

The Honorable James L. Robart

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UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

ZILLOW, INC.,

Plaintiff,

vs.

TRULIA, INC.,

Defendant.

Case No. 2:12-cv-01549-JLR

**TRULIA, INC.'S MOTION TO STAY
PURSUANT TO SECTION 18(b) OF
THE AMERICA INVENTS ACT**

NOTE ON MOTION CALENDAR:
September 27, 2013

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1 **I. INTRODUCTION**

2 Trulia, Inc. (“Trulia”) files this motion to stay the litigation pending the Patent Trial and
 3 Appeal Board’s (“PTAB”) review of the validity of U.S. Patent No. 7,970,674 (“the ’674 patent”
 4 or “the asserted patent”), pursuant to Section 18(b) of the Leahy-Smith America Invents Act
 5 (“AIA”). On September 11, 2013, Trulia filed its Petition for Covered Business Method
 6 (“CBM”) Patent Review of all asserted claims of the ’674 patent before the United States Patent
 7 and Trademark Office (“PTO” or “Patent Office”) pursuant to 35 U.S.C. § 321 and Section 18 of
 8 the AIA. Ex. A.¹

9 Trulia seeks to utilize the CBM proceedings enacted by Congress to “allow companies
 10 that are the target of one of these frivolous business method patent lawsuits to go back to the
 11 PTO and demonstrate, with the appropriate prior art, that the patent shouldn’t have been issued
 12 in the first place.” 157 Cong. Rec. S1053 (daily ed. Mar. 1, 2011), Ex. C at S1053 (statement of
 13 Sen. Schumer). Congress noted “[t]hat way bad patents can be knocked out in an efficient
 14 administrative proceeding, avoiding costly litigation.” *Id.* And when enacting the AIA,
 15 Congress emphasized the importance of staying concurrent district court litigation where a party
 16 has filed a petition for CBM review. Congress added a fourth factor to the test previously
 17 considered by courts in deciding whether to grant a stay, noting the purpose of this fourth factor
 18 is to “place[] a very heavy thumb on the scale in favor of a stay.” 157 Cong. Rec. S1360 (daily
 19 ed. Mar. 8, 2011) (statement of Sen. Schumer, Ex. B at S1363; *see also id.* at S1379 (statement
 20 of Sen. Kyl) (noting the “congressional policy strongly favoring stays when proceedings are
 21 instituted under . . . section [18]”).

22 Congress explained that “it is *nearly impossible* to imagine a scenario in which a district
 23 court would not issue a stay . . .” pending CBM review. Ex. C at S1053 (statement of Sen.
 24 Schumer) (emphasis added). Denial of stay would require “an extraordinary and extremely rare
 25 set of circumstances not contemplated in any of the existing case law related to stays pending

26 ¹ All exhibit citations refer to exhibits in the accompanying Declaration of Jennifer J.
 27 Schmidt.

1 reexamination.” Ex. B at S1364 (statement of Sen. Schumer). Congress complained that “[t]oo
2 many district courts have been content to allow litigation to grind on while a reexamination is
3 being conducted, forcing the parties to fight in two fora at the same time. This is unacceptable,
4 and would be contrary to the fundamental purpose of the Schumer-Kyl amendment to provide a
5 cost-efficient alternative to litigation.” Ex. C at S1364 (statement of Sen. Schumer).

6 This Court has acknowledged the benefits of staying litigation pending Patent Office
7 review. *See generally Pac. Bioscience Labs., Inc. v. Pretika Corp.*, 760 F. Supp. 2d 1061 (W.D.
8 Wash. 2011); *Pac. Bioscience Labs., Inc. v. Nutra Luxe MD, LLC*, No. C10-0230JLR, 2011 WL
9 65947 (W.D. Wash. Jan. 9, 2011); *Implicit Networks, Inc. v. Advanced Micro Devices, Inc.*, No.
10 C08-184JLR, 2009 WL 357902, at *2 (W.D. Wash. Feb. 9, 2009); *Univ. of Wash. v. Gen. Elec.*
11 *Co.*, Case No. C10-1933JLR (W.D. Wash. June 5, 2011). As detailed below, all factors to be
12 considered in determining whether to stay litigation, including the circumstances of this
13 litigation, the nature and quality of Trulia’s CBM petition, and the special dispatch with which
14 the Patent Office will resolve issues central to this litigation overwhelmingly favor a stay of this
15 litigation pending the Patent Office’s Covered Business Method Patent Review.

