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Paper 8
Date: August 3, 2021

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SAMSUNG ELECTRONICS CO., LTD.,
Petitioner,

v.

TELEFONAKTIEBOLAGET LM ERICSSON,
Patent Owner.

IPR2021-00446	IPR2021-00508	IPR2021-00587	IPR2021-00683
IPR2021-00447	IPR2021-00509	IPR2021-00588	IPR2021-00684
IPR2021-00450	IPR2021-00536	IPR2021-00613	IPR2021-00685
IPR2021-00459	IPR2021-00537	IPR2021-00614	IPR2021-00729
IPR2021-00460	IPR2021-00539	IPR2021-00615	IPR2021-00730
IPR2021-00486	IPR2021-00567	IPR2021-00643	IPR2021-00731
IPR2021-00487	IPR2021-00568	IPR2021-00644	IPR2021-00732[1]
	IPR2021-00569	IPR2021-00645	

Before MIRIAM L. QUINN, NATHAN A. ENGELS, SHEILA F. McSHANE, and JULIET MITCHELL DIRBA, *Administrative Patent Judges*.[2]

Opinion for the Board filed *per curiam*.
Opinion dissenting filed by QUINN, *Administrative Patent Judge*.

[1] We exercise our discretion to issue a single order to be entered in each of the identified proceedings. The parties are not authorized to use this style heading in subsequent papers. We do not list the patents at issue in these proceedings because this Paper does not address or depend upon the substance of any of those patents.

[2] This is not an expanded panel of the Board; rather, the four judges are paneled in various groups of three in the identified proceedings.

ORDER
Dismissal Prior to Institution of Trial
37 C.F.R. § 42.71(a)

In an e-mail dated May 14, 2021, the Board authorized Petitioner to file unopposed motions to dismiss or terminate these proceedings prior to institution. The Board's e-mail stated that if Petitioner is requesting dismissal or termination pursuant to a settlement between the parties, the parties should file a copy of any settlement agreements.

On May 19, 2021, in each proceeding identified above, Petitioner filed an Unopposed Motion to Dismiss the Petition for *Inter Partes* Review (collectively the "Motions"). IPR2021-00446, Paper 6.[3] In the Motions, Petitioner states that the parties have settled their disputes and that good cause exists for dismissal. *Id.* at 5–6. Petitioner also argues that it should not be required to file a copy of the parties' settlement agreement. *Id.*

DISCUSSION

The first of these proceedings began with a Petition filed on January 29, 2021. Paper 2; *see* Paper 3 (Notice of Filing Date Accorded entered February 9, 2021). Only a few months later, before the Board issued a decision on institution in any of the proceedings, the parties reached a settlement, and Petitioner requested dismissals. Paper 6.

The Board generally has requested that parties file copies of settlement agreements when seeking dismissal or termination of a proceeding pursuant to a settlement. Where a proceeding has passed the

[3] In the interest of expediency, we cite only to the papers in IPR2021-00446. Similar motions were also filed in each of the other proceedings.

institution stage and has entered the trial phase, that requirement arises under 35 U.S.C. § 317. Section 317 expressly requires that any agreements made in connection with termination of an "instituted" *inter partes* review shall be filed with the Office before termination. Section 317 does not apply to dismissal or termination of a proceeding prior to institution. *See* Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 Fed. Reg. 48,612, 48,625 (Aug. 14, 2012) ("35 U.S.C. 135(e), and 317, as amended, and 35 U.S.C. 327 will govern settlements of Board trial proceedings but do not expressly govern pre-institution settlement.").

