Nos. 2017-1698, -1699, -1701

United States Court of Appeals for the Federal Circuit

APPLICATIONS IN INTERNET TIME, LLC,

Appellant,

v.

RPX CORPORATION,

Appellee.

Appeals from the United States Patent and Trademark Office, Patent Trial and Appeal Board in Nos. IPR2015-01750, IPR2015-01751, IPR2015-01752.

PETITION FOR REHEARING EN BANC

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September 7, 2018

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CERTIFICATE OF INTEREST

Counsel for Appellee certifies the following:

1. Full Name of Party represented by me:

   RPX Corporation

2. Name of Real Party in interest (Please only include any real party in interest NOT identified in Question 3) represented by me is:

   N/A

3. Parent corporations and publicly held companies that own 10 percent or more of stock in the party:

   As of June 19, 2018, the parent corporation of Appellee RPX Corporation is Riptide Parent, LLC, a Delaware limited liability company. No publicly held company owns 10 percent or more of RPX Corporation.

4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court (and who have not or will not enter an appearance in this case) are:

   Wolf, Greenfield & Sacks, P.C.: Randy J. Pritzker.

5. The title and number of any case known to counsel to be pending in this or any other court or agency that will directly affect or be directly affected by this court's decision in the pending appeal. *See* Fed. Cir. R. 47.4(a)(5) and 47.5(b).

   RPX Corporation v. Applications in Internet Time, LLC, No. IPR2017-01750 (P.T.A.B., filed Aug. 17, 2015);

   RPX Corporation v. Applications in Internet Time, LLC, No. IPR2017-01751 (P.T.A.B., filed Aug. 17, 2015);

   RPX Corporation v. Applications in Internet Time, LLC, No. IPR2017-01752 (P.T.A.B., filed Aug. 17, 2015); and

Applications in Internet Time, LLC v. Salesforce.com, Inc., No. 3:13-cv-00628 (D. Nev.).

Counsel for RPX knows of no other case pending in this or any other court that may affect or be affected by the Court's decision in this appeal.

Dated: September 7, 2018

Respectfully submitted,

/s/ Gregory G. Garre
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TABLE OF CONTENTS

TABLE OF AUTHORITIES

Page(s)

CASES

STATUTES

Page(s)

OTHER AUTHORITIES

STATEMENT OF COUNSEL

Based on my professional judgment, I believe the panel decision is contrary to at least the following decisions of the Supreme Court of the United States and this Court: *Taylor v. Sturgell*, 553 U.S. 880 (2008), and *WesternGeco LLC v. ION Geophysical Corp.*, 889 F.3d 1308 (Fed. Cir. 2018).

Based on my professional judgment, I also believe this appeal requires an answer to the following precedent-setting question of exceptional importance: "who is a 'real party in interest' in the context of an IPR"? Op. 13.

/s/ Gregory G. Garre
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Counsel of Record for Appellee

INTRODUCTION

This case involves a question of crucial importance to the *inter partes* review ("IPR") process established by the America Invents Act ("AIA") and the preservation of longstanding protections on the preclusive effects of prior judgments on nonparties. In the AIA, Congress invoked the time-honored, common-law concepts of "real party in interest" and "privy" to limit the effects of prior litigation and prior IPR decisions on subsequent IPR petitions involving the same patent claims. In particular, the Act provides that an IPR cannot be instituted if a petition is filed more than one year after "the petitioner, real party in interest, or privy of the petitioner" is sued for infringement of the same claims. 35 U.S.C. § 315(b). At issue here is who qualifies as a "real party in interest."

It is accepted that, in using that familiar term, Congress intended to adopt the common-law principles that have always cabined it. Yet, in deciding this case, the panel adopted an unprecedentedly broad test for determining who qualifies as a "real party in interest." Under the panel's decision, it does not matter that a petitioner has its *own* interest in pursuing IPR; the petitioner is bound by prior litigation brought by a separate entity if it has a relationship with that entity and the entity would "benefit from" the subsequent action. Op. 26, 27-28, 31, 38. Applying that test, the panel vacated the Patent Trial and Appeal Board's determination that petitioner (and appellee here) RPX Corporation ("RPX") was the sole "real party in interest" as to the IPR petitions it had filed challenging certain patents.