16 **II. STATEMENT OF FACTS**

17 **A. The Litigation**

18 On September 12, 2012, Zillow, Inc. (“Zillow”) filed its complaint against Trulia, Dkt.
19 No. 1, even though the accused Trulia Estimates feature launched over a year prior on or about
20 September 7, 2011. Dkt. No. 29 at 4. Zillow’s complaint alleges infringement of the ’674
21 patent, entitled “Automatically Determining a Current Value for a Real Estate Property, Such as
22 a Home, that is Tailored to Input from a Human User, Such as its Owner,” requesting injunctive
23 and monetary relief. Dkt. No. 1 at 3, 7; Dkt. No. 1-1. The ’674 patent was filed on February 3,
24 2006, and issued on June 28, 2011. Dkt. No. 1-1 at 1.

25 The parties have engaged in limited discovery. Declaration of Jennifer J. Schmidt
26 (“Schmidt Decl.”) ¶¶ 3-5, 9-10, 12. On May 31, 2013, Zillow served Plaintiff’s Disclosure of
27 Asserted Claims and Infringement Contentions Pursuant to Local Patent Rule 120

1 (“Infringement Contentions”) asserting claims 2, 5, 15-25, and 40 (“the asserted claims”) of the
2 ’674 patent. Schmidt Decl. ¶ 6-7. On June 21, 2013, Trulia served its Non-Infringement and
3 Invalidity Contentions Pursuant to Local Patent Rules 121 and 122 (“Invalidity Contentions”).
4 Schmidt Decl. ¶ 7. On July 11 and 12, 2013, the parties exchanged their proposed terms and
5 claim elements for construction pursuant to Local Patent Rule 130(a), and exchanged their
6 preliminary claim constructions on August 30, 2013, pursuant to Local Patent Rule 131.
7 Schmidt Decl. ¶¶ 8, 11. No depositions have been taken. Schmidt Decl. ¶ 12. Discovery does
8 not close until March 14, 2014. Dkt. No. 28 at 2. The *Markman* hearing is scheduled for
9 December 6, 2013. *Id.* Trial is scheduled for August 25, 2014. *Id.*

10 In an effort to resolve this litigation early, on December 19, 2012, Trulia filed a Motion
11 to Dismiss Complaint for Patent Infringement. Dkt. No. 19. After the Court’s February 15,
12 2013, Order Deferring Ruling on Motion to Dismiss and Denying Stay and the Federal Circuit’s
13 decision in *CLS Bank* on May 10, 2013, Dkt. No. 27, Trulia filed its renewed motion to dismiss
14 on June 17, 2013, Dkt. No. 34, which the Court denied without prejudice for re-filing on
15 September 6, 2013, noting disappointment that “the Federal Circuit did not announce a single
16 test in its splintered *CLS Bank* decision.” Dkt. No. 46 at 7; *see CLS Bank Int’l v. Alice Corp. Pty.*
17 *Ltd.*, ___ F.3d ___, No. 2011-1301, 2013 WL 1920941 (Fed. Cir. May 10, 2013) (*en banc*).

18 **B. The Prior Inter Partes Review**

19 Unbeknownst to Trulia, non-party MicroStrategy, Inc. (“MicroStrategy”) filed a petition
20 for *inter partes* review of the ’674 patent on October 26, 2012. Ex. D. Zillow filed its
21 preliminary response on February 15, 2013. Ex. E. The PTO granted MicroStrategy’s petition
22 on April 2, 2013, instituting trial on claims 2, 5-17, and 26-40, which partially overlap with
23 Zillow’s asserted claims 2, 5, 15-25, and 40. Ex. F. Of the asserted claims, only dependent
24 claims 18-25 are not at issue in the MicroStrategy *inter partes* review. By statute, this *inter*
25 *partes* review proceeding must be completed by April 2, 2014. *See* 35 U.S.C. § 316(a)(11).
26 MicroStrategy’s *inter partes* review has already resulted in briefing and a deposition of Zillow’s
27 expert witness, all of which becomes part of the prosecution history of the asserted patent and

1 will substantively affect noninfringement arguments, invalidity arguments, and claim construc-
2 tion. Schmidt Decl. ¶ 13.

