UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION

B.E. TECHNOLOGY, L.L.C.,	)	
	)	
Plaintiff,	)	
	)	**Civil Action No. 2:12-cv-02781-JPM-tmp**
v.	)	
	)	**Hon. Jon Phipps McCalla**
GROUPON, INC.,	)	
	)	
Defendant.	)	
	)	
	)	

DEFENDANT GROUPON, INC.'S MEMORANDUM IN SUPPORT OF ITS MOTION TO STAY PROCEEDINGS PENDING *INTER PARTES* REVIEW

Defendant Groupon, Inc. ("Groupon"), respectfully submits this Memorandum in support of its Motion to Stay Proceedings Pending *Inter Partes* Review, and states as follows:

I. INTRODUCTION

Last month, several defendants in related cases filed petitions for *inter partes* review ("IPR") of U.S. Patent Nos. 6,628,314 ("the '314 patent") and 6,771,290 ("the '290 patent") with the U.S. Patent and Trademark Office ("USPTO"). The '314 patent is the only patent asserted against Groupon in this case, and in each of the four separate IPR filings on this patent, every claim that has also been asserted against Groupon was challenged as invalid. Groupon did not file or participate in any of the subject IPR petitions, and Groupon is not in privity with any of the IPR-filers. Nonetheless, the law is clear that where each of the factors considered in determining whether a stay should be entered weigh in favor of a stay, this case should be stayed pending IPR review of the '314 patent. Here, Plaintiff B.E. Technology, L.L.C. ("B.E.") would not be unduly prejudiced by a stay; a stay will simplify the case; and this case is in its early

stages. Moreover, Groupon and B.E. ***agree*** that this case should be stayed pending resolution of the multiple IPRs, provided this Court likewise stays all litigations involving the '314 and '290 patents.

Shortly after the petitions were filed with the USPTO, Groupon and the other defendants in the related actions discussed a stay with each other and with B.E. Based on those discussions, Groupon understands that B.E. supports a stay of each of the cases involving the '290 and '314 patents, as long as all of those cases are stayed.[1] Groupon also understands that most—if not all—of the other defendants will either move to stay their respective cases, or will not actively oppose[2] entry of a stay in their cases, as long as all the other cases involving the '290 and '314 patents are also stayed.[3]

Despite this virtual consensus among the parties that all litigation related to the '290 and '314 patents should be stayed, the parties' discussions regarding a stay reached an impasse due to a disagreement not involving Groupon. Thus, to avoid delay and to give effect to the virtual consensus amongst the parties, Groupon files this motion to request a stay of this case pending resolution of the IPR proceedings.

Given the strong support for a stay from both B.E. and the defendants, Groupon respectfully asks the Court to exercise its inherent power to stay all litigation involving the '290

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[1] *See* Declaration of Aaron J. Weinzierl ("Weinzierl Decl."), ¶ 7.

[2] For example, Apple has indicated that, at this time, it does not plan to request a stay of its case but also does not plan to actively oppose such a stay should the Court order a stay with respect to all the cases. Groupon understands that Apple and the other defendants may file notices or other papers in their respective cases further explaining their positions on a potential stay. *See* Weinzierl Decl., ¶ 8.

[3] To facilitate the prompt resolution of this and any other motions to stay that are filed, *see, e.g.*, D.E. 63-1 in *B.E. Technology, LLC v. Samsung Telecommunications America, LLC*, No. 2:12-cv-02824, Groupon suggests the Court set a schedule for the parties to file any notices or motions by a date certain to resolve this matter before significant additional work is done.

and/or '314 patents. The Court's inherent power to manage its docket includes the ability to stay actions *sua sponte* because the Court is tasked with "control[ling] the disposition of the causes on its docket with economy of time and effort for itself, for counsel, and for litigants." *Gray v. Bush*, 628 F.3d 779, 785 (6th Cir. 2010) (quoting *Landis v. N. Am. Co.*, 299 U.S. 248, 254 (1936)). Staying the case during the IPR process will prevent the parties from engaging in costly parallel proceedings and prevent the Court from having to spending time on issues that may be rendered moot (*e.g.*, if the USPTO invalidates the patent claims at issue). Accordingly, a stay is warranted in this case.

II. BACKGROUND

This is one of nineteen cases B.E. filed in September and October 2012, asserting the '290 patent, the '314 patent, and/or U.S. Patent No. 6,141,010 ("the '010 patent").[4] In its Complaint filed in this case on September 10, 2012, B.E. accused Groupon of infringing the '314 patent. (D.E. 1.) Groupon filed its Answer, Affirmative Defenses, and Counterclaims on December 31, 2012. (D.E. 19.) A *Markman* hearing is scheduled for April 28, 2014, but no trial date has been set.