For several reasons, the panel's decision warrants rehearing by the full Court. First, the panel's decision conflicts with *Taylor v. Sturgell*, 553 U.S. 880 (2008), and *WesternGeco LLC v. ION Geophysical Corp.*, 889 F.3d 1308 (Fed. Cir. 2018). In *Taylor*, the Supreme Court unanimously rejected a "virtual relationship" test for determining when a nonparty may be bound by a prior judgment that is almost identical to the test the panel adopted here, holding that such a broad conception would contravene the common law and due process limits. 553 U.S. at 901, 905. And, in *WesternGeco*, this Court recognized that *Taylor* sets the outer boundaries for determining the preclusive effects of prior litigation for purposes of § 315(b). 889 F.3d at 1319. The panel's decision thus contravenes both of these decisions.

Second, the panel's expansive conception of "real party in interest" flouts Congress's intent by disregarding the common-law understanding of that term and effectively rendering § 315(b)'s separate reference to "priv[ies]" superfluous. Given the breadth of the panel's conception of "real party in interest," it is difficult to see what work can be done by the term "privy." The panel's decision also contradicts the U.S. Patent and Trademark Office's ("PTO") own interpretation of the statute, which, unlike the panel's, gives effect both to the common-law limits of the preclusive effects of judgments and to the Act's reference to privy.

Third, the panel's decision has far-reaching consequences—not only for those who will be precluded from pursuing IPR, but for the IPR system itself. By expanding the world of preclusive actions, the panel's decision will have a significant chilling effect on potential IPR petitioners—contrary to Congress's intent to allow *anyone* to challenge bad patents. And it opens the door to a dramatic expansion of preclusion—and corresponding erosion of due process—in the law more generally. The full Court's immediate attention is therefore warranted.

BACKGROUND

A. Statutory and Regulatory Background

To address concerns about the proliferation of dubious patents, Congress, in the AIA, created a new, administrative method of challenging the validity of patent claims—known as *inter partes* review, or IPR. *See* 35 U.S.C. § 311(a). In setting the time limits for pursuing IPR, Congress borrowed the common-law concepts of "real party in interest" and "privy." Section 315(b) provides that IPR may not be instituted if a petition 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." *See also* 35 U.S.C. § 315(e).

B. RPX Corporation

RPX is a company dedicated to mitigating patent risk, which it does through a variety of different services, including defensive patent acquisition, insurance, and patent intelligence. Appx1249-1252. Because the existence of plainly invalid patents asserted by non-practicing entities ("NPEs") negatively impacts both the patent system and RPX's own business objectives, RPX also from time to time challenges the validity of patents asserted by NPEs. Appx1224-1225.

RPX has a team responsible for identifying questionable patents asserted by NPEs, whether or not against RPX's own clients. Appx1226-1228. RPX's decision to seek IPR challenging such patents is made based on its own independent evaluation driven by the quality of the patent and RPX's own business goals and interests. Appx1228. Accordingly, RPX has filed IPRs challenging patents asserted by NPEs against RPX members as well as those asserted against non-members. Appx1227. Either way, these lawsuits advance RPX's interests in reducing patent risks and eliminating the assertion of dubious patents by NPEs.

C. Board Proceedings

On August 17, 2015, RPX, after conducting the evaluation process referenced above, filed three IPR petitions challenging two patents owned by appellant Applications in Internet Time, LLC ("AIT")—U.S. Patent Nos. 7,356,482 ("'482 patent") and 8,484,111 ("'111 patent")—which AIT had previously asserted against a company called Salesforce in federal court. Op. 2. Although Salesforce was (and remains) an RPX member, Salesforce had no involvement in RPX's decision to pursue IPR, and Salesforce neither funded, directed, nor controlled RPX's litigation.

Appx1229-1230. Instead, RPX made the decision to seek IPR based on its independent evaluation of its own business interests.

In response, AIT argued that RPX's petitions were time-barred under § 315(b) because the "real party in interest" for the petitions was actually Salesforce, not RPX. AIT pointed to the separate action it had filed against Salesforce for infringement of the same patent claims more than a year earlier. Even though RPX was not involved in that prior litigation and had its own interests in seeking IPR here, AIT argued that RPX was simply seeking to benefit Salesforce's interests here, such that Salesforce was, in fact, the "real party in interest." *See* Appx1367-1368, Appx1397.

The Board rejected this defense. Appx1395-1403. Among other things, the Board disagreed that the record showed that "RPX acts as a proxy for its clients, including Salesforce or otherwise." Appx1398. Instead, the Board credited evidence that RPX had its own business justifications for filing the petitions and made its own decision to petition for IPR, and the Board concluded that there was no evidence that RPX initiated the IPRs at Salesforce's behest. Appx1398-1402.

In its final decisions, the Board had little difficulty finding the challenged claims unpatentable. Appx2090-2174. On appeal, AIT sought to override those decisions by arguing that RPX's petitions were time-barred under § 315(b).

