[s] time limits and other restrictions when *inter partes* [review] . . . [is] sought in relation to litigation.”¹⁹ 35 U.S.C. § 315(a) precludes the filing of an IPR by a party who has previously filed a declaratory judgment action challenging patent validity.²⁰ 35 U.S.C. § 315(b), which provides a one-year deadline to file an IPR petition from service of the complaint in a lawsuit, was intended to “afford defendants a reasonable opportunity to identify and understand the patent

16. *SAS Inst., Inc. v. ComplementSoft, LLC.*, 825 F.3d 1341, 1354 (Fed. Cir. 2016) (Newman, J., dissenting) (“The AIA proceeding is structured as a complete alternative to litigation of these issues.”); *see also id.* at 1355–60; 157 CONG. REC. S1376 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl) (“Ideally, extending could-have-raised estoppel to privies will help ensure that if an *inter partes* review is instituted while litigation is pending, that review will completely substitute for at least the patents-and-printed publications portion of the civil litigation.”); 157 CONG. REC. S5409 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer) (stating that the AIA “streamlines review of patents to ensure that the poor-quality patents can be weeded out through administrative review rather than costly litigation”); H.R. REP. NO. 112-98, pt. 1, at 48 (2011) (stating the purpose of IPRs is to “provid[e] quick and cost effective alternatives to litigation”); *Patent Reform: The Future of American Innovation: Hearing Before the S. Comm. on the Judiciary*, 110th Cong. 13 (2007) (statement of Jon Dudas, Director, USPTO) (stating that “the estoppel needs to be quite strong” and “is intended to allow nothing—a complete alternative to litigation.”).

17. *See* 157 CONG. REC. S1352 (daily ed. Mar. 8, 2011) (statement of Sen. Udall) (“[A] panel of experts is more likely to reach the correct decision on a technical question compared to a jury composed of laypeople.”).

18. *See SAS Inst., Inc.*, 825 F.3d at 1354 (Newman, J., dissenting) (“In providing a meaningful alternative to district court litigation of these primary issues of patent validity, Congress designed the AIA to achieve expeditious and economical final resolution.”) (citing *Patent Reform Act of 2009: Hearing Before the H. Comm. on the Judiciary*, 111th Cong. 153 (2009) (statement of Rep. Manzullo) (“It is clearly appropriate to have an administrative process for challenging patent validity, but it should exist within a structure that guarantees a quick—and final—determination.”)).

19. 157 CONG. REC. S1375 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl).

20. *See* 157 CONG. REC. S5429 (daily ed. Sept. 8, 2011) (statement of Sen. Kyl) (discussing § 315(a) as directed to the “coordination of *inter partes* and post grant review with civil litigation”).

claims that are relevant to the litigation.”²¹ 35 U.S.C. § 315(e)(2) precludes a defendant from asserting in litigation invalidity arguments that were raised or reasonably could have been raised in an IPR that results in a final written decision.²² These provisions underscore the intent for IPRs to serve as a substitute for the corresponding patents and printed publications validity portion of litigation, as the statutory framework explicitly accounts for litigation timing, allows defendants to learn from the patent owner which claims are asserted in litigation before determining which claims to challenge in IPR, and estops defendants from re-litigating invalidity grounds in district court should litigation resume after IPR.²³

Moreover, the Supreme Court recently interpreted the language of 35 U.S.C. § 318(a), which requires that the PTAB’s final written decision “shall” resolve the patentability of “any patent claim challenged by the petitioner,” to mean that when the PTAB institutes review it “*must address every claim the petitioner has challenged,*” rather than allowing partial institution.²⁴ This further demonstrates the intent for IPRs to be an effective substitute, because if a defendant challenges all asserted claims in an IPR that is then instituted, the PTAB must address the patentability of all of those claims in a final written decision.

Congress also made clear that in creating IPRs, it was effectively converting *inter partes* reexaminations from an examinational to an “adjudicative” proceeding, with many similarities to district court litigation, including limited discovery, expert evidence, cross-examination, oral argument, rules

21. *Id.* (explaining that the extension of the Section 315(b) time frame from six months to one year was important to “afford defendants a reasonable opportunity to identify and understand the patent claims that are relevant to the litigation”).

