IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

BONUTTI SKELETAL INNOVATIONS, L.L.C., Plaintiff, v. ZIMMER HOLDINGS, INC. and ZIMMER, INC., Defendants.	C.A. No. 12-cv-1107 (GMS)
BONUTTI SKELETAL INNOVATIONS, L.L.C., Plaintiff, v. CONFORMIS, INC., Defendant.	C.A. No. 12-cv-1109 (GMS)
BONUTTI SKELETAL INNOVATIONS, L.L.C., Plaintiff, v. WRIGHT MEDICAL GROUP, INC. and WRIGHT MEDICAL TECHNOLOGY, INC., Defendants.	C.A. No. 12-cv-1110 (GMS)

MEMORANDUM

I. INTRODUCTION

On September 10, 2012, the plaintiff, Bonutti Skeletal Innovations LLC ("Bonutti"), filed suit against Zimmer, Inc. and Zimmer Holdings, Inc. (collectively "Zimmer"), (D.I. 1, D.I. 10 in 12-1107), ConforMIS, Inc. ("ConforMIS"), (D.I. 1, D.I. 46 in 12-1109), Wright Medical Group, Inc. and Wright Medical Technology, Inc. (collectively "Wright"), (D.I. 1, D.I. 7 in 12-1110), and Smith & Nephew, Inc. ("Smith"), (D.I. 1, D.I. 9 in 12-1111).[1] The court will henceforth refer to Zimmer, ConforMIS, Wright, and Smith as "the Defendants". In each of its complaints, Bonutti alleged that the Defendants had infringed from one to all of six related patents directed to knee implants. *Id.* The six patents are U.S. Patent Nos. 6,702,821 ("'821 patent"); 7,806,896 ("'896 patent"); 8,133,229 ("'3229 patent"); 7,837,736 ("'736 patent"); 7,959,635 ("'635 patent"); and 7,749,229 ("'9229 patent"). Bonutti asserts all six patents against Zimmer, the '896 patent against ConforMIS, and the '821, '896, and '3229 patents against Wright. (D.I. 36 at 4.)[2]

Currently, four out of six of the patents are the subjects of *inter partes* review ("IPR") petitions before the U.S. Patent and Trademark Office ("PTO"). Two of the IPR petitions have been granted and the rest are pending. In particular, the '896 patent is the subject of three separate IPR petitions filed by Smith, Zimmer, and Wright. (D.I. 36 at 6-7.) Smith filed a petition on independent claims 1 and 13, Zimmer filed a petition on independent claim 40, and Wright filed a petition on independent claims 1, 13, 25, and 40. (D.I. 36 at 7; D.I. 29 at ¶ 6 in 12-1111.) The parties also filed petitions regarding some dependent claims of the '896 patent. On February 28,

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[1] Although Bonutti filed the complaints in September 2012, it did not serve the complaints on any of the Defendants until January 4, 2013. (D.I. 5 in 12-1107, 12-1109, 12-1110, and 12-1111.)

[2] Bonutti initially asserted the '821, '896, '3229, and '9229 patents against Smith. On January 3, 2014, however, Bonutti and Smith stipulated to a dismissal without prejudice of Bonutti's claims against Smith. (D.I. 51 and 52 in 12-1111.)

2014, the PTO granted Smith's petition for review of claim 1 of the '896 patent and denied Smith's petition for review of claim 13. (D.I. 42 at 1 and D.I. 43 at 1 in 12-1107.) The '736 patent is the subject of an IPR petition that Zimmer filed regarding independent claims 15 and 31, as well as certain dependent claims. (D.I. 36 at 7.) The '635 patent is the subject of an IPR petition filed by Zimmer regarding independent claims 1 and 30, as well as some of its dependent claims. (*Id.*) The '9229 patent was the subject of an IPR petition filed by Smith regarding independent claim 23. (D.I. 29 at ¶ 6 in 12-1111.) On February 26, 2014, the PTO granted Smith's IPR petition as to claim 23 of the '9229 patent. (D.I. 42 at 1 and D.I. 43 at 2 in 12-1107.)

Presently before the court is the Defendants' Joint Motion to Stay Litigation Pending *Inter Partes* Review ("Motion to Stay"). (D.I. 35 in 12-1107; D.I. 42 in 12-1109; and D.I. 33 in 12-1110.[3]) For the reasons that follow, the court will grant the Defendants' Motion to Stay

II. BACKGROUND

Bonutti is the owner, through assignment of the six patents-in-suit: the '821 patent, titled "Instrumentation for Minimally Invasive Joint Replacement and Methods for Using the Same"; the '896 patent, titled "Knee Arthroplasty Method"; the '3229 patent, titled "Knee Arthroplasty Method"; the '736 patent, titled "Minimally Invasive Surgical Systems and Methods"; the '635 patent, titled "Limited Incision Total Joint Replacement Methods"; and the '9229 patent, titled "Knee Arthroplasty Method". (D.I. 10 at 2-3.) The patents are directed to, among other things, specialized procedures, instruments, implants, and systems for performing minimally invasive knee surgery. (D.I. 1 and D.I. 10 in 12-1107; D.I. 1 and D.I. 46 in 12-1109; D.I. 1 and D.I. 7 in

[3] For ease of reference, the court will henceforth cite to the copies of the Defendants' Motion to Stay, Bonutti's Opposition, the Defendants' Reply, and associated declarations that have been filed in 12-1107, except where unavailable in 12-1107. Thus, where the case number is not specified in a citation, the docket index number refers to 12-1107.