[4] *B.E. Technology, LLC v. Amazon Digital Servs., Inc.*, No. 2:12-cv-02767; *B.E. Technology, LLC v. Facebook, Inc.*, No. 2:12-cv-02769; *B.E. Technology, LLC v. LinkedIn Corp.*, No. 2:12-cv-02772; *B.E. Technology, LLC v. Pandora Media, Inc.*, No. 2:12-cv-02782; *B.E. Technology, LLC v. Twitter, Inc.*, No. 2:12-cv-02783; *B.E. Technology, LLC v. Barnes & Noble, Inc.*, No. 2:12-cv-02823; *B.E. Technology, LLC v. Samsung Telecommunications America, LLC*, No. 2:12-cv-02824; *B.E. Technology, LLC v. Samsung Electronics America Inc.*, No. 2:12-cv-02825; *B.E. Technology, LLC v. Sony Computer Entm't Am., Inc.*, No. 2:12-cv-02826; *B.E. Technology, LLC v. Sony Mobile Commcn's (USA) Inc.*, No. 2:12-cv-02827; *B.E. Technology, LLC v. Sony Elecs. Inc.*, No. 2:12-cv-02828; *B.E. Technology, LLC v. Microsoft Corp.*, No. 2:12-cv-02829; *B.E. Technology, LLC v. Google Inc.*, No. 2:12-cv-02830; *B.E. Technology, LLC v. Apple, Inc.*, No. 2:12-cv-02831; *B.E. Technology, LLC v. Spark Networks, Inc.*, No 2:12-cv-02832 (dismissed); *B.E. Technology, LLC v. People Media, Inc.*, No. 2:12-cv-02833; *B.E. Technology, LLC v. Match.com LLC*, No. 2:12-cv-02834; *B.E. Technology, LLC v. Motorola Mobility Holdings, LLC*, No. 2:12-cv-02866.

To date, the parties have engaged in limited discovery, primarily exchanging disclosures as required by the Local Patent Rules. Preliminary infringement, non-infringement, invalidity, and validity contentions have been exchanged. In its preliminary infringement contentions, B.E. alleged that Groupon infringed claims 11, 12, 13, 15, 18, and 20 of the '314 patent. No party depositions have taken place. The parties also exchanged their preliminary and final identification of terms for construction on September 23, 2013 and November 5, 2013, respectively.

Last month, several defendants in the related cases filed IPR petitions with the USPTO seeking to invalidate the '290 and '314 patent claims. With respect to the '314 patent, four petitions were filed challenging, *inter alia*, the same claims asserted against Groupon: Google filed a petition (IPR2014-0038) on October 8, 2013 with respect to claims 11, 12, 13, 15, 18, and 20 of the '314 patent; Microsoft filed a petition (IPR2014-0039) on October 9, 2013 with respect to claims 11-22 of the '314 patent; and Facebook filed two petitions (IPR2014-0052 and IPR2014-0053) on October 9, 2013 with respect to claims 11, 12, 13, 15, 18, and 20 of the '314 patent. (Weinzierl Decl., Exs. A-D.) These petitions were accorded filing dates of October 8, 2013 (per Order dated October 11, 2013); October 9, 2013 (per Order dated October 24, 2013); and October 9, 2013 (per Order dated October 15, 2013), respectively.[5] (Weinzierl Decl., Ex. E.)

B.E. may file an optional preliminary response to these petitions within three months of the date that the petitions were accorded their respective filing dates—*i.e.*, between January 11, 2014 and January 24, 2014, depending on the petition. 37 C.F.R. § 42.107(b). As soon as B.E.

[5] Several other defendants also filed a combined five IPR petitions with respect to the '290 patent. Those filings are discussed in Samsung's Motion to Stay (and supporting papers) filed November 22, 2013. *See, e.g.*, D.E. No. 63-1 in *B.E. Technology, LLC v. Samsung Telecommunications America, LLC*, No. 2:12-cv-02824 and *B.E. Technology, LLC v. Samsung Electronics America Inc.*, No. 2:12-cv-02825.

files its preliminary responses (or the dates pass), the USPTO is statutorily required to grant or deny the petitions within three months of these dates—*i.e.*, between April 11, 2014 and April 24, 2014. 35 U.S.C. § 314(b). B.E. may optionally notify the USPTO if it does not intend to file an optional preliminary response, which would advance the date of required action by the USPTO. 37 U.S.C. § 42.107(b). Once the petitions are instituted, the USPTO will have one year to issue final decisions. 35 U.S.C. § 316(a)(11). Hence, these statutorily prescribed timeframes ensure the efficient resolution of these petitions.

Recent statistics show that nearly 90% of all IPR petitions are granted. *See* Weinzierl Decl., Ex. F (showing only 33 of 239 decisions with denials of IPR petitions through November 14, 2013). An IPR will only be instituted if the USPTO agrees that there is a reasonable likelihood that the petitioner will prevail on at least one of the challenged claims. 35 U.S.C. § 314(a). Given the very high rate of institution and that four separate petitions have been filed against the '314 patent, there is a high probability that an IPR will be instituted on at least one claim based on one or more of those petitions.

III. ARGUMENT

The decision whether to grant a stay of a particular action is within the inherent power of the Court and is discretionary. *Ellis v. Merck & Co., Inc.*, 06-1005-T/An, 2006 U.S. Dist. LEXIS 9639, at *3 (W.D. Tenn. Feb. 19, 2006); *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426-27 (Fed. Cir. 1988). In particular, a district court has the discretion to stay judicial proceedings pending reexamination of a patent. *Semiconductor Energy Lab. Co. v. Chimei Innolux Corp.*, No. SACV 12-21-JST (JPRx), 2012 U.S. Dist. LEXIS 186322, at *3 (C.D. Cal. Dec. 19, 2012). There is a "liberal policy in favor of granting motions to stay proceedings pending the outcome of reexamination, especially in cases that are still in the initial stages of litigation and where there

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