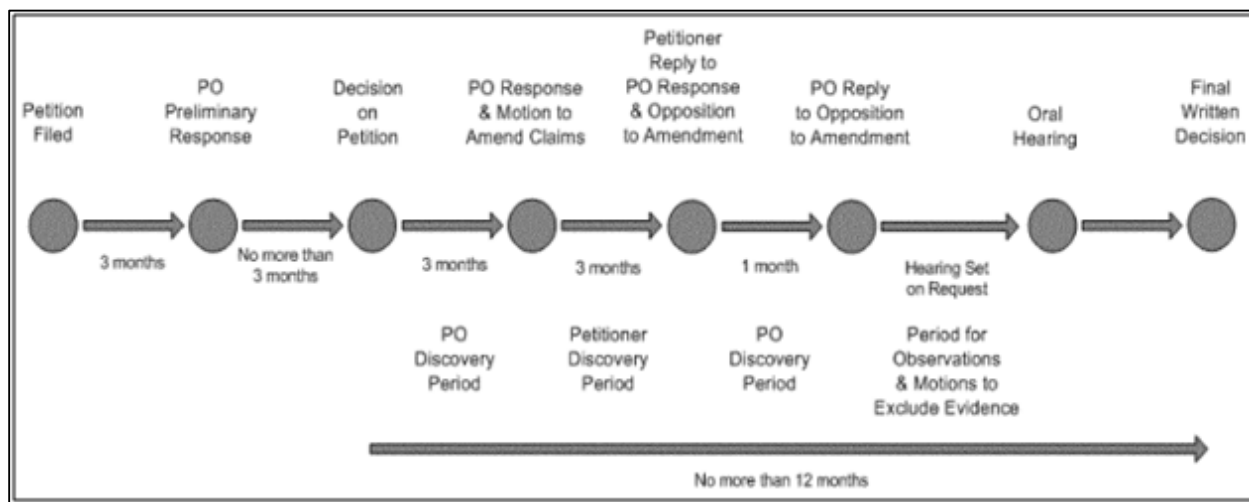
3 **C. Trulia’s Covered Business Method Patent Review**

4 On September 11, 2013, Trulia filed its Petition for Covered Business Method Patent
5 Review of the ’674 patent pursuant to 35 U.S.C. § 321 and Section 18 of the AIA under the
6 Transitional Program for Covered Business Method Patents. Ex. A (“Petition for CBM
7 Review”). Trulia’s CBM petition covers all claims asserted in this litigation. *Id.* Under Section
8 18 of the AIA, only defendants who have been sued for patent infringement may file a petition
9 for CBM review. AIA § 18(a)(1)(B). Additionally, CBM review is limited to challenging the
10 validity of “covered business method patents,” which are patents that claim “a method or
11 corresponding apparatus for performing data processing or other operations used in the practice,
12 administration, or management of a financial product or service.” AIA § 18(d)(1); 35 C.F.R.
13 § 42.301(a). The PTO has indicated that such patents include all patents claiming activities that
14 are financial in nature, incidental to a financial activity or complementary to a financial activity.
15 *See* 77 Fed. Reg. 48734, 48734-35 (Aug. 14, 2012), Ex. G at 48734-35; *SAP Am., Inc. v. Versata*
16 *Software, Inc.*, CBM2012-00001, Decision to Institute (Paper No. 36), at 23 (P.T.A.B. Jan. 9,
17 2013), Ex. H. The ’674 patent is directed to real estate valuation and qualifies for CBM review.
18 *See* the ’674 patent; Petition for CBM Review, at 4-8.

