

1 Heinz Binder (SBN 87908)
2 Robert G. Harris (SBN 124678)
3 Wendy W. Smith (SBN 133887)
4 BINDER & MALTER, LLP
5 2775 Park Avenue
6 Santa Clara, CA 95050
7 Telephone: (408)295-1700
8 Facsimile: (408) 295-1531
9 Email: heinz@bindermalter.com
10 Email: rob@bindermalter.com
11 Email: wendy@bindermalter.com

12 Attorneys for Debtor and Debtor-In-
13 Possession Technology Properties Limited, LLC

14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

In re

TECHNOLOGY PROPERTIES LIMITED,
LLC,

Debtor.

Case No: 13-51589 SLJ

Chapter 11

Date: TBD

Time: TBD

Place: Courtroom 3099
280 South First Street
San Jose, California

19
20
21
22
23
24
25
26
27
28

**MOTION TO AUTHORIZE COMPROMISE AND RETURN BY TPL OF '549
PATENT PORTFOLIO AND ASSIGNMENT TO PORTFOLIO OWNER (11 U.S.C.
§554(a); FRBP 9019)**

TO SECURED CLAIMANT CUPERTINO CITY CENTER BUILDINGS, A CALIFORNIA
LIMITED PARTNERSHIP; SECURED CLAIMANT SWAMY VENKIDU AS
SHAREHOLDER AGENT FOR A GROUP OF SHAREHOLDERS; AND SECURED
CLAIMANT DANIEL E. LECKRONE, THE OFFICIAL UNSECURED CREDITORS'
COMMITTEE, ALL PARTIES REQUESTING SPECIAL NOTICE, THE UNITED STATES
TRUSTEE, AND THEIR RESPECTIVE COUNSEL:

Debtor and debtor-in-possession Technology Properties Limited, LLC ("TPL") hereby
moves this Court for an order approving the reconveyance under Bankruptcy Code section 554
of the '549 patent. TPL respectfully represents as follows in support of this Motion:

- 1 1. MCM Portfolio LLC (“MCM”) is the owner of the CORE Flash Portfolio. TPL and
2 MCM are parties to a commercialization agreement whereunder TPL not only
3 commercializes and licenses CORE Flash patents but is required to protect their value
4 and prosecute the patents it is commercializing. Alliacense is TPL’s licensing agent
5 and has been providing said services since TPL entered into the commercialization
6 agreement with MCM in 2006.
- 7
8 2. On March 27, 2013, HP petitioned the United States Patent and Trademark Office
9 (“USPTO”) to institute a new form of post-grant review created by the 2011 America
10 Invents Act known as an “Inter Partes Review” (“IPR”) against CORE Flash patent
11 US 7,162,549 and assigned Case No. IPR2013-00217. The Petition was granted. A
12 Writ of Mandamus in the District Court challenging the USPTO’s legal basis for
13 granting HP’s petition was filed in defense of the patent.
- 14 3. The above-captioned Chapter11 bankruptcy case was filed on March 20, 2013.
- 15 4. Following a bench trial in the IPR proceeding on 6/4/14, the Patent and Trademark
16 Appeals Board (PTAB) issued its final decision (8/6/14) finding certain claims of
17 U.S. ‘549 invalid. MCM considers the finding reversible error for various reasons,
18 including: finding U.S.’549 invalid based on insufficient evidence to support the
19 verdict, and denying the argument that HP’s IPR was barred due to its filing more
20 than a year after Pandigital was sued for patent infringement when the statute is clear
21 on its face as to the year deadline.
- 22 5. MCM has demanded that TPL either proceed with the ‘549 appeal or reconvey to
23 MCM all rights to the ‘549 to MCM. MCM asserts that TPL is presently in default of
24 the commercialization agreement for failing to prosecute the ‘549 appeal.
- 25 6. TPL presented the Official Unsecured Creditors’ Committee (the “OCC”) with
26 information regarding the pros and cons of proceeding with the ‘549 appeal. The
27 Committee agreed to a schedule under which TPL would pay Alliacense \$50,000 for
28 work immediately required on the ‘549 appeal in exchange for a delay until

1 December 4, 2014, of the deadline for TPL to decide if it is going to proceed with the
2 appeal or reconvey all right, title and interest in and to the '549 patent to MCM.

