

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

B.E. Technology, L.L.C.,)	
)	
Plaintiff,)	
)	
v.)	Civil Action No. 2:12-cv-2829 JPM
)	
MICROSOFT CORPORATION,)	
)	
Defendant.)	

**MICROSOFT CORPORATION’S MEMORANDUM IN SUPPORT OF
MOTION TO STAY PROCEEDINGS PENDING RESOLUTION OF
MICROSOFT’S MOTION TO TRANSFER**

On January 18, 2013, Microsoft filed a Motion to Transfer Venue to the Western District of Washington, or in the Alternative, to the Northern District of California. D.I. 32. Microsoft respectfully requests that the Court stay all other proceedings in this case pending resolution of Microsoft’s transfer request.

A stay of proceedings is consistent with the Federal Circuit’s recent instructions in *In re Fusion-IO, Inc.*, No. 12-139, 2012 WL 6634939 (Fed. Cir. Dec. 21, 2012) and *In re EMC Corp*, Misc. No. 142, 2013 WL 324154 (Fed. Cir. Jan. 29, 2013). These cases highlight “the importance of addressing motions to transfer at the outset of litigation,” as well as the appropriateness of a stay of proceedings until resolution of such motions. *In re EMC*, 2013 WL 324154 at *2; *In re Fusion-IO*, 2012 WL 6634939 at *1.

I. PROCEDURAL BACKGROUND

On September 21, 2012, B.E. Technology LLC (“B.E.”) filed its Complaint in this matter. The complaint alleges infringement of U.S. Patent Nos. 6,628,314 and 6,771,290, but

fails to specifically identify what Microsoft products and features B.E. was accusing.¹ B.E.'s Patent Local Rule 3.1 Infringement Contentions were served on January 7, 2013. On January 18, 2013, Microsoft moved to transfer venue to the Western District of Washington, or in the alternative, to the Northern District of California. D.I. 31.

Substantive discovery will soon commence in this litigation. Microsoft's Initial Non-infringement Contentions and corresponding PLR 3.4 production are due on February 19, 2013. Microsoft's Initial Invalidity Contentions are due in April.

II. LEGAL STANDARD

"A district court has the inherent power to stay its proceedings." *Esperson v. Trugreen LP*, No. 10-2130, 2010 WL 2640520, *2 (W.D. Tenn. June 29, 2010). When considering a motion to stay, "the district court should consider three factors: (1) potential prejudice to the non-moving party; (2) hardship and inequality to the moving party if the action is not stayed; and (3) the judicial resources that would be saved by the stay." *Id.* (citing *In re Beverly Hills Fire Litig.*, 695 F.2d 207, 216 (6th Cir.1982)).

Although this circuit has not specifically addressed whether litigation should be stayed pending the outcome of a motion to transfer, the Third, Fifth, and Federal Circuits have all held that district courts should rule on timely-filed transfer motions before allowing parties to commence discovery. *See, e.g., In re Fusion-IO*, 2012 WL 6634939 at *1; *In re: Horseshoe Entertainment*, 337 F.3d 429 (5th Cir. 2003) ("Horseshoe filed its motion to transfer timely and before it filed its answer and in our view disposition of that motion should have taken top

¹¹ B.E. did not identify any product allegedly used by Microsoft to infringe the '314 patent. B.E. accused Microsoft of selling "tablet computer products" and "Microsoft Xbox 360 Consoles," but provided no explanation as to how Microsoft allegedly infringes "inventions related to the display of targeted advertisements based on demographic information over a network." *See* D.I. 1; D.I. 34-1 at 1.

priority in the handling of this case.”) (cited with approval in *In re EMC*); *McDonnell Douglas Corp. v. Polin*, 429 F.2d 30, 31 (3d Cir. 1970) (“To undertake a consideration of the merits of the action is to assume, even temporarily, that there will be no transfer before the transfer issue is decided.”) (cited with approval in *In re EMC*).

III. A STAY PENDING ADJUDICATION OF MICROSOFT’S MOTION TO TRANSFER IS APPROPRIATE

Microsoft respectfully requests that the Court exercise its inherent power to immediately stay all proceedings in this case, including Local Patent Rule disclosures, pending disposition of Microsoft’s motion to transfer.

B.E. has no apparent business beyond the present litigations. As such it will not suffer any prejudice from a temporary stay of proceedings pending resolution of Microsoft’s transfer motion. In contrast, Microsoft will have to expend significant resources – including litigation costs and valuable engineering time – to comply with the impending discovery and disclosure obligations set forth in the Patent Local Rules. As the Federal Circuit explained, parties should not be burdened with litigating the merits of an action until motions to transfer are decided and the location of the litigation finalized. *In re Fusion-IO*, 2012 WL 6634939, at *1 (“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.”).

Lastly, a stay at the outset of this litigation will further principles of judicial economy and comity. This litigation is in its early stages and substantive discovery has barely begun. If the Court sets a case management schedule and proceeds to the claim construction process, there is a risk that the Court will needlessly expend resources addressing issues related to discovery and claim construction that another district court may decide differently. *See McDonnell Douglas*

Corp., 429 F.2d at 30. “Congress’ intent to prevent the waste of time, energy and money and to protect litigants, witnesses and the public against unnecessary inconvenience and expense” through transfer to a more convenient venue may be thwarted by engaging in substantive discovery before adjudication of a transfer motion. *In re EMC*, 2013 WL 324154 at *2 (internal quotations omitted). As such, a motion to transfer should be “a top priority in the handling of this case.” *Id.*

IV. CONCLUSION

For the above reasons, Microsoft respectfully requests the Court stay all other proceedings in this litigation including Local Patent Rule disclosures and fact discovery pending resolution of Microsoft’s Motion to Transfer Venue to the Western District of Washington, or in the Alternative, to the Northern District of California. D.I. 32.

Dated: February 8, 2013

Respectfully submitted,

s/ Leeron G. Kalay

Kelly C. Hunsaker (CA Bar No. 168307)
Leeron G. Kalay (CA Bar No. 23359)
FISH & RICHARDSON P.C.
500 Arguello Street, Suite 500
Redwood City, CA 94063
Telephone: (650) 839-5070
Email: hunsaker@fr.com
kalay@fr.com

Bradley E. Trammell (TN #13980)
Adam Baldrige (TN #023488)
Baker, Donelson, Bearman, Caldwell &
Berkowitz, P.C.
165 Madison Avenue, Suite 2000
Memphis, TN 38103
Telephone: 901.577.2121
Email: btrammell@bakerdonelson.com
abaldrige@bakerdonelson.com

Attorneys for Defendant
MICROSOFT CORPORATION

CERTIFICATE OF SERVICE

I hereby certify that on February 8, 2013, a true and correct copy of the foregoing document was electronically filed with the United States District Court for the Western District of Tennessee, and was served on all counsel by the court's electronic filing notification or via email.

s/ Leeron G. Kalay