19 Under CBM review, petitioners may challenge the validity of patent claims “on any
20 ground that could be raised under paragraph (2) or (3) of section 282(b),” *i.e.* 35 U.S.C. §§ 101,
21 102, 103, or 112. *See* AIA §§ 18 and 32; 35 U.S.C. § 282(b). Trulia’s petition identifies prior
22 art references that anticipate and/or render obvious all asserted claims of the ’674 patent.
23 Petition for CBM Review, at 9. None of the prior art identified in Trulia’s petition has yet been
24 considered by the PTO in determining the validity of the asserted patent. *Id.* Trulia’s petition
25 also contains grounds for invalidity under 35 U.S.C. § 101 as being directed to unpatentable
26 subject matter. *Id.*

27 / / /

1 By statute, Zillow may file a preliminary response with the Patent Office no later than
 2 December 11, 2013. After receiving Zillow’s preliminary response, the PTAB must determine
 3 whether to institute trial by March 11, 2014. *See* Office Patent Trial Practice Guide, 77 Fed.
 4 Reg. 48756, 48757 (Aug. 14, 2012), Ex. I. After setting an expedited schedule, the PTAB will
 5 issue a final decision as to the ’674 patent’s validity within one year from the date the trial is
 6 instituted. *Id.* at 48768. For further reference, a representative timeline provided by the PTO is
 7 reproduced below:



17 *Id.* at 48757. As this timeline shows, the new CBM review process will occur on a faster track
 18 than *ex parte* or *inter partes* reexamination. Additionally, Trulia plans to request that the PTAB
 19 further expedite the proceeding. Schmidt Decl. ¶ 14.

20 **III. ARGUMENT**

21 Pursuant to statute, an accused infringer pursuing CBM review may seek a stay of
 22 litigation while review is pending. *See* AIA § 18(b). In deciding whether to enter a stay, “the
 23 court shall decide whether to enter a stay based on: [(1)] whether a stay, or the denial thereof,
 24 will simplify the issues in question and streamline the trial; [(2)] whether discovery is complete
 25 and whether a trial date has been set; [(3)] whether a stay, or the denial thereof, would unduly
 26 prejudice the nonmoving party or present a clear tactical advantage for the moving party; and

27 / / /

1 [(4)] *whether a stay, or the denial thereof, will reduce the burden of litigation on the parties*
2 *and on the court.*” *Id.* (emphasis added).

3 Although the first three factors are similar to those considered by the Court in
4 determining whether to grant a stay pending reexamination, *see Implicit Networks*, 2009 WL
5 357902, at *2, Congress specifically added the fourth factor to “*place[] a very heavy thumb on*
6 *the scale in favor of a stay.*” Ex. B at S1363 (statement of Sen. Schumer) (emphasis added); *see*
7 *also id.* at S1379 (statement of Sen. Kyl) (noting the “*congressional policy strongly favoring*
8 *stays when proceedings are instituted under . . . section [18]*”) (emphasis added).

9 “Absent some exceptional circumstance, the institution of a business-methods
10 proceeding—which requires a high up-front showing and will be completed in a relatively short
11 period of time—should serve as a substitute for litigation, and result in a stay of co-pending
12 district court litigation.” Ex. B at S1364 (statement of Sen. Schumer). Indeed, to ensure
13 consistent application of the Section 18(b) stay statute, the statute allows for “an immediate
14 interlocutory appeal” of a stay decision to the United States Court of Appeals for the Federal
15 Circuit. AIA § 18(b)(2). As explained below, all four factors weigh heavily in favor of a stay.

16 **A. A Stay Will Simplify—or Eliminate—the Issues for Trial**

17 There exists a high likelihood that the PTO will cancel or significantly amend the
18 asserted claims of the '674 patent. Courts have recognized that staying a case streamlines the
19 litigation in many important ways. For example, the PTO with its particular expertise will have
20 first considered prior art presented to it; many discovery problems relating to the prior art can be
21 alleviated if the patent is declared invalid by the PTO; the concurrent lawsuit will likely be
22 dismissed; the outcome of the PTO proceedings may encourage settlement without further
23 expenditure of judicial resources; the PTO review record would be entered at trial, reducing the
24 complexity and length of litigation; issues, defenses, and evidence will likely be more easily
25 limited in pre-trial conferences as a result of the PTO review; and the cost will likely be reduced
26 for both the Court and the parties. *See Market-Alerts Pty. Ltd. v. Bloomberg Fin. L.P.*, 922 F.
27 Supp. 2d 486, 491 (D. Del. Feb. 5, 2013). Analogous to (though even more so than)

1 reexamination, CBM review may result in any or all of the claims being canceled or, if the
2 PTAB permits, amended by the patentee. Ex. I at 48766; see *SAP Am., Inc. v. Versata Dev.*
3 *Grp., Inc.*, No. CBM2012-00001 (MPT), Final Written Decision (Paper No. 70), at 34 (P.T.A.B.
4 June 11, 2013), Ex. K (invalidating all claims as unpatentable in the PTO's first CBM review).
5 In fact, none of the prior art identified in Trulia's petition has yet been considered by the PTO in
6 determining the validity of the '674 patent. Additionally, CBM review provides ample
7 procedure for full and robust examination and consideration of all validity issues raised; for
8 example, the process permits oral argument, live testimony, and other discovery. See Ex. I at
9 48761-62, 48768.

