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Now That IPR Is Instituted, Stay For Litigation Over Growlers Is Granted – Cheers!

By [Craig W. Kronenthal](#)

June 22, 2017 — Oregon district court grants defendant’s second motion to stay litigation between two growler manufacturers pending completion of *inter partes* review (IPR) now that IPR is instituted.

[Drink Tanks Corp. v. GrowlerWerks, Inc., U.S. District Court for the District of Oregon, 3:16-cv-410-SI \(June 19, 2017\)](#)

Drink Tanks sued GrowlerWerks for allegedly infringing Drink Tank’s patent (U.S. Pat. No. 9,156,670) for a growler that keeps your beer from going flat. GrowlerWerks then filed a first petition for IPR challenging all 19 claims of the ’670 patent. Shortly after filing its first petition, GrowlerWerks moved the district court for a stay pending the U.S. Patent Trial and Appeal Board’s (PTAB) decision in the IPR. The court denied this initial stay. In considering whether to stay litigation, courts generally consider three factors: (1) whether there is undue prejudice or a clear tactical disadvantage to the non-moving party if the stay is granted, (2) whether the issues will be simplified if the stay is granted, and (3) the stage of litigation. Considering these factors, the court found that factors (1) and (2) weighed against granting the initial stay. Regarding factor (2), the court found that the possibility that the issues would be simplified was speculative at the time, given that the IPR was not instituted. Indeed, the PTAB later denied GrowlerWerks’ first petition.

However, before the first petition was denied, GrowlerWerks filed a second petition for IPR. The second petition also challenged all 19 claims of the ’670 patent. The PTAB instituted trial as to 16 of the claims in this second IPR. With the institution decision in hand, GrowlerWerks again moved the court for a stay. This time the outcome was different.

The court found that the institution decision suggests that the PTAB’s final written decision is “likely to simplify the issues.” The court highlighted the standard for instituting IPR — that there is a reasonable likelihood that the petitioner would prevail is establishing unpatentability. The court also acknowledged that the IPR will not obviate the entirety of the litigation because IPR was instituted for only 16 of the 19 claims, but explained that factor (2) only requires the potential that issues will be simplified.

The institution decision also changed the court’s position with respect to whether the non-moving party would be unduly prejudiced or disadvantaged (factor (1)). Specifically, the court balanced the institution decision against the fact that the parties are direct competitors and found that factor (1) was now neutral.

With factor (1) now being neutral and factor (2) now weighing in favor of the stay along with the early stage of litigation (factor (3)), the court granted the second stay. This order illustrates the significant impact that an institution decision can have on a motion to stay.

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The Leahy-Smith America Invents Act established new patent post-issuance proceedings, including the inter partes review, post grant review and transitional program for covered business method patents, that offer a less costly, streamlined alternative to district court litigation. With the U.S. Patent and Trademark Office’s Patent Trial and Appeal Board conducting a large and increasing number of these proceedings, and with the law developing rapidly, Banner & Witcoff will offer frequent summaries of the board’s significant decisions and subsequent appeals at the U.S. Court of Appeals for the Federal Circuit.



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