3 7. On November 24, 2014, the OCC determined not to pursue the appeal of the '549 and
4 to reconvey all right, title and interest in and to the '549 patent to MCM.

5 8. Reconveyance of all right, title and interest in and to the '549 patent relieves TPL of
6 the administrative burden under its commercialization agreement with MCM to pay
7 the remaining cost of appeal of approximately over \$200,000. TPL will retain its
8 rights to license and commercialize the remainder of the patents in the CORE Flash
9 portfolio and will release it from its obligations under an agreement now in breach,
10 which could not otherwise be assumed or assigned under the law of the 9th Circuit in
11 any case in light of the current breach.

12 9. The reconveyance of the interest will not affect the security interest of the Secured
13 Creditors in the reconveyed assets.

14 WHEREFORE, TPL respectfully requests that this Court issue an order granting this
15 Motion and authorizing TPL to reconvey all right, title and interest in and to the '549 portfolio to
16 MCM in a form acceptable to MCM and affirming that such reconveyance is in compliance with
17 all applicable Bankruptcy Court rules and that TPL no longer has any right, title or interest in or
18 to U.S. Patent '549.

19 BINDER & MALTER, LLP

20
21 By: /s/ Robert G. Harris
22 Robert G. Harris

23 Attorneys for Attorneys for Debtor and Debtor-in-
24 Possession TECHNOLOGY PROPERTIES
25 LIMITED LLC
26
27
28

1 Heinz Binder (SBN 87908)
2 Robert G. Harris (SBN 124678)
3 Wendy W. Smith (SBN 133887)
4 BINDER & MALTER, LLP
5 2775 Park Avenue
6 Santa Clara, CA 95050
7 Telephone: (408)295-1700
8 Facsimile: (408) 295-1531
9 Email: heinz@bindermalter.com
10 Email: rob@bindermalter.com
11 Email: wendy@bindermalter.com

12 Attorneys for Debtor and Debtor-In-
13 Possession Technology Properties Limited, LLC

14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

In re

TECHNOLOGY PROPERTIES LIMITED,
LLC,

Debtor.

Case No: 13-51589 SLJ

Chapter 11

Date: TBD

Time: TBD

Place: Courtroom 3099
280 South First Street
San Jose, California

19
20
21
22
23
24
25
26
27
28

**MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF
MOTION TO AUTHORIZE COMPROMISE AND RETURN BY TPL OF '549
PATENT PORTFOLIO AND ASSIGNMENT TO PORTFOLIO OWNER (11 U.S.C.
§554(a); FRBP 9019)**

I. Introduction

Debtor and debtor-in-possession Technology Properties Limited, LLC ("TPL") seeks an order approving the reconveyance under Bankruptcy Code section 554 of the '549 patent. It is essential to abandon and assign forthwith and preserve TPL's rights as to the balance of the CORE Flash Portfolio.

II. Statement of Facts

1. MCM Portfolio LLC ("MCM") is the owner of the CORE Flash Portfolio. TPL and MCM are parties to a commercialization agreement whereunder TPL not only

1 commercializes and licenses CORE Flash patents but is required to protect their value
2 and prosecute the patents it is commercializing. Alliacense is TPL's licensing agent
3 and has been providing said services since TPL entered into the commercialization
4 agreement with MCM in 2006.

