

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

_____)	
BODYMEDIA, INC.,)	
)	
Plaintiff,)	
)	
v.)	C.A. No. 12-cv-133 (GMS)
)	
BASIS SCIENCE, INC.,)	
)	
Defendant.)	
_____)	

ORDER

WHEREAS, on February 2, 2012, the plaintiff, BodyMedia, Inc. (“BodyMedia”), filed a Complaint (D.I. 1) against the defendant, Basis Science, Inc. (“Basis Science”), alleging that Basis Science’s products infringe its U.S. Patent Nos. 6,605,038 (“the ’038 Patent”), 7,020,508 (“the ’508 Patent”), 7,261,690 (“the ’690 Patent”), 7,285,090 (“the ’090 Patent”), 7,689,437 (“the ’437 Patent”), and 8,073,707 (“the ’707 Patent”) (collectively, the “patents-in-suit”);

WHEREAS, on May 24, 2012, Basis Science filed its Answer to the Complaint (D.I. 8), on June 11, 2012, BodyMedia filed its first Amended Complaint (D.I. 10), and, on June 28, 2012, Basis Science filed its Answer to the first Amended Complaint (D.I. 12);

WHEREAS, on October 24, 2012, Basis Science filed a Motion to Stay Pending Reexamination (D.I. 15), which also requests that the court, should it deny the stay, transfer the above-captioned action to the Northern District of California (*id.*);

WHEREAS, on November 13, 2012, BodyMedia filed its Answering Brief in Opposition to Basis Science’s Motion to Stay and, on November 26, 2012, Basis Science filed its Reply (D.I. 25);

WHEREAS, the court, having considered the instant motion, the response and reply thereto, supplemental submissions, and the applicable law, concludes that Basis Science has demonstrated that a stay of the above-captioned matter pending completion of the *inter partes* reexamination is appropriate in this case¹;

¹ The decision to stay a case lies within the sound discretion of the trial 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). In determining whether a stay is appropriate, the court is tasked with assessing 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)). For the reasons that follow, the court finds that the first two factors favor the imposition of a stay pending resolution of the *inter partes* reexamination and, therefore, will grant the instant motion.

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. *See Wall Corp. v. BondDesk Grp., L.L.C.*, C.A. No. 07-844-GMS, 2009 WL 528564, at *2 (D. Del. Feb. 24, 2009). Rather, the court must assess a variety of “sub-factors,” including “the timing of the stay request . . . the relationship between the parties and the related question of whether the plaintiff may be compensated through future money damages.” *Nestle Oil Oyj v. Dynamic Fuels, L.L.C.*, No. 12-662-GMS, 2013 WL 424754, at *2 (D. Del. Jan. 31, 2013). The court should also consider the status of the reexamination proceedings. *See Boston Scientific Corp. v. Cordis Corp.*, 777 F. Supp. 2d 783, 789 (D. Del. 2011). Moreover, regarding the timing of the request for a stay, a court will not grant a stay where it determines that a party is attempting to seek a “tactical advantage.” *See Imagevision.Net, Inc. v. Internet Payment Exch., Inc.*, 2012 WL 5599338, at *3 (D. Del. Nov. 25, 2012).

Here, BodyMedia argues that a stay should not be granted pending resolution of reexamination proceedings because: (1) at the time the defendant filed the instant motion, no reexaminations had been granted and the art cited in the reexamination requests is “redundant of that before the USPTO during prosecution,” such that the examination would be cumulative and not relevant for determining whether to grant these requests (D.I. 21 at 5-6); (2) the defendant is a direct competitor of BodyMedia, in that both companies offer wearable electronic devices aimed at improving the health of its user, and this relationship weighs against granting a stay (*id.* at 6-7 (citing *Cooper Notification, Inc. v. Twitter, Inc.*, 2010 WL 5149351, at *3 (D. Del. Dec. 13, 2010)); and (3) the typical length of the reexamination proceedings will result in prejudice to it (*id.* at 7). The court disagrees.

First, at present, six of Basis Sciences’s seven requests for reexamination have been granted. Specifically: (1) on December 6, 2012, the PTO granted *inter partes* reexamination of the ’690 Patent and issued an office action rejecting all one hundred forty-one claims that were the subject of Basis Science’s request; (2) on December 6, 2012, the PTO granted *inter partes* reexamination of the ’038 Patent and issued an office action rejecting all twenty-eight claims that were the subject of Basis Science’s request; (3) on November 27, 2012, the PTO granted *inter partes* reexamination of the ’090 Patent and issued an office action rejecting all but one of the twenty-seven claims that were the subject of Basis Science’s request; (4) on November 29, 2012, the PTO granted *inter partes* reexamination of the ’437 Patent and issued an office action rejecting all fifty-five claims that were the subject of Basis Science’s request; and (5) as noted in Basis Science’s Reply, the PTO granted *inter partes* reexamination on the ’707 Patent and issued an office action rejecting all twenty-one claims at issue in the request. (D.I. 29 at 1-2.) Thus, BodyMedia’s argument that the stay should not be granted in this matter because the PTO has not granted Basis Science’s reexamination requests is now moot.

