Paper No._____

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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FITBIT, INC.,
Petitioner,

v.

LOGANTREE LP,
Patent Owner

_____

IPR2017-00256
Patent 6,059,576

_____

JOINT MOTION TO TERMINATE PROCEEDING

INTRODUCTION

Petitioner Fitbit, Inc. ("Fitbit") and Patent Owner LoganTree LP ("LoganTree") have entered into an agreement, effective November 16, 2016, that, among other things, resolves the above-captioned *inter partes* review of U.S. Patent No. 6,059,576, Case No. IPR2017-00256 (the "Review"). The Board authorized the parties to file a joint motion to terminate the Review in an email dated January 31, 2017. Accordingly, pursuant to 35 U.S.C. § 317 and 37 C.F.R. § 42.74, the parties jointly move to terminate the Review. As part of the authorization, the Board requested submission of a true copy of the parties' written agreement, which is filed herewith.

THE AGREEMENT

The parties have entered into a written Settlement Agreement (the "Agreement") that contemplates the dismissal of all pending litigation between the parties. There are no other agreements, oral or written, between the parties made in connection with, or in contemplation of, the termination of this Review. A true and correct copy of the Agreement is filed separately and concurrently with this motion, as Exhibit FTBT-1024, along with a request to treat the Agreement as business confidential information under 37 C.F.R. § 42.74(c).

As part of the Agreement, parties have agreed to jointly request termination of the present *inter partes* review and also the co-pending *inter partes* review

IPR2017-00258 filed by Fitbit against U.S. Patent No. 6,059,576 owned by LoganTree. The parties have also agreed to dismiss, with prejudice, the related litigation in the Northern District of California: *LoganTree LP v. FitBit, Inc.,* case no. 3:16-cv-02443.

WHY TERMINATION IS APPROPRIATE

Termination of this Review during this stage of the proceedings in view of the Agreement is appropriate. The applicable statute provides that termination of the *inter partes* review is appropriate because the Office has not yet decided the merits of the proceeding. Moreover, this proceeding is at a sufficiently early stage where no motions or actions are outstanding and the Board has not invested significant resources in this proceeding. Finally, strong public policy considerations favor terminating the *inter partes* review as a result of the settlement between the parties.

The applicable statute provides that an *inter partes* review proceeding "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) (emphasis added). Here, the Board has not yet decided the merits of the present *inter partes* review proceeding, and so under 35 U.S.C. § 317(a) the proceeding should be terminated with respect to Petitioner. And, because Fitbit is the only petitioner in this *inter*

partes review, no petitioner will remain, and the Office may terminate the review in its entirety as provided by 35 U.S.C. § 317(a).

The proceeding is at a sufficiently early stage where no motions or actions are outstanding and the Board has not invested significant resources in this proceeding. Patent Owner's Preliminary Response has not yet been filed and the Board has yet to make an institution decision in this proceeding. No public interest factors militate against termination of this proceeding with respect to both Petitioner and Patent Owner in light of the circumstances of this proceeding.

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 also 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 Fitbit's settlement with LoganTree 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.

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