

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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INTERNATIONAL BUSINESS MACHINES CORPORATION  
Petitioner

v.

FINANCIAL SYSTEMS TECHNOLOGY  
(INTELLECTUAL PROPERTY) PTY. LTD.  
Patent Owner

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Case IPR2013-00078  
Patent RE40,526

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Before SALLY C. MEDLEY, KARL D. EASTHOM, and STEPHEN C.  
SIU, *Administrative Patent Judges*.

MEDLEY, *Administrative Patent Judge*.

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

International Business Machines Corporation (IBM) filed a Petition for *Inter Partes* Review on December 12, 2012. Financial Systems Technology's (FST) patent owner preliminary response is due on March 17, 2013. On February 6, 2013,

the following individuals participated in a conference call:

- (1) Kenneth R. Adamo,<sup>1</sup> counsel for IBM;
- (2) Scott A. McKeown, counsel for FTS; and
- (3) Sally C. Medley and Karl D. Easthom, Administrative Patent Judges.

The purpose of the conference call was to discuss a settlement agreement entered into by the parties. Counsel explained that the parties have a written settlement agreement which contemplates the dismissal of the co-pending district court lawsuit<sup>2</sup> and termination of the *inter partes* review proceeding. The parties sought guidance on filing their settlement agreement and terminating the Board proceeding.

Generally, the Board expects that a proceeding will terminate after the filing of a settlement agreement. *See, e.g.*, Office Patent Trial Practice Guide, 77 *Fed. Reg.* 48756, 48768 (Aug. 14, 2012). The rule governing settlement indicates that any agreement between the parties made in connection with, or in contemplation of, the termination of a proceeding<sup>3</sup> shall be in writing and filed with the Board. 37 C.F.R. § 42.74.

During the conference call, counsel for the respective parties represented that they agree to, and understand that they must, file a copy of their settlement agreement to terminate the proceeding. Counsel represented that they were prepared to file the settlement agreement and indicated that they would further

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<sup>1</sup> William E. Devitt, counsel for IBM in the related litigation was also present. Counsel for FST did not object to Mr. Devitt's attendance.

<sup>2</sup> *See, e.g.*, Paper 2 at 1, "Related Matters."

<sup>3</sup> A "proceeding" includes a preliminary proceeding. 37 C.F.R. § 42.2.

Case IPR2013-00078  
Patent RE40,526

request that the agreement be treated as business confidential information and be kept separate from the files of the involved patent. As discussed, such a request must be filed with the settlement agreement. 37 C.F.R. § 42.74(c). In furtherance of the discussion, the parties were directed to FAQ G3 on the Board's website page at <http://www.uspto.gov/ip/boards/bpai/prps.jsp> for instructions on how to file their settlement agreement as confidential (*e.g.*, uploading as "Parties and Board Only"). Should a question arise regarding the confidential filing of the settlement agreement, the parties may contact the Board at 571-272-7822 for assistance.

As further explained during the call, based on the facts of this proceeding, the parties shall file, in addition to the confidential settlement agreement, a joint motion to terminate the proceeding briefly explaining why termination is appropriate in this case. Counsel agreed to file the joint motion to terminate and the settlement agreement by close of business Monday, February 11, 2013.

Accordingly, it is

**ORDERED** that the parties are authorized to file a joint motion to terminate the proceeding;

**FURTHER ORDERED** that the joint motion is due February 11, 2013; and

**FURTHER ORDERED** that the joint motion shall be accompanied by a true copy of the settlement agreement as required by 37 C.F.R. § 42.74(b);

**FURTHER ORDERED** that the parties may request that the settlement agreement be treated as business confidential information as specified by 37 C.F.R. § 42.74(c); and

**FURTHER ORDERED** that any confidential settlement agreement must be

Case IPR2013-00078  
Patent RE40,526

filed electronically via the Patent Review Processing System (PRPS) in accordance with the instructions provided on the Board's website (*e.g.*, uploading as "Parties and Board Only").

**PETITIONER:**

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