D. Panel Decision

The panel vacated and remanded, with each Judge taking a different position. Judge O'Malley reasoned that the Board erred in finding that Salesforce was not a "real party in interest." Op. 26, 40-41. Judge Reyna agreed that the Board had erred in determining that RPX's petitions were "not time barred," Conc. 1, but in a separate opinion focused on whether RPX's petitions were barred by the "*privity* provision of § 315(b)," *id.* at 4, 7-13 (emphasis added)—an issue that Judge O'Malley's opinion did not address, Op. 12-13 n.1. And Judge Hughes simply "join[ed] in the judgment." Op. 2.

The panel opinion concluded that the Board had applied an "impermissibly narrow" understanding of who qualifies as a "real party in interest." Op. 36-37. Instead, the panel held, the real-party-in-interest determination must be made "with an eye toward determining whether the non-party is a clear beneficiary that has a preexisting, established relationship with the petitioner." Op. 26; *see* Op. 23 (who "will benefit from the redress"?); Op. 27-28 (which RPX clients "would benefit from" IPR?). Accordingly, the panel held that the fact that RPX had a valid interest in pursuing IPR was irrelevant and that, instead, the Board should have looked to the relationship between Salesforce and RPX and determined whether Salesforce "has an interest in and will benefit from RPX's actions." Op. 31.

The panel remanded with instructions to the Board to reconsider whether Salesforce was a "real party in interest" under its new test, and to consider whether Salesforce was in privity with RPX—a new argument. Op. 38 n.8, 40-41.

ARGUMENT

The question of who qualifies as a "real party in interest" is critical to the proper functioning of the IPR process. The panel's decision in this case adopts an unprecedentedly broad conception of that term that, if given effect, will impede the robust IPR system that Congress intended. The full Court's review is warranted.

I. THE PANEL'S EXPANSIVE CONCEPTION OF "REAL PARTY IN INTEREST" CONFLICTS WITH EXISTING PRECEDENT

A. The Panel's Broad-Based Conception Of Who Qualifies As A "Real Party In Interest" Contravenes The Decisions Of The Supreme Court And This Court As Well As The Common Law

The Supreme Court has long recognized that, when Congress uses a familiar common-law term, it intends to borrow "'the cluster of ideas that were attached'" to the term. *Sekhar v. United States*, 570 U.S. 729, 733 (2013) (quoting *Morissette v. United States*, 342 U.S. 246, 263 (1952)). Thus, this Court has already recognized that Congress's use of the "familiar common law terms 'privy' and 'real party in interest' [in the AIA] indicate that Congress intended to adopt common law principles to govern the scope of the section 315(b) one-year bar." *Wi-Fi One, LLC v. Broadcom Corp.*, 887 F.3d 1329, 1335 (Fed. Cir. 2018); *see* Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,759 (Aug. 14, 2012) ("Courts invoke the terms 'real party-in-interest' and 'privy' to describe relationships and considerations sufficient to justify applying conventional principles of estoppel and preclusion.").

The test adopted by the panel here for who qualifies as a "real party in interest" under § 315(b) is fundamentally at odds with the longstanding limits on the preclusive effect of judgments on nonparties. Indeed, in *Taylor v. Sturgell*, the Supreme Court emphatically rejected the D.C. Circuit's attempt to evade those limits—"grounded in due process"—through the adoption of a so-called "virtual representation" test. 553 U.S. 880, 901 (2008). Under that test, the D.C. Circuit had looked to the relationship and commonality of interests between the parties in the two different actions, as well as the extent to which the subsequent litigation would have been to "the benefit of both" parties, raising the possibility of "[t]actical maneuvering by the second litigant." *Taylor v. Blakey*, 490 F.3d 965, 975-77 (D.C. Cir. 2007). The Supreme Court, however, unanimously rejected the D.C. Circuit's "expansive doctrine of virtual representation" as antithetical to the longstanding limits on nonparty preclusion. *Taylor*, 553 U.S. at 901.

In *WesternGeco*, this Court recognized that *Taylor* informs the scope of § 315's preclusive and estoppel effects and that § 315 cannot extend "beyond the limits of due process." 889 F.3d at 1319. That is because "a person who was not a party to a suit generally has not had a 'full and fair opportunity to litigate' the claims and issues settled in that suit." *Id.* And, the Court held, § 315 is specifically designed to address when prior litigation prevents a current petitioner from pursuing IPR. *See id.* at 1318-19; *Wi-Fi One*, 887 F.3d at 1335-36.