Less clear is 37 C.F.R. § 42.74, which also addresses settlement. Section 42.74(b) states: "Any agreement or understanding between the parties made in connection with, or in contemplation of, the termination of a proceeding shall be in writing and a true copy shall be filed with the Board before the termination of the trial."[4] Thus, § 42.74(b) addresses settlement and termination of a "proceeding," requiring that agreements to terminate a proceeding must be in writing. Section 42.74(b) also states that a copy of an agreement to terminate a proceeding "shall be filed with the Board before the termination of the trial." Although the term "proceeding" includes trial and preliminary proceedings, "trial" is defined in 37 C.F.R. § 42.2 as "a

[4] Relevant to that language, the Definitions in 37 C.F.R. § 42.2 provide that "*Proceeding* means a trial or preliminary proceeding"; "*Trial* means a contested case instituted by the Board [that] begins with a written decision notifying the petitioner and patent owner of the institution of the trial"; and "*Preliminary Proceeding* begins with the filing of a petition for instituting a trial and ends with a written decision as to whether a trial will be instituted."

contested case instituted by the Board" that "begins with a written decision notifying the petitioner and patent owner of the institution of the trial." As such, even though § 42.74(b) uses "proceeding" in the first instance to require that settlement agreements be in written form even for proceedings in the preliminary, pre-institution stage, in contrast, the language requiring parties to file settlement agreements is tied to, and a prerequisite for, "termination of the trial." The second requirement is consistent with § 317. Conversely, to read the language requiring parties to file settlement agreements to apply to all "proceedings" would read out the language "before termination of the trial" from the Rule.

In further contrast to "termination of the trial," the Board's regulations permit "dismissal" of a petition. Specifically, dismissal is one of three possible outcomes provided under 37 C.F.R. § 42.71(a): "The Board . . . may grant, deny, or dismiss any petition . . . ." No statute or regulation addresses settlement agreements in conjunction with "dismissals" of a petition.

Thus, although the Board has generally required parties to file settlement agreements without regard to the stage of the proceeding, the applicable statutes and regulations make a distinction: for instituted proceedings the statutes and regulations specifically require parties to file copies of written settlement agreements; for preliminary proceedings, the regulations provide for "dismissal" of a petition without specifically requiring that parties file settlement agreements. Accordingly, because there are no explicit provisions in the statutes or regulations that settlement

agreements to be filed in pre-institution dismissals, we decline to impose the requirement here.

Petitioner has shown good cause for dismissal of its Petitions. The parties have settled their dispute, the proceedings are early in the preliminary stages, Patent Owner has not filed any preliminary responses, and the Board has not issued any decisions or otherwise invested in the merits of these proceedings. Dismissing the Petitions at this stage promotes the Board's objective of achieving "just, speedy, and inexpensive resolution of every proceeding." 37 C.F.R. § 42.1(b). It also facilitates settlement. *See* PTAB Consolidated Trial Practice Guide 86 (Nov. 2019)[5] ("There are strong public policy reasons to favor settlement between the parties to a proceeding.").

Accordingly, we grant Petitioner's Unopposed Motion to Dismiss the Petition for *Inter Partes* Review in each of these proceedings. This Order does not constitute a final written decision under 35 U.S.C. § 318(a).

ORDER

In consideration of the foregoing, it is hereby:

ORDERED that Petitioner's Unopposed Motion to Dismiss Petition for *Inter Partes* Review in each of these proceedings is *granted*, the Petition in each of these proceedings is *dismissed*, and the proceedings are *terminated*.

[5] *Available at* https://www.uspto.gov/TrialPracticeGuideConsolidated.

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QUINN, *Administrative Patent Judge*, dissenting.

I respectfully dissent from the majority's decision dismissing the instant Petitions because the majority fails to require the parties to file the settlement agreement.

The rules of the Board provide a single rule expressly authorizing terminations without rendering a final written decision: 37 C.F.R. § 42.72. That rule, however, refers to terminating a "trial," which the majority correctly concludes refers to an instituted proceeding. Thus, Rule 72 does not apply to the circumstances we have here—a request to terminate a trial before institution due to settlement of the parties.

