

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Oracle Corporation

Petitioner,

v.

Clouding IP, LLC

Patent Owner

IPR2013-00095

Patent 5,944,839

**JOINT MOTION TO TERMINATE PROCEEDING
PURSUANT TO 35 U.S.C. § 317**

Pursuant to 35 U.S.C. § 317(a) Petitioner Oracle Corporation (“Oracle”) and Patent Owner Clouding IP, LLC (“Clouding”) jointly request termination of IPR2013-00095, which is directed to Patent 5,944,839 (the “’839 Patent”).

This *inter partes* review has been instituted, however, Clouding has not filed its response to Oracle’s petition and one is not due until August 17, 2013. The parties have settled their dispute, and have reached agreement to terminate this *inter partes* review.

The parties’ Settlement Agreement has been made in writing, and a true copy of same is attached hereto as Exhibit 1.¹ The parties desire that the Settlement Agreement be maintained as business confidential information under 37 C.F.R. §42.74(c) and a separate joint request to that effect is being filed on even date herewith.

As stated in 35 U.S.C. § 317(a), because Oracle and Clouding jointly request this termination as to Petitioner Oracle, no estoppel under 35 U.S.C. 315(e) shall attach to Oracle.

1. Reasons Why Termination is Appropriate.

Termination with respect to Petitioner is proper under 35 U.S.C. § 317(a)

¹ The Settlement Agreement is being filed electronically via the Patent Review Processing System (PRPS) as “Parties and Board Only.”

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.” Within the context of Section 317(a) a decision on the merits must be something beyond a decision instituting trial. Otherwise the quoted phrase would be rendered meaningless because every “*inter partes* review instituted under this chapter” originates with a decision instituting trial. Here, no decision on the merits has been made. Accordingly, the parties are entitled to terminate this proceeding as to Petitioner under Section 317(a) upon their joint request.

Petitioner takes no position on whether this review proceeding should be terminated with respect to Patent Owner.

Pursuant to the Board’s Order regarding the Conduct of the Proceeding dated July 15, 2013, Patent Owner is providing comments as to why termination with respect to Patent Owner is proper in *Patent Owner’s Explanation as to Why Termination Is Appropriate*, attached hereto as Exhibit 2.

2. Related District Court Litigations and Status.

The ‘839 Patent is the subject of the following pending litigations:

Case Name	Docket No.	Court	Defendants	Status
Clouding IP, LLC v. Amazon.com Inc.	1-12-cv-00641	DED	Amazon.com, Inc. Amazon Web Services, LLC	Pending

3. Future Participation by the Parties.

Pursuant to the Settlement Agreement, Petitioner Oracle will not further participate in these proceedings, even if they are not terminated pursuant to this joint motion. Patent Owner's participation in any further proceedings would depend upon the conditions of same and Patent Owner reserves its right to so participate (including the right to seek exclusion of some or all the testimony of Petitioner's declarant), if necessary. Patent Owner notes, however, that in the absence of Petitioner, it is unclear how these proceedings could properly proceed.

Respectfully submitted,

OBLON SPIVAK

Dated: July 19, 2013

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EXHIBIT 1

(Settlement Agreement filed electronically via the Patent Review Processing System (PRPS) as “Parties and Board Only”)

EXHIBIT 2

UNITED STATES PATENT AND TRADEMARK OFFICE

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Patent 5,944,839

**PATENT OWNER'S EXPLANATION
AS TO WHY TERMINATION IS APPROPRIATE**

Patent Owner respectfully submits that this proceeding should be terminated with respect to the Patent Owner because the merits of the petition have not been determined and concluding these proceedings at this early juncture promotes the Congressional goal to establish a more efficient and streamlined patent system that, *inter alia*, limits unnecessary and counterproductive litigation costs. *See* “Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents,” Final Rule, 77 Fed. Reg., no. 157, p. 48680 (Tuesday, August 14, 2012). By permitting termination of review proceedings as to all parties, upon settlement of their disputes, the PTAB provides a measure of certainty as to the outcome of such proceedings. This certainty helps foster an environment that promotes settlements, creating a timely, cost-effective alternative to litigation. In contrast, maintaining these proceedings in the absence of Petitioner would effectively pit the Patent Owner against the Board, a scenario never intended by the legislators that enacted the laws governing these proceedings.

Consider that because termination as to the Petitioner is mandatory upon joint motion of the parties,¹ once that termination is effected there will be no counter-party in these proceedings. In enacting the applicable law Congress did not intend in such circumstances that the PTAB would step into the shoes of the

¹ 35 U.S.C. § 317(a).

Petitioner or assume an ex-parte examination role. Instead, The Leahy-Smith America Invents Act replaced inter partes reexamination with review proceedings and entrusted such matters to the Board rather than the examining corps.

