

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SONOS, INC.,
Petitioner

v.

BLACK HILLS MEDIA, LLC,
Patent Owner

Case No. IPR2015-00590
U.S. Patent 8,050,652

**JOINT MOTION TO TERMINATE AND NOTICE OF SETTLEMENT
UNDER 35 U.S.C. § 317 AND 37 C.F.R. § 42.74**

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Pursuant to 35 U.S.C. § 317(a), 37 C.F.R. § 42.74, and the Board's e-mail of April 28, 2015, authorizing the filing of this joint motion, Petitioner (Sonos, Inc.) and Patent Owner (Black Hills Media, LLC) (collectively, "the Parties") jointly request termination of *Inter Partes* Review No. IPR2015-00590 involving U.S. Patent 8,050,652 ("the '652 Patent") pursuant to the Parties' agreement.

As required by statute, the Parties are filing concurrently herewith as Exhibit 2001 a copy of the Parties' agreement, along with Patent Owner's request to treat the Parties' agreement as business confidential information and to keep it separate from the file of the '652 Patent. The Parties jointly certify that there is no other written or oral collateral agreement or understanding made in connection with, or in contemplation of, the termination of the instant proceeding.

I. STATEMENT OF PRECISE RELIEF REQUESTED

The Parties jointly request that the Board terminate this IPR *as to both Parties*.

II. STATEMENT OF REASONS FOR THE RELIEF REQUESTED

Termination of this proceeding as to both parties is appropriate because: (i) the trial is at a sufficiently early stage and the record is incomplete; (ii) the Parties have resolved their disputes in this proceeding and the related litigation,

and the Parties to this *inter partes* review agree that it should be terminated; and
(iii) public policy strongly favors settlement.

A. Termination With Respect to Petitioner

Under 35 U.S.C. § 317(a), “[a]n *inter partes* review instituted under this chapter shall be terminated with respect to *any petitioner* upon the joint request of the petitioner and the patent owner, unless the Office has decided the merits of the proceeding before the request for termination is filed.” 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,” termination of this proceeding with respect to Petitioner is proper. Moreover, as set forth in 35 U.S.C. § 317(a), because Petitioner and Patent Owner jointly request this termination, no estoppel under 35 U.S.C. § 315(e) shall attach to Petitioner.

B. Termination With Respect to Patent Owner

Termination of this proceeding with respect to Patent Owner is supported by the Petitioner and is appropriate for at least the following reasons.

1. Incomplete Record

The record in this proceeding is incomplete, and the Board has not yet decided the merits of this proceeding, let alone issued a decision whether to institute these proceedings. In view of the Parties’ agreement, Patent Owner did not file a Preliminary Response by the deadline of May 3, 2015. There are no other outstanding motions before the Board.

2. No Further Participation by Petitioner

Upon termination of this proceeding with respect to Petitioner, no petitioner shall remain. Petitioner hereby informs the Board that Petitioner will not file any additional papers in this proceeding and will not further participate further in this proceeding in any respect before the Board.

Because the record is currently incomplete and will not be further developed, termination as to all parties is favored. Patent Owner notes that in the absence of Petitioner, it is unclear how these proceedings could properly proceed.

Under these circumstances, there is every reason to honor the Parties' wishes to terminate *as to both Parties*.

3. Maintaining this *Inter Partes* Review Would Discourage Settlements and Waste Judicial Resources

Congress and federal courts have expressed a strong interest in encouraging settlement of disputes. *See, e.g., Delta Air Lines, Inc. v. August*, 450 U.S. 346, 352 (1981) (“The purpose of [Fed. R. Civ. P.] 68 is to encourage the settlement of litigation.”); *Bergh v. Dept. of Transp.*, 794 F.2d 1575, 1577 (Fed. Cir. 1986) (“The law favors settlement of cases.”), *cert denied*, 479 U.S. 950 (1986); and 35 U.S.C. § 317(a). Public policy strongly favors allowing parties to settle in all respects. Indeed, the USPTO’s Office Patent Trial Practice Guide expressly states:

“N. Settlement. *There are strong public policy reasons to favor settlement between the parties to a proceeding.* The Board will be

available to facilitate settlement discussions, and where appropriate, may require a settlement discussion as part of the proceeding. *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.*”

Office Patent Trial Practice Guide, 77 Fed. Reg. 48756, 48768 (Aug. 14, 2012)
(emphasis added).

Thus, maintaining this review in any respect after the Parties’ agreement would be contrary to public policy and would discourage future settlements by removing a significant motivation for settlement; eliminating litigation risk by resolving the parties’ disputes and ending the pending proceedings between them.

Moreover, a reason courts endorse settlement is preservation of judicial resources. Maintaining this proceeding in any respect after the Parties have resolved their disputes would waste, rather than conserve, judicial resources of the USPTO and the Federal Circuit. In addition, Patent Owner will be prejudiced if this proceeding is not terminated as requested, with respect to additional attorneys’ fees and costs that would need to be incurred in connection with the proceedings.

4. Status of Proceedings Related to ‘652 Patent

The district court litigation between the Parties styled *Black Hills Media, LLC v. Sonos, Inc.*, U.S. Dist. Ct. (C.D. Cal.), Civil Case No. 2:14-cv-00486-SJO-PJW, was dismissed pursuant to the Parties’ joint stipulation of dismissal, which is

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