

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

FIFTH MARKET, INC.,)	
)	
Plaintiff,)	
)	
v.)	Civil Action No. 08-520-GMS
)	
CME GROUP, INC., et al.,)	
)	
Defendants.)	
)	

ORDER

WHEREAS presently before the court are the Motion to Lift Stay (D.I. 189) filed by the plaintiff, Fifth Market, Inc. ("Fifth Market"), and the defendants' Motion to Strike Plaintiff's Reply Brief or in the Alternative for Leave to File a Sur-reply (D.I. 194);

WHEREAS Fifth Market filed its initial Complaint on August 15, 2008, alleging infringement of U.S. Patent Nos. 6,418,419 (the "'419 Patent") and 7,024,387 (the "'387 Patent") (D.I. 1);

WHEREAS Fifth Market then filed a First Amended Complaint on May 20, 2008 (D.I. 25), a Second Amended Complaint on April 8, 2010 (D.I. 40), and a Third Amended Complaint on January 10, 2011 (D.I. 95);

WHEREAS the court held a *Markman* hearing on April 5, 2011 and issued an order construing the terms of the patents-in-suit on April 26, 2011 (D.I. 174);

WHEREAS, on March 28, 2011 and April 1, 2011, the defendants filed requests for *ex parte* reexamination of the '419 Patent (D.I. 182 at 2 n.2);

WHEREAS, on April 4, 2011, the defendants provided Fifth Market with a draft request for *inter partes* reexamination of the '387 Patent (D.I. 189 at 1);

WHEREAS, on May 20, 2011, the court granted Fifth Market's Motion to Stay Litigation Pending Reexaminations and ordered that this action be stayed (D.I. 182);

WHEREAS the PTO consolidated the two *ex parte* reexamination requests of the '419 Patent and, on February 21, 2013, issued an *Ex Parte* Reexamination Certificate for the '419 Patent covering both requests (D.I. 189 at 2);

WHEREAS the defendants filed an *inter partes* reexamination request for the '387 Patent on July 2, 2012, and the PTO granted *inter partes* reexamination on September 21, 2012 as to certain claims of the '387 Patent (*Id.* at 2–3);

IT IS HEREBY ORDERED THAT:

1. Fifth Market's Motion to Lift Stay (D.I. 189) is GRANTED;¹

¹ The decision whether to stay a case lies within the sound discretion of the court. *See Cost Bros., Inc. v. Travelers Indent. Co.*, 760 F.2d 58, 60 (3d Cir. 1985); *First Am. Title Ins. Co. v. MacLaren, L.L.C.*, No. 10-363-GMS, 2012 WL 769601, at *4 (D. Del. Mar. 9, 2012); *Nokia Corp. v. Apple, Inc.*, No. 09-791-GMS, 2011 WL 2160904, at *1 (D. Del. June 1, 2011). It is well settled that this authority applies to patent cases in which a reexamination by the PTO has been sought. *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.” (internal citation omitted)). In determining if a stay is appropriate in the first instance, the court generally looks to the following 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 whether a trial date has been set.” *First Am. Title Ins. Co.*, 2012 WL 769601, at *4 (quoting *Xerox Corp. v. 3 Comm. Corp.*, 69 F. Supp. 2d 404, 406 (W.D.N.Y. 1999)). In later determining whether to lift a stay, the court considers any new developments that might have altered the aforementioned stay calculus. The court has observed:

When circumstances have changed such that the court's reasons for imposing the stay no longer exist or are inappropriate, the court may lift the stay. Indeed, the same court that imposes a stay of litigation has the inherent power and discretion to lift the stay. It follows that where there are no new circumstances that impose hardship on the plaintiff or that change the court's earlier disposition imposing the stay, the plaintiff's motion to lift the stay should be denied.

Auto. Techs. Int'l, Inc. v. Am. Honda Motor Co., No. 06-187-GMS, 2009 WL 2969566, at *2 (D. Del. Sept. 15, 2009) (internal quotations and citations omitted).

Fifth Market requests that the court lift the stay of this action, suggesting that “circumstances in this case have changed significantly such that the Court's reasons for imposing the stay no longer exist or are now inapplicable.” (D.I. 193 at 2.) The significant changes in circumstances appear to be: (1) the completion of the

2. The stay of this action ordered by the court on May 20, 2011 is lifted; and

PTO's *ex parte* reexamination of the '419 Patent on February 21, 2013, (2) the defendants' filing of an *inter partes* reexamination request for the '387 Patent on July 2, 2012, and (3) the PTO granting of that request on September 21, 2012.

These developments principally affect the court's assessment of the undue prejudice factor, as Fifth Market complains of the defendants' "excessive delay" in seeking reexamination of the '387 Patent and the resulting delay of this litigation. (D.I. 193 at 3–4.) The court, however, notes that the potential for delay does not, by itself, establish undue prejudice. *See Enhanced Sec. Research, LLC v. Cisco Sys., Inc.*, No. 09-571-JJF, 2010 WL 2573925, at *3 (D. Del. June 25, 2010) ("[T]he Court recognizes that a stay may delay resolution of the litigation, but this alone does not warrant a finding that Plaintiffs will be unduly prejudiced."); *Wall Corp. v. BondDesk Grp., LLC*, No. 07-844-GMS, 2009 WL 528564, at *2 (D. Del. Feb. 24, 2009) ("The court finds that [the delay that might enure in the reexamination process] does not, by itself, amount to undue prejudice."). Rather, in considering this component of the stay inquiry, the court examines various sub-factors including (1) the timing of the reexamination request, (2) the timing of the stay request, (3) the status of the reexamination proceedings, and (4) the relationship between the parties. *See, e.g., Boston Scientific Corp. v. Cordis Corp.*, 777 F. Supp. 2d 783, 789 (D. Del. 2011).