Commenting on these marked changes to USPTO practice, Senator Kyl noted that the new procedures were intended to be strictly adjudicative in nature, where “the petitioner, rather than the Office, bears the burden of showing unpatentability.”

157 Congressional Record S1375, daily ed. March 8, 2011. As these changes were borrowed from the Senator’s prior bill from the 110th Congress, S. 3600, he cited with approval his comments in support of that prior legislation:

"The bill uses an oppositional model, which is favored by PTO as allowing speedier adjudication of claims. Under a reexam system, the burden is always on PTO to show that a claim is not patentable. Every time that new information is presented, PTO must reassess whether its burden has been met. This model has proven unworkable in inter partes reexam, in which multiple parties can present information to PTO at various stages of the proceeding, and which system has experienced interminable delays. Under an oppositional system, by contrast, the burden is always on the petitioner to show that a claim is not patentable. *Both parties present their*

evidence to the PTO, which then simply decides whether the petitioner has met his burden. 154 Congressional Record S9987, daily ed. Sept. 27, 2008 (emphasis added).

Senator Kyl's comments² make clear that the new review proceedings were not intended to devolve into the prior "unworkable" system of reexamination in the event no petitioner was left. The Board's role was intended to be that of an adjudicator resolving a dispute between litigants, not an examiner. *See, e.g.*, Statement of Sen. Kyl, 157 Congressional Record S1376, daily ed. March 8, 2011 ("Currently, inter partes reexaminations usually last for 3 to 5 years. Because of procedural reforms made by the present bill to inter partes proceedings, the Patent Office is confident that it will be able to complete these proceedings within one year. Among the reforms that are expected to expedite these proceedings are **the shift from an examinational to an adjudicative model**, and the elevated

² Senator Kyl also explained that although section 316(a)(4) of the then-pending Patent Reform Act of 2011, S.23, gave the USPTO discretion in prescribing regulations governing the new proceeding, the USPTO had assured Congress that it would "use this discretion to convert inter partes into an adjudicative proceeding." This change also was effectively compelled by section 316(e) of the Act, which assigned to a petitioner the burden of proving a proposition of unpatentability. 157 Congressional Record S1375, daily ed. March 8, 2011.

threshold for instituting proceedings.”) (emphasis added). In the face of a negotiated settlement between the parties and the absence of any petitioner in the proceedings, the Board’s role has been fully discharged and termination of the proceedings is justified.

When the Rules of Practice for trials before the PTAB were adopted, the USPTO noted that Section 42.74(a) affords the Board the opportunity to determine patentability, notwithstanding any settlement between the parties. This rule was said to be consistent with 35 U.S.C. 135(e), which provides that the Board is not required to follow a settlement agreement in a derivation proceeding when it is inconsistent with the evidence. 77 Fed. Reg. no. 157, p. 48625 (Tuesday, August 14, 2012). In the present case, the parties’ Settlement Agreement is not inconsistent with any evidence. While the parties’ retain their differing views on validity of the underlying patent, such differences are a hallmark of any resolution of a dispute prior to its final adjudication. Moreover, because these proceedings are at such an early stage the Patent Owner has not even presented its evidence. 37 C.F.R. § 42.107(c). Thus, it is an open question as to how they could continue in the absence of any petitioner. For example, any future motions by Patent Owner would be unopposed. As Congress intended that the Board act solely as an adjudicator, it is unclear how the Board would, or even could, act on such matters. Proceeding to a final written decision under 35 U.S.C. § 317(a) in such

circumstances would, therefore, seem to present many obstacles and has the potential to be manifestly unfair.

Should the Board decide to continue the present proceedings, the Congressional goal of speedy dispute resolutions will be chilled. Faced with the prospect of having to continue to defend a patent, not against a third party petitioner but against the PTAB, patent owners would have little, if any, reason to enter into compromises of the kind reached between the present parties. In such circumstances, patent owners would still face the jeopardies and costs associated with review proceedings but would be effectively prohibited from availing themselves of the benefits (for example the cross-examination of witnesses upon notice) of same.

For at least the foregoing reasons, termination of these proceedings as to the Patent Owner is respectfully requested. In the event the Board does not terminate the present proceedings, Patent Owner objects to the use of the testimony of Petitioner's declarant, as Patent Owner was not present or represented at the taking of such testimony and has not had and will not have any opportunity to cross-examine said declarant.

Respectfully submitted,

Dated: July 19, 2013

/Tarek N. Fahmi/

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing

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and its exhibits was served on July 19, 2013, by filing this document through the Patent Review Processing System as well as delivering a copy via electronic mail directed to the attorneys of record for the Petitioner at the following address:

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The parties have agreed to electronic service in this matter.

Respectfully submitted,

Dated: July 19, 2013

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