General Session 7 – Advanced Issues Related to the Real Party-in-Interest and Privity Disputes

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Constraints on Real Parties in Interest, Privies

Statute	Constraint	Who is Constrained?		
§ 315(a)(1)	IPR barred if a prior civil action challenged the patent's validity	Petitioner who filed civil action	RPI of petitioner who filed civil action	
§ 315(a)(2)	IPR automatically stayed if a civil action was filed with or after IPR	Petitioner who filed civil action	RPI of petitioner who filed civil action	
§ 315(b)	IPR barred if filed more than 1 yr after service of a civil complaint	Petitioner who was previously served	RPI of petitioner who was served	Privy of petitioner who was served
§ 315(e)(1)	Estoppel in PTAB as to grounds in prior IPR that ended in FWD	Petitioner from prior IPR	RPI of petitioner from prior IPR	Privy of petitioner from prior IPR
§ 315(e)(2)	Estoppel in DCT/ITC as to grounds in prior IPR that ended in FWD	Petitioner from prior IPR	RPI of petitioner from prior IPR	Privy of petitioner from prior IPR

Identifying Real Parties in Interest, Privies

- The **TRIAL PRACTICE GUIDE (AUG. 2012)** tells us some relevant factors:
  - alleged RPI/privy's funding, direction, and control of petitioner or proceeding
  - alleged RPI/privy's relationship with petitioner
  - alleged RPI/privy's relationship to the petition itself, including the nature and/or degree of involvement in the filing
  - nature of the entity filing the petition
- After ***Wi-Fi One***, these PTAB determinations are judicially reviewable, so more Federal Circuit precedent on the following is likely:
  - How PTAB defines RPI/privy—not only the § 315(b) time bar but also § 315(a)
  - Propriety of PTAB decisions to deny § 315 discovery

Relationship of Estoppel to RPI/Privity

- Real parties in interest and privies are bound by the same **agency-agency estoppel** and **agency-court estoppel** as petitioners are
- This is especially important for privity and is done case-by-case:

  "Privity is essentially a shorthand statement that collateral estoppel is to be applied in a given case; there is no universally applicable definition of privity. The concept refers to a relationship between the party to be estopped and the unsuccessful party in the prior litigation which is sufficiently close so as to justify application of the doctrine of collateral estoppel."
- NB: The effects of ***SAS Institute*** on petitioning strategy and joinder will likely implicate estoppel, too—and, in turn, who counts as a privy

Estoppel-Based Analysis of Privity

- In ***WesternGeco v. ION Geophysical***, Fed. Cir. considered whether the § 315(b) time bar applies—using an estoppel-based analysis of privity
- ***WesternGeco*** cited the **TRIAL PRACTICE GUIDE** with approval, and also relied on the ***Taylor v. Sturgell*** factors regarding nonparty preclusion:
  - an agreement to be bound
  - pre-existing substantive relationships, e.g., consecutive owners of property
  - adequate representation by one who was a party and had the same interests
  - assumption of control over the litigation where the judgment was rendered
  - relitigation by a new party acting as a proxy for a prior party
  - express statutory prohibitions on relitigation by nonparties (w/in due process)

Some Practical Notes

- Burden of persuasion as to real parties in interest lies with petitioner
  - ***Worlds v. Bungie*** (Fed. Cir. 2018) clarifies that patent owner must produce contrary evidence, but this is not a formally-shifting "rebuttable presumption"
  - Once patent owner produces contrary evidence, PTAB cannot rely solely on the petitioner's initial identification of RPIs—PTAB must make findings of fact
- Prior declaratory judgment suit, even if voluntarily dismissed, may soon be able to serve as a bar to future petitions under § 315(a)(1)
  - This argument failed to get mandamus in ***Procter & Gamble*** (Fed. Cir. 2014)
  - After ***Click-to-Call*** (Fed. Cir. 2018), voluntary dismissal does not stop the one-year clock of § 315(b); this may subsume the prior-action bar of § 315(a)(1)
  - Such a change would, of course, extend to real parties in interest as well

Real Party-in-Interest Discovery Tools and Strategies

- Discovery may be more available in wake of *Wi-Fi One* line of cases
- Patent Owner should ask for targeted discovery
- Petitioners should consider voluntary production of discovery

Real Party-in-Interest Discovery Tools and Strategies

- Common Fact Pattern: Patent Owner alleging control of IPR based on joint defense agreement, parent/subsidiary relationship, or member of organization
  - Attorney or staff declaration?
  - Time records?
  - Engagement letters?
  - Deposition (limited by topics/time)?
  - Identify other potentially related parties in petition?

Real Party-in-Interest Discovery Tools and Strategies

- *Kashiv Pharma LLC v. Purdue Pharma L.P.*, IPR2018-00625, Paper No. 20 (July 31, 2018)
  - PTAB granted additional discovery (limited depositions as well as supplemental briefing); case settled
- *Intel Corp. v. Alacritech, Inc*., IPR2018-00226 and -00234, Paper 36 (Nov. 19, 2018)
  - PTAB granted additional discovery (indemnification agreements); trial instituted
- *Sirius XM Radio, Inc. v. Fraunhofer-Gesellschaft zur Förderung der Angewandten Forschung E.V.*, IPR2018-00689, Paper 11 (Sept. 21, 2018)
  - No additional discovery; trial not instituted

Questions?

Thanks!