

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ISRAEL WEAPON INDUSTRIES (I.W.I) LTD.,
Petitioner,

v.

SMART SHOOTER, LTD.,
Patent Owner.

IPR2020-01420
Patent 10,097,764 B2

Before DEBRA K. STEPHENS, MELISSA A. HAAPALA, and
KRISTI L. R. SAWERT, *Administrative Patent Judges*.

STEPHENS, *Administrative Patent Judge*.

DECISION
Settlement Prior to Institution of Trial
37 C.F.R. § 42.74

I. INTRODUCTION

On March 22, 2021, pursuant to the Board's authorization, Israel Weapon Industries (I.W.I) Ltd. ("Petitioner") and Smart Shooter, Ltd. ("Patent Owner") (collectively, "the Parties") filed a Joint Motion to Terminate the Proceeding and Joint Request to Keep Papers Separate as Business Confidential Information (Paper 10 ("Joint Motion")). In support

of the Joint Motion, the Parties filed a copy of a Notice of Mediation Settlement and Motion for Entry of Judgement translated from Hebrew to English (Ex. 1021 (“Settlement Agreement”).

II. DISCUSSION

In the Joint Motion, the Parties state that they have “settled their dispute concerning the ’764 Patent” and jointly request termination of the *inter partes* review (Joint Motion 1, 3). The Parties state the Settlement Agreement has been filed concurrently (*id.*).

The Parties assert “termination is proper” because:

[T]he Board has not yet “decided the merits of the proceeding” [and] . . . the Board has not decided whether to institute *inter partes* review;

[T]he Parties have not engaged in discovery in this proceeding;

No dispute remains between Patent Owner and . . . Petitioner involving the ’764 Patent;

[N]o U.S. district-court litigation [is] pending with respect to the ’764 Patent; [and]

[T]ermination of the instant *inter partes* review at this early stage . . . would save the Board significant administrative and judicial resources

(*id.* at 3). The Parties attest that the Settlement Agreement is “a true and correct copy of the document along with an English translation” (*id.* at 1 (citing Ex. 1021))¹. The Parties further “represent that they have complied

¹ The Parties state the “Settlement Agreement and translation [are] accompanied by an affidavit of Dafna Baskin. The Parties agree that to the extent there is any conflict between the English translation and the original Hebrew language of the Confidential Settlement Agreement, the original Hebrew language shall prevail” (Joint Motion 1, n. 1).

with 37 C.F.R. § 42.74 . . . [and] that aside from the written agreement concurrently filed with the Board there are no other agreements, oral or written, between the parties and made in connection with, or in contemplation of, the termination of the proceeding” (*id.* at 1–2).

There are strong public policy reasons to favor settlement between the parties to a proceeding (Office Patent Trial Practice Guide, 84 Fed. Reg. 64,280 (Nov. 21, 2019) (Available at <https://www.uspto.gov/TrialPracticeGuideConsolidated>)). The proceeding is in its preliminary phase, and we have not yet decided whether to institute a trial in the proceeding. In view of the early stage of the proceeding and the settlement between the Parties, we determine that it is appropriate to dismiss the petition and terminate the proceeding as to the Parties, without rendering a decision on institution or a final written decision.

In the Joint Request, the Parties “request that the . . . Settlement Agreement filed herewith as Exhibit 1021[,] be treated as business confidential information, be kept separate from the files of the above-captioned *inter partes* review, and be made available only to Federal Government agencies on written request, or to any person on a showing of good cause pursuant to 35 U.S.C. § 317(b) and 37 C.F.R. § 42.74(c)” (Joint Request 3).

The Parties assert “the Settlement Agreement . . . contain[s] highly sensitive business confidential information that would substantially harm their business interests if publicly disclosed” (Joint Motion 4). Thus, the Parties “further jointly request that the Board order that any person or entity making a written request, per 37 C.F.R. § 42.74(c)(1)–(2), for access to the . . . Settlement Agreement, serve such written request upon the Parties on the day the written request is provided to the Board” (*id.*).

After reviewing the Settlement Agreement between the Parties, we find that the Settlement Agreement contains confidential business information regarding the terms of settlement. We also determine that the Parties have complied with the requirements of 37 C.F.R. § 42.74(c) to have the Settlement Agreement be treated as business confidential information and kept separate from the files of the '764 Patent in this proceeding. Accordingly, we *grant* the Parties' request to treat the Settlement Agreement (Ex. 1021) between the Parties as business confidential information under 37 C.F.R. § 42.74(c) and keep the Settlement Agreement separate from the files of the involved patents and associated proceeding.

We *deny*, however, the Parties' request that the Board order that any person or entity making a written request, per 37 C.F.R. § 42.74(c)(1)–(2), for access to the Settlement Agreement, to serve such written request upon the Parties on the day the written request is provided to the Board, as this requirement is not contemplated by our Rules. In particular, 37 C.F.R. § 42.74(c) requires that the settlement agreement be made available to a government agency “on written request to the Board,” or to any other person “upon written request to the Board” and on showing of good cause; we decline to impose an additional burden on the requester to serve such written request upon the Parties.

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

III. ORDER

Accordingly, it is

ORDERED that the Joint Motion to Terminate is *granted*;

FURTHER ORDERED that the Joint Request to Treat Settlement Agreement as Business Confidential Information is *granted*, and the

Settlement Agreement shall remain designated as “Parties and Board Only” in the Board’s filing system, shall made available only to Federal Government agencies on written request, or to any person on a showing of good cause, and shall be kept separate from the files of the involved patent and associated proceeding, pursuant to 37 C.F.R. § 42.74(c);

FURTHER ORDERED that the Parties’ request that the Board order that any person or entity making a written request, per 37 C.F.R.

§ 42.74(c)(1)–(2), for access to the Settlement Agreement, serve such written request upon the Parties on the day the written request is provided to the Board, is *denied*; and

FURTHER ORDERED that the above-captioned proceeding is *terminated* and the petition is *dismissed*.

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