Here, the timing of the defendants' *inter partes* reexamination request for the '387 Patent—and the defendants' stated intent to later file a request for post-grant review of the '419 Patent as a covered business method patent ("CBM review")—indicate they have adopted a strategy of raising piecemeal PTO challenges to Fifth Market's patents in order to prolong this litigation. (D.I. 192 at 2; D.I. 193 at 4–5.) These delays appear to be "impermissibly tactical," suggesting that a continuation of the stay might result in undue prejudice. The "timing of the stay request" sub-factor, however, is inapplicable here, as the stay is already in place and was sought originally by Fifth Market.

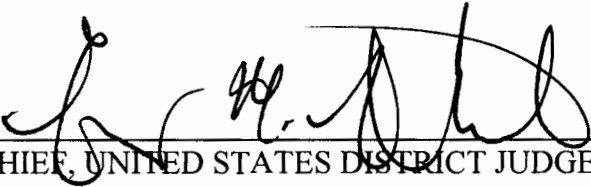
The status of the reexamination also concerns the court. The defendants acknowledge that the reexamination of the '387 Patent may continue for some time given their right to appeal the examiner's decision to the PTO and Federal Circuit. (D.I. 195 at 2.) Furthermore, the defendants have yet to request CBM review of the '419 Patent, and that process may take up to two years from the filing of a petition. *See Market-Alerts Pty. Ltd. v. Bloomberg Fin. L.P.*, No. 12-780-GMS, 2013 WL 443973, at *6 (D. Del. Feb. 5, 2013).

While the final "relationship between the parties" sub-factor remains both unchanged and untroubling given Fifth Market's status as a non-practicing entity, *see Neste Oil Oyj v. Dynamic Fuels, LLC*, No. 12-662-GMS, 2013 WL 424754, at *2 (D. Del. Jan. 31, 2013), the defendants' timing and the status of the '387 reexamination—as well as the planned '419 CBM review—suggest that the broader undue prejudice factor now favors lifting the stay. The defendants appear to have sought an inappropriate tactical advantage, and denial of this motion would expose Fifth Market's suit to the various evidentiary risks associated with prolonged stays. *See SoftView LLC v. Apple Inc.*, No. 10-389-LPS, 2012 WL 3061027, at *4 (D. Del. July 26, 2012) ("[R]esuming litigation after a protracted stay could raise issues with stale evidence, faded memories, and lost documents.").

The new developments in this case have little effect on the court's assessment of the remaining stay factors. The "issue simplification" factor continues to favor a stay, and the "stage of litigation" plainly has not changed. The latter consideration, however, never weighed heavily in favor of a stay—the court has already held a *Markman* hearing in this matter and issued an order construing the terms of the claims of the patents-in-suit. As such, while much work remains, the parties and the court have already spent considerable time and resources on this case. *See ImageVision.Net, Inc. v. Internet Payment Exchange, Inc.*, No. 12-54-GMS-MPT, 2013 WL 1743854, at *5 (D. Del. Apr. 22, 2013) ("[W]hen the court is faced with a stay decision in the later stages of an action, 'the Court and the parties have already expended significant resources on the litigation, and the principle of maximizing the use of judicial and litigant resources is best served by seeing the case through to its conclusion.'"). Given this observation and the above conclusions regarding the "undue prejudice" prong, the court finds that the three stay factors now favor lifting the stay.

3. The defendants' Motion to Strike Plaintiff's Reply Brief or in the Alternative for Leave to File a Sur-reply (D.I. 194) is GRANTED IN PART and DENIED IN PART.²

Dated: June 19, 2013


CHIEF, UNITED STATES DISTRICT JUDGE

² The Local Rules state that "[t]he party filing the opening brief shall not reserve material for the reply brief which should have been included in the full and fair opening brief." D. Del. LR 7.1.3(c)(2). This provision exists, in part, to prevent litigants from engaging in impermissible "sandbagging," reserving crucial arguments for a reply brief to which an opponent cannot respond. *Rockwell Techs., LLC v. Spectra-Physics Lasers, Inc.*, No. 00-589-GMS, 2002 WL 531555, at *3 (D. Del. Mar. 26, 2002). The court agrees with the defendants that Fifth Market's reply brief (D.I. 193) violated this rule by including a discussion of the stay factors entirely ignored in its opening brief (D.I. 189). Fifth Market's attempt to justify its initial omission is unpersuasive. (D.I. 196 at 1-2.)

The court, however, will exercise its discretion and grant the defendants' alternative motion to file a sur-reply rather than strike Fifth Market's reply brief. While Fifth Market's opening brief was deficient, the defendants have acknowledged that the three traditional "stay factors" are well known, (D.I. 194 at 2), and they were able to address them in their own answering brief, (D.I. 192 at 3-7). Moreover, any prejudice that might have resulted from Fifth Market's improper reply is remedied by the court's consideration of the defendants' sur-reply (D.I. 195).