12-1110; D.I. 1 and D.I. 9 in 12-1111.) Bonutti alleges that each of the Defendants designs, offers for sale, and distributes, among other actions taken, knee implants and surgical instruments used in knee surgery in a way that infringes from one to all of the six patents. (*Id.*)

III. LEGAL STANDARD

As part of the court's "inherent power to conserve judicial resources by controlling its own docket", the court may exercise its discretion to stay a pending litigation. *Cost Bros., Inc. v. Travelers Indem. Co.*, 760 F.2d 58, 60 (3d Cir. 1985). It is well established that the court's authority to stay litigation extends to patent cases in which the PTO has been asked to conduct a reexamination of a patent. *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426–27 (Fed. Cir. 1988) ("Courts have inherent power to manage their dockets and stay proceedings, including the authority to order a stay pending conclusion of a PTO reexamination.").

To determine whether staying a case is appropriate, the court balances the following three factors: "(1) whether a stay would unduly prejudice or present a clear tactical disadvantage to the non-moving party; (2) whether a stay will simplify the issues in question and trial of the case; and (3) whether discovery is complete and [a] trial date has been set." *Bayer Intellectual Prop. GmbH v. Warner Chilcott Co.*, No. 12-1032-GMS, 2013 U.S. Dist. LEXIS 172735, at *3-4 (D. Del. Dec. 9, 2013) (quoting *First Am. Title Ins. Co. v. MacLaren LLC*, No. 10-363-GMS, 2012 U.S. Dist. LEXIS 31508, at *4 (D. Del. Mar. 9, 2012)).

IV. DISCUSSION

A. Undue Prejudice

Staying a case pending *inter partes* review can result in some prejudice to the plaintiff by virtue of prolonging the dispute. *See Textron Innovations, Inc. v. Toro Co.*, No. 05-486-GMS, 2007 WL 7772169, at *2 (D. Del. Apr. 25, 2007). Potential delay does not in itself establish undue prejudice to the non-movant, however. *See, e.g.*, *BodyMedia, Inc. v. Basis Sci., Inc.*, No. 12-CV-

133 (GMS), 2013 U.S. Dist. LEXIS 82830, at * 4 (D. Del. Jun. 6, 2013) ("With regard to the 'undue prejudice' consideration, the court notes that the potential for litigation delay is not, by itself, dispositive and does not demonstrate that a party will be unduly prejudiced.") In order to best gauge whether granting a stay would cause the non-movant undue prejudice or place it at a tactical disadvantage, the court weighs a variety of subfactors. These include "the timing of the request for reexamination, the timing of the request for stay, the status of the reexamination proceedings, and the relationship of the parties." *Boston Scientific Corp. v. Cordis Corp.*, 777 F. Supp. 2d 783, 789 (D. Del. 2011).

1. Timing of the Request for *Inter Partes* Review and for Stay

In a patent infringement action, the defendant must file an IPR petition relating to any underlying patent no later than one year after the date on which the complaint is served. *See* 35 U.S.C. § 315(b). The more diligent a defendant is in seeking *inter partes* review, the less likely it is that the non-movant will be prejudiced by a stay or that the court will find the defendant's filing of the IPR petition to be a dilatory tactic. *See, e.g.*, *TruePosition, Inc. v. Polaris Wireless, Inc.*, No. 12-646-RGA/MPT, 2013 U.S. Dist. LEXIS 150764, at *18 (D. Del. Oct. 21, 2013), *adopted by* No. 12-646-RGA, 2013 U.S. Dist. LEXIS 160996 (D. Del. Nov. 12, 2013).

Bonutti argues that the Defendants' IPR petitions are dilatory tactics because the Defendants filed the IPR petitions "almost a year after service of the complaints, months after the Court's Rule 16 scheduling conference, and immediately prior to the statutory deadline for filing an IPR petition." (D.I. 39 at 2.) Bonutti also argues that "the IPR petitions filed by Zimmer and Wright are nominal in that they cover an extremely small percentage of the claims in the patents asserted against each party". (*Id.* at 10.) The Defendants deny any dilatory motive, however, and point out that a schedule has not been set in any of these cases and discovery has yet to commence. (D.I. 36 at 18-19.) The Defendants also argue that Bonutti's refusal to specify which of the claims

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