22. This estoppel provision, including extending estoppel to real-parties-in-interest, was intended to obviate the need for litigating these issues in district court. *See* 154 CONG. REC. S9989 (daily ed. Sept. 27, 2008) (statement of Sen. Kyl) (“This estoppel standard’s main purpose appears to be to force a party to bring all of his claims in one forum—everything that he ‘could have raised’—and therefore to eliminate the need to press any claims in any other fora.”); 157 CONG. REC. S1376 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl) (“[I]f an *inter partes* review is instituted while litigation is pending, that review will completely substitute for at least the patents-and-printed publications portion of the civil litigation.”).

23. The legislature was insightful in accounting for the timing of IPRs relative to litigation, as in practice IPRs are usually brought in response to litigation. A 2016 study showed that the vast majority (86.8%) of the patents challenged in an IPR or CBM petition are also being litigated in the federal courts and noted that “challenges to patent validity through *inter partes* review are primarily—though not exclusively—a defensive response to existing litigation.” Vishnubhakat, *supra* note 12, at 69, 76.

24. *SAS Inst. Inc. v. Iancu*, Director, United States Patent and Trademark Office, No. 16-969, slip op. at 5, 584 U.S. ___ (2018).

of evidence and procedure, and allocation of the burden of proof to the challenger.²⁵ At the same time, IPRs were intended to achieve a quick final resolution.²⁶ IPR proceedings must be completed within 12 months of institution, which can be extended by the PTAB by 6 months for good cause.²⁷ The appellate process is also accelerated relative to pre-AIA proceedings.²⁸ This increased speed of resolution relative to pre-AIA proceedings is consistent with the intention for IPRs to replace a portion of district court litigation, as on a practical level it allows for relatively fast adjudication and return of any surviving asserted claims to the district court.²⁹

Thus, the statutory framework and associated legislative history demonstrate the intent for IPRs to serve as a substitute for district court litigation—in effect, to result in staged litigation, with the first stage taking place at the PTAB. However, this legislative intent is only realized if litigation is stayed once IPR is instituted.³⁰ Federal Circuit Judge Bryson advised that “after the PTAB has instituted review proceedings, the parallel district court litigation ordinarily should be stayed.”³¹ This view appears much more in line with realizing the legislative intent than the current high variability of granting stays pending IPR.

25. See 157 CONG. REC. S1375 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl) (“One important structural change made by the present bill is that inter partes reexamination is converted into an adjudicative proceeding in which the petitioner, rather than the Office, bears the burden of showing unpatentability.”).

26. See 157 CONG. REC. S1376 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl) (“Currently, inter partes reexaminations usually last for 3 to 5 years. Because of procedural reforms made by the present bill to inter partes proceedings, the Patent Office is confident that it will be able to complete these proceedings within one year.”).

27. 35 U.S.C. § 316(a)(11) (2014); 37 C.F.R. § 42.100(c) (2016).

28. See 157 CONG. REC. S1376 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl) (“The bill also eliminates intermediate administrative appeals of inter partes proceedings to the BPAI, instead allowing parties to only appeal directly to the Federal Circuit. By reducing two levels of appeal to just one, this change will substantially accelerate the resolution of inter partes cases.”).

29. See *supra* notes 1, 2 & 16.

30. See 157 CONG. REC. S1364 (daily ed. Mar. 8, 2011) (statement of Sen. Schumer) (“Too many district courts have been content to allow litigation to grind on while a reexamination is being conducted, forcing the parties to fight in two fora at the same time. This is unacceptable, and would be contrary to the fundamental purpose of . . . provid[ing] a cost-efficient alternative to litigation.”); Vishnubhakat, *supra* note 12, at 50 (“Of course, substitution of any sort (as contrasted with duplication) can occur only if administrative review is accurate and efficient, and courts generally stay any related Article III litigation pending administrative review.”).

31. *NFC Tech. LLC v. HTC Am., Inc.*, No. 2:13-CV-1058-WCB, 2015 WL 1069111, at *7 (E.D. Tex. Mar. 11, 2015) (Bryson, J., sitting by designation).

II. A TRUE SUBSTITUTION, OR NOT?

Although the legislative history of the AIA reflects an intent for IPRs to serve as a substitute for district court litigation with respect to the key issue of validity based on patents and printed publications, both courts and the PTAB have struggled with the exact contours of this “substitution.” To what extent, exactly, do IPRs resemble district court litigation, such that they serve as an effective substitute that adequately addresses and balances the rights, concerns, and expectations of the parties? How similar or dissimilar are the procedures of each forum? Are IPRs adjudicatory or examinational? Do they primarily concern disputes between private parties, or an *in rem* reexamination of an earlier PTO determination regarding the validity of a patent?

