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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

RACKSPACE US, INC. and RACKSPACE HOSTING, INC.,
Petitioners,

v.

PERSONALWEB TECHNOLOGIES, LLC and
LEVEL 3 COMMUNICATIONS,
Patent Owners.

Cases IPR2014-00057 (Patent 5,978,791)
IPR2014-00058 (Patent 8,099,420)
IPR2014-00059 (Patent 6,415,280)
IPR2014-00062 (Patent 7,802,310)
IPR2014-00066 (Patent 6,928,442)[1]

Before KEVIN F. TURNER, JONI Y. CHANG, and
MICHAEL R. ZECHER, *Administrative Patent Judges*.

CHANG, *Administrative Patent Judge*.

JUDGMENT
Termination of Proceeding after Institution
37 C.F.R. § 42.73

[1] This Judgment is entered in each of the above-identified proceedings.

On October 16, 2014, Petitioners Rackspace US, Inc. and Rackspace Hosting, Inc. (collectively, "Rackspace") and Patent Owner PersonalWeb Technologies, LLC and Level 3 Communications (collectively, PersonalWeb) filed a Joint Motion to Terminate in each of the above-identified *inter partes* reviews ("the Rackspace *inter partes* reviews"). Paper 34, "Mot."[2] The parties also filed a true copy of their Written Settlement Agreement, made in connection with the termination of the Rackspace *inter partes* reviews, in accordance with 35 U.S.C. § 317(b) and 37 C.F.R. § 42.74(b). Ex. 1014. Additionally, the parties submitted a Joint Request to have their Written Settlement Agreement treated as confidential business information under 35 U.S.C. § 317(b) and 37 C.F.R. § 42.74(c). Paper 33. For the reasons set forth below, the Joint Motions to Terminate and the Requests to have their Written Settlement Agreement treated as confidential business information are *granted*.

The Rackspace *inter partes* reviews were instituted on April 15, 2014. Paper 9. After institution, PersonalWeb filed a Patent Owner Response in each review. Paper 24. However, Rackspace has not filed a Reply to the Patent Owner Response. Nor has a Final Hearing been held.

In their Joint Motions to Terminate, the parties urge us to terminate the Rackspace *inter partes* reviews with respect to both parties, because the record in each review is incomplete and we have not yet decided the merits of each review. Mot. 2. The parties also argue that proceeding to a Final

[2] For the purpose of clarity and expediency, we treat IPR2014-00057 as representative, and all citations are to IPR2014-00057 unless otherwise noted.

Written Decision would not be appropriate in light of the facts before us. *Id*. at 2–3.

In particular, the parties note that, because Rackspace has not filed a Reply or Reply declarations, Rackspace has not addressed the arguments and evidence from the Patent Owner Response. *Id*. at 2. PersonalWeb also has not yet deposed any reply witnesses and has not yet filed a Motion for Observations on Cross-examination. *Id*. Neither party has filed, or responded to, a Motion to Exclude Evidence. *Id*. Rackspace informs us that it will no longer participate in the Rackspace *inter partes* reviews in any respect before the Board. *Id*. at 4. Specifically, it will not file a Reply, will not attend any oral hearing, and will not oppose any Motions to Exclude Evidence. *Id*. In fact, Rackspace did not file a Reply to the Patent Owner Response within the required time period—before or on Due Date 2, October 17, 2014 (Paper 30).

The parties identify other related *inter partes* reviews and district court proceedings involving PersonalWeb and third parties. Mot. 6–7. However, except for EMC Corporation and VMWare, Inc. (collectively "EMC") and Apple, Inc. ("Apple"), none of the third parties elected to file a Petition for *inter partes* review within the one-year statutory period under 35 U.S.C. § 315(b). *Id*. at 7. We note that the termination of the Rackspace *inter partes* reviews would not affect the *inter partes* reviews that involve EMC and Apple. We are cognizant that Google, Inc. and YouTube, LLC (collectively "Google") filed four Petitions—IPR2014-00977, IPR2014-00978, IPR2014-00979, and IPR2014-00980—and Motions for Joinder with four of the Rackspace *inter partes* reviews. *See, e.g.*, IPR2014-00977, Paper

3. However, Google's Petitions were not filed timely in accordance with 35 U.S.C. § 315(b) ("[a]n inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner . . . is served with a complaint alleging infringement of the patent.").[3] Google could have, but did not, file a petition for *inter partes* review with the one-year time period. More significantly, Google's Motions for Joinder were not filed timely in accordance with 37 C.F.R. § 42.122(b) ("[a]ny request for joinder must be filed, as a motion under § 42.22, no later than one month after the institution date of any *inter partes* review for which joinder is requested.").[4] Google fails to provide sufficient reasons as to why we should exercise our discretion under 37 C.F.R. § 42.5(b) to waive the one-month time limit for filing a Motion for Joinder.[5]

The parties further argue that maintaining the Rackspace *inter partes* reviews, after the parties have settled their disputes, would be contrary to public policy and would discourage future settlements by removing a significant motivation for settlement. Mot. 5. In view of the circumstances, we agree. Indeed, there are strong public policy reasons to favor settlement between the parties to a proceeding. *Office Patent Trial Practice Guide*, 77 Fed. Reg. 48,756, 48,768 (Aug. 14, 2012). Generally, the Board expects that

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[3] Google filed its Petitions on June 8, 2014, which is more than a year after Google was served with a complaint alleging infringement of PersonalWeb's patents on December 12, 2011. *See, e.g.*, IPR2014-00977, Ex. 2001, Pet. 3.

[4] Rackspace *inter partes* reviews were instituted on April 15, 2014. Paper 9. Google, however, did not file its Motions for Joinder until June 8, 2014. *See, e.g.*, IPR2014-00977, Paper 3.

[5] We will issue decisions on the Motions for Joinder in due course.

a proceeding will terminate after the filing of a settlement agreement, unless the Board already has decided the merits of the proceedings. *Id*.

In their Joint Motions to Terminate, the parties indicate that they have settled all of their disputes involving the Rackspace *inter partes* reviews, as well as the related district court proceeding styled *PersonalWeb Tech. LLC v. Rackspace US, Inc.*, No. 6-12-cv-00659 (E.D. Tex.). Mot. 1, 4. The parties also indicate that they concurrently filed their Stipulation of Dismissal, as to only the Rackspace Defendants with prejudice, in that related district court proceeding. *Id*.; Ex. 2019. More importantly, the parties expressly state that "no other disputes between the parties remain," and "[t]here is no other litigation or dispute in any court or forum involving [Rackspace and PersonalWeb]." *Id*. at 4.

Upon consideration of the facts before us, we determine that it is appropriate to terminate the Rackspace *inter partes* reviews as to both parties, and enter judgment.

For the foregoing reasons, it is:

ORDERED that the Joint Motions to Terminate the Rackspace *inter partes* reviews are *granted*;

FURTHER ORDERED that the Rackspace *inter partes* reviews are *terminated* as to all parties; and

FURTHER ORDERED that the parties' Joint Request that their Written Settlement Agreement be treated as business confidential information kept separate from the patent file, and made available only to Federal Government agencies on written request, or to any person on a

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