

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SANTA'S BEST
Petitioner,

v.

VARIABLE LIGHTING LLC
Patent Owner.

Case IPR2016-01066
Patent 6,285,140

**JOINT MOTION TO TERMINATE PROCEEDING
PURSUANT TO 35 U.S.C. § 317 AND 37 C.F.R. § 42.74**

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Pursuant to 35 U.S.C. § 317 and 37 C.F.R. § 42.74, Petitioner Santa's Best and Patent Owner Variable Lighting ("the Parties") jointly request termination of the *inter partes* review of U.S. Patent No. 6,285,140 ("the '140 patent"), Case No. IPR2016-01066. This motion was authorized by the United States Patent Trial and Appeal Board ("the Board") via email on April 12, 2017.

I. Termination is Appropriate

Variable Lighting has granted Santa's Best an irrevocable SETTLEMENT AGREEMENT and full release from any liability with respect to the '140 patent ("the Agreement"), and, as part of the Agreement, the Parties have agreed to request termination of this *inter partes* review proceeding. Ex. 1013. Termination is therefore appropriate because the dispute between the Parties has been resolved and both the Petitioner and Patent Owner support termination of the proceeding. Additionally, termination under 35 U.S.C. § 317(a) is proper because, to the parties' knowledge, the Office has not yet "decided the merits of the proceeding before the request for termination is filed."

The Parties' request to terminate is not contingent on any future event.

Termination of these proceedings also furthers the public policy favoring settlement. The Board has stated an expectation that proceedings before it will be terminated after the filing of a settlement agreement: "There are strong public policy reasons to favor settlement between the parties to a 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. 48,756, 48,768 (Aug. 14, 2012)

(citing 35 U.S.C. 317(a)) (emphasis added). Additionally, Congress and the federal

courts have expressed a strong interest in encouraging settlement in litigation. *See,*

e.g., Delta Air Lines, Inc. v. August, 450 U.S. 346, 352 (1981) (“The purpose of

[Federal Rule of Civil Procedure] 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). Accordingly, the Board

should terminate this proceeding as to both Parties.

By contrast, maintaining this proceeding after Petitioner’s resolution of its dispute with the Patent Owner would discourage future settlements by removing a primary motivation for settlement: eliminating litigation risk. For patent owners, litigation risks include the potential for an invalidity ruling against their patents. If a patent owner knows that an *inter partes* review will likely continue regardless of settlement, it creates a strong disincentive for the patent owner to settle. Indeed, the Board has granted joint motions to terminate as to both Parties even when the proceeding was at a late stage, after oral argument. *Apple Inc. v. Nagravision SA*, Case IPR2015-00971, Paper 30 at 2-3 (PTAB Sept. 7, 2016); *Clio USA, Inc., v. The Proctor & Gamble Co.*, Case IPR2013-00438, Paper 57 at 2-3 (PTAB Oct. 31,

2014); *Volusion Inc. v. Versata Software Inc.*, Case CBM2013-00018, Paper 52 at 2 (PTAB June 17, 2014).

Accordingly, pursuant to the terms of the Agreement, the Parties respectfully request that the Board terminate this review.

II. The Parties Have Resolved All Related Cases

The Parties have also resolved the issues in all pending cases, which are limited to this review.

Further, Patent Owner has resolved all disputes in all of the district court suits and each suit is dismissed:

- *Variable Lighting LLC v. Polygroup Services N.A., Inc.*, No. 1:16-cv-00183 (D. Del.), filed March 23, 2016, dismissed July 11, 2016. [U.S. Patent Nos. 6285140 by Ruxton, 8203275 by Ruxton, and 8390206 by Ruxton.]
- *Variable Lighting v. Polygroup Ltd., et al.*, No. 1:16-cv-00162 (D. Del.), filed March 16, 2016, dismissed March 23, 2016. [U.S. Patent No. 6285140 by Ruxton]
- *Variable Lighting LLC v. Kmart Corporation, et al.*, No. 1:15-cv-00426 (D. Del.), filed May 27, 2015, dismissed August 8, 2016. [U.S. Patent Nos. 6285140 by Ruxton, 8203275 by Ruxton, and 8390206 by Ruxton.]

III. Other Related Proceedings

There are no other district court or USPTO proceedings between the parties.

CONCLUSION

For the foregoing reasons, Petitioner and Patent Owner jointly request that the Board terminate this proceeding in its entirety.

Dated: April 13, 2017

Respectfully Submitted,

/Jason Eisenberg /

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