

Real Parties in Interest (“RPII”) and Privity

Li Guo, Steptoe & Johnson LLP

Introduction

Why are RPII/privity important?

- Statutory requirement that RPII be identified. 35 USC § 312(a)(2); 35 USC § 322(a)(2).
- One-year time bar applies to the petitioner, RPII of the petitioner, and the privity of the petitioner. 35 USC § 315(b).
- Declaratory judgment bar applies to RPII. 35 U.S.C. § 315(a)(1); 35 USC § 325(a)(1).
- Estoppel applies to the petitioner, RPII of the petitioner, and the privity of the petitioner. 35 USC § 315(e); 35 USC § 325(e).

Purposes of the RPII/privity requirement

To preclude parties from getting “two bites at the apple” by:

- (1) ensuring that third parties who have sufficiently close relationships with IPR petitioners are bound by the outcome of instituted IPRs in final written decisions under 35 U.S.C. § 315(e), the IPR estoppel provision; and
- (2) safeguarding patent owners from having to defend their patents against belated administrative attacks by related parties via 35 U.S.C. § 315(b). *Id.* at 1350.

Applications in Internet Time, LLC v. RPX Corp., 897 F.3d 1336, 1451 (Fed. Cir. 2018) (hereafter, “AIT”)

Factors relevant re whether a nonparty is an RPII

- Whether the nonnamed party exercised or could have exercised control over the petition;
- The extent to which a nonnamed party funds the petition or proceeding;
- The nonnamed party's relationship to the petitioner;
- The nonnamed party's relationship to the petition itself, including the nature and/or degree of involvement in the filing; and
- The nature of the entity filing the petition.

PTAB's Consolidated Trial Practice Guide, 12-18 (Nov. 2019)

Factors relevant in determining whether privity exists

- An agreement between the parties to be bound;
- Preexisting substantive legal relationships between the parties;
- Adequate representation by the named party;
- The non-party's control of the prior litigation;
- Where the non-party acts as a proxy for the named party to relitigate the same issues; and
- Where special statutory schemes foreclose successive litigation by the non-party (e.g., bankruptcy and probate).

RPX Corp. v. Applications in Internet Time, LLC, IPR2015-01750, Paper 128
(Oct 2, 2020)

Distinction between privity and RPII

- RPII is the relationship between a party and a proceeding. IPR2014-01288 (Feb. 20, 2015).
 - a party that funds, directs, and controls the proceeding is RPII, though not a privity
- The privity inquiry focuses on the relationship between the parties. *Id.*
- The notion of privity is more expansive. IPR2014-01235 (Dec. 22, 2014).
- Highly fact-dependent question and demands a flexible approach

Relevant Precedential PTAB Decisions

Compliance with 35 U.S.C. § 312(a) requirements

Background:

- After the petition was filed, the Petitioner was renamed, but an updated mandatory notice of RPII was not filed within 21 days of the change.
- Patent Owner (“PO”) contended that the proceeding should be terminated because at the time of institution, the petition did not comply with the statutory requirement (RPII was not updated).

Board: a lapse in compliance with those requirements does not deprive the Board of jurisdiction over the proceeding, or preclude the Board from permitting such lapse to be rectified.

Lumentum Holdings, Inc. v. Capella Photonics, Inc., IPR2015-00739,
Paper 38 (Mar 4, 2016)

Add missing RPII before institution

- **Background:**
 - After Petitioners filed a PGR, Patent Owner notified Petitioners that Amneal should also be named as an RPII. Petitioners then requested adding Amneal as an RPII, while maintaining the original filing date.
 - Patent Owner argued that the Petitioners failed to name all RPIIs and were time barred.
- **Board:**
 - The parent company of Amneal was identified as RPII.
 - No evidence of gamesmanship or bad faith.
 - No undue prejudice against patent owner.
 - The Board exercised its discretion to allow Petitioners to amend the mandatory notices to add Amneal LLC as an RPII while maintaining the original filing date.

Adello Biologics LLC v. Amgen Inc., Case PGR2019-00001, Paper 11 (Feb 14, 2019)

Add RPII post-institution

- **Background:** PO moved to terminate an IPR, arguing that the updated RPII after institution required a new filing date, which placed the petition outside the one year period.
- **The Board:** denied Petitioners' motion, explaining that:
 - The Board has authority to allow Petitioner to update its RPII disclosure after institution
 - No attempt to circumvent the time bar or estoppel
 - No prejudice to PO
 - No evidence of gamesmanship

Proppant Express Investments, LLC v. Oren Techs., LLC, Case IPR2017-01917, Paper 86 (February 13, 2019)

RPII analysis at institution

Background:

- Patent Owner argued that the Board should deny institution because the petition did not name all RPII, including the corporate parent of all petitioners.
- Petitioner asserted that the Petition correctly named all RPII and further contended that, if the Board determined that parent company or others should be named as RPII, then Petitioner should be allowed to amend its Mandatory Notices.

Board: No RPII analysis necessary at institution absent allegation of time bar or estoppel based on unnamed RPII.

