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Paper 18
Date: January 27, 2017

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

UNIFIED PATENTS INC.,
Petitioner,

v.

DIGITAL AUDIO ENCODING SYSTEMS, LLC,
Patent Owner.

Case IPR2016-01710
Patent 7,490,037 B2

Before MICHAEL J. FITZPATRICK, STACEY G. WHITE, and MICHELLE N. WORMMEESTER, *Administrative Patent Judges*.

FITZPATRICK, *Administrative Patent Judge*.

ORDER
Conduct of the Proceeding
37 C.F.R. § 42.5

Petitioner, Unified Patents Inc., filed a Petition to institute *inter partes* review of all thirty-two claims of U.S. Patent No. 7,490,037 B2 ("the '037 patent"). Paper 1. Thereafter, but before any decision whether to institute the petitioned-for review was rendered, Patent Owner, Digital Audio Encoding Systems, LLC, filed an unopposed Request for Adverse Judgment pursuant to 37 C.F.R. § 42.73(b). Paper 16. Patent Owner also statutorily disclaimed all of the claims of the '037 patent, and filed a copy of the statutory disclaimer in the record of this proceeding. Paper 17.

By Rule, "[t]he patent owner may file a statutory disclaimer under 35 U.S.C. 253(a) in compliance with § 1.321(a) of this chapter, disclaiming one or more claims in the patent." 37 C.F.R. § 42.107(e). When that occurs, as it has here, "[n]o *inter partes* review will be instituted." *Id*. The Request for Adverse Judgment is not moot, however, because adverse judgment would estop Patent Owner "from taking action inconsistent with the adverse judgment." *See* 37 C.F.R. § 42.73(d)(3).

Prior to our deciding whether to grant or deny the Request for Adverse Judgment, the parties may brief whether we have the power to enter adverse judgment, where no instituted review of the patent exists.

The Board frequently employs, as we do here, the term "proceeding" to describe a petitioned-for but not instituted *inter partes* review. And, we are cognizant that 37 C.F.R. § 42.73 states that "[a] party may request judgment against itself at any time during a proceeding" and that § 42.2 states that "*Proceeding* means a trial or preliminary proceeding." Any brief filed pursuant to this Order should not merely point this out. Rather, such a brief should elaborate as to why the definition set forth in § 42.2 applies in

§ 42.73. *See Intellectual Ventures II LLC v. JPMorgan Chase & Co.*, 781 F.3d 1372, 1378 (Fed. Cir. 2015) ("The PTO's own regulations are inconsistent on [the meaning of proceeding]."). Such a brief should also identify the statutory source of our power to enter adverse judgment when no review is instituted.

Accordingly, it is

ORDERED that each party may file one brief, not exceeding five pages, directed to whether we have the power to enter adverse judgment in this proceeding; and

FURTHER ORDERED that any such briefs are due no later than February 9, 2017.

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