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Patent Trial and Appeal Board  
**PRECEDENTIAL**  
Standard Operating Procedure 2  
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Paper 21  
Entered: June 14, 2019

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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DTN, LLC,  
Petitioner,

v.

FARMS TECHNOLOGY, LLC,  
Patent Owner.

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

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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*

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.<sup>1</sup> 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.

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<sup>1</sup> 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.

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

§ 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

Agreement, thus, is an “agreement or understanding between the patent owner and a petitioner” as specified in 35 U.S.C. § 317(b).

It is, further, undisputed that the Settlement Agreement refers to the two Collateral Agreements. *See* Ex. 1012, 1–2 (Clauses #10 and #11 of twelve “WHEREAS” Clauses). In requiring the filing of the Settlement Agreement “including *any* collateral agreements referred to” in the Settlement Agreement, the statute does not require any more than that. 35 U.S.C. § 317(b) (emphasis added).

In particular, the statutory language of § 317(b) does not limit the “collateral agreements” to agreements that are between the patent owner and a petitioner. We conclude, instead, that the term “any” means “any,” so the collateral agreements need not be between the patent owner and a petitioner to fall under the ambit of the statute. It is sufficient for a collateral agreement (here, the two Collateral Agreements) to be referred to in an agreement between the patent owner and a petitioner (here, the Settlement Agreement). By referring to the two Collateral Agreements, the Settlement Agreement includes the Collateral Agreements, as required by § 317(b), regardless of whether patent owner Farms Technology, LLC, and petitioner DTN, LLC, are both parties to the Collateral Agreements. Thus, while the parties are correct that patent owner Farms Technology, LLC is not a party to either one of the two Collateral Agreements, that fact does not exempt the two Collateral Agreements from the filing requirement of § 317(b).

37 C.F.R. § 42.74(b) is not contrary to the foregoing understanding of 35 U.S.C. § 317(b). The regulation pertinently refers only to “[a]ny agreement or understanding *between the parties . . .*” 37 C.F.R. § 42.74(b) (emphasis added). That is, the regulation does not refer to the “collateral

“agreements” described in the statute at all, much less specify that the collateral agreements must be between the patent owner and a petitioner. The regulation, therefore, is not particularly pertinent to the statutory construction presented here. Further, our review of the commentary accompanying the regulation does not shed any light on the applicability of the regulation to the “collateral agreements” referenced in the statute. *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 & 48,649–50 (Aug. 14, 2012). Absent a clear indication to the contrary, which we do not find in either the regulatory text or in the accompanying commentary, we do not agree with the parties’ interpretation of 37 C.F.R. § 42.74(b) as setting forth Office policy on the correct interpretation of the “collateral agreements” clause in 35 U.S.C. § 317(b).

The decision in *Hughey v. U.S.*, 495 U.S. 411 (1990), also does not support the parties’ position here. In the *Hughey* decision, the Court considered a criminal statute that provided:

The court, in determining whether to order restitution under [18 U.S.C. § 3579] and the amount of such restitution, shall consider the amount of the loss sustained by any victim as a result of the offense, the financial resources of the defendant, the financial needs and earning ability of the defendant and the defendant’s dependents, *and such other factors as the court deems appropriate.*

*Hughey*, 495 U.S. at 416–417 (emphasis added). The United States Government argued that the statute’s final, “catchall phrase . . . authorizes courts to include in their restitution calculus losses resulting from offenses other than the offense of conviction.” *Id.* at 417. The Court rejected the Government’s argument in pertinent part on the basis that “the . . . remaining

considerations preceding the catchall phrase are designed to limit, rather than to expand, the scope of any order of restitution.” *Id.* at 418–19. By contrast, in the case presented here, the surrounding terms in § 317(b) are expansive rather than restrictive in nature, in referring to “[a]ny agreement or understanding between the patent owner and a petitioner, *including any* collateral agreements referred to in such agreement or understanding” (emphases added). Moreover, the statutory language at issue here (“including any collateral agreements referred to . . . ”) is not sufficiently akin to the general or catchall language at issue in *Hughey* (“and such other factors as the court deems appropriate”) to require application of the same canon of statutory construction.

Finally, interpreting § 317(b) in the manner proposed by the parties here would allow parties to IPR proceedings to circumvent the statute’s filing requirement easily, thereby frustrating the purpose of the statute. The parties to an IPR proceeding could enter into a very short agreement between themselves, referring to a separate agreement between one or more related but different corporate entities than the parties to the IPR proceeding, either controlling or controlled by the parties to the proceeding. That separate agreement, which the parties here contend would be exempt from § 317(b), would contain all the terms the parties desire to insulate from review by “Federal Government agencies on written request” or “any person on a showing of good cause.” 35 U.S.C. § 317(b).

Thus, we conclude the two Collateral Agreements fall under the scope of 35 U.S.C. § 317(b), despite that patent owner Farms Technology, LLC is not a party to either one of the two Collateral Agreements.

