

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SONOS, INC.,
Petitioner

v.

D&M HOLDINGS INC.,
Patent Owner

Case No. IPR2017-01043
U.S. Patent 6,473,441

**JOINT MOTION TO TERMINATE
UNDER 37 C.F.R. § 42.74**

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Pursuant to 37 C.F.R. § 42.74 and the Board's e-mail of September 11, 2017 authorizing the filing of this joint motion, Petitioner (Sonos, Inc.) and Patent Owner (D&M Holdings Inc.) (collectively, "the Parties") jointly request termination of *Inter Partes* Review No. IPR2017-01043 involving U.S. Patent 6,473,441 ("the '441 Patent") pursuant to the Parties' agreement.

As required by 37 C.F.R. § 42.74(b), the Parties are filing concurrently herewith as Exhibit 1019 a copy of the Parties' Stipulation of Dismissal of the '441 Patent filed in the corresponding district court litigation. The Parties jointly certify that there is no other written or oral collateral agreement or understanding made in connection with, or in contemplation of, the termination of the instant proceeding.

I. STATEMENT OF PRECISE RELIEF REQUESTED

The Parties jointly request that the Board terminate this IPR *as to both Parties*.

II. STATEMENT OF REASONS FOR THE RELIEF REQUESTED

Termination of this proceeding as to both Parties is appropriate because: (i) the trial is at a sufficiently early stage and the record is incomplete; (ii) the Parties have settled their disputes with regard to the '441 Patent in the related litigation,

and the Parties to this *inter partes* review agree that it should be terminated; and
(iii) public policy strongly favors settlement.

A. Termination With Respect to Petitioner

Under 35 U.S.C. § 317(a), “[a]n *inter partes* review instituted under this chapter 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.” Here, termination with respect to Petitioner is proper because the Parties are jointly requesting termination and the Office has not yet “decided the merits of the proceeding before the request for termination is filed,”. *Id.*; see also *Office Patent Trial Practice Guide*, 77 Fed. Reg. 48756, 48768 (Aug. 14, 2012). Moreover, as set forth in 35 U.S.C. § 317(a), because Petitioner and Patent Owner jointly request this termination, no estoppel under 35 U.S.C. § 315(e) shall attach to Petitioner.

B. Termination With Respect to Patent Owner

Termination of this proceeding with respect to Patent Owner is supported by the Petitioner and is appropriate for at least the following reasons.

1. Incomplete Record

The record in this proceeding is incomplete, and the Board has not yet decided the merits of this proceeding, let alone issued a decision whether to

institute these proceedings. Patent Owner did file a Preliminary Response on July 6, 2017. There are no other outstanding motions before the Board.

2. No Further Participation by Petitioner

Upon termination of this proceeding with respect to Petitioner, no petitioner shall remain. Petitioner hereby informs the Board that Petitioner will not file any additional papers in this proceeding and will not further participate further in this proceeding in any respect before the Board.

Because the record is currently incomplete and will not be further developed, termination as to all Parties is favored. Patent Owner notes that in the absence of Petitioner, it is unclear how these proceedings could properly proceed.

Under these circumstances, there is every reason to honor the Parties' wishes to terminate *as to both Parties*.

3. Maintaining this *Inter Partes* Review Would Discourage Settlements and Waste Judicial Resources

Congress and federal courts have expressed a strong interest in encouraging settlement of disputes. *See, e.g., Delta Air Lines, Inc. v. August*, 450 U.S. 346, 352 (1981) (“The purpose of [Fed. R. Civ. P.] 68 is to encourage the settlement of litigation.”); *Bergh v. Dept. of Transp.*, 794 F.2d 1575, 1577 (Fed. Cir. 1986) (“The law favors settlement of cases.”), *cert denied*, 479 U.S. 950 (1986); and 35 U.S.C. § 317(a). Public policy strongly favors allowing parties to settle in all respects. Indeed, the USPTO’s Office Patent Trial Practice Guide expressly states:

“N. Settlement. *There are strong public policy reasons to favor settlement between the parties to a proceeding.* The Board will be available to facilitate settlement discussions, and where appropriate, may require a settlement discussion as part of the 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.*”

Office Patent Trial Practice Guide, 77 Fed. Reg. at 48768 (emphasis added).

Thus, maintaining this review in any respect after the Parties’ agreement would be contrary to public policy and would discourage future settlements by removing a significant motivation for settlement; eliminating litigation risk by resolving the parties’ disputes and ending the pending proceedings between them.

Moreover, courts endorse settlement to preserve judicial resources.

Maintaining this proceeding in any respect after the Parties have settled their dispute would waste, rather than conserve, USPTO judicial resources and the Federal Circuit. In addition, Patent Owner will be prejudiced if this proceeding is not terminated as requested, with respect to additional attorneys’ fees and costs that would need to be incurred in connection with the proceedings.

III. CONCLUSION

Accordingly, the Parties respectfully request termination of this proceeding in its entirety as to all Parties. Any reasonable weighing of the issues/factors

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