Second, while BodyMedia is correct that the parties offer products in the same market and, therefore, would be direct competitors, the court finds unpersuasive the assertion that this factor weighs against a stay. Specifically, Basis Science asserts that it has not, to date, sold its product, although it has marketed it at trade shows, advertised it, and discussed its intent to launch even in light of the present lawsuit. (D.I. 21 at 6-7.) BodyMedia is unable to conclusively demonstrate that Basis Science has, in fact, sold its device. Even assuming that the parties are

IT IS HEREBY ORDERED that:

1. Basis Science's Motion to Stay and, in the Alternative, to Transfer (D.I. 15) is GRANTED IN PART and DENIED IN PART, such that Basis Science's Motion to Stay is GRANTED and its Motion to Transfer is DENIED as MOOT;

appropriately characterized as direct competitors, however, courts are generally "reluctant" to issue a stay in the direct competitor scenario where potential preliminary injunctive relief would be postponed. *See Ever Win Int'l Corp. v. Radioshack Corp.*, C.A. No. 11-1104-GMS-CJB, 2012 WL 4801890, at *7 (D. Del. Oct. 9, 2012). Here, however, BodyMedia has not sought any preliminary relief, notwithstanding its allegation that "Basis [Science] uses, makes, offers to sell, and sells and/or imports a line of Basis Band, wearable, multi-sensor monitors" that "infringe the Patents-in-Suit," and has not filed a motion for preliminary injunction. (D.I. 1 at ¶¶ 40, 42.) In light of this, and the fact that Basis Science has not yet sold its product, the court finds that the relationship between the parties as competitors does not weigh against granting the defendant's Motion to Stay.

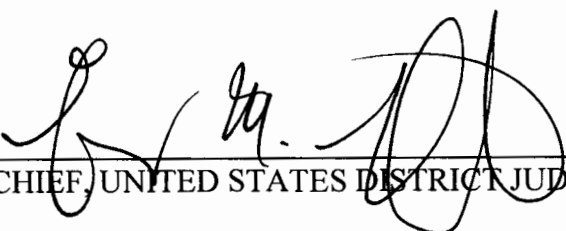
Third, the court also disagrees with BodyMedia that staying the matter will prejudice it. Specifically, BodyMedia asserts that, given the early stage of the reexaminations and the average length it takes to complete a reexamination, including appeals, a stay will prejudice it because it would "allow Basis [Science], as an infringing party, to try to develop a market for its product at the expense of BodyMedia." (D.I. 21 at 7.) BodyMedia further asserts that, "[n]ot only might BodyMedia lose good will and sales, but also, because of the instability of the Basis [Science] business (as pleaded in its papers), BodyMedia may never be able to receive damages to compensate for infringement." (*Id.*) The court is not persuaded by either assertion. Indeed, it is well-established that the potential for litigation delay, by itself, is insufficient to demonstrate that BodyMedia will be unacceptably prejudiced and is, therefore, not dispositive in the analysis. *See Wall Corp. v. BondDesk Grp., L.L.C.*, C.A. No. 07-844-GMS, 2009 WL 528564, at *2 (D. Del. Feb. 24, 2009). In addition, the timing of the reexamination and stay requests do not evidence any dilatory motive on Basis Science's part and BodyMedia does not allege such motive. Basis Science filed the reexamination requests four months after BodyMedia filed its first Amended Complaint and before a Scheduling Order was entered and any discovery was conducted. Basis Science likewise filed its Motion to Stay before a Scheduling Order was entered. Moreover, and with respect to the relationship between the parties and the issue of compensation via money damages, the court finds that the relationship between the parties does not weigh against a stay for the reasons state above. With respect to monetary compensation, BodyMedia asserts that Basis Science is a small company and financially unstable, such that Basis Science would be unable to monetarily compensate BodyMedia if this action is resolved in its favor. Aside from offering speculation, however, BodyMedia has not demonstrated that Basis Science will be unable to compensate it monetarily or that it would be insufficiently compensated by money damages. Thus, the court is not persuaded by either prejudice argument.

In fact, the court finds that staying this matter pending resolution of the above-named reexaminations will aid in simplifying the issues before it. As the defendant notes, of the 111 claims identified in BodyMedia's amended complaint, and reasserted in its Preliminary Patent Disclosures, 107 have been rejected in the pending reexaminations before the PTO. (D.I. 33 at 1.) The PTO has also rejected 114 of the 132 claims BodyMedia recently added in its Preliminary Patent Disclosures. (*Id.* at 1-2.) As a result, if the court were to deny Basis Science's request for a stay, it would be adjudicating less than ten percent of BodyMedia's 243 asserted claims. Further, 15 of the 22 claims not covered by the pending reexaminations depend on claims that have been rejected. (*Id.* at 2.) Thus, while BodyMedia is correct that there will be issues for judicial resolution not involved in the *inter partes* reexamination, the court is convinced that, in view of the foregoing, the reexamination proceedings will simplify the overlapping issues present in the reexamination and that will ultimately be before the court. Therefore, the court concludes that granting a stay is appropriate in this case as it will simplify the issues ultimately before the court and will conserve judicial resources.

Finally, the court finds that, although a Scheduling Order is in place and an October 2014 trial date has been set, this action is still in its early stages and, therefore, the setting of these dates does not weigh against issuing a stay pending completion of the reexamination proceedings. Thus, the court agrees with Basis Science that a stay of this action will promote judicial economy and avoiding wasting the parties' efforts and expense in parallel proceedings. (D.I. 25 at 5-6.)

2. This matter is STAYED pending resolution of the *inter partes* reexamination of U.S. Patent Nos. 7,261,690, 6,605,038, 7,689,437, 7,285,090, and 8,073,707.

Date: June 6, 2013



CHIEF UNITED STATES DISTRICT JUDGE