

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GOOGLE INC., NEST LABS, INC., and DROPCAM, INC.,
Petitioners

v.

E.DIGITAL CORPORATION
Patent Owner

Case IPR2015-01470 (Patent 8,311,522)
Case IPR2015-01471 (Patent 8,315,618)
Case IPR2015-01472 (Patent 8,306,514)
Case IPR2015-01473 (Patent 8,311,523)
Case IPR2015-01474 (Patent 8,311,524)
Case IPR2015-01475 (Patent 8,315,619)

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

Mail Stop PATENT BOARD

Patent Trial and Appeal Board
U.S. Patent & Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450

Pursuant to 35 U.S.C. § 317 and 37 C.F.R. § 42.72, Patent Owner e.Digital Corporation (“Patent Owner” or “e.Digital”) and Petitioners Google Inc., Dropcam, Inc. and Nest Labs, Inc. (“Petitioners” or “Google”) (collectively, “the Parties”) jointly request termination of *Inter Partes* Review Nos. IPR2015-01470, IPR2015-01471, IPR2015-01472, IPR2015-01473, IPR2015-01474, and IPR2015-01475, involving claims 1, 3, 6, 17, 21, 24, and 25 of U.S. Patent No. 8,311,522 (“the ’522 patent”), claims 1, 3, 4, 15, and 19-25 of U.S. Patent No. 8,315,618 (“the ’618 patent”), claims 1, 3-6, 30, 32, and 33 of U.S. Patent No. 8,306,514 (“the ’514 patent”), claims 1, 3, 4, 6, 8-10, 19, 21, 23, 25, and 26 of U.S. Patent No. 8,311,523 (“the ’523 patent”), claims 1, 3-5, 7 and 9 of U.S. Patent No. 8,311,524 (“the ’524 patent”), claims 1, 3, 4, 8, 19, 21, 23, 29, 30, and 32 of U.S. Patent No. 8,315,619 (“the ’619 patent”), respectively.

The Parties have settled all of their disputes involving the ’522, ’618, ’514, ’523, ’524, and ’619 patents (collectively, “the contested patents”). More specifically, the Parties have agreed to settle and dismiss their related district court litigation (*e.Digital Corporation v. Dropcam, Inc.*, N.D. Cal. Case No. 3:14-cv-04922). The Parties have also agreed to jointly request termination of these proceedings.

Pursuant to 35 U.S.C. § 317(b) and 37 C.F.R. § 42.74(b), the Parties’

settlement agreement made in contemplation of termination of the proceedings is in writing and a true and correct copy of this document is being filed as Exhibit 1025.

The Parties jointly request that the settlement agreement be treated as business confidential information and be kept separate from the files of the above-captioned IPRs pursuant to 35 U.S.C. § 317(b) and 37 C.F.R. § 42.74(c).

I. Background

Petitioners filed Requests for *Inter Partes* review of the contested patents in these matters on June 24, 2015. Patent Owner filed its preliminary responses on September 24, 2015. The Board issued decisions granting institution of IPR2015-01471, IPR2015-01473, IPR2015-01474, and IPR2015-01475 on December 21, 2015, and institution of IPR2015-01470 and IPR2015-01472 on December 22, 2015. Patent Owner filed its responses on March 24, 2016. Petitioners' replies are not due until July 22, 2016. Oral argument has not yet been requested by either Party, but is currently scheduled for September 20, 2016. Final decisions on IPR2015-01471, IPR2015-01473, IPR2015-01474, and IPR2015-01475 are not due until at least December 21, 2016. Final decisions on IPR2015-01470 and IPR2015-01472 are not due until at least December 22, 2016.

The Parties have agreed to settle all of their disputes involving the contested patents, including all litigation and Patent Office proceedings related thereto. The District Court has dismissed the litigation between the Parties with prejudice. The Parties have informed the Board of the settlement and requested with the Board authorization to file joint motions to terminate the proceedings with respect to both Patent Owner and Petitioners.

The Board has authorized the filing of the requested joint motions to terminate these proceedings as to both parties via email on June 29, 2016.