Rule 42.73(b) is another Board Rule that has been applied to terminations, but does not apply here. Rule 42.73(b) authorizes the Board to terminate a proceeding by rendering a "judgment." Specifically, 37 C.F.R. § 42.73(b) allows for a party to "request judgment against itself at any time during a proceeding." And the definition of "judgment," according to the

Board's rules, includes "a termination of a proceeding." *Id.* § 42.2. Thus, under Rule 42.73(b), the Board may enter a final order granting a party's request to dismiss a Petition, which the Board construes as a request for a termination. Neither party requests that we terminate this proceeding under Rule 42.73(b)—and for good reason. The parties settled their dispute and the Board has a settlement-specific rule: Rule 42.74—which the majority interprets in a manner that (1) disregards anticompetitive concerns that have been part of the history of contested cases at the USPTO for over 50 years; (2) rewrites a Board rule that is not ambiguous; and (3) is inconsistent with a substantial majority of the Board's settlement-driven terminations pre-institution to date.[6]

(1) Anticompetitive Concerns and Contested Cases at USPTO

The requirement to file the settlement agreement in contested cases at the Board reflects a long-standing practice that goes back to interferences. *Johnston v. Beachy*, Interference No. 104,286 (BPAI 2001) (Paper 200)

[6] The parties or real parties-in-interest to this proceeding are aware (and have notice) of the Board's procedures regarding terminations due to settlement pre-institution and the applicability of Rule 74 to those requests for termination. *See, e.g.*, Order on Joint Motion to Terminate, *Samsung Electronics America, Inc. v. Tactile Feedback Tech.*, IPR2016-00202 (PTAB Feb. 23, 2016) (Paper 8) (terminating proceeding pre-institution, and acknowledging the filing of the settlement agreement and granting the motion to keep the agreement confidential and separate); Decision on Joint Motion to Terminate, *Telefonaktiebolaget LM Ericsson v. Cellular Communications Equipment*, IPR2016-01484 (PTAB Jan. 6, 2017) (Paper 11) (terminating proceeding pre-institution, and acknowledging the filing of the settlement agreement and granting the request to keep the agreement separate and confidential).

(precedential). The requirement to file settlement agreements began with the enactment of Public Law 87-831, in 1962.[7] Although the law was subsequently amended, the essence of the filing requirement remained largely unchanged, until 35 U.S.C. § 135(c), the settlement-agreement provision in interferences, was replaced by the overhaul to Board proceedings under the AIA.

The impetus for requiring settlement agreements in 1962 is documented in the Congressional Record. In connection with the debate on whether anticompetitive behavior in Board proceedings could be investigated, Congress addressed the USPTO's role as the depository of the settlement agreements so that the Federal Trade Commission and the Department of Justice would have easier access to documents germane to investigations regarding violations of antitrust laws.[8] The concerns at the time were focused on settlements involving pharmaceuticals, but the concerns were not unique to that industry. The documented concerns were anticompetitive practices between rival private parties in which there would be conditions to withdrawing from the contest, and further agreements concerning identifying potential licensees and their royalty payments, not to mention the restrictive provisions on selling and marketing activities of each

[7] *See* Public Law 87-831—Oct. 15, 1962, https://www.govinfo.gov/content/pkg/STATUTE-76/pdf/STATUTE-76-Pg958.pdf

[8] *See* Congressional Record, Senate, October 6, 1962, 22041, https://www.govinfo.gov/content/pkg/GPO-CRECB-1962-pt16/pdf/GPO-CRECB-1962-pt16-5.pdf (debate on the drug bill that also included the settlement filing requirement, which was broadened by the bill that became § 135(c)).

other.[9] As I understand the history of the Board, the USPTO has promulgated an AIA rule (discussed below) that gives effect to its long-standing practice of requiring the filing of settlement agreements between parties, regardless of whether the contested case is a "preliminary proceeding" or a "trial" as defined in Rule 42.2.

(2) The Statute Versus the Board's Rule

The governing statute requires filing of settlement agreements (and collateral agreements referred to in those agreements) "made in connection with, or in contemplation of, the termination of an inter partes review under this section." 35 U.S.C. § 317(b). Section 317 does not *expressly* govern pre-institution settlement because it refers to "inter partes review." *See* Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 Fed. Reg. 48,612, 48,625 (Aug. 14, 2012) (stating that "35 U.S.C. 135(e), and 317, as amended, and 35 U.S.C. 327 will govern settlements of Board trial proceedings but do not expressly govern pre-institution settlement"). Section 317, however, does not preclude the Board from requiring the filing of pre-institution settlement agreements.

