

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 TD Ameritrade, IBG LLC, and TradeStation<sup>1</sup> (collectively, the “Moving Defendants”) filed motions 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. 545, 549, and 558. For the following reasons, the Court grants the motions to stay. The consolidated cases are stayed in their entirety.

**BACKGROUND**

The instant motions stem from five petitions filed by TD Ameritrade on May 19 and 20, 2014 with the PTO seeking review under the transitional program for covered business method

<sup>1</sup> Defendants Sungard and CQG filed position statements stating that they did not oppose the motion to stay. *See* Dkt. Nos. 548 and 553. No defendant has objected to a stay being entered.

patents (“CBM review”) of U.S. Patent Nos. 7,533,056 (“the ‘056 Patent”); 7,685,055 (“the ‘055 Patent”); 6,772,132 (“the ‘132 patent”); 7,676,411 (“the ‘411 Patent”); and 6,766,304 (“the ‘304 Patent”) (collectively, the “CBM Patents”). TD Ameritrade challenged the patentability of all of the claims within the CBM Patents, arguing, among other things, that they are patent ineligible under 35 U.S.C. § 101. On December 2, 2014, the PTO determined that the petitions for (1) the ‘056 Patent, (2) the ‘055 Patent, (3) the ‘132 Patent, and (4) the ‘411 Patent demonstrate that it is more likely than not that all of the challenged claims are patent ineligible under 35 U.S.C. § 101 and therefore instituted CBM review of the 118 challenged claims.<sup>2</sup> The PTO declined to institute CBM review of the claims within the ‘304 Patent. CQG filed a petition with the PTO for CBM review of the ‘132 and ‘204 Patents on January 9, 2015.

### **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

<sup>2</sup> The PTO additionally concluded that it is more likely than not that all of the claims of the ‘056 Patent and all but one of the claims of the ‘055 Patent are unpatentable under 35 U.S.C. § 103.

(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 part* 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 AIA’s inclusion of 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 came into effect in September 2012.

### DISCUSSION

The Moving Defendants seek a stay of the litigation brought against them, arguing that the PTO’s decision on the CBM patents will thoroughly streamline the future litigation and affect the other asserted patents due to similar claim terms, inventors, and prior art shared amongst the patents. TT opposes the motion, primarily contending that because the PTO instituted review on only four of the fifteen patents in issue, any simplification is minimal and a stay is therefore unwarranted. But because the PTO instituted CBM review on 118 of the approximately 400 claims at issue in this litigation and PTO reasoning and determinations will necessarily affect how the Court views the remaining claims, the Court concludes that a stay of the consolidated

cases is most efficient for the parties, best conserves judicial resources, and avoids piecemeal litigation. The Court's decision is bolstered by the fact that at least one of the CBM Patents is asserted against each remaining defendant to this litigation. Here, the factors of the AIA test weigh in favor of a stay.

**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). As courts in this district have previously noted, 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”).

These benefits exist even if only some of the litigated claims are undergoing CBM review. *See Versata Software, Inc. v. Callidus Software, Inc.*, 771 F.3d 1368, 1371-72 (Fed. Cir. 2014) (although the simplification factor “weighs more strongly in favor of stay when *all* of the litigated claims” are being reviewed, “stays can be warranted even when a CBM proceeding does not address all asserted patents, claims, or invalidity defenses”), *vacated*, No. 2014-1568<sup>3</sup>; *see also 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”). In this case, the PTO expressly determined that all of the claims in the ‘056 Patent, the ‘055 Patent, the ‘132 Patent, and the ‘411 Patent are more likely than not unpatentable. *See* Dkt. No. 572 Exs. A-D. The PTO further determined that the claims within the ‘056 and ‘055 Patents are more likely than not unpatentable on two separate, alternative grounds. *See VirtualAgility Inc. v. Salesforce.com, Inc.*, 759 F.3d 1307, 1314 (Fed. Cir. 2014) (evidence in the record weighed “heavily in favor of a stay” in part because the PTO determined that all of the challenged claims were more likely than not unpatentable on two grounds). Because the CBM review could dispose entirely of four of the asserted patents and 118 of the asserted claims, this factor weighs in favor of a stay.

<sup>3</sup> The Federal Circuit vacated its opinion on February 27, 2015, after recognizing that the original opinion was issued one day after the parties filed a joint request to dismiss the appeal. The vacate order did not disavow the reasoning of the original opinion. While the Court is aware that the vacated opinion is not binding, the Court finds its reasoning persuasive nonetheless.

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