II. Termination as to Patent Owner and Petitioners is Appropriate

A. The following is a brief explanation as to why termination as to the Parties is appropriate, which is presented by both Parties.

Termination of these IPRs is appropriate as the Board has not yet “decided the merits of this proceeding.” *See, e.g.*, Office Patent Trial Practice Guide, 77 Fed. Reg. 48756, 48768 (Aug. 14, 2012). As noted above, these proceedings are in the relatively early stages and no final decisions are due for another six months.

Moreover, no dispute remains between Patent Owner and Petitioners involving the contested patents:

1. the Parties have agreed to jointly request termination of all of these IPRs;
- and,

2. the litigation between the Parties involving the contested patents is being dismissed as part of the settlement.

B. Patent Owner, for itself only, offers additional reasons as to why the IPR proceedings should be terminated.¹

Because the merits of the IPRs have not been finally determined and the IPRs are at a very early stage, concluding these IPR proceedings 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 (August 14, 2012). By permitting termination of these IPR proceedings as to all parties upon settlement, the PTAB will provide certainty as to the outcome of these proceedings. Terminating these IPRs as a result of the parties’ settlement will foster an environment that promotes future settlements, thereby 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 who enacted the American Invents Act (AIA). In enacting the AIA, Congress did not intend that the PTAB would step into the shoes of the Petitioner

¹ Petitioners take no position on these additional reasons.

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 this significant change 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 taken 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.

Senator Kyl's comments 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 threshold for instituting proceedings."). 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.

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.

III. Status of Related Litigation

As noted above, the related district court actions between Patent Owner and Petitioners have been settled and have been dismissed with prejudice. The following additional proceedings related to the contested patents are currently pending:

- *e.Digital v. Arcsoft, Inc.*, S.D. Cal. Case No. 3:15-cv-00056-BEN-DHB: '522 patent, '514 patent, '523 patent, '524 patent, and '619 patent;
- *e.Digital v. Shenzhen Gospell Smarthome Co., Ltd., et al.*, N.D. Cal. Case No. 3:15-cv-00691-JST: '522 patent, '514 patent, '523 patent, '524 patent, and '619 patent;
- *e.Digital v. iBaby, Inc.*, N.D. Cal. Case No. 3:15-cv-05790-JST: '522 patent, '514 patent, '524 patent, and '619 patent;

- *e.Digital v. iSmart Alarm, Inc.*, N.D. Cal. Case No. 3:15-cv-05793-JST: '522 patent, '514 patent, '524 patent, and '619 patent; and
- *e.Digital v. MivaTek International, Inc.*, N.D. Cal. Case No. 3:15-cv-05795-JST: '522 patent, '514 patent, '524 patent, and '619 patent.

Patent Owner, e.Digital, asserts that it does not contemplate any further litigation or proceedings related to the contested patents at this time.

IV. Treat Settlement Agreements as Business Confidential Information

Patent Owner and Petitioners hereby request that the settlement agreement (Exhibit 1025) be treated as business confidential information, be kept separate from the files of these IPRs, and be made available only to Federal Government agencies on written request, or to any person on a showing of good cause pursuant to 35 U.S.C. § 317(b) and 37 C.F.R. § 42.74(c).

V. Conclusion

For the foregoing reasons, Patent Owner and Petitioners jointly request that the Board terminate these *Inter Partes* Review proceedings as to both Parties, and treat the settlement agreement filed as Exhibit 1025 as business confidential information and keep this agreement separate from the file of the above captioned IPRs. Should these reviews be terminated, as jointly requested by the parties, no estoppel under § 315(e) shall attach to Petitioners. 35 U.S.C. § 327(a).

Dated: June 29, 2016

Respectfully submitted,

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CERTIFICATION OF SERVICE

The undersigned hereby certifies that the foregoing **JOINT MOTION TO TERMINATE THE PROCEEDING PURSUANT TO 35 U.S.C. § 317, PETITIONERS' UPDATED EXHIBIT LIST, AND EXHIBIT 1025** were served electronically via e-mail on **June 29, 2016**, in its entirety on the following counsel of record for Patent Owner:

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