This question of the congruence between IPRs and district court litigation has had implications across many contexts, including claim construction,³² sovereign immunity,³³ motions to amend,³⁴ estoppel,³⁵ and, of course, the constitutionality of IPRs.³⁶ Perhaps the most notable pronouncement to

32. See *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2143–44 (2016).

33. See *Reactive Surfaces v. Toyota Motor Corp.*, No. IPR2016-01914, Paper 36 at 4–8 (P.T.A.B. July 13, 2017); *NeoChord, Inc. v. Univ. of Md., Balt.*, No. IPR2016-00208, Paper 28 at 6–9 (P.T.A.B. May 23, 2017); *Covidien LP v. Univ. of Fla. Research Found., Inc.*, No. IPR2016-01274, No. IPR2016-01275, No. IPR2016-01276, Paper 21 at 17–25 (P.T.A.B. Jan. 25, 2017). In these cases, the PTAB considered whether IPRs were sufficiently similar to district court litigation such that sovereign immunity under the Eleventh Amendment should apply to IPRs. The PTAB has also considered whether invalidity determinations in the district court provide sufficiently similar procedures to IPRs such that waiver of sovereign immunity should not extend to IPRs. See *Ericsson Inc. v. Regents of the Univ. of Minn.*, No. IPR2017-01186, No. IPR2017-01197, No. IPR2017-01200, No. IPR2017-01213, No. IPR2017-01214, No. IPR2017-01219, Paper 14 at 6, 11 (P.T.A.B. Dec. 19, 2017); *LSI Corp. v. Regents of the Univ. of Minn.*, No. IPR2017-01068, Paper 19 at 5–6, 10 (P.T.A.B. Dec. 19, 2017).

34. See *Aqua Prods. v. Matal*, 872 F.3d 1290, 1305 (Fed. Cir. 2017) (en banc). In *Aqua Products*, the *en banc* Federal Circuit considered the proper allocation of the burden of proof with respect to amended claims proffered by patent owners in IPRs. *Id.* at 1295–96. One aspect of this determination was whether Congress intended the burden of proof for invalidity applicable in district court litigation to apply to IPRs, which the court noted were created as a “quick and cost effective alternative[] to litigation.” *Id.* at 1298, 1305 (internal quotation marks omitted).

35. Courts have noted that the extent to which IPRs are intended to serve as a substitute for district court litigation has a direct relationship to the scope of estoppel provided under 35 U.S.C. §315(e). See, e.g., *Douglas Dynamics, LLC v. Meyer Prods. LLC*, No. 14-CV-886-JDP, 2017 WL 1382556, at *1, *5 (W.D. Wis. Apr. 18, 2017) (characterizing the estoppel provisions of 35 U.S.C. §315(e) as “[o]ne key element of the efficiency of the IPR alternative,” and discussing the interrelationship of estoppel and the ability of IPRs to provide “the complete alternative that Congress imagined”); *Infernal Tech., LLC v. Elec. Arts Inc.*, No. 2:15-CV-01523-JRG-RSP, 2016 WL 9000458, at *3 (E.D. Tex. Nov. 21, 2016) (“If estoppel is ultimately determined not to apply, then the parties must relitigate the very invalidity issues that the AIA was designed to streamline.”).

36. See *Oil States Energy Servs., LLC v. Greene’s Energy Group, LLC*, No. 16-712, slip op. at 15–16, 584 U.S. ___ (2018) (describing Petitioner’s arguments regarding the adjudicatory aspects of IPRs and similarity in procedures, but concluding that “[a]lthough inter partes review includes some of the features of adversarial litigation,” this did not compel the conclusion that the PTAB is “exercising judicial power” in administering IPRs); see also Brief for Respondent at 23–26, *Oil States Energy Servs., LLC v. Greene’s Energy Group, LLC*, (No. 16-712), 2017 WL 4805231, at *10 (describing differences between

date on this issue came out of *Cuozzo*, in which the Supreme Court considered, *inter alia*, whether the PTO's regulation providing for the broadest reasonable interpretation (BRI) standard of claim construction in IPRs was permissible.³⁷ One of the patent owner's arguments against BRI was that Congress intended IPRs as an adjudicatory—not examinational—substitute for district court litigation, and thus must have intended that the PTAB apply the same claim construction standard as in district courts.³⁸ While acknowledging the “adjudicatory characteristics[] which make [IPRs] similar to court proceedings,” the Court noted that “in other significant respects, *inter partes* review is less like a judicial proceeding and more like a specialized agency proceeding,”³⁹ and concluded that “Congress designed a hybrid proceeding”⁴⁰ when it created IPRs.

