UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

CISCO SYSTEMS, INC.
Petitioner
v.

SPHERIX INC.,
Patent Owner

Case IPR2015-00999
Patent 7,397,763

JOINT MOTION TO TERMINATE PROCEEDINGS

I. STATEMENT OF PRECISE RELIEF REQUESTED

Pursuant to 35 U.S.C. § 317 and 37 C.F.R. § 42.74, and the Board's authorization provided by email on November 25, 2015, Petitioner and Patent Owner jointly request termination of this *Inter Partes* Review case pursuant to settlement.

II. STATEMENT OF FACTS

This is one of two pending IPR proceedings [1] filed by petitioner Cisco Systems Inc. ("Petitioner") against patent owner Spherix Inc. ("Patent Owner"). Effective November 23, 2015, the Patent Owner entered into an agreement with a third party whereby the third party was authorized to grant, and did grant, a patent license covering U.S. Pat. 7,397,763 (the subject of this proceeding) to the Petitioner. *See* Ex. 1013 at 7. The agreement further required the Petitioner and Patent Owner to jointly request termination of this proceeding. *Id.* at 9.

A decision to institute trial in this proceeding was entered on September 22, 2015. *See* Paper No. 11. Patent Owner has not taken discovery in this matter and its Patent Owner Response is due December 22, 2015. *See* Scheduling Order, Paper 12 at 6.

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[1] See also *Inter Partes* Review Case No. IPR2015-001001.

A "Joint Request to File Settlement Agreement as Business Confidential Information Pursuant to 35 U.S.C. § 317" is being filed concurrently with this Joint Motion to Terminate in reference to sealing of the settlement agreement.

III. ARGUMENT

A. Termination of This *Inter Partes* Review is Appropriate

The statutory provision on a settlement relating to *inter partes* reviews provides that an *inter partes* review "shall be terminated with respect to any petitioner upon the joint request of the petitioner and the patent owner, unless the Office has decided the merits of the proceeding before the request for termination is filed." 35 U.S.C. § 317(a). It also provides that, "[i]f no petitioner remains in the *inter partes* review, the Office may terminate the review or proceed to a final written decision under section 318(a)." *Id.*

Here, the Board has not decided the merits of the proceeding. Trial in this proceeding was instituted just over two months ago. No depositions have occurred, and Patent Owner's Response is not due for several more weeks.

In other proceedings, the Board has granted joint motions to terminate the proceedings when the proceeding was much further along, and the record was much more fully developed than the present proceeding. The Board has granted

motions to terminate after the matter had been fully briefed and ready for oral argument, and even after oral argument. For example, in *Apex v. Resmed*, the matter was fully briefed when the parties filed their joint motion to terminate. *Apex Medical Corp. v. Resmed Ltd.*, IPR2013-00512, Paper 39 at 2-3 (Sept. 12, 2014). There, the Board granted the motion to terminate in its entirety, noting that it had not yet decided the merits. *Id.* In *Rackspace Hosting v. Clouding IP*, the Board granted a motion to terminate a proceeding after the evidentiary record was closed and shortly before the oral argument. *Rackspace Hosting, Inc. v. Clouding IP, LLC*, CBM2014-00034, Paper 28 (Dec. 9, 2014), Paper 28 at 2-3 (citing Office Patent Trial Practice Guide); *id.*, Paper 22 at 2 (Nov. 18, 2014) (setting Trial Hearing for December 18, 2014). In *Volusion v. Versata Software*, the Board terminated the proceeding in its entirety even after oral argument had already been conducted, noting that, "[w]hile this case is in the late stages of the trial, no final written decision has been made." *Volusion Inc. v. Versata Software Inc.*, CBM2013-00018, Paper 52 at 2 (June 17, 2014).

Because the Board has not decided the merits of the present *Inter Partes* Review Proceedings, Section 317 provides that the *Inter Partes* Review Proceedings should be terminated with respect to Petitioner. Moreover, because

Cisco is the only petitioner in this *inter partes* review, no petitioner will remain, and the Office may terminate the review in its entirety under Section 317. Because this proceeding is in its early stages, termination would save significant further expenditure of resources by the Board, as well as by Patent Owner, and would further the purpose of IPR proceedings to provide an efficient and less costly alternative forum for patent disputes (including by encouraging settlement).

Indeed, the Board has stated an expectation that proceedings such as these will be terminated after the filing of a settlement agreement: "[t]here are strong public policy reasons to favor settlement between the parties to a proceeding. … The Board ***expects that a proceeding will terminate after the filing of a settlement agreement***, unless the Board has already decided the merits of the proceeding. 35 U.S.C. 317(a), as amended…." Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,768 (Aug. 14, 2012) (emphasis added). For at least the reasons discussed below, the Board's expectation that such proceedings should be terminated is proper and well justified here.

In light of the foregoing, termination of the proceedings in their entirety is warranted.

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