

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

UNIVERSITY OF WATERLOO,

Assignee of U.S. Patent Application No. 15/513,914

Petitioner,

v.

SALIENT ENERGY INC.

Assignee of U.S. Patent No. 9,780,412

Respondent.

Case No.: DER2018-00018

**JOINT MOTION TO TERMINATE DERIVATION PROCEEDING
AND NOTICE OF SETTLEMENT**

I. Introduction

Petitioner University of Waterloo (“UW” or “Petitioner”) and Respondent Salient Energy Inc. (“Salient” or “Respondent”) have entered into a confidential settlement agreement (“Settlement Agreement”) that resolves all underlying disputes between the parties, including this proceeding, DER2018-00018, involving Application No. 15/513,914 (“the ’914 Application”) and Patent No. 9,780,412 (“the ’412 Patent”), currently pending before the Board. Petitioner and Respondent hereby jointly move to terminate this proceeding under the settlement provisions of the AIA (codified for derivation proceedings as 35 U.S.C. § 135(e)) and the Board’s inherent discretionary authority under 35 U.S.C. § 135(a)(1).

The parties are submitting, under seal with the Board, this Settlement Agreement, labeled as Exhibit 1025. Pursuant to 35 U.S.C. § 135(e), the parties request that the Settlement Agreement be: treated as business confidential information, kept separate from the file of the involved patents or applications, and made available only to Government agencies on written request, or to any person on a showing of good cause.

This proceeding has not yet been instituted, and the Settlement Agreement will fully resolve any issues relevant to this proceeding. Accordingly, the parties jointly request termination of this proceeding with respect to all of the parties.

II. Statement of Reasons for the Relief Requested

A. The parties have agreed to amend the inventorship of the '412 Patent

The Settlement Agreement includes, *inter alia*, a written statement reflecting the agreement of the parties to correct the inventorship of the patent in dispute (i.e., the '412 Patent) in this proceeding. Based on this agreement, the parties can resolve any disputes in the inventorship without requiring the involvement of this Board.

B. The Patent and Application Will be Assigned to the Same Entity

Under the terms of the Settlement Agreement, the '412 Patent will be assigned by Respondent to Petitioner, who is the current assignee of the '914 Application. Thus, the settlement will result in the Petitioner becoming the owner of both the '914 Application and the '412 Patent. As the settlement will result in both being owned by the same entity, there will be no reason to institute or otherwise continue with this proceeding. 37 C.F.R. § 42.411.

C. Public Policy Favors Terminating These Proceedings

Congress and the Federal Courts encourage settlement between litigants. *See, e.g., Bergh v. Dept. of Transp.*, 794 F.2d 1575, 1577-78 (Fed. Cir. 1986) (“The law favors settlement of cases.”), *cert. denied*, 479 U.S. 950 (1986). The U.S. Court of Appeals for the Federal Circuit also places a particularly strong emphasis on settlement. *See Flex-Foot, Inc. v. CRP, Inc.*, 238 F.3d 1362, 1370

(Fed. Cir. 2001) (“Settlement agreements must be enforced if they are to remain effective as a means for resolving legal disagreements[;] [u]pholding the terms of settlement agreements encourages patent owners to agree to settlements and promotes judicial economy.”); *Cheyenne River Sioux Tribe v. U.S.*, 806 F.2d 1046, 1050 (Fed. Cir. 1986) (noting that the law favors settlement to reduce antagonism and hostility between parties). Because Congress devised these proceedings as an alternative to litigation, termination following settlement comports with public policy. *See* 77 Fed. Reg. 48680, 48680 (Aug. 14, 2012) (“The purpose of the AIA and this final rule is to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs”). As stated in the Board’s Trial Practice Guide, “[t]here are strong public policy reasons to favor settlement between the parties to a proceeding.” Office Patent Trial Practice Guide, 77 Fed. Reg. 48756, 46768 (Aug. 14, 2012). As the Settlement Agreement includes provisions for assignment of patents and applications, licensing of IP, and releases, it also furthers the public policy objective of promoting access to technology.

D. Allowing the Parties to Negotiation Terms of a Settlement, Including Termination of Proceedings, Serves the Public Interest

Maintaining this proceeding despite Petitioner’s and Respondent’s mutual desire to fully terminate it would prevent the Settlement Agreement from becoming effective and thus the disposition of the issues contested by the parties

and the mutually agreed upon assignments of patents and applications and licensing. The Settlement Agreement is the result of significant negotiating between the parties and reflects a deal in which each side has made compromises and has eliminated risk.

E. Termination of These Proceedings is Appropriate at This Stage in the Proceedings in View of the Agreement

The USPTO can conserve its resources through terminating this proceeding now, obviating the need for the Board to further consider whether to institute this proceeding.

Because this proceeding has not yet been instituted, the expected normal course is to terminate proceedings upon settlement. *See, e.g.*, Office Patent Trial Practice Guide, 77 Fed. Reg. 48756, 46768 (Aug. 14, 2012) (“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.”).

III. Status of Related Proceedings

Petitioner and Respondent are unaware of any judicial or administrative matters pending in the United States. Regarding related matter CV-18-00000714-00 pending in the Ontario Superior Court of Justice (Statement of Claim filed by Petitioner and corresponding counterclaim filed by Respondent), the parties will, as part of the Settlement Agreement, submit a Notice of Discontinuance to discontinue this matter with prejudice.

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.