

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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INTELLECTUAL VENTURES II L.L.C.,	:	<b>ORDER DENYING MOTION</b>
	:	<b>TO STAY CASE PENDING</b>
Plaintiff,	:	<b>INTERLOCUTORY APPEAL</b>
	:	
-against-	:	13 Civ. 3777 (AKH)
	:	
JP MORGAN CHASE & CO. et al.	:	
	:	
Defendants.	:	
	:	
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ALVIN K. HELLERSTEIN, UNITED STATES DISTRICT JUDGE:

Defendants JP Morgan Chase & Co. *et al.* have filed an interlocutory appeal from the Court’s August 11, 2014 order denying their motion for a stay. In support of their motion for a stay pending appeal, Defendants rely on § 18(b)(2) of the Leahy–Smith America Invents Act (“AIA”),<sup>1</sup> and *VirtualAgility, Inc. v. Salesforce.com, Inc.*, No. 2014-1232, 2014 WL 3360806, at \*1 (Fed. Cir. July 10, 2014), in which the Federal Circuit reversed a district court’s denial of a stay and granted a motion for a stay pending appeal. Defendants’ motion is denied.

There is no Covered Business Method Review (“CMBR”) proceeding pending in the U.S. Patent and Trademark office. There are five patents involved in this lawsuit. Defendants state that they have filed two petitions seeking review of two of the five Business Method patents, and that they are in process of filing petitions for review of the remaining three. Defendants’ motion for a stay under section 18(b) of the AIA is premature. Defendants’ motion must “relat[e] to a transitional proceeding” for the patent allegedly infringed. The “transitional proceeding,” otherwise known as the CMBR, is a “post-grant review proceeding for review of

<sup>1</sup> Pub. L. 112–29, 125 Stat. 284 (2011).

the validity of covered business method patents.” *Id.*, § 18(a). The Patent Office has not begun any such proceeding in connection with the patents involved in this lawsuit.

*VirtualAgility*, 2014 WL 3360806, therefore does not support staying this case pending appeal. In that case, the Patent Trial and Appeal Board (“PTAB”) had granted defendants’ petition for review, based on its ruling that the covered business method patents at issue in that case were “more likely than not patent-ineligible under 35 U.S.C. § 101 and invalid under § 102 as anticipated [by a disclosed patent].” *Id.* at \*1. Here, review has not been granted, and no ruling of probable patent ineligibility and invalidity has been made.

Indeed, in *VirtualAgility* the Federal Circuit explicitly stated that a district court may deny a stay motion filed before any CMBR is instituted:

We note at the outset that it was not error for the district court to wait until the PTAB made its decision to institute CBM review before it ruled on the motion. Indeed, while some district courts ruled on motions to stay before the PTAB granted the petition for post-grant review, others have waited until post-grant review was instituted, and still others denied as premature the motion to stay without prejudice to refile after institution of post-grant review. We express no opinion on which is the better practice. While a motion to stay could be granted even before the PTAB rules on a post-grant review petition, no doubt the case for a stay is stronger after post-grant review has been instituted.

*Id.* at \*7 (citations omitted). Thus, this Court’s denial of Defendants’ motion for a stay is entirely consistent with *VirtualAgility*.

When evaluating a motion for a stay pending appeal, a court must consider the following factors: “(1) whether the stay applicant has made a strong showing that he is likely to succeed on the merits; (2) whether the applicant will be irreparably injured absent a stay; (3) whether issuance of the stay will substantially injure the other parties interested in the proceeding; and (4) where the public interest lies.” *Hilton v. Braunskill*, 481 U.S. 770, 776 (1987). Defendants’ motion for a stay pending appeal makes no showing that this Court erred in

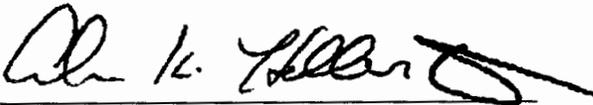
applying the factors set out in § 18(b) in relation to Defendants' motion for a stay and thus does not establish that Defendants are likely to succeed on the merits.

**CONCLUSION**

For the foregoing reasons, Defendants' motion for a stay pending appeal is denied. The Clerk shall mark the motion (Doc. No. 156) closed.

SO ORDERED.

Dated: New York, New York  
August 14, 2014

  
ALVIN K. HELLERSTEIN  
United States District Judge