

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

DTN, LLC,
Petitioner,

v.

FARMS TECHNOLOGY, LLC,
Patent Owner.

Case IPR2018-01412 (Patent 7,991,685 B2)
Case IPR2018-01525 (Patent 7,742,979 B2)

Before SCOTT C. WEIDENFELLER, *Vice Chief Administrative Patent Judge*, GEORGE R. HOSKINS, and FRANCES L. IPPOLITO, *Administrative Patent Judges*.

HOSKINS, *Administrative Patent Judge*.

DECISION

*Denying Joint Requests to Expunge Collateral Agreements,
Granting Joint Requests to Treat Agreements as Confidential, and
Granting Joint Motions to Terminate Proceedings
35 U.S.C. § 317; 37 C.F.R. §§ 42.72, 42.74*

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I. Introduction and Procedural Background

In each of these two proceedings, the parties have filed a Joint Motion to Terminate the proceeding on the basis of a settlement reached by the parties. *See* 35 U.S.C. § 317(a); 1412 IPR, Paper 17; 1525 IPR, Paper 17.

Pursuant to 35 U.S.C. § 317(b):

Any agreement or understanding between the patent owner and a petitioner, including any collateral agreements referred to in such agreement or understanding, made in connection with, or in contemplation of, the termination of an inter partes review under this section shall be in writing and a true copy of such agreement or understanding shall be filed in the Office before the termination of the inter partes review as between the parties.

Id. Pursuant to that statute, in connection with the Joint Motions to Terminate, the parties also filed a copy of their written settlement agreement (Exhibit 1012 in both proceedings, hereafter “Settlement Agreement”), and Joint Requests that the Settlement Agreement be treated as business confidential information.¹ 1412 IPR, Paper 18; 1525 IPR, Paper 16.

Upon review of the foregoing, on May 1, 2019, we sent an e-mail communication to counsel of record in both proceedings, in which we informed counsel that “the Board has some inquiries concerning other agreements that are referenced in the Settlement Agreement, and the filing requirements of 35 U.S.C. § 317(b) and 37 C.F.R. § 42.74(b).” A telephone conference was scheduled for May 9, 2019 to discuss those inquiries.

¹ In an e-mail communication dated April 29, 2019, we noted that the parties did not seek (and therefore were not granted) prior authorization before filing the Papers submitted on April 23, 2019. *See* 37 C.F.R. § 42.20(b). Our e-mail waived the requirement for prior authorization for those Papers, and further granted authorization to file further Papers. The further Papers were thereafter submitted on April 29, 2019.

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During the May 9 telephone conference, Judges Weidenfeller, Hoskins, and Ippolito participated on behalf of the Board. David Cabello, James Hall, and Dan Morris appeared on behalf of Petitioner. Joshua Larsen and Todd Vare appeared on behalf of Patent Owner. The Board explained that the Settlement Agreement refers to two other agreements (hereafter “Collateral Agreements”), which may be subject to the mandatory filing requirement of § 317(b). Counsel for both parties argued that the two Collateral Agreements are not subject to the mandatory filing requirement of § 317(b). We took this issue under advisement at the end of the telephone conference.

On May 10, 2019, we sent another e-mail communication to counsel of record in both proceedings, indicating “that based upon the facts presented here, the two [Collateral Agreements] referenced in the Settlement Agreement must be filed before the proceedings may be terminated via settlement under 35 U.S.C. § 317.” We also scheduled another telephone conference on May 15, 2019.

During the May 15 telephone conference, Judges Weidenfeller, Hoskins, and Ippolito participated on behalf of the Board. David Cabello and James Hall appeared on behalf of Petitioner. Joshua Larsen appeared on behalf of Patent Owner. We briefly explained the reasoning behind the conclusion stated in our May 10 e-mail. Counsel continued to maintain that the two Collateral Agreements are not subject to the mandatory filing requirement of § 317(b). However, counsel proposed that they would file the Collateral Agreements for the Board’s consideration in that regard, along with Requests to treat the Collateral Agreements as business confidential information, and Motions to Expunge the Collateral Agreements. Counsel

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expressed the view that the Board could use the Motions to Expunge as a vehicle to reach a final decision concerning whether the Collateral Agreements are subject to the mandatory filing requirement of § 317(b), and then grant the Motions to Terminate regardless of whether the Collateral Agreements are expunged. The Board granted authorization for the parties to make the proposed filings, and set a five page limit on the Motions to Expunge.

Accordingly, on May 21, 2019, the parties filed the two Collateral Agreements (Exhibits 2008 and 2009 in both proceedings). The parties also filed Joint Requests that the Collateral Agreements be treated as business confidential information. 1412 IPR, Paper 19; 1525 IPR, Paper 18. The parties further filed Joint Motions to Expunge the Collateral Agreements. 1412 IPR, Paper 20; 1525 IPR, Paper 19.

II. Joint Motions to Expunge the Collateral Agreements

The parties filed the same Joint Motion to Expunge the two Collateral Agreements in both proceedings. 1412 IPR, Paper 20; 1525 IPR, Paper 19. We will hereafter cite only to the 1412 IPR filing for convenience. The parties contend the Collateral Agreements “do not fall within the scope of 35 U.S.C. § 317 and 37 C.F.R. § 42.74” for two reasons, which we consider in turn. 1412 IPR, Paper 20, 1–2.

A. Agreement “between the patent owner and a petitioner”

First, the parties contend § 317(b) does not require the filing of the Collateral Agreements because the agreements are not “between the patent owner and a petitioner” (35 U.S.C. § 317(b)) or “between the parties” (37 C.F.R. § 42.74(b)). 1412 IPR, Paper 20, 1–2. The parties interpret

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§ 317(b) to require the filing only of collateral agreements that are between the patent owner and a petitioner, and cite the use of the term “including” before “any collateral agreements” in the statute as supporting that interpretation. *Id.* at 2–3. Construing the statute to include collateral agreements that are not between the patent owner and a petitioner would, in the parties’ view, improperly replace the term “including” with the term “and.” *Id.* at 3. The parties further rely on the statutory construction principle that “a general statutory term should be understood in light of the specific terms that surround it” as indicating, when applied to § 317(b), that “the general term ‘any collateral agreements’ should not be read to broaden the more specific term ‘agreement or understanding between the patent owner and a petitioner.’” *Id.* (citing *Hughey v. U.S.*, 495 U.S. 411, 418–19 (1990)). The parties moreover contend 37 C.F.R. § 42.74(b) interprets the statute as being limited to agreements “*between the parties*,” that is, between the patent owner and a petitioner. *Id.* at 3–4 (emphasis in original). The parties, finally, point out that neither of the two Collateral Agreements is between the patent owner and a petitioner in these two proceedings, because the patent owner (Farms Technology, LLC) is not a party to either agreement. *Id.* at 4.

In consideration of the foregoing, 35 U.S.C. § 317(b) pertinently requires the filing of “[a]ny agreement or understanding between the patent owner and a petitioner, including any collateral agreements referred to in such agreement or understanding” In this case, the Settlement Agreement (Ex. 1012) is between patent owner Farms Technology, LLC and petitioner DTN, LLC. *See, e.g.*, 1412 IPR, Paper 18, 2 (referring to the Settlement Agreement as being “between the parties”). The Settlement

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