

## Key Differences Between the “Stay of Discovery” Provisions in the Innovation Act (H.R. 9) and the PATENT Act (S. 1137)

Feature	Innovation Act	PATENT Act	Impact
<b>Timing of the filing of a motion that triggers the stay of discovery</b>	Within 90 days following service of the Complaint	Before the first responsive pleading	<p>The PATENT Act sensibly requires motions that trigger the stay of discovery to be filed before the first responsive pleading, which ensures that the stay will be entered at the outset of cases, and cannot be used improperly to delay cases that are already underway.</p> <p>The Innovation Act, on the other hand, by allowing motions triggering a stay of discovery to be brought within 90 days following service of the complaint, completely changes the timing of patent cases and is a recipe for delay and gamesmanship. An opportunistic defendant could bring a motion that halts discovery three months into a case. Indeed, a motion triggering the automatic stay could even be filed after all responsive pleadings have been filed and after discovery has commenced.</p>
<b>Effect of the stay on other pending motions</b>	Courts are afforded no discretion and discovery must be stayed regardless of	The bill expressly affords courts with discretion to allow limited discovery	The PATENT Act sensibly affords courts with discretion to allow limited discovery to proceed on a motion for preliminary relief even if a motion otherwise triggering a stay of discovery is filed. In this way, patent owners will retain a meaningful right to seek the

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	<p>other pending motions – indeed, the bill <i>requires</i> courts to decide preliminary motions filed by defendants, such as motions to dismiss or transfer, <i>before</i> any other substantive motions may be decided</p>	<p>necessary to resolve a motion for preliminary relief properly raised by a party before or during the pendency of a motion that triggers a discovery stay</p>	<p>discovery typically needed to secure preliminary relief to preserve the status quo and prevent infringement during the course of a litigation.</p> <p>The Innovation Act, on the other hand, provides courts with no discretion to allow discovery needed to decide motions to preserve the status quo. Indeed, it requires courts to decide preliminary motions filed by defendants, such as motions to dismiss or transfer, before any other substantive motions may be decided, which will incent infringers to file procedural motions to delay decisions on motions for preliminary relief filed by patent owners to protect the status quo at the outset of cases. The stay of discovery now expressly allows defendants to stay even the discovery needed to rule on a preliminary injunction motion – or any other substantive motion -- by filing a motion to dismiss or transfer the case, thereby for all practical purposes giving the defendant “veto” power over a previously-filed motion for extraordinary relief or to the preserve the status quo in any case brought by any patent owner seeking to stop infringement by an unscrupulous competitor.</p>
<p><b>Effect of the stay on initial disclosures used by district courts across the country to manage patent cases</b></p>	<p>Courts are afforded no discretion to permit or require initial disclosures when discovery is stayed</p>	<p>The bill expressly affords courts with discretion to allow initial disclosures to proceed, even when discovery is otherwise stayed</p>	<p>The PATENT Act sensibly affords courts with discretion to allow initial disclosures to proceed while more general discovery is stayed, to ensure that cases do not come to a complete standstill while motions triggering stays of discovery are pending.</p> <p>The Innovation Act, on the other hand, affords courts with no such discretion and would put a stop to the initial disclosure process that courts across the country use to streamline patent infringement litigation and identify early opportunities to resolve patent cases.</p>

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<p><b>Impact of the stay when the patent owner seeks relief in a case brought against an infringing competitor</b></p>	<p>The mandatory stay of discovery would effectively preclude motions for preliminary relief in competitor cases</p>	<p>Patent owners retain the ability to seek and obtain preliminary relief in cases brought against infringing competitors</p>	<p>The PATENT Act does not preclude rulings on motions for preliminary relief in cases where discovery is stayed; and moreover, the bill expressly affords courts with discretion to allow limited discovery necessary to resolve a motion for preliminary relief properly raised by a party before or during the pendency of a motion that triggers a discovery stay. In this manner, patent owners retain the right to seek preliminary relief in cases brought against infringing competitors.</p> <p>The Innovation Act, on the other hand, requires courts to defer rulings on preliminary injunction motions until after motions filed by defendants are decided, thus undermining any ability of patent owners to seek and obtain preliminary relief in cases brought against infringing competitors. Although the bill includes what is termed an “exception” for competitive harm cases, this “exception” is so limited that it is effectively meaningless for patent owners seeking prompt relief to stop infringement of their rights in competitor cases. The competitive harm exception applies only when a court actually grants a preliminary injunction, which typically happens only <i>after</i> preliminary discovery. Indeed, as amended, the stay of discovery now expressly allows defendants to stay even the discovery needed to rule on a preliminary injunction motion – or any other substantive motion -- by filing a motion to dismiss or transfer the case, thereby giving the defendant “veto” power over a previously-filed motion for extraordinary relief or to the preserve the status quo in any case brought by any patent owner seeking to stop infringement by unscrupulous competitors.</p>