EXHIBIT 2002

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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Microsoft Corporation,
Petitioner

v.

MOBILE TELECOMMUNICATIONS TECHNOLOGIES, LLC,
Patent Owner

_____

Case IPR2016-01581
Patent 5,754,946

_____

PATENT OWNER'S EXPLANATION

AS TO WHY TERMINATION IS APPROPRIATE

Mobile Telecommunications Technologies, LLC ("Patent Owner") respectfully submits that this *inter partes* review proceeding should be terminated with respect to the Patent Owner, because (1) Patent Owner and the only Petitioner involved in the proceedings have filed a joint request to terminate this proceeding as to Petitioner; (2) the proceeding is in its early stage, (3) the merits of the Petition have not been determined, and (4) 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 United States Patent and Trademark Office ("USPTO") 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 USPTO, a scenario never intended by the legislators that enacted the laws governing these proceedings.

Consider that, under 35 U.S.C. § 317(a), termination as to the Petitioner is mandatory upon joint request of the parties (which has been filed), and 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 USPTO would step into the shoes of the 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 Patent Trial and Appeal Board ("PTAB") 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 comments[1] 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 PTAB's role was intended to be that of an

[1] 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.

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.") (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.

Moreover, because these proceedings are at such an early stage 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.

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.

Respectfully submitted,

Dated: January 3, 2017

/John R. Kasha/

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