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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK  
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CAPITAL DYANMICS AG and CAPITAL  
DYANMICS, INC.,

Plaintiffs,

-v-

CAMBRIDGE ASSOCIATES, LLC,

Defendant.

-----X  
KATHERINE B. FORREST, District Judge:

13 Civ. 7766 (KBF)

ORDER

On March 3, 2014, defendant Cambridge Associates, LLC (“Cambridge Associates”) filed a Motion to Stay Litigation Pending Covered Business Method (“CBM”) Review of U.S. Patent No. 7,698,196 (“the ‘196 Patent”). Plaintiffs Capital Dynamics AG and Capital Dynamics, Inc. (collectively, “Capital Dynamics”) opposed the motion to stay on March 20, 2014, and the motion became fully briefed on March 31, 2014.

After carefully considering the parties submissions on this motion and the applicable case law, Cambridge Associates’ motion to stay is GRANTED.

Cambridge Associates seeks a stay of this action pending both a decision by the Patent Trial and Appeal Board (“PTAB”) of the United States Patent and Trademark Office (“PTO”) to grant its March 3, 2014 petition for CBM review, as well as the outcome of that CBM review. Capital Dynamics argues that this motion

is at least premature, and that the filing of this petition for CBM review does not weigh in favor of a stay and will prejudice Capital Dynamics.

The Court is persuaded by the undisputed evidence presented by Cambridge Associates of the high likelihood that both the PTAB will grant CBM review, and that such CBM review will result in the cancelation or amendment of at least one claim of the '196 Patent. As of March 27, 2014, the PTAB had instituted trial on 49 of 59 CBM petitions filed (more than 83%), and in all but one petition where no other petition challenging the same patent was pending or instituted. (Reply at 5 n.4, ECF No. 39; Rossen Decl. Ex. 4, ECF No. 41.) Though statistics concerning CBM reviews specifically are not yet available, the PTO has either canceled or amended at least one claim 92% of the time in inter partes proceedings. (Mem. of Law at 11, ECF No. 31; Greene Decl. Ex. 9 at 1, ECF No. 32.)

The Court is also persuaded by the fact that this action is less than six months old and claim construction has not yet begun. In its January 13, 2014 Order, the Court ordered the parties to submit their joint claim construction chart on April 14, 2014, their claim construction briefs in May 2014, and to appear for a Markman hearing on June 27, 2014. (1/13/14 Order at 2, ECF No. 25.) The Court ordered fact discovery to close on September 30, 2014, expert discovery to close on November 17, 2014, and trial to commence on February 24, 2015. (Id. at 2-3.)

It is not this Court's typical practice or inclination to grant stays. Nevertheless, Section 18 of the Leahy-Smith America Invents Act ("AIA")<sup>1</sup> explicitly

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<sup>1</sup> Pub. L. 112-29, 125 Stat. 284 (2011)

provides four factors for courts to consider in deciding whether to stay litigation pending CBM review:

- (A) whether a stay, or the denial thereof, will simplify the issues in question and streamline the trial;
- (B) whether discovery is complete and whether a trial date has been set;
- (C) whether a stay, or the denial thereof, would unduly prejudice the nonmoving party or present a clear tactical advantage for the moving party; and
- (D) whether a stay, or the denial thereof, will reduce the burden of litigation on the parties and on the court.

AIA § 18(b)(1).

The Court finds that these factors weigh in favor of granting a stay at this time, particularly in light of the likelihood of a CBM review that results in cancelation or amendment of one or more claims in the '196 Patent, as well as the early stage of the instant action. Accordingly it is hereby

ORDERED that this action is **stayed** until a decision by the PTAB denying Cambridge Associates' CBM petition, the PTAB's final determination in the CBM review, or further order of this Court. If the PTAB denies CBM review, the Court expects to move expeditiously toward resolution of this action.

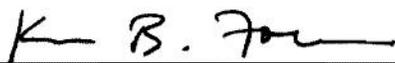
IT IS FURTHER ORDERED that all dates and deadlines are adjourned.

IT IS FURTHER ORDERED that the parties shall provide the Court with a status report as to the status of the CBM petition and/or the CBM review on or before **September 30, 2014**, and every **90 days** thereafter.

The Clerk of Court is directed to close the motion at ECF No. 30.

SO ORDERED.

Dated: New York, New York  
April 1, 2014

  
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KATHERINE B. FORREST  
United States District Judge