10 According to PTO statistics on the most similar proceeding for which statistics are
11 available, *inter partes* reexamination (the only pre-AIA adversarial option for reexamination),
12 42% of *inter partes* reexaminations result in the cancellation of all claims, 47% result in claim
13 changes, and only 11% result in the confirmation of all claims. Ex. M. Because 89% of *inter*
14 *partes* reexaminations result in some change or cancellation of claims, there is a high probability
15 that a stay will simplify the issues in question and trial of the case. Thus, there is a high
16 probability that the suit will be dismissed or settled without further involvement by the Court.
17 The Federal Circuit also recently held that there is no longer a cause of action on claims that
18 were cancelled by the PTO during a reexamination which proceeded concurrent to litigation.
19 *Fresenius USA, Inc. v. Baxter Int'l, Inc.*, No. 2012-1334, -1335 (Fed. Cir. July 2, 2013).²

20 In contrast, if this case proceeds without a stay, the Court and the parties would have to
21 further invest significant time and resources litigating issues in parallel forums, all of which
22 would likely be rendered moot, or at a minimum significantly changed, by a PTO decision.
23 Time and resources spent on claims that are eventually held invalid by the PTO would be

24 _____
25 ² These statistics similarly apply to MicroStrategy's *inter partes* review for which the PTO
26 has already instituted trial. In other words, there is an 89% chance that the *inter partes* review
27 will result in change or cancellation of asserted claims 2, 5, 15-17, and 40 regardless of the
outcome of Trulia's Petition for CBM review. Furthermore, by statute, the *inter partes* review
must be completed by April 2, 2014, long before the present case is set for trial.

1 wasted. Even claims that survive with amendments would waste resources because the amended
2 claims would likely require new infringement contentions, new invalidity contentions, and new
3 constructions. Furthermore, Trulia will receive intervening rights for any claims that are
4 substantively amended, rendering any decision by the Court regarding past infringement moot.
5 *See* 35 U.S.C. § 318(c).

6 Even if this litigation continues after the CBM review terminates, the Court will proceed
7 with the benefit of the PTO's particular expertise and the record of the CBM review. Further
8 prosecution via the CBM review will provide a more detailed record to aid the Court in any
9 future claim construction, and the additional prosecution history created during reexamination
10 could determine, inform, or alter the meaning of claim terms. *See CVI/Beta Ventures, Inc. v.*
11 *Tura LP*, 112 F.3d 1146, 1158 (Fed. Cir. 1997) (“[T]hrough statements made during prosecution
12 or reexamination, an applicant . . . may commit to a particular meaning for a patent term, which
13 meaning is then binding in litigation”); *Pretika*, 760 F. Supp. 2d at 1065 (“[T]he USPTO’s
14 ‘expert evaluation’ and ‘understanding of the claims’ is ‘also likely to aid this Court in the
15 preliminary process of claim construction.’”) (citing *SKF Condition Monitoring, Inc. v. SAT*
16 *Corp.*, No. 07CV1116 BTM (NLS), 2008 WL 706851, at *7 (S.D. Cal. Feb. 27, 2008)).

17 Litigation burdens will be reduced for both the Court and the parties due to more limited
18 issues, defenses, and evidence, particularly due to estoppel attached to CBM review. Indeed,
19 “the petitioner in a [CBM review] may not assert . . . that the claim is invalid on any ground that
20 the petitioner raised during that transitional proceeding.” AIA §18(a)(1)(D). In sum, “[g]ranting
21 a stay ‘allow[s] [for] the reexamination of patent validity in an impartial forum at almost 100
22 times less cost to the parties by people trained to understand the technologies described in the
23 patents.’” *Implicit Networks*, 2009 WL 357902, at *2 (citing *Candy v. Erbe Elektromedizin,*
24 *GmbH*, 271 F. Supp. 2d 64, 68 (D.D.C. 2002)).