- 5 2. On March 27, 2013, HP petitioned the United States Patent and Trademark Office
6 ("USPTO") to institute a new form of post-grant review created by the 2011 America
7 Invents Act known as an "Inter Partes Review" ("IPR") against CORE Flash patent
8 US 7,162,549 and assigned Case No. IPR2013-00217. The Petition was granted. A
9 Writ of Mandamus in the District Court challenging the USPTO's legal basis for
10 granting HP's petition was filed in defense of the patent.
- 11 3. The above-captioned Chapter 11 bankruptcy case was filed on March 20, 2013.
- 12 4. Following a bench trial in the IPR proceeding on 6/4/14, the Patent and Trademark
13 Appeals Board (PTAB) issued its final decision (8/6/14) finding certain claims of
14 U.S. '549 invalid. MCM considers the finding reversible error for various reasons,
15 including: finding U.S. '549 invalid based on insufficient evidence to support the
16 verdict, and denying the argument that HP's IPR was barred due to its filing more
17 than a year after Pandigital was sued for patent infringement when the statute is clear
18 on its face as to the year deadline.
- 19 5. MCM has demanded that TPL either proceed with the '549 appeal or reconvey to
20 MCM all rights to the '549 to MCM. MCM asserts that TPL is presently in default of
21 the commercialization agreement for failing to prosecute the '549 appeal.
- 22 6. TPL presented the Official Unsecured Creditors' Committee (the "OCC") with
23 information regarding the pros and cons of proceeding with the '549 appeal. The
24 Committee agreed to a schedule under which TPL would pay Alliacense \$50,000 for
25 work immediately required on the '549 appeal in exchange for a delay until
26 December 4, 2014, of the deadline for TPL to decide if it is going to proceed with the
27 appeal or reconvey all right, title and interest in and to the '549 patent to MCM.
28

- 1 7. On November 24, 2014, the OCC determined not to pursue the appeal of the ‘549 and
2 to reconvey all right, title and interest in and to the ‘549 patent to MCM.
- 3 8. Reconveyance of all right, title and interest in and to the ‘549 patent relieves TPL of
4 the administrative burden under its commercialization agreement with MCM to pay
5 the remaining cost of appeal of approximately over \$200,000. TPL will retain its
6 rights to license and commercialize the remainder of the patents in the CORE Flash
7 portfolio and will release it from its obligations under an agreement now in breach,
8 which could not otherwise be assumed or assigned under the law of the 9th Circuit in
9 any case in light of the current breach.
- 10 9. The reconveyance of the interest will not affect the security interest of the Secured
11 Creditors in the reconveyed assets.

12 **III. Argument**

13 “After notice and a hearing, the trustee may abandon any property of the estate that is
14 burdensome to the estate or that is of inconsequential value and benefit to the estate.” 11 U.S.C.
15 section 554(a). “On its face, § 554(a) permits abandonment upon a showing that property is
16 either of inconsequential value and benefit to the estate or burdensome to the estate. *K.C.*
17 *Machine & Tool*, 816 F.2d at 245 (discussing identical language in § 554(b)) On its face, §
18 554(a) permits abandonment upon a showing that property is either of inconsequential value and
19 benefit to the estate or burdensome to the estate . . . [citation omitted].” *In re Johnston*, 49 F.3d
20 538, 540 (9th Cir, 1995).

21 The OCC does not wish to expend some \$300,000 on this appeal. To protect the balance
22 of the CORE Flash portfolio and avoid damage to the estate, given that TPL cannot benefit from
23 an appeal it is not authorized to expend funds to pursue, the ‘549 patent and appeal must be
24 viewed as burdensome to the estate. Abandonment and reconveyance to MCM are both
25 appropriate as requested.

26 **IV. Conclusion**

27
28

1 For all the reasons set forth above, TPL submits that cause exists for this Court to grant
2 the Motion and issue an order granting this Motion and authorizing TPL to reconvey all right,
3 title and interest in and to the '549 portfolio to MCM in a form acceptable to MCM

4 ///

5 Dated: November 26, 2014

BINDER & MALTER, LLP

6
7
8 By: /s/ Robert G. Harris

9 Robert G. Harris

10 Attorneys for Attorneys for Debtor and Debtor-in-
11 Possession TECHNOLOGY PROPERTIES
12 LIMITED LLC
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28