

UNITED STATES PATENT AND TRADEMARK OFFICE

---

BEFORE THE PATENT TRIAL AND APPEAL BOARD

---

NALU MEDICAL, INC.,  
Petitioner,

v.

NEVRO CORP.,  
Patent Owner.

---

IPR2021-01023  
Patent 9,333,357 B2

Before JOHN G. NEW, BARRY L. GROSSMAN, and  
ROBERT A. POLLOCK, *Administrative Patent Judges*.

GROSSMAN, *Administrative Patent Judge*.

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

On November 22, 2021, the parties filed a Joint Motion to Terminate this proceeding. Paper 13 (“Mot.”). Along with the Joint Motion, the parties filed a copy of a document they describe as “a true copy” (*id.* at 1) of a “Settlement Term Sheet” (Ex. 1031) covering various matters, including those involving the patent at issue in this proceeding. The parties also filed a Joint Request to Treat the Settlement Term Sheet as Business Confidential Information under 37 C.F.R. § 42.74(c). Paper 12.

This proceeding is still in its preliminary stages. Petitioner filed a Petition requesting an *inter partes* review of claims 1–36 (all claims) of U.S. Patent No. 9,333,357 B2 (Ex. 1001, “the ’357 patent”). Paper 1. Patent Owner filed a Preliminary Response. Paper 11. We have not entered a decision on whether to institute an *inter partes* review, which is due on or before December 16, 2021.

In their Joint Motion, the parties represent that they “have reached a settlement as to all the disputes in this proceeding.” Mot. 1; *see also id.* at 2 (“Nalu and Nevro have reached a settlement as to all the disputes in this proceeding”). The Settlement Term Sheet states that Patent Owner also shall promptly dismiss with prejudice the ’357 patent from related district court litigation following a decision by the Board to dismiss the IPR proceeding before us. Based on the Settlement Term Sheet, these obligations are binding on the parties.

The parties also state that, other than the Settlement Term Sheet agreement filed as Exhibit 1031, “[n]o other such agreements, written or oral, exist between or among the Parties relating to this proceeding.” Mot. 2. The parties acknowledge, however, that a future settlement agreement, covering terms other than the binding obligations in the Settlement Term Sheet related to this IPR proceeding and the related district court litigation,

is contemplated. The fact that a more definitive agreement is contemplated does not preclude a binding term sheet from serving as a basis for granting a motion to terminate. *See Allergan Inc. v. BTL Healthcare Technologies A.S.*, PGR2021-00022, Paper 18 (PTAB Jul. 6, 2021) (granting a motion to terminate based on a binding term sheet that contemplated a more definitive Settlement and License Agreement that will include additional terms).

This IPR proceeding is at an early stage, and we have not yet decided whether to institute a trial. In view of the early stage of the proceedings, the Joint Motion, and the binding obligations between the parties in the Settlement Term Sheet, we determine that good cause exists to terminate this proceeding. *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. § 42.71(a).

We also have reviewed the Settlement Term Sheet (Ex. 1031), and we determine that the Settlement Term Sheet contains business confidential information regarding the terms of the settlement and that good cause exists to treat the Settlement Term Sheet as business confidential information under 37 C.F.R. § 42.74(c).

ORDER

In consideration of the foregoing, it is hereby:

ORDERED that the Joint Motion to Terminate (Paper 13) is *granted*, and this proceeding is terminated due to settlement prior to institution of trial; and

FURTHER ORDERED that the parties' Joint Request (Paper 12) to treat the Settlement Term Sheet (Exhibit 1031) as business confidential information under 37 C.F.R. § 42.74(c) is *granted*.

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

FOR PETITIONER:

James Isbester  
Edward Mayle  
KILPATRICK TOWNSEND & STOCKTON LLP  
jisbester@kilpatricktownsend.com  
tmayle@kilpatricktownsend.com

FOR PATENT OWNER:

Alex S. Yap  
Mehran Arjomand  
MORRISON & FOERSTER LLP  
ayap@mofo.com  
marjomand@mofo.com