Other Article III and PTAB judges have focused on the differences between IPRs and district court litigation,⁴¹ including determining in the sovereign immunity context that the ability to assert invalidity counterclaims in district court did *not* provide sufficiently similar proceedings to IPRs to preclude application of waiver in the PTAB.⁴² At the same time, other judges have underscored the similarities between the two proceedings, as well as

IPRs and district court litigation and arguing that “IPR differs fundamentally from private party litigation, both in form and purpose”).

37. *Cuozzo Speed Techs.*, 136 S. Ct. at 2142–46.

38. *Id.* at 2143.

39. *Id.* at 2143–44 (concluding that the purpose of IPR—“to reexamine an earlier agency decision”—was “not quite the same as the purpose of district court litigation”).

40. *Id.* The Court went on to state that this created an ambiguity regarding the proper standard of claim construction, which was permissibly addressed by the PTO's rulemaking authority. *Id.* at 2144–46.

41. See *Ultratec, Inc. v. CaptionCall, LLC*, 872 F.3d 1267, 1270 n.2 (Fed. Cir. 2017) (“Very seldom do IPR proceedings have the hallmarks of what is typically thought of as a trial.”); *Clearlamp, LLC v. LKQ Corp.*, No. 12 C 2533, 2016 WL 4734389, at *6 (N.D. Ill. Mar. 18, 2016) (noting “[t]he different standards of review, the different evidence presented, and the different arguments made” in IPRs as opposed to district court litigation); *Ericsson Inc. v. Regents of the Univ. of Minn.*, No. IPR2017-01186, No. IPR2017-01197, No. IPR2017-01200, No. IPR2017-01213, No. IPR2017-01214, No. IPR2017-01219, Paper 14 at 3–6 (P.T.A.B. Dec. 19, 2017) (Bisk, J., concurring) (discussing differences between IPRs and district court litigation, and concluding that “*inter partes* review neither ‘walks, talks, [nor] squawks’ like a lawsuit” (quoting *Fed. Mar. Comm’n v. S.C. State Ports Auth.*, 535 U.S. 743, 757 (2002))); *LSI Corp. v. Regents of the Univ. of Minn.*, No. IPR2017-01068, Paper 19 at 3–6 (P.T.A.B. Dec. 19, 2017) (Harlow, J., concurring) (same); see also *Aqua Prods. v. Matal*, 872 F.3d 1290, 1305 (Fed. Cir. 2017) (en banc) (noting that Congress made clear that the degree of proof in IPRs is “unlike that required in district court proceedings”).

42. In *Ericsson* and *LSI Corp.*, the patent owner argued that even if it waived sovereign immunity in the district court by filing an infringement action there, such waiver should not extend to an IPR filed against it in the PTAB. *Ericsson*, Paper 14 at 10; *LSI Corp.*, Paper 19 at 9. The PTAB rejected this argument, concluding that IPRs were sufficiently different from invalidity determinations in district court such that limiting defendants to asserting such defenses in district court, without the ability to bring an IPR, “would result in substantial unfairness and inconsistency.” *Ericsson*, Paper 14 at 11; *LSI Corp.*, Paper 19 at 10.