25 With the high likelihood that CBM review will affect the asserted claims of the ’674
26 patent, it would be inefficient for the Court and the parties to move forward with litigation only
27 to have the asserted claims invalidated or amended. “If the court were to allow the case to

1 proceed, there is a substantial risk that both the court and the parties will needlessly expend
2 valuable resources in determining the validity of patent claims that are ultimately cancelled or
3 amended by the USPTO.” *Pretika*, 760 F. Supp. 2d at 1065.

4 Because CBM review will simplify, streamline, or completely eliminate this litigation,
5 this factor weighs heavily in favor of a stay.

6 **B. The Relatively Early Stage of This Litigation Weighs in Favor of a Stay**

7 This litigation is still at an early stage. Discovery is far from complete. The parties have
8 neither scheduled nor taken any depositions. Schmidt Decl. ¶ 12. The parties have not filed
9 claim construction briefs with the Court. The Court has not yet held a *Markman* hearing. Trial
10 is not scheduled for almost another year. “[T]he fact that substantial additional discovery, claim
11 construction, and other issues lie ahead in this case weighs in favor of a stay.” *Pretika*, 760 F.
12 Supp. 2d at 1066 (staying a case pending reexamination after the parties had exchanged
13 discovery, invalidity contentions, infringement contentions, and claim terms for construction);
14 *see also Implicit Networks*, 2009 WL 357902, at *2-3 (staying a case after parties had served and
15 answered interrogatories and requests for production); *Interval Licensing LLC v. AOL, Inc.*, No.
16 C10-1385 MJP, slip op. at 2-3 (W.D. Wash. June 16, 2011) (staying litigation even though “the
17 parties ha[d] expended substantial resources” and because “the discovery work to date will not
18 be wasted”); *Motiva, LLC v. Nintendo Co., Ltd.*, No. C10-0349RSL, slip op. at 2 (W.D. Wash.
19 June 11, 2010) (staying a case pending reexamination despite parties already having taken
20 depositions and exchanged interrogatories and documents). Because neither the Court nor the
21 parties have yet invested the significant resources required to take the present case through claim
22 construction, the close of discovery, and trial, this factor weighs in favor of a stay.

23 **C. Staying These Proceedings Will Not Unduly Prejudice Zillow or** 24 **Present a Clear Tactical Advantage to Trulia**

25 Zillow will not be unduly prejudiced by a stay. In determining whether a plaintiff might
26 be unduly prejudiced by a stay, courts consider the timing of the stay request, the timing of the
27 administrative review request, the status of the review proceedings, and the relationship of the

1 parties. *Progressive Cas. Ins. Co. v. Safeco Ins. Co. of Ill.*, No. 1:10CV01370, 2013 WL
2 1662952, at *6 (N.D. Ohio Apr. 17, 2013). Here, Trulia is requesting a stay concurrently with
3 the petition for CBM review, and the litigation remains at an early stage.

4 “Courts have repeatedly held that the delay inherent in the reexamination process does
5 not, by itself, constitute undue prejudice.” *Pretika*, 760 F. Supp. 2d at 1066. To the extent that
6 any delay could be prejudicial, the prejudice here is minimized because CBM review is
7 statutorily required to be completed within an expedited twelve-month timeframe. Trulia also
8 plans to request that the PTAB expedite the proceedings. Schmidt Decl. ¶ 14. Furthermore,
9 because CBM review is an *inter partes* proceeding, Zillow will have a full opportunity to
10 participate. For example, Zillow will be able to take discovery, including of Trulia’s expert, and
11 to respond to Trulia’s Petition for CBM Review before the PTAB.

12 Moreover, Zillow has not sought to expedite this litigation in any way, suggesting that a
13 stay will not prejudice Zillow. Trulia has had the accused feature on its website since at least
14 September 2011. Yet, Zillow chose not to file suit for an entire year. Although Zillow’s
15 complaint requests injunctive relief, Zillow has not sought any form of preliminary injunctive
16 relief. “[P]laintiff’s failure to move for temporary restraining order or preliminary injunction
17 was a factor in court’s finding that a stay pending patent reexamination would not be unduly
18 prejudicial.” *Pretika*, 760 F. Supp. 2d at 1067 (granting a stay where plaintiff was a direct
19 competitor to defendant and complained of price erosion and loss of market share, but did not
20 seek any form of preliminary injunctive relief) (citing *Instituform Techs., Inc. v. Liqui-Force*
21 *Servs. (USA), Inc.*, No. 08-11916, 2009 WL 1469660, at *2 (E.D. Mich. May 26, 2009)); *Nutra*
22 *Luxe*, 2011 WL 65947, at *4 (same). Thus, this factor also weighs in favor of a stay.

