

**IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF TENNESSEE  
MEMPHIS DIVISION**

**B.E. TECHNOLOGY, L.L.C.,**

**Plaintiff,**

**v.**

**BARNES & NOBLE, INC.,**

**Defendant.**

Case No. 2:12-cv-02823-JPM-tmp

JURY TRIAL REQUESTED

MEMORANDUM OF FACTS AND LAW IN SUPPORT OF DEFENDANT BARNES &  
NOBLE, INC.'S MOTION TO STAY PENDING RESOLUTION OF ITS MOTION TO  
TRANSFER VENUE PURSUANT TO 28 U.S.C. § 1404(a)

**I. Introduction**

Defendant Barnes & Noble, Inc. (“Barnes & Noble”) respectfully submits this memorandum in support of its motion to stay proceedings pending the Court’s ruling on Barnes & Noble’s motion to transfer venue pursuant to 28 U.S.C. § 1404(a) (“Transfer Motion”) (Dkt. No. 28). At this stage of the proceedings, the parties are poised to expend significant time and resources in disclosures and discovery pursuant to the Local Patent Rules -- time and resources that may not be necessary in the event that this Court grants Barnes & Noble’s Transfer Motion. This is precisely the situation contemplated by the Federal Circuit in its recent *In re Fusion-IO* decision, in which it recommended that transfer motions be addressed by a district court prior to any other proceedings in the case, and that a brief stay be instituted to avoid unnecessary expenditures of time and resources while a transfer motion was pending. *In re Fusion-IO*, No. 12-139, 2012 WL 6634939, \*1 (Fed. Cir. Dec. 21, 2012) (non-precedential). Furthermore, plaintiff B.E. Technology (“B.E.”) will not be prejudiced by a stay. Accordingly, Barnes & Noble respectfully asks the Court to stay all proceedings, including proceedings in this case called for in the Local Patent Rules, until the Court rules on its pending motion to transfer venue.

## II. Factual Background

B.E. brought nineteen separate suits in this District against a large number of defendants, the overwhelming majority of which are based in California -- specifically, the Northern District of California -- alleging separate and independent acts of patent infringement. On January 7, 2013, Barnes & Noble filed a motion to transfer this case to the Northern District of California pursuant to 28 U.S.C. § 1404(a). The motion explains that the Northern District of California is clearly a more convenient forum in which to litigate this case than the Western District of Tennessee. In addition, most of the other defendants filed motions to transfer to a more convenient forum, and most of those motions request transfer to the Northern District of California. On January 25, 2013, B.E. filed a memorandum in opposition to the Transfer Motion (Dkt. No. 32) and Barnes & Noble filed a reply, by leave of Court, on February 13, 2013 (Dkt. No. 39). Accordingly, Barnes & Noble's Transfer Motion is fully briefed and ready for consideration by this Court.

Defendants in most of the other B.E. cases have also filed motions to stay proceedings pending determination of proper venue.<sup>1</sup> This Court has, to date, granted the motions filed by

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<sup>1</sup> *B.E. Technology L.L.C. v. Amazon Digital Services, Inc.*, 2:12-cv-02767-JPM-tmp, Dkt. No. 44; *B.E. Technology, L.L.C. v. Facebook, Inc.*, 2:12-cv-02769-JPM-tmp, Dkt. No. 37; *B.E. Technology, L.L.C. v. LinkedIn Corp.*, 2:12-cv-02772-JPM-tmp, Dkt. No. 37; *B.E. Technology, L.L.C. v. Groupon, Inc.*, 2:12-cv-02781-JPM-cgc, Dkt. No. 28; *B.E. Technology, L.L.C. v. Pandora Media, Inc.*, 2:12-cv-02782-JPM-cgc, Dkt. No. 35; *B.E. Technology, L.L.C. v. Twitter, Inc.*, 2:12-cv-02783-JPM-cgc, Dkt. No. 32; *B.E. Technology, L.L.C. v. Samsung Telecomms. America, LLC*, 2:12-cv-02824-JPM-cgc Dkt. No. 30; *B.E. Technology, L.L.C. v. Samsung Electronics America, LLC*, 2:12-cv-02825-JPM-cgc Dkt. No. 34; *B.E. Technology, L.L.C. v. Sony Computer Entm't America LLC*, 2:12-cv-02826-JPM-tmp, Dkt. No. 28; *B.E. Technology, L.L.C. v. Sony Mobile Commc'ns (USA) Inc.*, 2:12-cv-02827-JPM-tmp, Dkt. No. 32; *B.E. Technology, L.L.C. v. Sony Electronics, Inc.*, 2:12-cv-02828-JPM-tmp, Dkt. No. 27; *B.E. Technology, L.L.C. v. Microsoft Corp.*, 2:12-cv-02829-JPM-tmp, Dkt. No. 40; *B.E. Technology, L.L.C. v. Google Inc.*, 2:12-cv-2830-JPM-tmp, Dkt. No. 39; *B.E. Technology, L.L.C. v. Apple Inc.*, 2:12-cv-02831-JPM-tmp, Dkt. No. 41; *B.E. Technology, L.L.C. v. People Media, Inc.*, 2:12-cv-02833-JPM-tmp, Dkt. No. 37; *B.E. Technology, L.L.C. v. Match.com L.L.C.*, 2:12-cv-02834-JPM-tmp, Dkt. No. 34; *B.E. Technology, L.L.C. v. Motorola Mobility Holdings LLC*, 2:12-cv-02866-JPM-tmp, Dkt. No. 38.