Congress's intent that IPRs serve as a substitute for district court litigation.⁴³ Additionally, district courts have continued to struggle with the appropriate scope of estoppel, which directly relates to the extent to which IPRs in fact serve as a "complete alternative" to district court litigation.⁴⁴

This backdrop suggests that, despite Congress's intent, the issue of whether IPRs may practically serve as an effective substitute for district court litigation remains unresolved. However, the debate regarding where

43. See *SAS Inst., Inc. v. Complementsoft, LLC*, 842 F.3d 1223, 1225 (Fed. Cir. 2016) (Newman, J. dissenting from denial of reh'g en banc) (finding that the "legislative record is unambiguous" that IPRs were intended to serve as a "complete substitution" for district court invalidity determinations under Sections 102 and 103 based on patents and printed publications); *Ericsson*, Paper 14 at 6 (determining that IPRs "are similar to court proceedings" in sufficient respects to warrant application of sovereign immunity); *LSI Corp.*, Paper 19 at 5–6 (same); *Reactive Surfaces v. Toyota Motor Corp.*, No. IPR2016-01914, Paper 36 at 5 (P.T.A.B. July 13, 2017) (determining that under controlling precedent, "*inter partes* reviews are similar to lawsuits" such that sovereign immunity applies); *NeoChord, Inc. v. Univ. of Md., Balt.*, No. IPR2016-00208, Paper 28 at 7 (P.T.A.B. May 23, 2017) (describing similarities between IPRs and district court litigation to reach the same conclusion); *Covidien LP v. Univ. of Fla. Research Found., Inc.*, No. IPR2016-01274, No. IPR2016-01275, No. IPR2016-01276, Paper 21 at 24 (P.T.A.B. Jan. 25, 2017) ("On the whole, considering the nature of *inter partes* review and civil litigation, we conclude that the considerable resemblance between the two is sufficient to implicate the immunity afforded to the States by the Eleventh Amendment."); *Idle Free Sys., Inc. v. Bergstrom, Inc.*, No. IPR2012-00027, Paper 26 at 6 (P.T.A.B. June 11, 2013) ("An *inter partes* review is more adjudicatory than examination, in nature.").

44. *Douglas Dynamics, LLC v. Meyer Prods. LLC*, No. 14-CV-886-JDP, 2017 WL 1382556, at *5 (W.D. Wis. Apr. 18, 2017). District courts initially applied a narrow reading of estoppel based on the Federal Circuit's decision in *Shaw Industries Group v. Automated Creel Systems, Inc.*, 817 F.3d 1293, 1300 (Fed. Cir. 2016) (concluding that estoppel does not apply to any grounds not raised "during" the IPR, which only begins after institution). See, e.g., *Verinata Health, Inc. v. Ariosa Diagnostics, Inc.*, No. 12-cv-05501-SI, 2017 WL 235048, at *3 (N.D. Cal. Jan. 19, 2017) (concluding that *Shaw* "plainly stat[ed]" that only arguments raised or that reasonably could have been raised *during* IPR are subject to estoppel"); *Intellectual Ventures I LLC v. Toshiba Corp.*, 221 F. Supp. 3d 534, 554 (D. Del. 2016) (determining that *Shaw* compels a narrow reading of estoppel that does not include publicly available prior art that was nonetheless not included in a petition, even though such a conclusion "confounds the very purpose of this parallel administrative proceeding"). However, in part based on the Congressional intent of IPRs to serve as an alternative to district court litigation, courts more recently have interpreted *Shaw* not to preclude applying estoppel to grounds not raised in the petition (and thus not instituted) but that reasonably could have been raised therein. See, e.g., *Network-1 Techs., Inc. v. Alcatel-Lucent USA, Inc.*, No. 6:11-CV-00492-RWS, 2017 WL 4856473, at *1 (E.D. Tex. Oct. 27, 2017) (concluding that limiting the scope of estoppel to exclude grounds a party reasonably could have raised in a petition but failed to do so "would frustrate the litigation efficiencies the America Invents Act was designed to produce"); *Oil-Dri Corp. of Am. v. Nestlé Purina Petcare Co.*, No. 15-CV-1067, 2017 WL 3278915, at *8 (N.D. Ill. Aug. 2, 2017) (concluding that a narrow reading of estoppel to exclude non-petitioned grounds "conflicts with the purpose behind IPR proceedings"); *Biscotti Inc. v. Microsoft Corp.*, No. 2:13-CV-01015-JRG-RSP, 2017 WL 2526231, at *6 (E.D. Tex. May 11, 2017) (concluding that a broader reading of estoppel that includes non-petitioned grounds "would be consistent with the purpose and legislative history of the America Invents Act"). But see *Koninklijke Philips N.V. v. Wangs All. Corp.*, No. 14-12298-DJC, 2017 WL 235048, at *4 (D. Mass. Jan. 2, 2018) (concluding that "the broader reading of the estoppel provision is foreclosed by *Shaw*"). The Supreme Court's recent holding in *SAS Institute Inc. v. Iancu* that the PTAB must address in a final written decision all claims challenged by a petitioner may simplify the issue by subjecting all challenged claims to estoppel. 584 U.S. ___ (2018).