*B. Agreement “made in connection with, or in contemplation of, the termination of” IPR Proceedings*

Second, the parties contend the two Collateral Agreements are not required to be filed because they were not “made in connection with, or in contemplation of, the termination of” these two IPR proceedings. 1412 IPR, Paper 20, 1–2, 4–5 (quoting 35 U.S.C. § 317(b) and 37 C.F.R. § 42.74(b)). In support, the parties point out that one Collateral Agreement (Ex. 2008) does not mention either of these two proceedings. *Id.* at 5. The parties point out that the other Collateral Agreement (Ex. 2009) refers to these two proceedings in introductory “WHEREAS” clauses, yet “none of the obligations undertaken . . . requires or depends upon the termination of either [IPR proceeding] in any way.” *Id.* The parties maintain “the termination (or non-termination) of these IPRs will have no effect on the [two] Collateral Agreements.” *Id.*

The problem with the foregoing arguments is that § 317(b) does not require the Collateral Agreements to have been “made in connection with, or in contemplation of, the termination” of the IPR proceedings. The statute requires the “agreement or understanding between the patent owner and a petitioner” (i.e., the Settlement Agreement here) to be “made in connection with, or in contemplation of, the termination of an inter partes review under this section.” 35 U.S.C. § 317(b). Our regulation likewise requires that only the “agreement or understanding between the parties” (again, the Settlement Agreement here) be “made in connection with, or in contemplation of, the termination of a proceeding.” 37 C.F.R. § 42.74(b). The Collateral Agreements need only be “referred to” in the Settlement Agreement to qualify under § 317(b), which they undisputedly are.

*C. Conclusion on Joint Motions to Expunge the Collateral Agreements*

For the foregoing reasons, we conclude the two Collateral Agreements fall under the ambit of 35 U.S.C. § 317(b) as agreements that must be filed in the Office before these two proceedings may be terminated. We, therefore, *deny* the Joint Motions to Expunge the Collateral Agreements.

*III. Joint Requests to Treat the Settlement Agreement, and the Two Collateral Agreements, as Business Confidential Information*

The parties have filed Joint Requests to treat the Settlement Agreement, and the two Collateral Agreements, as business confidential information pursuant to 35 U.S.C. § 317(b). 1412 IPR, Papers 18 & 19; 1525 IPR, Papers 16 & 18. These Requests are *granted*, and the Settlement Agreement (Ex. 1012) as well as the two Collateral Agreements (Exs. 2008 & 2009) will be treated as business confidential information under 35 U.S.C. § 317(b) and 37 C.F.R. § 42.74(c).

*IV. Joint Motions to Terminate the Proceedings*

The parties have filed Joint Motions to Terminate each proceeding pursuant to 35 U.S.C. § 317(a), on the basis of a settlement reached by the parties. 1412 IPR, Paper 17; 1525 IPR, Paper 17. The parties indicate they have settled their underlying disputes and have executed the Settlement Agreement (Ex. 1012) to terminate these two proceedings, as well as the District Court litigation involving the '685 patent and the '979 patent: Civil Action No. 2:18-cv-02495, in the District of Kansas. 1412 IPR, Paper 17, 3; 1525 IPR, Paper 17, 3. The parties further indicate they have filed or shortly will file dismissal papers in that litigation, and they have

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agreed to settle and dismiss all other litigation between them. 1412 IPR, Paper 17, 3; 1525 IPR, Paper 17, 3.

Generally, the Board expects that a proceeding will terminate after the filing of a settlement agreement. *See* 35 U.S.C. § 317(a) (“An inter partes review instituted under this chapter shall be terminated with respect to any petitioner upon the joint request of the petitioner and the patent owner, unless the Office has decided the merits of the proceeding before the request for termination is filed.”); 37 C.F.R. § 42.72 (“The Board may terminate a trial without rendering a final written decision, where appropriate, including . . . pursuant to a joint request under 35 U.S.C. 317(a)’’); *see also* 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.”). Here, the proceeding is at a relatively early stage and a final written decision has not been reached or entered. Accordingly, we are persuaded that, under these circumstances, termination of this proceeding is appropriate, and we *grant* the Joint Motions to Terminate the proceedings.

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

V. Order

In consideration of the foregoing, it is hereby:

ORDERED that the Joint Motions to Expunge the two Collateral Agreements (1412 IPR, Paper 20; 1525 IPR, Paper 19) are each *denied*;

FURTHER ORDERED that the Joint Requests (1412 IPR, Papers 18 & 19; 1525 IPR, Papers 16 & 18) to treat the Settlement Agreement

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(Exhibit 1012) and the two Collateral Agreements (Exs. 2008 & 2009) as business confidential information are each *granted*, and those agreements shall be kept separate from the files of U.S. Patent No. 7,991,685 B2 and U.S. Patent No. 7,742,979 B2, and made available only to Federal Government agencies on written request, or to any person on a showing of good cause, under 35 U.S.C. § 317(b) and 37 C.F.R. § 42.74(c); and

FURTHER ORDERED that the Joint Motions to Terminate these proceedings (1412 IPR, Paper 17; 1525 IPR, Paper 17) are each *granted*, and the proceedings are hereby *terminated* under 35 U.S.C. § 317(a) and 37 C.F.R. § 42.72.

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