

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

DAIFUKU CO., LTD.,
Petitioner,

v.

CLX ENGINEERING,
Patent Owner.

IPR2024-00475
U.S. Patent No. 11,386,602

Before KRISTEN L. DROESCH, THOMAS L. GIANNETTI, and
DANIEL KAZHDAN, *Administrative Patent Judges*.

KAZHDAN, *Administrative Patent Judge*.

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

I. BACKGROUND

Daifuku Co., Ltd. (“Petitioner”) filed a Petition (Paper 1) requesting *inter partes* review of all eighteen claims of U.S. Patent No. 11,386,602 (Ex. 1001, the “’602 patent”). With Board authorization, Petitioner and Patent Owner filed a “Joint Motion to Terminate Inter Partes Review of US Patent 11,386,602 Under 37 C.F.R. 42.7.” Paper 7 (“Motion to Terminate”). The Motion to Terminate seeks termination of this proceeding due to settlement. Together with the Motion to Terminate, Petitioner filed an executed “Settlement Agreement.” Ex. 1018.

The parties represent that they “have entered into a written confidential settlement agreement that fully resolves this matter.” Motion to Terminate 1. They certify that they have filed a copy of the Settlement Agreement as Exhibit 1018 that “represents a true and accurate copy of the agreement between the Parties” and “that there are no other agreements, oral or written, between the Parties made in connection with, or in contemplation of, the termination of the present proceeding.” *Id.* The parties request that the Board grant the Motion to Terminate. *Id.* at 1–3.

The parties also filed a “Joint Motion to Keep Confidential and Separate Under 35 U.S.C. § 317(b) and 37 C.F.R. § 42.74(c).” Paper 6 (“Motion to Keep Confidential and Separate”). In this Motion, the parties ask that “the settlement agreement between the parties,” i.e., Exhibit 1018, be treated “as business confidential information[] and . . . be kept separate from the file of the involved patent.” *Id.* at 1.

II. DISCUSSION

Under 37 C.F.R § 42.74(a), the parties may agree to settle any issue in a proceeding. In this case, the parties certified that they have complied fully

with 37 C.F.R. § 42.74(b) by filing the written Settlement Agreement with the Board, by confirming that the agreement reflects a final settlement and resolution of all disputes relating to the patents between the parties, and by confirming that there are no other collateral agreements or understandings made in connection with, or in contemplation of, the termination sought. *See* Motion to Terminate 1.

We find that there is good cause to grant the Motion to Terminate. The Board has not entered an institution decision. “There are strong public policy reasons to favor settlement between the parties to a proceeding. . . . 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.” Consolidated Trial Practice Guide 86 (November 2019).¹

We also find that there is good cause for granting the Motion to Keep Confidential and Separate. We find that the Settlement Agreement contains sensitive business confidential information that would substantially harm their business interests if publicly disclosed. *See* Paper 6 at 1.

III. ORDER

In consideration of the foregoing, it is hereby

ORDERED that the parties’ Motion to Terminate is *granted* and the case is *terminated*;

¹ Available at <https://www.uspto.gov/TrialPracticeGuideConsolidated>.

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FURTHER ORDERED that the parties' Motion to Keep Confidential and Separate is *granted*, and the Settlement Agreement (Ex. 1018) shall remain sealed and kept separate from the files of the subject patent, consistent with 37 C.F.R. § 42.74(b).

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