

March 11, 2015

Post-Grant for Practitioners

BRI, after *Cuozzo*, and RPI Factors, in Post-Grant Proceedings

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- II. Statistics
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Overview of Webinar Series

- Where? ... see invitation
- How often? ... monthly
- When? ... 2nd Wednesday
- Topics? ...
 - Important decisions
 - Developments
 - Practice tips
- Housekeeping
 - CLE
 - Questions
 - Materials
 - <http://fishpostgrant.com/webinars/>

The screenshot shows the website for the "Post-Grant for Practitioners" webinar series. The header includes the "FISH & RICHARDSON" logo and the series title. A navigation bar lists "Fishpostgrant.com", "Bios", "Alerts", "Webinars", "Case Studies", and "App". The main content area features the webinar title "BRI, after *Cuozzo*, and RPI Factors in Post-Grant Proceedings", a detailed description of the topics, a "Register" link, the date and time "Wednesday, March 11, 2015, 1:00 PM - 2:00 PM ET", and the location "Via the web". Below this, the "Speakers" section lists three individuals: Karl Renner (Principal, Post-Grant Practice Co-Chair, Washington, DC), Kevin Greene (Principal, Washington, DC), and Ron Vogel (Associate, New York). A prominent "REGISTER" button is centered below the speakers. At the bottom, there are four icons with text: an envelope for newsletters, a clock for webinar replays, a LinkedIn logo for connecting, and a Twitter logo for following.



Statistics



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- **IPR's Filed?**

- **2593** filed through March 10, 2015
- **164** filed in February 2015

- **CBM's Filed?**

- **315** filed through March 10, 2015
- **16** filed in February 2015

- **FWD's on the Merits Issued So Far**

- IPR: **267** through March 5, 2015
- CBM: **33** through March 5, 2015



Broadest Reasonable
Interpretation

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Broadest Reasonable Interpretation

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- In re Cuzo upheld the PTO's use of BRI in IPRs
- Justification for BRI relies on ability to amend
- What about when the patent expires during an IPR?

- Patent expires prior to institution decision
 - PTAB has applied Phillips construction throughout proceeding
 - Facebook Inc., et al. v. Software Rights Archive, IPR2013-00478
- Patent expires after institution but prior to final written decision
 - PTAB has applied BRI at institution but Phillips at final written decision
 - Clearwire Corp. and Clear Wireless LLC v. Mobile Telecommunications Technologies LLC, IPR2013-00306

- Patent expires after final written decision but before appeal decision
 - No case with this fact pattern observed yet
 - Fed. Cir. considered similar issue in context of *inter partes* reexamination
 - Facebook Inc. v. Pragmatus AV LLC, 2014 U.S. App. LEXIS 17678, *3 (Fed. Cir. Sept. 11, 2014)
 - Board applied BRI but Fed. Cir. applied Phillips



Real Party-in-Interest

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Requirement to name all RPI

- Must list all RPI under 35 U.S.C. § 312
 - “A petition filed under section 311 may be considered only if . . . (2) the petition identifies all real parties in interest.”
- Board generally accepts the petitioner’s identification of RPI
 - PO may rebut petitioner’s identification of RPI.
 - Petitioner then has burden to establish that it has identified all RPI.
 - *Atlanta Gas Light Company v. Bennett Regulator Guards, Inc.* (IPR2013-00453)
- Goals of requirement to list all RPI
 - Assuring proper application of statutory estoppel provision
 - Assist Board in identifying potential conflicts.
 - *Paramount Home Entertainment Inc., Twentieth Century Fox Home Entertainment LLC, and Universal Studios Home Entertainment LLC v. Nissim Corporation* (IPR2014-00962) (*citing Taylor v. Sturgell*, 553 U.S. 880 (2008))

- Risk of being under-inclusive: § 315(b) time bar
 - “An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent.”
- Correcting RPI
 - Changes filing date follows because RPI is statutorily required, and corrections to RPI are not typographical or clerical corrections under patent rules
 - *Petroleum Geo-Services Inc, v. Westerngeco LLC* (IPR2014-00678, IPR2014-00687, IPR2014-00688, IPR2014-00689)
 - Thus, cannot cure omission of RPI if, once corrected, the filing date falls outside the one-year period
 - *Zoll Lifecor Corporation v. Philips Electronics North America Corp. And Koninklijke Philips Electronics N.V.* (IPR2013-00606)

Why Does It Matter?