IPRs fall in the continuum between adjudicatory and examinational proceedings, the extent to which they concern private party disputes as opposed to *in rem* proceedings, and the degree of similarity between the procedures in the PTAB versus the district court, does not change the fact that these proceedings were meant to address burdensome litigation and the inability of *inter partes* reexamination to ameliorate these problems.⁴⁵ This includes providing an alternative proceeding—however similar or dissimilar—so that central issues of validity would be consistently resolved at the PTAB, instead of in costly litigation.⁴⁶ In other words, even if IPRs are procedurally and, in some respects, substantively different from district court litigation, they are still intended as an “off ramp” from litigation in order for invalidity issues to be decided more quickly and efficiently by judges with patent law and technological expertise.⁴⁷

In fact, this is one of the benefits of IPRs as a “hybrid proceeding”⁴⁸—they adopt some of the instructive aspects of district court litigation (such as limited discovery, expert evidence, cross-examination, oral argument, and rules of evidence and procedure) while retaining characteristics of an examinational proceeding (such as technical judges, the possibility of claim amendments, and no standing requirements), all under a statutory deadline for decision.⁴⁹ IPRs thus attempt to address the shortcomings of reexamination and district court litigation for both patent owners and accused infringers. As such, adopting a presumption of staying district court litigation pending IPR would seem to further this framework and give effect to Congress’s intent to create an effective substitute.

III. WHAT ABOUT CBMS?

One possible objection to applying a more uniform default presumption of stays pending IPR is that such a presumption in effect already exists for covered business method reviews (CBMs), and the codified factors applicable to stays pending CBM and the accompanying legislative history suggest there must be an intentional difference between the two. However, a close read of the AIA’s legislative history reflects that the two proceedings were

45. *See supra* notes 1–2.

46. *See supra* notes 16–18.

47. *Id.*

48. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2144 (2016).

49. IPRs must be concluded within one year after institution, which can be extended by six months for good cause. 35 U.S.C. § 316(a)(11) (2014); 37 C.F.R. § 42.100(c) (2016).

intended to address many of the same issues, and that the existence of separate stay framework for CBMs does not detract from the value of adopting such a presumption in the IPR context in order to more fully give effect to Congress's intent in creating IPRs.

While district courts, acting within their discretion, have generally applied a similar three-part test to decide motions to stay pending IPR (with inconsistent results as described above),⁵⁰ courts must evaluate motions to stay pending CBM review under a set of four factors mandated by the AIA. The first three of these factors are substantially the same as the factors governing requests to stay pending IPR;⁵¹ however, the AIA requires consideration of a fourth factor for CBMs: "whether a stay, or the denial thereof, will reduce the burden of litigation on the parties and on the court."⁵² The intent of this framework is clear from the legislative history of the AIA: It was adopted specifically to "place[] a very heavy thumb on the scale in favor of a stay being granted," in furtherance of "congressional intent that a stay should only be denied in extremely rare instances."⁵³

A natural inference from this is that Congress intended a distinction between CBM and IPR proceedings with respect to motions to stay district court proceedings. That is, if Congress wanted a "thumb on the scale" in favor of stays pending CBM, and in fact included a specific framework for adjudicating motions to stay pending CBMs while leaving the statute silent with respect to motions to stay pending IPRs, then they must have intended motions to stay pending IPR to face the same variations in application as had previously been afforded motions to stay pending reexamination. And indeed, the proponents of the AIA's CBM provisions viewed business-method

50. See *supra* notes 3; 6–13.

51. Leahy-Smith America Invents Act, Pub. L. No. 112-29, §18(b)(1)(A)-(C), 125 Stat. 331.

52. *Id.* at § 18(b)(1)(D).