Indeed, I view the *Board's rule as expressly requiring* the filing of settlement agreements "between the parties made in connection with, or in contemplation of, the termination of a proceeding." 37 C.F.R. § 42.74(b). The Board's rules define "proceeding" as "a trial or preliminary proceeding." 37 C.F.R. § 42.2. The Rules further state that a "[p]reliminary

[9] *Id.* at 22048.

[p]roceeding begins with the filing of a petition for instituting a trial and ends with a written decision as to whether a trial will be instituted." *Id*. Therefore, I read Rule 42.74(b) as requiring parties who settle before the Board issues an institution decision (i.e., during a "preliminary proceeding") to file the settlement agreement when seeking termination of that proceeding.

The unopposed Motion and the majority place undue emphasis on a phrase of Rule 42.74(b) without considering the full scope of "proceeding" set forth in our Rules. The majority effectively rewrites Rule 42.74(b) to read "any agreement or understanding between the parties made in connection with, or in contemplation of, the termination of a *trial* [rather than *proceeding*] shall be made in writing and a true copy shall be filed with the Board before the termination of the trial." This rewritten Rule would transform a phrase addressing the timing of *when* to file the settlement agreement (i.e., before the termination of the trial) into a phrase that also places conditions on *which* agreements need to be filed (apparently only those agreements that settle an instituted trial). The plain text of Rule 42.74(b) requires that all agreements made in connection with a proceeding need to be filed, regardless of whether the Board has instituted trial. The phrase "before the termination of the trial" places limits only on *the latest possible time* at which the parties must file their settlement agreement. In plain terms, the latest time at which a party can seek termination of a proceeding because they have agreed to a settlement is before the end of the trial. The timing of the filing, in my view, is not a "condition" limiting the effect of Rule 42.74(b) only to the trial period—it simply requires that the

written agreement needs to be filed before we terminate, the latest of which is before the proceeding ends.

Therefore, I respectfully disagree with my colleagues because I conclude that Rule 42.74(b) requires the filing of all settlement agreements made before we terminate a proceeding.

(3) Inconsistency at the Board

The Rule in question is a procedural rule that the USPTO promulgated under its rulemaking authority in 2012. Since then, and until very recently, the Board has consistently required the filing of pre-institution settlement agreements in connection with termination requests. I could cite a robust number of AIA proceedings that have been terminated since 2013—starting as far as I know with IPR2013-00130—all of which were in the pre-institution stage and were terminated due to settlement, and, thus, required the filing of the settlement agreement. The majority decision runs contrary to that consistent application of Rule 42.74(b) to date. Although recently, a few panels have granted requests for termination before institution due to settlement without requiring the parties to file the settlement agreement, those decisions do not analyze Rule 42.74(b) or whether such a ruling is consistent with our prior application of that Rule. Such deviations in our procedural jurisprudence create inconsistency in our decision-making and have the potential to confuse stakeholders and the public-at-large. Tasked, however, with the mere application of the Rules to the facts of each case (e.g., Administrative Patent Judges are not tasked to make policy for the Board), I would prefer to handle this matter in a manner that is consistent with our long-standing practice and the express language of Rule 42.74(b).

And I am not aware of any policy or directive to the contrary. Therefore, I remain a servant to the body of consistent application of the Rules and the interpretation of the Rule as stated above.

Accordingly, I respectfully dissent from the majority's decision because I would terminate the proceeding only upon the filing of the written settlement agreement.

IPR2021-00446, -00447, -00450, -00459, -00460, -00486, -00487, -00508, -00509, -00536, -00537, -00539, -00567, -00568, -00569, -00587, -00588, -00613, -00614, -00615, -00643, -00644, -00645, -00683, -00684, -00685, -00729, -00730, -00731, -00732

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