SharkNinja Operating LLC v. iRobot Corp., IPR2020-00734, Paper 11
(Oct 6, 2020)

Supplier/manufacturing agreements and RPII

Background:

- Ventex filed an IPR. PO argued that Seirus was both an RPII and a privy of Ventex. Seirus was time barred.
- Ventex and Seirus had a supplier agreement and an “Exclusive Manufacturing Arrangement.”
- Ventex agreed to indemnify Seirus.

Board:

- Seirus was a clear beneficiary of Ventex’s IPR.
- Ventex filed this action, in part, to benefit Seirus.
- Seirus was an RPII and was in privity with Ventex. Seirus was served with a complaint one year before the Petition was filed. The Petition was time barred.

Ventex Co., Ltd. v. Columbia Sportswear N. Am., Inc., Case IPR2017-00651, Paper 152 (January 24, 2019)

Clients and RPII

- **Background:**
 - RPX petitioned for IPR after Salesforce had unsuccessfully pursued a CBM petition against the same patent.
 - Salesforce was a subscriber to RPX's defensive patent aggregation services.
 - Salesforce was time-barred at the time RPX's petition was filed.
 - RPX had a strong financial incentive to serve Salesforce's needs
 - Salesforce paid RPX to reduce Salesforce's patent litigation exposure, and RPX filed these IPRs despite having no apparent risk of infringement liability itself
- **Board:** Salesforce should have been named a real party in interest.

RPX Corp. v. Applications in Internet Time, LLC, IPR2015-01750, Paper 128 (Oct 2, 2020)

Real Parties in Interest and Co-Defendants in Litigation

Common ownership and RPII

Background:

- The patent was asserted against AGA in district court.
- AGM filed an IPR petition; AGA and AGM are sister corporations under common ownership.

The Board decided **AGA is not an RPII**:

- Whether or not AGM is an RPII to the District Court action is not determinative of whether AGA is an RPII to the IPR.
- The inquiry focuses on the relationship to the IPR proceeding.
- Unless AGA controlled or otherwise influenced AGM's Petition, AGA is not an RPII.
- Common ownership does not prove control in the IPR proceeding.

Azure Gaming Mac., Ltd., v. MGT Gaming, Inc., IPR2014–01288 (Feb. 20, 2015)

Common litigation interest and RPII

- **Patent Owner argument:** Google has a common litigation interest with LG, Samsung, and ZTE, all of them standing to benefit from this proceeding, such that they are all real parties in interest.
- **Board:** not real parties in interest
 - The companies were sued separately based on separate devices, which compete with each other.
 - Google's interests in challenging the patent are different from the interests of other companies
 - That Google asserted a prior art dropped by Samsung evidenced lack of common interest.

Google LLC et al. v. Cywee Group Ltd. et al., IPR2018-01258 (Jan. 9, 2020)

Joint invalidity contentions and RPII

- **Patent owner alleges:**
 - that Petitioner failed to name all RPII.
 - that the unnamed real parties-in-interest, together with Petitioner, filed joint invalidity contentions in the district court litigation.
- **Board:**
 - an allegation that defendants in district court filed joint invalidity contentions is not sufficient to show that all co-defendants are real parties-in-interest.

LG Elecs. and Huawei v. Uniloc Luxembourg S.A., IPR2017–02088 (Mar. 6, 2018)

Co-defendant bound by the estoppel and RPII

- **Background:** Patent Owner argues that doTERRA should have been named as an RPII because it has stipulated to the same estoppel.
- **Board:** not real-parties in interest
 - mere status as a co-defendant is insufficient; no evidence that doTERRA directed/assisted in preparing and filing the Petition.
 - no evidence that doTERRA has achieved any clear benefit that it would not have achieved by filing and litigating the Petition itself.
 - doTERRA has agreed to be bound by the estoppel.
 - the relationships doTERRA has to Petitioner, to the Petition, and to this proceeding are not sufficiently close, and the benefits of this proceeding to doTERRA are not sufficiently great.

Puzhen Life USA, LLC v. ESIP Series 2, LLC, IPR2017-02197 (Feb. 27, 2019)

The Board's Determination of RPII is Final and Not Appealable

Appellate review of RPII decisions is barred

Background:

- Patent owner ESIP argued that Puzhen's petition should be barred from institution for failure to identify all RPII. The Board rejected ESIP's argument, and ESIP appealed.

The Federal Circuit:

- The Federal Circuit declined to review the Board's real-parties-in-interest decision.
- It held that its review of the RPII is precluded under 35 U.S.C. § 314(d), which states that IPR institution decisions are final and non-appealable.

ESIP Series 2, LLC v. Puzhen Life USA, LLC, 958 F.3d 1378 (Fed. Cir. 2020)

Time-bar related determinations are unreviewable

Background:

- After the final written decision, it was learned that a corporate merger of Atlanta Gas had not been disclosed to the Board. One of the APJs then recused himself.
- The Board sanctioned Atlanta Gas for failure to timely update its RPIs.
- Later, the Board modified its sanction order by vacating its institution decision and terminating the proceeding.
- Atlanta Gas appealed.

Federal Circuit: that it lacked jurisdiction to review the Board's decision to vacate, because it was made based in part on its evaluation of the time bar.

Atlanta Gas Light Co. v. Bennett Regul. Guards, Inc., 33 F.4th 1348 (Fed. Cir. 2022)