Facebook, Inc. (“Facebook”), Samsung Telecommunications America, LLC, Samsung Electronics America, Inc. (collectively, “Samsung”), Pandora Media, Inc. (“Pandora”), Twitter, Inc., Apple, Inc., Google, Inc., Motorola Mobility Holdings, LLC, Sony Computer Entertainment America, LLC, Sony Mobile Communications (USA), Inc., and Sony Electronics, Inc.<sup>2</sup>

Absent a stay in the action, this Court as well as the parties will likely expend significant resources that may be rendered unnecessary if the Court grants Barnes & Noble’s motion to transfer. Substantive discovery will soon commence in this litigation. The Local Patent Rules require Barnes & Noble to serve Initial Non-Infringement Contentions on February 21, 2013 and produce “[d]ocuments sufficient to describe the structure, composition, and/or operation of the Accused Instrumentality.” Additionally, Barnes & Noble must serve Invalidity and Unenforceability Contentions, as well as accompanying documents, by March 29, 2013. Finally, Barnes & Noble is set to identify claim terms for construction no later than April 3, 2013.

### III. Legal Authority

This court has the inherent authority to manage its docket by, for example, staying discovery and other proceedings in a case. *Landis v. North American Co.*, 299 U.S. 248, 254 (1936); *Gray v. Bush*, 628 F.3d 779, 786 (6th Cir. 2010); *Ellis v. Merck & Co., Inc.*, 06-1005-T/AN, 2006 WL 448694 (W.D. Tenn. Feb. 19, 2006); Fed. R. Civ. P. 26(c) (stay permitted for

<sup>2</sup> *B.E. Technology, L.L.C. v. Facebook, Inc.*, 2:12-cv-02769-JPM-tmp, Dkt. No. 43; *B.E. Technology, L.L.C. v. Groupon, Inc.*, 2:12-cv-02781-JPM-cgc, Dkt. No. 32; *B.E. Technology, L.L.C. v. Pandora Media, Inc.*, 2:12-cv-02782-JPM-cgc, Dkt. No. 36; *B.E. Technology, L.L.C. v. Twitter, Inc.*, 2:12-cv-02783-JPM-cgc, Dkt. No. 32; *B.E. Technology, L.L.C. v. Samsung Telecommunications America, L.L.C.*, 2:12-cv-02824-JPM-cgc, Dkt. No. 33; *B.E. Technology, L.L.C. v. Samsung Electronics America, L.L.C.*, 2:12-cv-02825-JPM-cgc, Dkt. No. 37; *B.E. Technology, L.L.C. v. Sony Computer Entm’t America LLC*, 2:12-cv-02826-JPM-tmp, Dkt. No. 31; *B.E. Technology, L.L.C. v. Sony Mobile Commc’ns (USA) Inc.*, 2:12-cv-02827-JPM-tmp, Dkt. No. 35; *B.E. Technology, L.L.C. v. Sony Electronics, Inc.*, 2:12-cv-02828-JPM-tmp, Dkt. No. 30; *B.E. Technology, L.L.C. v. Google Inc.*, 2:12-cv-2830-JPM-tmp, Dkt. No. 42; *B.E. Technology, L.L.C. v. Apple Inc.*, 2:12-cv-02831-JPM-tmp, Dkt. No. 42; *B.E. Technology, L.L.C. v. Microsoft Corp.*, 2:12-cv-02829-JPM-tmp, Dkt. No. 41; *B.E. Technology, L.L.C. v. Motorola Mobility Holdings LLC*, 2:12-cv-02866-JPM-tmp, Dkt. No. 41.

good cause). In fact, just last week this Court granted motions to stay in several of the other cases filed by B.E. at the same time as this one.<sup>3</sup> See orders cited *supra* note 2.