- PTAB will consider RPI issues even after institution of trial
 - Has vacated institution decision and terminated for lack of RPI, where one-year bar implicated
 - *Atlanta Gas Light Company v. Bennett Regulator Guards, Inc.* (IPR2013-00453)
- Declined to decide whether a party may correct a petition after institution of a trial, even if one-year bar not implicated
 - *Atlanta Gas Light Company v. Bennett Regulator Guards, Inc.* (IPR2013-00453)

- Risks of being overinclusive on RPI
 - Estoppel under § 315(e) applies to Petitioner, RPI, or privy, barring them from:
 - Challenging patent in PTO on any ground that could have raised during IPR
 - Asserting invalidity on any ground that could have raised during IPR
 - Open petition up to potentially unknown § 315(b) bars
 - Improperly naming RPI may also be contrary to statutory requirement to name “all” RPIs

RPI Analysis: Highly Fact Dependent

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- The *Taylor* Factors
 - (1) whether third party agrees to be bound by Board's determination
 - (2) whether pre-existing relationship with the party named in the proceeding justifies binding the third party
 - (3) whether the third party is adequately represented by someone with the same interests
 - (4) whether the third party exercised or could have exercised control over the proceeding
 - (5) whether third party is bound by a prior decision and is attempting to rehear the matter through a proxy
 - (6) whether a statutory scheme forecloses successive hearing by third parties.
 - *77 Fed. Reg. 48759 (citing Taylor v. Sturgell, 553 U.S. 880 (2008))*
- No bright line test
 - "Courts and commentators agree . . . that there is no bright-line test for determining the necessary quantity or degree of participation to qualify as a real party-in-interest . . . based on the control concept."
 - *Message from Chief Judge James Donald Smith, Board of Patent Appeals and Interferences*

- Analysis focuses on controlling and compensating parties
 - [a]n entity named as the sole real party in interest may not receive a suggestion from another party that a particular patent should be the subject of a request for inter partes reexamination and be compensated by that party for the filing of the request for inter partes reexamination of that patent *without naming the party [as a real party-in-interest] who suggested and compensated the entity for the filing of a request for inter partes reexamination of the patent.*
 - *In re Guan*, Reexamination Control No. 95/001,045 (Aug. 25, 2008)

Issues in RPI Analysis

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- Corporate Ownership
- Common Counsel
- Payment for IPR
- Preparing the Petition
- Related District Court Proceedings

- ✓ • 100% ownership, on its own, may not be enough
 - Entity is RPI not simply because a “corporate parent,” but rather
 - “an involved parent corporation that has exercised control, on behalf of itself and Petitioner . . . over the dispute involving the [patent at issue]”
 - *Paramount Home Entertainment Inc., Twentieth Century Fox Home Entertainment LLC, and Universal Studios Home Entertainment LLC v. Nissim Corporation* (IPR2014-00962)

- ✓ • Sufficient opportunity to control IPR
 - Parent controlled 100% of Petitioner and authorized its budget and plans
 - Board found “unified actions” by both in copending patent litigation blurred corporate lines
 - Would not affirm that its counsel did not provide input into preparation of IPRs
 - *Zoll Lifecor Corporation v. Philips Electronics North America Corp. And Koninklijke Philips Electronics N.V.* (IPR2013-00606)

- Minority ownership and common counsel in DC and IPR not enough
 - *LG Display Co., Ltd., V. Innovative Display Technologies LLC* (IPR2014-01096)
- ✓ • Lack of well-defined corporate boundaries is enough
 - Petitioner and parent so intertwined that it was “difficult for both insiders and outsiders to determine precisely where one ends and another begins.”
 - Use of same “umbrella term” in referring to parent and its subsidiaries—on letterheads, email addresses, website addresses—encouraged the perception that all functioned as a single entity
 - *Atlanta Gas Light Company v. Bennett Regulator Guards, Inc.* (IPR2013-00453)

- Patent Owner's evidence of common counsel must explain the corporate or legal relationship or demonstrate ability to control the proceeding
- No evidence of control based on:
 - Common interest in invalidating the patent at issue
 - Control of review, dissemination and discussion of the prior art presented in Petition
 - *Petroleum Geo-Services Inc. v. WesternGeco LLC* (IPR2014-00688)
 - Agreement containing "strategies of attorneys jointly defending cases against Patent Owner"
 - *Commerce Bancshares, Inc., Compass Bank, and First National Bank Of Omaha v. Intellectual Ventures II LLC* (IPR2014-00801)

