IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Alexandria Division

SECURITY FIRST INNOVATIONS, LLC,	)	
	)	
Plaintiff,	)	
	)	
v.	)	Civil Action No. 1:25-cv-514
	)	
INTERNATIONAL BUSINESS MACHINES CORPORATION,	)	
	)	
Defendant.	)	

ORDER

THIS MATTER comes before the Court on Defendant International Business Machines Corporation's ("IBM") Motion to Stay Pending Resolution of *Inter Partes* Review Proceedings on All of the Asserted Patents.

Defendant IBM moves to stay the case pending resolution of *inter partes* review ("IPR") proceedings related to the three Asserted Patents in this case: U.S. Patent Nos. 9,135,456 (the "'456 Patent"), 8,904,194 (the "'194 Patent"), and 8,271,802 (the "'802 Patent"). On July 9, 2025, less than four months after receiving the Complaint, IBM filed its IPR petitions challenging every claim of all Asserted Patents. As of the date of this Order, the Patent Trial and Appeal Board ("PTAB") has not yet issued a decision on whether to institute the IPRs, but IBM anticipates that the PTAB will likely issue institution decisions by January

2026. According to IBM, if IPRs are instituted, the PTAB will likely execute a final written decision within a year of the institution decision.

Plaintiff Security First Innovations, LLC ("SFI") asserts that relevant policy changes to the United States Patent and Trademark Office's ("USPTO") process for considering institution of IPR proceedings will likely result in the USPTO exercising its discretion to deny institution of IBM's IPR petitions. SFI anticipates a discretionary denial decision from the USPTO in November of 2025. While the Court is aware of the changes made to the USPTO's approach to whether it will exercise its discretion to deny institution of IPR proceedings before the PTAB even considers the merits related to institution, SFI's assertion that the USPTO will likely discretionarily deny institution of the IPR proceedings in part due to the "settled expectations of the parties" factor is speculative. Moreover, whether the USPTO will discretionarily deny the IPR petitions, or deny or grant based on the merits, is irrelevant in deciding whether a stay should be issued now.

In determining whether to exercise its discretion to stay patent litigation pending IPR proceedings, district courts consider three factors, including: (1) the stage of the litigation; (2) whether the stay would simplify the issues before the court; and (3) whether the stay would unduly prejudice or clearly

disadvantage the nonmoving party. See Centripetal Networks, LLC v. Keysight Techs., Inc., No. 2:22-CV-00002, 2023 WL 5127163, at *3 (E.D. Va. Mar. 20, 2023) (internal citations omitted).

As to the first factor, the Court finds that this case is in the early stages of litigation and therefore weighs in favor of issuing a stay. The Court has not yet issued a scheduling order, and no discovery has taken place. At this stage of the litigation, a stay is strongly favored where it has the potential to save the parties and the Court a significant amount of time and effort and reduce the future burdens of litigation. See Audio MPEG, Inc. v. Hewlett-Packard Comp., No. 2:15CV73, 2015 WL 5567085, at *4, 6 (E.D. Va. Sept. 21, 2015) (granting stay pending institution decision when the Court has not set a scheduling conference or set deadlines for trial, the Markman hearing, or discovery); In re TLI Commc'ns LLC, No. 1:14-md-2534, 2014 WL 12615711, at *1 (E.D. Va. Aug. 11, 2014).

In this case, the Court finds that a stay pending the USPTO's decision to grant or deny the IPR petitions—by discretion or on the merits—is the "better practice" than allowing the parties to expend significant, and potentially unnecessary, resources pending that decision. See Va. Innovation Scis., Inc. v. Samsung Elecs. Co., Ltd, No. 2:14CV217, 2014 WL 13059257, *2, n.1 (E.D. Va. Nov. 18, 2014); In re TLI Commc'ns LLC, 2014 WL 12615711, at *1 (granting a stay prior to institution because "the pace of discovery and

other events in this Court would require a great deal of activity . . . some of which may be rendered unnecessary if IPR is granted"). While the parties have already litigated motions in this matter, including a motion to transfer, the resources expended in the past do not change the fact that a scheduling order has not yet been issued and discovery has not yet begun, and future resources could be saved by staying the case now. Thus, the Court finds that this factor weighs in favor of a stay.

As to the second factor, if IPR is instituted, such review would likely simplify the issues in this case. Indeed, "the simplification factor weighs heavily in favor of the stay when the petitioner challenges all patent claims brought by the plaintiff." Sharpe Innovations, Inc. v. T-Mobile USA, Inc., No. 2:17-CV-351, 2018 WL 11198604, at *3 (E.D. Va. Jan. 10, 2018) (internal quotation marks and citations omitted). "A stay pending the resolution of administrative proceedings will simplify matters before the district court if the administrative proceedings have the potential to dispose of claims entirely." Sec. First Innovations, LLC v. Google LLC, No. 2:23-CV-97, 2024 WL 234720, at *2 (E.D. Va. Jan. 22, 2024) (internal citations omitted).

