

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

BIOFRONTERA INCORPORATED,
BIOFRONTERA BIOSCIENCE GMBH,
BIOFRONTERA PHARMA GMBH,
and
BIOFRONTERA AG,
Petitioner,

v.

DUSA PHARMACEUTICALS, INC.,
Patent Owner.

IPR2022-00056
Patent 10,357,567

Before ERICA A. FRANKLIN, CHRISTOPHER G. PAULRAJ, and
ROBERT A. POLLOCK, *Administrative Patent Judges*.

PER CURIAM, *Administrative Patent Judge*.

ORDER

Denying, without Prejudice, Petitioner's Motion to Dismiss the Petition
37 C.F.R. §§ 42.5(a), 42.71(a), 42.74(b)

With authorization of the Board, Petitioner filed an unopposed motion to dismiss the petition. Paper 6 (“Mot.”). This case, involving U.S. Patent No. 10, 357, 567 B2 (Ex. 1001, “the ’567 patent”) is in the preliminary phase of the proceeding, as the Patent Owner has not yet filed a Preliminary Response, and the Board has not issued a decision whether to institute trial.

In the Motion, Petitioner reveals that “[t]he parties have recently entered into a confidential settlement agreement (‘Settlement Agreement’) that will resolve the parties’ instant dispute regarding the challenged ’567 Patent,” and litigation in district court involving unrelated patents. Mot. 3. Petitioner asserts that there are no district court proceedings between the parties related to the ’567 patent, or any pending related matters before the Board. *Id.* at 4.

Petitioner asserts that good cause exists to dismiss the Petition and terminate the proceeding because the parties have settled their disputes, a preliminary response has not been filed, and a decision on institution has not been rendered. *Id.* at 7. We agree. Petitioner asserts also that dismissing the Petition “before any decision on the merits will promote the Board’s objective of achieving ‘just, speedy, and inexpensive resolution of every proceeding.’” *Id.* at 8 (quoting 37 C.F.R. § 42.1(b)). We again agree.

Additionally, however, Petitioner contends that “Petitioner and Patent Owner are not required to file a copy of their Settlement Agreement with this motion.” *Id.* at 9. According to Petitioner, because the requirement to file such an agreement under 37 C.F.R. § 42.74 (b) applies to the “*termination of a proceeding*” and the “*termination of the trial*,” it does not apply here because the motion to dismiss the petition prior to institution is not a motion to terminate a proceeding or trial. *See id.* at 8–10 (quoting 37 C.F.R. § 42.74 (b)) (emphasis added by Petitioner). In support of that

contention, Petitioner refers to the majority holding in *Samsung Elecs. Co. v. Telefonaktiebolaget LM Ericsson*, IPR2021-00446, Paper 7 (PTAB Aug. 3, 2021) (“Samsung”). *Id.* at 9–10.

Petitioner asserts further that even if viewed as a termination of a proceeding, the parties would not be obligated to file a “true and correct copy” of their settlement agreement because Section 42.74(b) states that such agreements shall be filed “*before the termination of the trial.*” *Id.* at 10 (quoting 37 C.F.R. § 42.74 (b)) (emphasis added by Petitioner).

According to Petitioner, “[s]ince no ‘trial’ exists for a non-instituted proceeding, such termination will never occur, and the parties are therefore not obligated to file a copy of the settlement agreement.” *Id.* (citing 37 C.F.R. §§ 42.2, 42.74).

We have considered Petitioner’s arguments, but do not find them persuasive. 37 C.F.R. § 42.74 (b) recites, “Any agreement or understanding between the parties made in connection with, or in contemplation of, the termination of a proceeding shall be in writing and a true copy shall be filed with the Board before the termination of the trial.” We recognize that this rule has been, in recent times, interpreted so as not to apply to terminations based on settlements reached by parties prior to institution. For example, to support its position, Petitioner relies on the majority opinion in *Samsung*, which determined that “for preliminary proceedings, the regulations provide for ‘dismissal’ of a petition without specifically requiring that parties file settlement agreements.” *Id.* at 4. That majority holding, however, has not been designated as precedential, and therefore is not binding on this panel. Indeed, the Board currently has no precedential decision or written directive from the Director resolving different interpretations regarding the applicability of Rule 42.74 (b) to motions to dismiss petitions based on pre-

institution settlement agreements.

As acknowledged by the majority opinion in *Samsung*, “the Board has generally required parties to file settlement agreements without regard to the stage of the proceeding.” *Id.* at 4. In the dissent in *Samsung*, Judge Miriam Quinn provides some background for that long-standing practice. *See id.* at 7–9. In her dissent, Judge Quinn also provides her rationale as to why she views Rule 42.74 (b) as expressly requiring the filing of settlement agreements “between the parties made in connection with, or in contemplation of, the termination of a proceeding.” *Id.* at 9 (quoting 37 C.F.R. § 42.74 (b)). She explains,

The Board’s rules define “proceeding” as “a trial or preliminary proceeding.” 37 C.F.R. § 42.2. The Rules further state that a “[p]reliminary [p]roceeding begins with the filing of a petition for instituting a trial and ends with a written decision as to whether a trial will be instituted.” *Id.* Therefore, I read Rule 42.74(b) as requiring parties who settle before the Board issues an institution decision (i.e., during a “preliminary proceeding”) to file the settlement agreement when seeking termination of that proceeding.

Id. at 9–10. We agree with Judge Quinn.

Accordingly, we give deference to the long-standing view and practice of the Board and require the parties to file, along with the authorized motion to dismiss the petition, a true and correct copy of any settlement agreements made in connection with, or in contemplation of, the termination of this proceeding, which is in the preliminary phase.

Because Petitioner has not filed its Settlement Agreement, we find that it has not complied with Rule 42.74(b). Consequently, Petitioner’s Motion to Dismiss the Petition is denied.

We deny the motion without prejudice, to provide Petitioner an opportunity to file a renewed motion to dismiss the petition, along with a true and correct copy of the Settlement Agreement.

ORDER

Accordingly, it is hereby:

ORDERED that Petitioner's Unopposed Motion to Dismiss the Petition is *denied, without prejudice*;

FURTHER ORDERED that Petitioner may file a renewed motion to dismiss the petition and terminate the proceeding prior to institution, which must be accompanied by the filing of a true and correct copy of any settlement agreement made in connection with, or in contemplation of, the termination of this proceeding, pursuant to 37 C.F.R. § 42.74 (b);

FURTHER ORDERED that Petitioner and/or Patent Owner may request that such settlement agreement be treated as business confidential information and be kept separate from the files of an involved patent or application, pursuant to 37 C.F.R. § 42.74 (c); and

FURTHER ORDERED that any renewed motion, settlement agreement, and request to treat the settlement agreement as business confidential information shall be filed by January 31, 2022.

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