53. 157 CONG. REC. S1363 (daily ed. Mar. 8, 2011) (statement of Sen. Schumer); see also *id.* at S1379 (statement of Sen. Kyl) (explaining that the four-factor test was adopted in pursuit of the "congressional policy strongly favoring stays when [CBM] proceedings are instituted," and that "[i]t is expected that district judges will liberally grant stays of litigation once a proceeding is instituted"); *id.* at S1364 (statement of Sen. Schumer) ("[I]t is expected that, if a proceeding against a business method patent is instituted, the district court would institute a stay of litigation unless there were an extraordinary and extremely rare set of circumstances not contemplated in any of the existing case law related to stays pending reexamination.") The four-factor test comes from *Broadcast Innovation, L.L.C. v. Charter Communications, Inc.*, No. 03-CV-2223-ABJ-BNB, 2006 WL 1897165, at *4 (D. Colo. July 11, 2006). The proponents of the CBM provisions of the AIA believed that this framework was superior than the three-factor test commonly employed by district courts in evaluating motions to stay pending reexamination, because it "properly emphasize[d]" the fourth factor, and thus was expected to ameliorate the tendency of many district courts "to allow litigation to grind on while a reexamination is being conducted, forcing the parties to fight in two fora at the same time." 157 CONG. REC. S1364 (daily ed. Mar. 8, 2011) (statement of Sen. Schumer).

patents issued after *State Street*⁵⁴ as inherently flawed and particularly subject to invalidity challenges based on the then-recent Supreme Court decision in *Bilski*,⁵⁵ suggesting that such legislators intended a different stay standard for CBM proceedings.⁵⁶

However, the legislative history of the AIA also indicates that the underlying rationale for CBMs—providing a fast, efficient, expert alternative to district court litigation—applies equally to IPRs.⁵⁷ For example, as with IPRs, proponents of CBM review underscored that litigation should be stayed in almost all cases because CBMs were “designed to provide a cheaper, faster alternative” that “should be used instead of, rather than in addition to, civil litigation”;⁵⁸ they allowed invalidity determinations to be made by a panel of expert administrative patent judges;⁵⁹ the threshold to

54. *State St. Bank & Tr. Co. v. Signature Fin. Grp.*, 149 F.3d 1368 (Fed. Cir. 1998).

55. *Bilski v. Kappos*, 561 U.S. 593 (2010).

56. See, e.g., 157 CONG. REC. S1379 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl) (“The case for a stay is particularly pronounced in a [CBM] proceeding, given the expectation that most if not all true business-method patents are abstract and therefore invalid in light of the *Bilski* decision.”); *id.* at S1363 (statement of Sen. Leahy) (referring to business-method patents as “[p]atents of low quality and dubious validity,” and that “[i]t is still unclear whether the subject matter of these patents qualifies as patentable subject matter under current law”); *id.* (statement of Sen. Schumer) (referring to business-method patents as “the bane of the patent world” and that *State Street* had “created a flood of poor quality business method patents and a cottage industry of business method patent litigation”); *id.* at S1364 (statement of Sen. Schumer) (“[B]usiness method patents. . . are generally of dubious quality because unlike other types of patents, they have not been thoroughly reviewed at the PTO due to a lack of the best prior art.”); *id.* at S1365 (statement of Sen. Schumer) (referring to “the havoc that frivolous business method patent litigation has wreaked upon the courts and the economy”); 157 CONG. REC. H4496 (daily ed. June 23, 2011) (statement of Rep. Grimm) (referring to the CBM provisions of the AIA as “one of the legislation’s most important reforms, a crackdown on low-quality business method patents”); *id.* (statement of Rep. Crowley) (referring to business method patents as “not legitimate patents” and “nuisance patents”).

57. See *Murata Mach. USA v. Daifuku Co.*, 830 F.3d 1357, 1362 (Fed. Cir. 2016) (concluding that district courts may properly consider the fourth CBM factor in considering motions to stay pending IPR because the “legislative history confirms that Congress’s desire to enhance the role of the PTO and limit the burden of litigation on courts and parties was not limited to the CBM review context.”) (internal quotation marks omitted); *NFC Tech. LLC v. HTC Am., Inc.*, No. 2:13-CV-1058-WCB, 2015 WL 1069111, at *5 (“The legislative history indicates that Congress recognized that the same underlying policy considerations that apply to CBM review apply to inter partes review as well.”); Vishnubhakat, *supra* note 12, at 64 (“In general, the AIA’s legislative history indicates Congress wanted both IPRs and CBM reviews to serve as a substitute for Article III litigation over patent validity.”).

