

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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R.J. REYNOLDS VAPOR COMPANY,  
Petitioner,

v.

FONTEM HOLDINGS 1 B.V.,  
Patent Owner.

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IPR2017-01120 (Patent 8,899,239)  
IPR2018-00627 (Patent 8,393,331)  
IPR2018-00631 (Patent 9,339,062)  
IPR2018-00633 (Patent 9,326,551)  
IPR2018-00634 (Patent 9,456,632)<sup>1</sup>

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Before JOSIAH C. COCKS, GRACE KARAFFA OBERMANN,  
DONNA M. PRAISS, BRIAN J. McNAMARA,  
JEREMY M. PLENZLER, JO-ANNE M. KOKOSKI, and  
KRISTINA M. KALAN, *Administrative Patent Judges*.<sup>2</sup>

*Per Curiam.*

ORDER

*Resolving Joint Motions to Terminate Pursuant to Settlement and  
Granting Joint Requests to Treat Settlement Agreement as Confidential  
35 U.S.C. § 317; 37 C.F.R. §§ 42.72, 42.74*

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<sup>1</sup> This Order addresses issues common to all five proceedings. Accordingly, we exercise our discretion to issue a single order to be entered in each proceeding.

<sup>2</sup> This nomenclature does not denote an expanded panel, but identifies panel members assigned to one or more proceeding identified in the caption.

IPR2017-01120 (Patent 8,899,239)  
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IPR2018-00634 (Patent 9,456,632)

On October 4, 2018, pursuant to Board authorization, the parties filed joint motions for termination in each of the above-identified proceedings. Papers 56, 15, 10, 9, 10.<sup>3</sup> Along with each motion, the parties filed a copy of a document they describe as their settlement agreement as well as a joint request to treat that agreement as business confidential information to be kept separate from the files of the involved patents. Papers 57, 16, 11, 10, 11; *see* 37 C.F.R. § 42.74(c) (a party to a settlement may request that the settlement agreement be treated as business confidential and be kept separate from the patent file).

The parties represent “that they reached a settlement agreement resolving all disputes between them involving the patent-at-issue in” each of the five proceedings. Paper 56, 1; Paper 15, 1; Paper 10, 1; Paper 9, 1; Paper 10, 1. The parties further aver that “[t]here are no other agreements, oral or written, between Patent Owner and Petitioner” “made in connection with, or in contemplation of, the termination of” any of the proceedings. *Id.* The parties submit under seal “a true copy (including counterparts) of the settlement agreement.” Ex. 2065; Ex. 2014; Ex. 2081; Ex. 2081; Ex. 2087. The settlement agreement appears to represent a comprehensive agreement between adversaries that have been embroiled in several years of district court litigation and administrative disputes. *Id.* ¶¶ 1.27, 1.35, Ex. A (Licensed Patents).

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<sup>3</sup> We sequentially refer to papers and exhibits filed in IPR2017-01120, IPR2018-00627, IPR2018-00631, IPR2018-00633, and IPR2018-00634.

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The five proceedings at issue here are in various stages of the administrative process: A final written decision is due in IPR2017-01120 on October 23, 2018; a Patent Owner Response is due in IPR2018-00627 on October 22, 2018; decisions on institution are due in IPR2018-00633 and IPR2018-00634 on October 18, 2018; and a decision on institution is due in IPR2018-00631 on October 12, 2018. The parties identify persuasive reasons why termination is appropriate in each proceeding. Paper 56, 1–5; Paper 15, 1–5; Paper 10, 1–5; Paper 9, 1–5; Paper 10, 1–5. Further, the parties’ resolution of the dispute surrounding the five patents at issue in these proceedings is part of a comprehensive agreement that resolves an expansive array of rights pertaining to significantly more than the involved U.S. Patents, including “all claims filed by [Patent Owner] against [Petitioner] in the United States District Court for the Middle District of North Carolina Case Nos. 1:16-cv-01255, 1:16-cv-01257, 1:16-cv-01258, and 1:17-cv-00175,” which have been “dismissed with prejudice” pursuant to a joint stipulation of the parties. Order entered Oct. 1, 2018;<sup>4</sup> *see* Ex. 2065; Ex. 2014; Ex. 2081; Ex. 2081; Ex. 2087 (Exhibit A, Licensed Patents) (confidential settlement agreement).

Under the particular facts and circumstances presented, we find that granting the joint motions in all five proceedings, according to the parties’ wishes, is warranted, notwithstanding that a final written decision is due

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<sup>4</sup> A copy of the district court’s order is entered in IPR2017-00627 as Exhibit 3001 and as Exhibit 3002 in each of the other four proceedings identified in the caption.

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shortly in IPR2017-01120. Granting the joint motions in these interrelated proceedings promotes the “strong public policy” that favors “settlement between the parties to a proceeding.” Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,768 (Aug. 14, 2012) (“The Board expects that a proceeding will terminate after the filing of a settlement agreement, unless the Board has already decided the merits of the proceeding.”). Termination is proper because the parties jointly filed the requests for termination before a final decision on the merits was entered in any of the five proceedings. 35 U.S.C. § 317(a). Based on our review of the settlement agreement, moreover, we find that the document contains confidential business information regarding the terms of settlement, and that good cause exists to treat the document as business confidential information pursuant to 35 U.S.C. § 317(b).

Accordingly, we *grant* the parties’ joint motion to terminate the trial proceedings in IPR2017-01120 and IPR2018-00627. However, because the requests for trial termination were filed before decisions on trial institution were entered in IPR2018-00631, IPR2018-00633, and IPR2018-00634, we *dismiss* the Petitions in those preliminary proceedings. We also *grant* the parties’ joint motion to file the settlement agreement as business confidential information in each proceeding, to be kept separate from the files of the involved patents.

This paper does not constitute a final written decision pursuant to 35 U.S.C. § 318(a).

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IPR2018-00634 (Patent 9,456,632)

## ORDER

It is

ORDERED that the parties' joint motions to terminate trial in IPR2017-01120 and IPR2018-00627 are *granted*;

FURTHER ORDERED that the Petitions are *dismissed* in IPR2018-00631, IPR2018-00633, and IPR2018-00634; and

FURTHER ORDERED that the parties' joint request that the settlement agreement be treated as business confidential information, to be kept separate from the patent file, is *granted* in each proceeding.

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