- ✓ • Common counsel + other factors indicative of RPI where third party
 - (1) paid \$500,000 to Petitioner for services, including potential IPR filings
 - (2) discussed Patent Owner and filing of IPRs with Petitioner
 - (3) shared common counsel with Petitioner
 - *RPX Corporation v. Virnetx Inc.* (IPR2014-00171, IPR2014-00172, IPR2014-00173, IPR2014-00174, IPR2014-00175, IPR2014-00176, IPR2014-00177)

RPI Analysis: Payment for IPR

- Non-specific payment by members not enough
 - Technology company subscribers pay Petitioner for monitoring patent activity, researching prior art and sometimes challenging patents
 - “[E]ven if we accept Patent Owner’s allegations that Petitioner engages in no activity of practical significance other than filing IPR petitions with money received from its members . . . this does not demonstrate that any of Petitioner’s members suggested or compensated Petitioner for the filing of the Petition challenging the [patent at issue].”
 - *Unified Patents Inc. v. Dragon Intellectual Property, LLC* (IPR2014-01252)
- ✓ • But evidence of payments for specific challenges may be enough
 - Third party paid Petitioner \$500,000 to file reexams and petitions “with respect to patents of questionable quality” and according to the Board there was evidence that payment was specifically for the challenged patents
 - This outweighed the fact that the agreement listed other generic activities and stated that Petitioner would have complete control over the listed activities.
 - *RPX Corporation v. Virnetx Inc.* (IPR2014-00171, IPR2014-00172, IPR2014-00173, IPR2014-00174, IPR2014-00175, IPR2014-00176, IPR2014-00177)

- ✓ • Actual control trumps contractual language
 - Third party agreed to cover Petitioner's attorney's fees and costs associated with the IPR but had reserved the right to choose counsel in indemnity agreement
 - 2 days before filing the Petition, parties signed an addendum under which Petitioner would have complete control over IPR, including the choice of counsel
 - Board found that the agreement giving Petitioner total control 2 days before filing was insignificant because most of the work done in preparing the 51-page Petition, assembling prior art, and gathering witnesses and their declarations
 - *First Data Corporation v. Cardsoft (Assignment For The Benefit Of Creditors), LLC* (IPR2014-00715)

- Participation in related DC proceedings not sufficient
 - Co-defendant's desire of IPR review did not show ability control IPR
 - *Butamax Advanced Biofuels Llc, V. Gevo, Inc.*, (IPR2013-00215).
 - Co-defendants' agreement to be bound by IPR in the co-pending litigation did not show control
 - *Innolux Corporation v. Semiconductor Energy Laboratory Co., Ltd.* (IPR2013-00060, IPR2013-00064, IPR2013-00065, IPR2013-00066)
- Patentability, not infringement, is the issue before the Board in IPR
 - *Bae Systems Information And Electronic Systems Integration, Inc. v. Cheetah Omni, LLC* (IPR2013-00175)

- Risk of facing potential damages award in DC proceedings is not relevant
 - Question is whether Petitioner's members suggested or compensated Petitioner for the filing of the Petition challenging the patent at issue.
 - *Unified Patents Inc. v. Dragon Intellectual Property, LLC* (IPR2014-01252)
- Common interest agreement to defend Petitioner in district court does not make a party a RPI
 - *J.P. Morgan Chase & Co., JPMorgan Chase Bank, Nat'l Ass'n, Chase Bank USA, Nat'l Ass'n, Chase Paymentech Solutions LLC, and Paymentech LLC, v. Intellectual Ventures II LLC.* (CBM2014-00157)

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Post-Grant Resources

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- F&R web sites:
 - Post-Grant for Practitioners: <http://fishpostgrant.com/webinars/>
 - General: <http://fishpostgrant.com/>
 - IPR: <http://fishpostgrant.com/inter-partes-review/>
 - PGR: <http://fishpostgrant.com/post-grant-review/>
 - Rules governing post-grant: <http://fishpostgrant.com/>
 - Post-Grant App: <http://fishpostgrant.com/app/>
- USPTO sites:
 - AIA Main: http://www.uspto.gov/aia_implementation/index.jsp
 - Inter Partes: http://www.uspto.gov/aia_implementation/bpai.jsp

Thank You!

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