

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

YUNEEC INTERNATIONAL CO. LTD., and YUNEEC USA, INC.,
Petitioners,

v.

SZ DJI TECHNOLOGY CO., LTD.,
Patent Owner.

Cases¹
IPR2017-00123 (9,164,506)
PGR2017-00001 (9,280,038)

Before MEREDITH C. PETRAVICK, BEVERLY M. BUNTING, and
FRANCIS L. IPPOLITO, *Administrative Patent Judges*.

BUNTING, *Administrative Patent Judge*.

JUDGMENT
Termination of Proceedings
35 U.S.C. § 317(a) and 37 C.F.R. § 42.72

¹ This Order addresses issues that are identical in both cases. We exercise our discretion to issue one Order to be filed in each case. The parties are not authorized to use this style heading for any subsequent papers.

Petitioners Yuneec International Co. LTD. and Yuneec USA, Inc., filed a petition seeking review of U.S. Patent No. 9,164,506 (the ‘506 patent) on October 21, 2016. Paper 2.² Petitioners and Patent Owner, SZ DJI Technology Co., LTD. (collectively referred to as “the parties”) requested and were granted authorization to file the present motion during a conference call between the parties and Judges Petravick, Bunting and Ippolito on February 2, 2017. Also during the call, Patent Owner requested authorization to file a motion to expunge its recently filed Patent Owner Preliminary Response (Paper 5).³ We indicated that we would reconsider Patent Owner’s request after filing of the present motion to terminate.

On February 21, 2017, Petitioners and Patent Owner, SZ DJI Technology Co., LTD. (collectively referred to as “the parties”), filed this joint motion to terminate each of these proceedings pursuant to a settlement agreement. Paper 6. The parties also filed true copies of their written settlement agreement, made in connection with the termination of these proceedings, in accordance with 35 U.S.C. § 317(b) and 37 C.F.R. § 42.72. Ex. 1027. Additionally, the parties submitted joint requests to have their settlement agreement treated as confidential business information under 35 U.S.C. § 317(b) and 37 C.F.R. § 42.74(c). Paper 7.

The parties submit that termination is appropriate because the parties have settled their dispute and have reached agreement to terminate both of these proceedings. Paper 6, 1. The parties represent that this settlement

² Paper and exhibit numbers refer to IPR2017-00123.

³ Patent Owner designated both its Patent Owner Preliminary Responses as “Board and Parties Only.” Paper 5.

agreement ends all disputes as to this patent, including the pending district court lawsuit, which has been dismissed without prejudice. *Id.* at 2.

The Parties are reminded that the Board is not a party to the settlement, and may identify independently any question of patentability. 37 C.F.R. § 42.74(a). Generally, however, the Board expects that a proceeding will terminate after the filing of a settlement agreement. *See, e.g., Office Patent Trial Practice Guide*, 77 Fed. Reg. 48756, 48768 (Aug. 14, 2012). These proceedings are still in the preliminary stages, and the Board has not issued yet a decision to institute an *inter partes* review.

Under the circumstances, based on the record before us, we determine that it is appropriate to terminate these proceedings with respect to both Petitioner and Patent Owner. At this early juncture, termination is suitable because it promotes efficiency and minimizes unnecessary costs. Based on the facts, it is appropriate to enter judgement terminating these proceedings without rendering a final written decision. *See* 35 U.S.C. § 317(a); 37 C.F.R. § 42.72.

During a conference call held on February 23, 2017 with the parties, Patent Owner renewed its request for authorization to file a motion to expunge its Patent Owner Preliminary Response (Paper 5). Patent Owner represented that while the Patent Owner Preliminary Response itself is not confidential, the information contained therein would provide a “roadmap” to future challengers of the ’506 patent. Patent Owner asserted that the present situation is an exception to the general rule regarding maintenance of an open record in proceedings before the Board. Petitioner indicated that it did not oppose this request.

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During the call, we denied Patent Owner's request for authorization to file a motion to expunge. We indicated Patent Owner does not articulate a sufficient basis for expunging the Patent Owner Preliminary Response that would override the strong public interest in maintaining an open record. *See* 37 C.F.R. §42.14 ("The record of a proceeding, including documents and things, shall be made available to the public, except as otherwise ordered."). Indeed, Patent Owner filed the Patent Owner Preliminary Response at its discretion, with the knowledge that the parties had entered into a settlement agreement. *See* 37 C.F.R. §42.107 ("The patent owner *may* file a preliminary response to the petition." (emphasis added)).

ORDER

In consideration of the foregoing, it is

ORDERED that the parties' joint request that the settlement agreement (Exhibit 1027) be treated as business confidential information under 35 U.S.C. § 317(b) and 37 C.F.R. § 42.74(c), to be kept separate from the patent file in each proceeding, is GRANTED;

FURTHER ORDERED that the joint motions to terminate IPR2017-00123 and PGR2017-00001 are GRANTED;

FURTHER ORDERED that Paper 5 in IPR2017-00123 and Paper 5 in PGR2017-00001 be unsealed; and

FURTHER ORDERED that these proceedings are TERMINATED.

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