

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

TRADING TECHNOLOGIES)	
INTERNATIONAL, INC.,)	No. 10 C 715 (Consolidated with:
)	10 C 716, 10 C 718, 10 C 720,
)	10 C 721, 10 C 726, 10 C 882,
Plaintiff,)	10 C 883, 10 C 884, 10 C 885,
v.)	10 C 929, 10 C 931)
)	
BCG PARTNERS, INC.,)	Judge Virginia M. Kendall
)	
Defendant.)	
)	
)	

MEMORANDUM OPINION AND ORDER

In early 2010, Plaintiff Trading Technologies International, Inc. (“TT”) filed a number of cases in this District alleging infringement of various patents concerning electronic trading software used on electronic commodity exchanges. The Court consolidated these cases in 2011. (*See* Dkt. No. 73.) After a number of amended pleadings, early summary judgment practice, and an appeal to the Federal Circuit, Defendants TradeStation (“TS”) and IBG (collectively “Defendants”) filed the instant motion seeking a stay of this case pursuant to Section 18(b) of the America Invents Act (“AIA”) pending the United States Patent and Trademark Office’s (“PTO”) review of a number of the asserted patents. (*See* Dkt. Nos. 667, 675, 679, 682, 708, 726, 745.) For the following reasons, the Court grants the motion to stay. (Dkt. No. 667.) The consolidated cases are stayed in their entirety.

BACKGROUND

The instant motion stems from a number of petitions filed by the Defendants with the PTO seeking review under the transitional program for covered business method patents (“CBM review”) of U.S. Patent Nos. 6,766,304 (“the ‘304 Patent”); 6,772,132 (“the ‘132 Patent”);

7,676,411 (“the ‘411 Patent”); 7,685,055 (“the ‘055 Patent”); 7,693,768 (“the ‘768 Patent”); 7,813,996 (“the ‘996 Patent”); 7,904,374 (“the ‘374 Patent”); 7,212,999 (“the ‘999 Patent”); 7,533,056 (“the ‘056 Patent”); 7,783,556 (“the ‘556 Patent”) (collectively, the “CBM Patents”).¹ Defendants challenged the patentability of the CBM Patents arguing, among other things, that they are patent ineligible under 35 U.S.C. § 101. (*See, e.g.*, Dkt. No. 726-1 at 11 (challenging the ‘768 Patent on Section 101 grounds).) The PTO has instituted CBM reviews of the challenged claims after determining that the petitions for (1) the ‘304 Patent, (2) the ‘132 Patent, (3) the ‘411 Patent, (4) ‘056 Patent, (5) the ‘556 Patent, and (6) the ‘055 Patent demonstrate that it is more likely than not that all of the challenged claims are patent ineligible under 35 U.S.C. § 101. The PTO will issue a decision regarding whether to institute additional CBM reviews for the ‘996 and ‘999 Patents by August 19, 2016. Finally, the PTO must issue decisions on the petitions for the ‘768 Patent by October 20, 2016 and the ‘374 Patent by October 4, 2016. (*See also* Dkt. No. 745 at 2 (summarizing status of patents-in-suit).) In sum, at least one patent from all three of the patent families at issue has a CBM review instituted or a CBM petition pending against it.

The PTO additionally granted IBG’s motions to join the CBM reviews that have already been instituted. (Dkt. No. 726-2, 726-3.) Accordingly, all parties will be bound by the results of the CBM proceedings. Defendants further represent that they “expect to file as co-petitioners or request joinders in every CBM as permitted by law.” (Dkt. No. 726 at 1.)

¹ The Defendants have not filed petitions for CBM review for only two out of the twelve asserted patents, *i.e.* 7,725,382 (“the ‘382 Patent”) and 7,412,416 (“the ‘416 Patent”). However, Defendants have represented to the Court, both in briefing and in open court, that they intend to file petitions for the remaining two patents shortly. (*See, e.g.*, Dkt. No. 726 at 2 (“Defendants are preparing petitions for the remaining two patents and will submit those to the Patent Office...”); Dkt. No. 745 at 2 (chart stating that CBM review “will be filed shortly.”))

LEGAL STANDARD

Section 18 of the AIA provides for the establishment of transitional post-grant review proceedings to reexamine the validity of covered business method patents. Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 18, 125 Stat. 284 (Sept. 16, 2011). The AIA also establishes protocol with respect to related patent infringement actions and authorizes the district courts to stay such parallel litigation under certain circumstances. Specifically, § 18(b)(1) states:

If a party seeks a stay of a civil action alleging infringement of a patent under section 281 of title 35, United States Code, relating to a transitional proceeding for that patent, the court shall decide whether to enter a stay based on--

- (A) whether a stay, or the denial thereof, will simplify the issues in question and streamline the trial;
- (B) whether discovery is complete and whether a trial date has been set;
- (C) whether a stay, or the denial thereof, would unduly prejudice the nonmoving party or present a clear tactical advantage for the moving party; and
- (D) whether a stay, or the denial thereof, will reduce the burden of litigation on the parties and on the court.

