

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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JT International, S.A.,  
Petitioner,

v.

FONTEM HOLDINGS 1 B.V.,  
Patent Owner.

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Case IPR2015-01587  
Patent 8,365,742 B2

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

IPR2015-01587

U.S. Patent No. 8,365,742

Pursuant to 35 U.S.C. § 317(a) and 37 C.F.R. § 42.74, Petitioner JT International, S.A. (“JTI”) and Patent Owner Fontem Holdings 1 B.V. (“Patent Owner”) jointly move the Patent Trial and Appeal Board (“Board”) to terminate the IPR2015-01587 proceeding.<sup>1</sup>

On December 1, 2015, Patent Owner and Petitioner JTI notified the Board that they reached a settlement agreement, including a license agreement, resolving all disputes between them involving the patent-at-issue in the IPR2015-01587 proceeding, and further requested guidance and permission to file a motion to terminate the IPR2015-01587 proceeding. On December 1, 2015, the Board authorized Patent Owner and Petitioner JTI to file a joint motion to terminate and a joint request to treat the settlement agreement as business confidential.

Pursuant to 35 U.S.C. § 317(b) and 37 C.F.R. § 42.74(b), a true copy (including counterparts) of the confidential settlement agreement and license agreement is filed herewith. Because the settlement agreement and license agreement are confidential, Patent Owner and Petitioner JTI respectfully request that it be treated as business confidential information and kept separate from the underlying patent file, as provided in 35 U.S.C. § 317(b) and 37 C.F.R. § 42.74(c).

As stated in 35 U.S.C. § 317(a), because Petitioner JTI and Patent Owner are

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<sup>1</sup> The Board has not yet issued a decision as to whether trial will be instituted; therefore, the IPR2015-01587 proceeding is still in its preliminary proceeding stage. 37 C.F.R. § 42.2.

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jointly requesting termination of the IPR2015-01587 proceeding, no estoppel under 35 U.S.C. § 315(e) shall attach to Petitioner JTI.

**I. TERMINATION OF THE *INTER PARTES* REVIEW PROCEEDING IS APPROPRIATE**

An *inter partes* review (IPR) “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.” 35 U.S.C. § 317(a). “If no petitioner remains in the *inter partes* review, the Office may terminate the review or proceed to a final written decision under section 318(a).” *Id.*

There is an *expectation* that an IPR will be terminated after the filing of a settlement agreement because “[t]here 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) (“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.”). The expectation of termination in connection with settlement is due to the adjudicatory nature of IPR proceedings, as contrasted with the examinational nature of the *inter partes* reexamination proceedings they replaced. *See, e.g., Idle Free Systems Inc. v. Bergstrom Inc.*, IPR2012-00027, Paper 26 at 6 (June 11, 2013) (“An *inter partes* review is more adjudicatory than examinational, in nature.”); *Abbott Labs v. Cordis Corp.*,

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710 F.3d 1318, 1326 (Fed. Cir. 2013) (“In 2011, Congress replaced inter partes reexamination with a new proceeding called inter partes review.... The purpose of this reform was to ‘convert[] inter partes reexamination from an examinational to an adjudicative proceeding,’ ....”) (citations omitted).

Here, the IPR2015-01587 proceeding should be terminated in its entirety because of the strong public policy and expectation that IPRs will terminate upon settlement prior to a decision on the merits. The IPR2015-01587 proceeding is still in its preliminary stage as the Board has not yet issued a decision as to whether a trial will be instituted. As such, termination would save significant further expenditures of resources by the Board and the parties.

The IPR2015-01587 proceeding should also be terminated because the parties jointly request termination. Patent Owner and Petitioner JTI have resolved the IPR2015-01587 proceeding and related litigation through settlement.

Termination of the IPR2015-01587 proceeding in view of settlement also provides a measure of certainty as to the outcome, promoting settlements and creating a timely, cost-effective alternative to litigation. And such termination is consistent with the adjudicatory nature of IPRs. Once termination is effected, there will be no counter-party in this proceeding and no need for an adjudicatory proceeding.

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For at least those reasons discussed above, Patent Owner and Petitioner JTI respectfully request that the Board terminate the IPR2015-01587 proceeding.

## **II. MATTERS RELATED TO THE *INTER PARTES* REVIEW PROCEEDING**

The patent-at-issue in the IPR2015-01587 proceeding is the subject of several federal district court litigations, including one matter that involves Patent Owner and Logic Tech. Dev. LLC (“Logic”). Logic was acquired by Petitioner JTI on July 27, 2015. There is one other petition for IPR of the patent-at-issue. *See* IPR2015-00859. The settlement agreement and license agreement have resolved all disputes involving the patent-at-issue between Patent Owner and Petitioner JTI, and Patent Owner and Logic.

### **A. Case No. 2:14-CV-01645 (C.D. Cal.) Relates to the *Inter Partes* Review Proceeding**

Patent Owner filed a patent infringement suit against Logic in the United States District Court for the Central District of California, captioned *Fontem Ventures BV et al. v. Logic Technology Development LLC*, Case No. 2-14-cv-01654. Patent Owner accused Logic of infringing the patent-at-issue in the IPR2015-01587 proceeding in addition to four other patents. This litigation was consolidated with several related cases asserting four additional patents against Logic. As a result, a total of nine patents have been asserted against Logic in the consolidated

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