58. 157 CONG. REC. S1363 (daily ed. Mar. 8, 2011) (statement of Sen. Schumer). Compare *supra* notes 16 and 18, with 157 CONG. REC. S1364 (daily ed. Mar. 8, 2011) (statement of Sen. Schumer) (stating that CBMs are designed to “provide a cost-efficient alternative to litigation”); *id.* (stating that CBMs “should serve as a substitute for litigation, and result in a stay of co-pending district court litigation”); *id.* at S1379 (statement of Sen. Kyl) (stating that CBM provisions create “a relatively inexpensive administrative alternative to litigation”); *id.* at S7413 (letter of Rep. Smith) (stating that CBM provisions create “an inexpensive and speedy alternative to litigation”).

59. Compare *supra* note 17, with 157 CONG. REC. S7413 (daily ed. Mar. 8, 2011) (letter of Rep. Smith) (CBM provision “allows business method patents to be reviewed by the experts at the USPTO under the correct (*Bilski*) standard”); *id.* at H4496 (statement of Rep. Grimm) (stating CBM allows business-method patents to be reexamined by “patent experts”); *id.* at H4497 (statement of Rep. Goodlatte)

institution was high;⁶⁰ and current standards for stays pending reexamination were being applied inconsistently and insufficiently—“a dog’s breakfast of different combinations of factors and different meanings ascribed to those factors.”⁶¹ Thus, because the underlying impetus and rationale of CBMs largely mirror those of IPRs, there is little reason to apply a different standard for the two proceedings with respect to stays pending litigation.

Accordingly, by adopting a presumption of staying litigation pending IPR—instead of rigid and inconsistent application of the three traditional factors for stays—district courts could accomplish through exercise of their discretion what Congress has, in effect, accomplished by enacting the four-factor framework for CBMs: ensuring that litigation is ordinarily stayed pending AIA-review in all but the most unusual circumstances. And district courts reviewing stays pending CBM, although constrained by statute, should continue to apply the fourth statutory factor in a way that gives effect to this legislative intent.

CONCLUSION

As courts and the PTAB continue to assess the contours of IPRs, it is worth remembering the origins of this hybrid proceeding—an intended remedy for the issues presented by burdensome district court litigation, which *inter partes* reexamination had failed to address. This congressional intent seems better served by presumption of a stay once IPR is instituted, except

(“Why would anyone oppose a process that allows low-quality patents, as identified by the USPTO, to be reviewed by the experts?”).

60. Compare 157 CONG. REC. S1376 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl) (describing elevated threshold applicable to AIA trials including IPR as expected to expedite proceedings), with *id.* at S1364 (statement of Sen. Schumer) (stating that stay of litigation is warranted in part because institution of CBM review “requires a high up-front showing”); 157 CONG. REC. E1184 (daily ed. June 23, 2011) (statement of Rep. Smith) (“[D]efendants cannot even start this program unless they can persuade a panel of judges at the outset of the proceeding that it is more likely than not that the patent is invalid. This is a high thresholdFalse”); cf. H.R. REP. NO. 112-98, at 54 (2001), reprinted in 2011 U.S.C.C.A.N. 67, 84 (noting that other than a standing requirement, CBM review “generally functions on the same terms as other post-grant proceedings initiated pursuant to the [AIA]”).

61. 157 CONG. REC. S1380 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl); *id.* at S1364 (statement of Sen. Schumer) (“Too many district courts have been content to allow litigation to grind on while a reexamination is being conducted, forcing the parties to fight in two fora at the same time.”); *id.* (discussing problems arising from district courts “inventing new factors” in consideration of stay requests, and noting that the CBM stay framework “will help ensure that requests to stay are consistently applied across cases and across the various district courts,” and “avoid one particular court with a favorable bench becoming the preferred venue of business method patent plaintiffs”); *id.* at S1379 (statement of Sen. Kyl) (CBM stay framework would avoid “different outcomes based on the predilections of different trial judges”); *id.* at S1380 (statement of Sen. Kyl) (stating that the CBM stay framework “should ensure predictability and stability in stay decisions across different district courts, and limit the incentive to forum shop”).

in limited circumstances where there is not substantial overlap between asserted claims and challenged claims, or between defendants and petitioners, such that IPR cannot in that instance serve as a true substitute for the patents and printed publications validity portion of litigation.