Id. The statutory test thus closely resembles the stay analysis courts have applied in assessing a motion to stay pending *inter partes* or *ex parte* reexamination by the PTO. *See, e.g., Genzyme Corp. v. Cobrek Pharm., Inc.*, No. 10 CV 00112, 2011 WL 686807, at *1 (N.D. Ill. Feb. 17, 2011) (applying three-factor stay test that considers “whether a stay will (1) unduly prejudice or tactically disadvantage the non-moving party, (2) simplify the issues in questions and streamline the trial, and (3) reduce the burden of litigation on the parties and on the court”); *JAB Distribs., LLC v. London Luxury, LLC*, No. 09 C 5831, 2010 WL 1882010, at *1 (N.D. Ill. May 11, 2010).

The fourth factor was included, in part, to favor the granting of stays. *See, e.g., Segin Sys., Inc. v. Stewart Title Guar. Co.*, 30 F. Supp. 3d 476, 480 (E.D. Va. 2014) (fourth factor

“designed to place a thumb on the scales in favor of a stay”); *Market-Alerts Pty. Ltd. v. Bloomberg Fin. L.P.*, 922 F. Supp. 2d 486, 489-90 (D. Del. 2013) (fourth factor included “to ease the movant’s task of demonstrating the need for a stay”). Congress signed the AIA into law on September 16, 2011, and CBM review process came into effect in September 2012.

DISCUSSION

The Defendants seek a stay of the litigation contending that the PTO’s determinations regarding the CBM patents will streamline this case and simplify the issues before the Court. The Defendants further argue that a stay is appropriate as the PTO has already instituted CBM reviews for six patents, petitions for four more patents are already pending before the PTO, and that petitions for the remaining two patents will be filed shortly. TT, in opposing the stay, contends that the Defendants overstate the significance of CBM reviews, are using the stay provision to gain an unfair advantage, and that the Court, rather than the PTO, is in the best position to promptly evaluate the asserted patents under Section 101.

A. Simplification of the Issues

Section 18(b)(1)(A) instructs the Court to consider “whether a stay, or the denial thereof, will simplify the issues in question and streamline the trial.” Pub. L. No. 112-29, § 18(b)(1)(A). Staying a patent infringement case pending administrative review of the asserted patents’ validity can simplify litigation in several ways:

1. All prior art presented to the Court will have been first considered by an expert PTO examiner;
2. The reexamination may alleviate discovery problems relating to the prior art;
3. The suit will likely be dismissed if the reexamination results in effective invalidity of the patent;
4. The outcome of the reexamination may encourage settlement;
5. The record of the reexamination would likely be entered at trial and thus reduce the complexity and length of the litigation;

6. The reexamination will facilitate limitation of issues, defenses, and evidence in pre-trial conferences;
7. Litigation costs to the parties and the Court will likely be reduced.

Genzyme, 2011 WL 686807, at 3-4 (quoting *Emhart Indus., Inc. v. Sankyo Seiki Mfg. Co., Ltd.*, No. 85 C 7565, 1987 WL 6314, at 2 (N.D. Ill. Feb. 2, 1987); *see also, e.g., Tap Pharm. Prods., Inc. v. Atrix Labs., Inc.*, No. 03 C 7822, 2004 WL 422697, at *1 (N.D. Ill. Mar. 3, 2004) (stay warranted because “[t]here is a significant chance that the PTO will either invalidate this patent or drastically decrease its scope [due to reexamination] . . . [creating] a very real possibility that the parties will waste their resources litigating over issues that will ultimately be rendered moot by the PTO’s findings”).

Here, the PTO, through instituting CBM reviews for the ‘304 Patent, the ‘132 Patent, the ‘411 Patent, the ‘056 Patent, the ‘556 Patent, and the ‘055 Patent has expressly determined that all of the challenged claims in those patents are more likely than not unpatentable. (*See* Dkt. Nos. 669-13, 669-14, 675-1, 679-1, 682-1.) The benefits of a stay certainly exist where all of the claims are under review, and would even exist if only *some* of the litigated claims were undergoing review. *See, e.g., Versata Software, Inc. v. Dorado Software, Inc.*, No. 2:13-cv-00920-MCE-DAD, 2014 WL 1330652, at *3 n.2 (E.D. Cal. Mar. 27, 2014) (staying case where CBM review granted for only one of three asserted patents and for less than all claims); *Destination Maternity Corp. v. Target Corp.*, 12 F. Supp. 3d 762, 769 (E.D. Pa. 2014) (“courts have found significant potential for issue simplification even in cases where some but not all of the asserted claims are subject to PTO review”); *Genzyme*, 2011 WL 686807, at *3 (stay warranted even though “certain issues may remain in dispute even upon conclusion of the reexamination proceedings”). Even assuming that the PTO chooses not to institute any of the pending applications for review, the already instituted CBM reviews could potentially dispose of

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