23 **D. A Stay Will Reduce the Burden on the Court and on the Parties**

24 The fourth factor of Section 18(b), “whether a stay, or the denial thereof, will reduce the
25 burden of litigation on the parties and on the court,” is particularly important here. As noted
26 above, Congress specifically added the fourth factor to “place[] a very heavy thumb on the scale
27 in favor of a stay.” Ex. B at S1363 (statement of Sen. Schumer).

1 Courts have emphasized this fourth factor in granting motions to stay pending CBM
2 review. In Delaware, Judge Sleet explained that Congress included this fourth factor, in part, “to
3 ease the movant’s task of demonstrating the need for a stay.” *Market-Alerts*, 2013 WL 443973,
4 at *2. Similarly, Judge Pearson in Ohio noted that “[t]he fourth factor of the test was enacted to
5 increase the likelihood that a stay would be granted.” *Progressive*, 2013 WL 1662952, at *8;
6 *Versata Software, Inc. v. Volusion, Inc.*, No. A-12-CA-893-SS, slip op. at 3 (W.D. Tex. June 20,
7 2013), Ex. N (“The fourth factor is designed to place a very heavy thumb on the scale in favor of
8 a stay being granted.”) (quote omitted); *Sightsound Techs., LLC v. Apple, Inc.*, No. 11-1292,
9 2013 WL 2457284, at *3 (W.D. Pa. June 6, 2013) (“The parties and Court will expend further
10 substantial resources in this litigation, through completing discovery and trial. A stay will reduce
11 the burden of litigation, and this factor weighs in favor of a stay.”).

12 Here, a stay pending CBM review will likely allow the PTO to efficiently determine the
13 validity of the asserted claims, including whether they are anticipated or rendered obvious in
14 view of prior art never before considered by the PTO in the examination of the ’674 patent and
15 whether they are patent-eligible. The PTO has clear guidelines for determining patent-eligibility
16 and issued guidance to its patent examining corps following the Federal Circuit’s *CLS Bank*
17 opinion stating, “there is **no change** in examination procedure for evaluating subject matter
18 eligibility.” Memorandum from Andrew H. Hirshfeld, Deputy Commissioner for Patent
19 Examination Policy to Patent Examining Corps (May 13, 2013) (emphasis in original), Ex. L.
20 Further, Congress created the CBM proceeding noting that it “is limited to certain business
21 method patents, which . . . are generally of dubious quality because unlike other types of patents,
22 they have not been thoroughly reviewed at the PTO due to a lack of the best prior art.” Ex. B at
23 S1364 (statement of Sen. Schumer). Here, Trulia seeks to provide the opportunity for such a
24 thorough review prior to the Court or the parties expending any additional resources on
25 litigation. A stay of the litigation may spare both the Court and the parties the burden of ever
26 having to conduct claim construction and trial. At a minimum, a stay avoids potentially wasteful

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1 claim construction and trial on claims that may be amended, and it eliminates this Court's burden
2 of considering the specific invalidity arguments considered during CBM review.

3 Thus, all four statutory factors weigh heavily in favor of a stay, and there are no
4 "exceptional circumstances" to offset the "heavy thumb" that Section 18(b) places in favor of a
5 stay. Rather than having the Court and the parties burdened with dual-track and duplicative
6 dispute resolution procedures, the Court should stay this litigation pending CBM review.

7 **IV. CONCLUSION**

8 For the foregoing reasons, Trulia respectfully requests that the Court stay the current
9 proceedings pending the outcome of the CBM review.

10
11 Dated: September 12, 2013

12 /s/ Stefani E. Shanberg

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CERTIFICATE OF SERVICE

I hereby certify that on September 12, 2013, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system, which will send notification to counsel of record.

/s/ Stefani E. Shanberg
Stefani E. Shanberg