Recent authority confirms that in order to balance competing docket pressures that might prevent a district court from quickly resolving a transfer motion, the court should stay the proceedings until it can provide such a decision, thus avoiding prejudice to the parties. The Federal Circuit just a few weeks ago addressed this very issue. In *Fusion-IO*, the plaintiff filed a lawsuit against Fusion-IO and eight other defendants. Fusion-IO promptly moved to sever and transfer. *In re Fusion-IO, Inc.*, 2012 WL 6634939 at \*1-2. Some time after briefing on the motions had been completed, the district court granted Fusion-IO's motion to sever but denied its motion to transfer without prejudice, offering Fusion-IO an opportunity to re-file the motion and start the process over if it believed transfer was still appropriate in light of the severance. *Id.* at \*2. Fusion-IO sought a writ of mandamus from the Federal Circuit on the refusal to transfer. The Federal Circuit denied the petition for mandamus but only because the district court had not decided the transfer motion on the facts; the appellate court held that it would not weigh the transfer factors on its own without allowing the district court another opportunity to do so in the first instance. *Fusion-IO*, 2012 WL 6634939 at \*2.

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<sup>3</sup> Because the issues presented by Barnes & Noble's motion to stay are substantially identical to the arguments presented by the other defendants, Barnes & Noble joins and adopts by reference the arguments set forth in the memoranda filed by Amazon (Case No. 12-cv-02767, Dkt. No. 44), Facebook (Case No. 12-cv-02769, Dkt. No. 37-1), LinkedIn (Case No. 2:12-cv-02772, Dkt. No. 37), Groupon (2:12-cv-02781-JPM-cgc, Dkt. No. 28), Pandora (Case No. 12-cv-02782, Dkt. No. 35), Twitter (Case No. 2:12-cv-02783-JPM-cgc, Dkt. No. 32), Samsung (Case No. 12-cv-02824, Dkt. No. 30; Case No. 12-cv-02825, Dkt. No. 34), Sony (Case No. 2:12-cv-02826-JPM-tmp, Dkt. No. 28; Case No. 2:12-cv-02827-JPM-tmp, Dkt. No. 32; Case No. 2:12-cv-02828-JPM-tmp, Dkt. No. 27), Microsoft (Case No. 2:12-cv-02829-JPM-tmp, Dkt. No. 40), Google (Case No. 2:12-cv-2830-JPM-tmp, Dkt. No. 39), Apple (Case No. 2:12-cv-02831-JPM-tmp, Dkt. No. 41), People Media (Case No. 2:12-cv-02833-JPM-tmp, Dkt. No. 37), Match.com (Case No. 2:12-cv-02834-JPM-tmp, Dkt. No. 34) and Motorola (Case No. 2:12-cv-02866-JPM-tmp, Dkt. No. 38).

The Federal Circuit, however, acknowledged Fusion-IO's concern with litigating on the merits in the district in which the case was initially filed while the district court decided the transfer issue. The Court recommended that Fusion-IO file a stay motion to limit that prejudice and also noted its expectation that the district court would take up the stay motion and the transfer motion *before* proceeding to the merits of the case:

*We fully expect*, however, for Fusion-IO to promptly request transfer in the lead case along with a *motion to stay proceedings* pending disposition of the transfer motion, and *for the district court to act on those motions before proceeding to any motion on the merits of the action*. See *In re Horseshoe Entm't*, 337 F.2d 429, 433 (5th Cir. 2003) (“As indicated earlier, Horseshoe filed its motion to transfer timely and before it filed its answer and in our view disposition of that motion should have taken a top priority in the handling of this case[.]”); *McDonnell Douglas Corp. v. Polin*, 429 F.2d 30, 30-31 (3d Cir. 1970) (“[I]t is not proper to postpone consideration of the application for transfer under § 1404(a) until discovery on the merits is completed, since it is irrelevant to the determination of the preliminary question of transfer.”).

*Id.* (emphasis added). The Federal Circuit has therefore recommended a short stay of proceedings as the proper tool to balance a district court's need for time to address motions on its busy docket and the prejudice to defendants that accrues during that time needed to render a decision.

The importance of deciding transfer motions at an early stage of litigation was recently emphasized not only in *Fusion-IO*, but in another Federal Circuit case, *In re EMC Corp.*, No. 13-142 (Fed. Cir. Jan. 29, 2013) (non-precedential) (attached as Ex. A). There the court explained that “Congress’ intent to ‘prevent the waste of time, energy and money and to protect litigants, witnesses and the public against unnecessary inconvenience and expense... may be thwarted where, as here, defendants must partake in years of litigation prior to a determination on a transfer motion.” No. 13-142 at \*4 (quoting *Van Dussen v. Barrack*, 376 U.S. 612, 616 (1964)).

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