

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ELEKTA INC.
Petitioner
v.

VARIAN MEDICAL SYSTEMS, INC.
Patent Owner

Case IPR2016-01904
Patent No. 6,888,919

**ELEKTA INC.'S AND VARIAN MEDICAL
SYSTEMS, INC.'S 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(a) and 37 C.F.R. § 42.74(a), and the Board's Order Authorizing Motion to Terminate, Paper No. 11 (April 7th, 2017), Patent Owner Varian Medical Systems, Inc. ("Patent Owner") and Petitioner Elekta Inc. ("Petitioner") jointly move to terminate the present inter partes review proceeding, in light of Patent Owner's and Petitioner's (hereinafter Patent Owner and Petitioner are referenced as "the parties") resolution of their dispute relating to U.S. Patent No. 6,888,919 (the "'919 Patent").

Termination is appropriate in the instant proceeding because the dispute between the parties has been resolved and because full termination would encourage settlement of Patent Office proceedings, consistent with federal judicial preference and the management of limited judicial and Patent Office resources.

As required by 35 U.S.C. § 317(b), the parties are filing, concurrently herewith, a true copy of their Settlement Agreement (executed on April 3rd, 2017) as Exhibit 2008.¹ Pursuant to Paragraph 6.2 of the Settlement Agreement, Patent Owner and Petitioner jointly agreed to terminate this proceeding. Accordingly, the parties jointly request that this proceeding be terminated under 35 U.S.C. § 317(a) and 37 C.F.R. § 42.74. *See Fandango, LLC et al. v. Ameranth, Inc.*, CBM2014-00013, Paper 22, pp. 5-6 (PTAB March 24, 2014). There are no additional collateral agreements or

¹ The Settlement Agreement has been filed electronically via E2E for "Parties and Board Only" to preserve confidentiality.

understandings made in connection with, or in contemplation of, termination of the *inter partes* review. The parties have stipulated to dismiss the related litigation involving the '919 Patent in *Varian Medical Systems v. Elekta AB et al.*, No. 15-871-LPS, in the United States District Court for the District of Delaware. The parties are also submitting a joint motion to terminate proceedings in another *inter partes* review involving the '919 Patent, *Elekta Inc. v. Varian Medical Systems, Inc.*, Case No. 2016-01902. No litigation or proceeding between the parties involving the '919 Patent is contemplated in the foreseeable future.

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.” This proceeding has been instituted; however, no Patent Owner Response has been filed and the Board has not decided on the merits of the proceeding.

Strong public policy considerations favor settlement between the parties to an *inter partes* review proceeding. See *Office Trial Practice Guide*, Fed. Reg., Vol. 77, No. 157 at 48768 (Aug. 14, 2012). No public interest or other factors weigh against termination of this proceeding.

Further, both Congress and 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 [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). The Federal Circuit places a particularly strong emphasis on settlement. For example, it endorses the ability of parties to agree to never challenge validity as part of a settlement. *See Flex-Foot, Inc. v. CRP, Inc.*, 238 F.3d 1362, 1370 (Fed. Cir. 2001); *see also Cheyenne River Sioux Tribe v. U.S.*, 806 F.2d 1046, 1050 (Fed. Cir. 1986) (noting that the law favors settlement to reduce antagonism and hostility between parties).

Maintaining this review after the parties reach a settlement would discourage future settlements by removing a primary motivation for settlement: eliminating litigation risk by resolving the parties’ disputes and ending the pending proceedings between them. For patent owners, litigation risks include the potential for their patents to be invalidated. If a patent owner knows that an *inter partes* review is likely to continue regardless of settlement, it can create a strong disincentive for the patent owner to settle.

Further, one of the primary reasons courts endorse settlement is preservation of judicial resources. Maintaining this review after the parties have settled their disputes would waste, rather than conserve, judicial resources. For example, in the event the Board finds some of the subject claims unpatentable, Patent Owner would

be entitled to an appeal to the Federal Circuit. As the only party remaining in the case, the Office would have to defend the Board's decision, which would further waste valuable judicial and administrative resources.

The parties further request, pursuant to 37 C.F.R. § 42.74(c), that the agreement (Ex. 2008) be treated as confidential business information and kept separate from the files of the involved patent. The parties are filing, concurrently herewith, a Joint Request to File the Settlement Agreement as Business Confidential Information pursuant to 35 U.S.C. § 317 and 37 C.F.R. § 42.74(c). For the foregoing reasons, the parties jointly and respectfully request that the instant proceeding be terminated.

Respectfully submitted this 12th day of April, 2017.

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