UNITED STATES PATENT AND TRADEMARK OFFICE BEFORE THE PATENT TRIAL AND APPEAL BOARD

TV MANAGEMENT INC., D/B/A GPS NORTH AMERICA
Petitioner,

V.

PERDIEM CO., LLC.

Patent Owner

Case IPR2016-01063

U.S. Patent 8,717,166

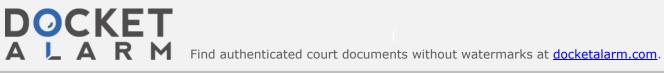
PETITIONER'S REPLY TO PATENT OWNER RESPONSE



EXHIBIT LIST¹

Ex. 1001	U.S. Patent No. 8,717,166 ("'166 Patent")
Ex. 1002	The file history of the '166 Patent
Ex. 1003	U.S. Patent No. 7,327,258 ("Fast")
Ex. 1004	U.S. Provisional Patent App. No. 60/542,208 ("Fast Provisional")
Ex. 1005	U.S. Patent Pub. No. US 2005/0156715 ("Zou")
Ex. 1006	Discrete Wireless's Marcus GPS Fleet Management Application
	Product Brochure ("Marcus")
Ex. 1007	U.S. Patent App. No. 14/629,336, Response to Non-Final Office
	Action (Feb. 11, 2016)
Ex. 1008	Success Stories in Fleet Tracking (Sept. 1, 2005)
Ex. 1009	U.S. Patent No. 7,949,608 ("Li")
Ex. 1010	Software as a Service Article ("SaaS Article")
Ex. 1011	Infringement Contentions in related litigation
Ex. 1012	Declaration of Dr. Stephen Heppe
Ex. 1013	Declaration of Vivek Ganti, Esq.
Ex. 1014	Declaration of William Steckel
Ex. 1015	Declaration of Steven G. Hill
Ex. 1016	Declaration of Michael Femal
Ex. 1017	Patent Assignment
Ex. 1018	Perdiem's Texas Business Formation (April 2015)
Ex. 1019	Perdiem's Litigation Press Release (May 2015)
Ex. 1020	Article on the American Intellectual Property Association 2015
	Report of the Economic Survey
Ex. 1021	Perdiem's infringement complaint against Forward Thinking
	Systems LLC
Ex. 1022	Perdiem's infringement complaint against GPS Logic, LLC
Ex. 1023	Perdiem's infringement complaint against LiveViewGPS, Inc.
Ex. 1024	Perdiem's infringement complaint against thingtech LLC
Ex. 1025	Pending claims of Application No. 14/629,347
Ex 1026	Pending claims of Application No. 15/200 592

¹ Newly Filed Exhibits in Bold



Patent Owner filed its Patent Owner Response (POR) on March 2, 2017. Petitioner submits this Reply pursuant to 37 C.F.R. §42.23 and the Scheduling Order.

I. Patent Owner's Request for Adverse Judgment

On March 2, 2017, Patent Owner disclaimed all claims that are pending in the instant trial. (Ex. 2011). Patent Owner filed its POR indicating that a request to file a motion for adverse judgment is forthcoming. (POR, p.1). Thereafter, Patent Owner requested authorization to file a motion for adverse judgment, which the Board granted authorization to file such a motion via email. Patent Owner has not yet filed a motion for adverse judgment.

Procedurally, "a party may request judgment against itself at any time during a proceeding." 37 CFR § 42.73(b). The rules refer to a "request" not "a motion." A request can be construed based on a party's action. *Id.* By filing a disclaimer, Patent Owner has already requested adverse judgement. (*See Id.* stating "actions construed to be a request for adverse judgment include . . . disclaimer of a claim such that the party has no remaining claim in the trial."). For these reasons, Patent Owner has sufficiently requested adverse judgement by disclaiming all pending claims through its USPTO filing. (Ex. 2011). At this point, the Board needs nothing more from the parties to grant Patent Owner's request for adverse judgment.



II. Recommendation Pursuant to 37 C.F.R. §42.73(c)

In the likely event that the Board grants Patent Owner's request for adverse judgment, Petitioner urges the Board to make a recommendation pursuant to 37 C.F.R. §42.73(c) relating to the ongoing prosecution of two applications that share the same specification as the patent-at-issue. Specifically, the Board should recommend to the Examiner to evaluate the two pending patent applications and consider whether any of the recently allowed claims should be re-evaluated, based on 1) the Board's institution decision in IPR2016-01061, -01062, -01063, -01064, and -01278 and 2) any forthcoming adverse judgements, which preclude Patent Owner from pursuing claims that are not *patentably distinct* from the disclaimed claims. See 37 CFR §42.73(d)(3).

In addition, the Board should recommend to the Examiner to require Patent Owner to explain how any of the recently-allowed (but pending) claims are patentably distinct from the claims that are subject to 1) the related institution decisions, 2) any future final written decision, and 3) any adverse judgement. Petitioner is not aware of an instance where the Board previously made a Rule 73(c) Recommendation, but the facts in this case warrant consideration of such a recommendation.

The recently-filed disclaimer and the forthcoming adverse judgment in these proceedings are part of a pattern of "sue-and-settle" litigation activity which



derives strength from the Patent Owner's ability to continue to request examination of what are, at best, repetitive claims.

The patent-at-issue is part of a portfolio of patents that share a common specification. The portfolio began when Mr. Diem filed Provisional Patent App. No. 60/752,879 and a non-provisional App. No. 11/335,699. Two years later he assigned his patent rights to his patent attorney, Mr. Babayi. (Ex. 1017). Under Mr. Babayi's control, the non-provisional issued as U.S. Pat. No. 7,525,425 on April 28, 2009. Mr. Babayi subsequently began filing numerous patent applications based on Mr. Diem's provisional, resulting in a considerable portfolio of patents and applications comprising numerous claims that are overlapping and, in some cases, repetitive. (See table below).

Patent Owner was formed in April 2015 in Texas. (Ex. 1018). Upon formation, it commenced litigation in the Eastern District of Texas in May 2015 (Ex. 1019). Patent Owner extracted numerous settlements by leveraging the high costs of patent litigation.² (*See* IPR2016-01061, Declaration of Alan Whitehurst). For example, when the '931 Patent issued on June, 30, 2015, Patent Owner filed

² The American Intellectual Property Association 2015 Report of the Economic Survey concluded that the median patent litigation costs for a mid-size case is \$1-2.5M. (Ex. 1020, p.1).



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