Here, IBM seeks IPR of every claim in all Asserted Patents. Thus, if IBM prevails with respect to every claim, IPR could dispose of the entire case. Even if IPR does not dispose of every claim at issue, invalidity issues could still be streamlined

because final written PTAB decisions have preclusive effect. Id. at *3 ("Once the PTAB issues a final written decision on a patent claim, the petitioner is barred from asserting 'that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that [IPR]' in a subsequent civil action.") (citing 35 U.S.C. § 315(e)(2)). Moreover, statements made in the course of an IPR proceeding concerning the patents at issue may also add to the patents' prosecution history, which would assist this Court's claim construction analysis. In re TLI Commc'ns LLC, 2014 WL 12615711, at *2.

SFI spends much of its opposition urging the Court to speculate on the likelihood that the PTAB will or will not institute the IPRs given recent changes in USPTO policy. For example, SFI argues that "due to the USPTO's new bifurcated proceedings," if the USPTO exercises its discretion to deny institution of the IPRs before reaching the issue on the merits, then no institution decision on the merits could theoretically "assist the Court's claim construction analysis." But whether the PTAB will discretionarily deny IBM's IPR petitions, or grant or deny IPR institution on the merits, is not before this Court and has no bearing on whether to grant or deny a stay. See Audio MPEG, Inc., 2015 WL 5567085, at *4 ("a district court should not consider whether the PTAB will ultimately grant review when deciding a motion to stay."). Therefore, because IBM has challenged every

asserted claim for the Asserted Patents, the second factor weighs in favor of a stay.

And finally, the Court does not find that a stay would unduly prejudice or unfairly disadvantage SFI. When examining this factor, "the Court should focus on the patentee's need for an expeditious resolution of its claim." Audio MPEG, Inc., 2015 WL 5567085, at *4 (citing VirtualAgility Inc. v. Salesforce.com, Inc., 759 F.3d 1307, 1318 (Fed. Cir. 2014)). To show undue prejudice, a patentee must demonstrate that monetary damages will be insufficient to remedy their losses. Sec. First Innovations, 2024 WL 234720, at *4; VirtualAgility, 759 F.3d at 1318 ("A stay will not diminish the monetary damages to which [the patentee] will be entitled if it succeeds in its infringement suit—it only delays realization of those damages and delays any potential injunctive remedy."). "Generally, the statutory time constraints on IPR proceedings limit the extent of prejudice to the non-movant, particularly where a stay would not diminish the amount of monetary damages recoverable by plaintiff." Sharpe Innovations, 2018 WL 11198604, at *4 (citing Audio MPEG Inc., No. 2:15cv77, Dkt. No. 55, at 7 and VirtualAgility, 759 F.3d at 1318).

Here, SFI is a "non-producing entity" that does not complete with IMB, and because SFI does not currently produce or sell products, SFI "has no reasonable basis for requesting or recovering anything other than monetary damages . . . which of course [] can

be determined regardless of any delay attributable to a stay. Sec. First Innovations, 2024 WL 234720, at *4 (citation omitted). Moreover, the evidence does not establish that IBM exhibited any dilatory motives for moving for a stay. While SFI highlights IBM's timing of filing its IPR petitions—before filing the instant motion and before the hearing on the motion for transfer—"timing alone is insufficient to establish that [Defendants] [are] engaging in delay tactics to gain an advantage." Sec. First Innovations, 2024 WL 234720, at *4.

SFI argues that that a stay would unfairly prejudice SFI by increasing the likelihood of loss of evidence. But by itself, the passage of time is not sufficient to conclude that the non-moving party will suffer evidentiary prejudice. VirtualAgility Inc., 759 F.3d at 1319 ("It is undoubtedly true, as many courts have observed, that with age and the passage of time, memories may fade and witnesses may become unavailable. Without more, however, these assertions . . . are not sufficient to justify a conclusion of undue prejudice.").

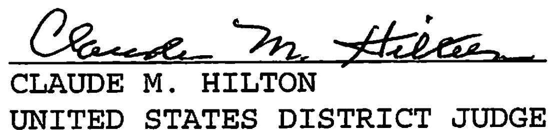
Ultimately, any prejudice to SFI caused by a stay is outweighed by the potential for considerably reducing the costs and scope of litigation, or eliminating it entirely, through the IPR proceedings. Further, if the PTAB discretionarily denies institution of IBM's IPR petitions, the delay of this litigation is not likely to be significant.

Therefore, the Court finds that the relevant factors weigh in favor of a stay, at least until the PTAB renders an institution decision on IBM's petitions for IPR. Accordingly, it is hereby

ORDERED that IBM's Motion to Stay Pending Resolution of *Inter Partes* Review Proceedings is GRANTED; It is further

ORDERED that the matter is STAYED until the PTAB renders a decision on IBM's petitions for IPR; It is further

ORDERED that the parties shall notify the Court within seven (7) business days of the PTAB's decision to grant or deny institution of IPR and whether a stay shall remain in place.



CLAUDE M. HILTON
UNITED STATES DISTRICT JUDGE

Alexandria, Virginia
August 20, 2025