The panel decision here flouts *Taylor*, and thus, *WesternGeco* as well. The panel's "real party in interest" test is a carbon copy of the "virtual representation" test the Supreme Court unanimously rejected in *Taylor*. Indeed, the panel's focus in this case on the nature of the relationship and identity of interests between RPX and Salesforce and the extent to which Salesforce allegedly would "benefit from" the filing of RPX's IPRs is nearly identical to the inquiry that the D.C. Circuit applied in *Taylor* in finding that the common-law limits on nonparty preclusion did not apply. *Compare* Op. 31, *with* 490 F.3d at 971-72. And ultimately, the panel's decision here turned on the same kind of nuanced, "'close enough' determination" that the Supreme Court rejected in *Taylor*. 553 U.S. at 898.

The parallels between this case and *Taylor* are striking. In *Taylor,* the question was whether the judgment in one FOIA action precluded a subsequent FOIA action brought by a different plaintiff where the plaintiffs in both cases sought the same records. There, as here, Congress created a broad statutory right to pursue the legal relief being sought: there, the release of public documents; here, the Board's review of patent claims. *See Taylor*, 553 U.S. at 885 (citing 5 U.S.C. § 552(a)(3)(A)); 35 U.S.C. § 311(a). There, as here, the party that was involved in the first litigation shared an interest with the party that pursued the second litigation:

there, an interest in obtaining the same documents; here, an interest in invalidating certain patents. And there, as here, the party involved in the first litigation had a relationship with the party involved in the second litigation—indeed, there, the parties were "close associates" who belonged to the same antique aircraft association and even shared the same attorney. *See* 553 U.S. at 889.

Yet, in *Taylor*, the Supreme Court unanimously rejected the argument that "[p]reclusion is in order … whenever 'the relationship between a party and nonparty is "close enough" to bring the second litigant within the judgment,'" as well as the related notion that concerns about "tactical maneuvering" between the parties was sufficient to avoid the preclusive effects of a prior suit. *Id.* at 898, 906 (citation omitted). Here, in contrast, the panel adopted precisely the kind of inquiry that *Taylor* rejected—reasoning that the fact that the petitioner has its own interests in filing suit is irrelevant and that what matters, instead, is a know-it-when-we-see-it assessment of whether the petitioner's relationship to the entity in the prior litigation is too "close" and whether the court believes there is "tactical maneuvering" afoot.

The panel's far-reaching conception of "real party in interest" not only contravenes *Taylor* and *WesternGeco* but also the common-law understanding of that term. At common law, the tribunal assessing real-party-in-interest status first identified the relevant interest, and then determined whether the party before it was authorized to pursue litigation regarding that interest. *See* Charles E. Clark & Robert

M. Hutchins, *The Real Party in Interest*, 34 Yale L.J. 259, 259-62 (1925). If the legal interest being pursued did not belong to the plaintiff before the court, then the plaintiff was a nominal party and the entity that possessed the interest was the real party in interest. *Id.*; *see also* 1 A.C. Freeman, *Law of Judgments* § 175 (1874). And, as a result, any preclusion or estoppel that applied to the real party in interest applied to the nominal party as well. *Law of Judgments* § 174. But the fact that another entity may have had an analogous (or even identical) interest did not preclude the plaintiff from pursuing its own interest, or mean that the plaintiff was not the real party in interest. *See Litchfield v. Crane*, 123 U.S. 549, 550 (1887).

Here, RPX had its own interests in filing the IPR petitions—the same interests RPX has pursued in other IPR petitions—and unquestionably had a statutory right to do so. Appx 1224-1227; *see supra* at 5. The fact that Salesforce also presumably has an interest in the validity of AIT's patents, and so also might benefit if RPX prevailed on its IPR petitions, did not convert Salesforce into the "real party in interest" for purposes of RPX's IPR petitions. There is nothing untoward or surprising about this conclusion. As Congress was surely aware when it enacted the AIA, "'Anglo American jurisprudence'" has always carefully limited the circumstances in which a prior action can preclude a nonparty. *Taylor,* 553 U.S. at 884 (quoting *Hansberry v. Lee,* 311 U.S. 43, 40 (1940)).[1]

B. The Panel's Decision Conflicts With The PTO's Own Interpretation Of § 315's "Real Party In Interest" Trigger

The panel's decision also conflicts with the PTO's interpretation of "real party in interest" in § 315. In its Trial Practice Guide, the PTO recognized that Congress's use of "real party in interest" and "privy" indicated its intent to adopt the rules governing the preclusive effects of prior judgments, including as summarized in *Taylor.* 77 Fed. Reg. at 48,759. As an illustration, the PTO also stated that "a party that funds and directs and controls an IPR … proceeding constitutes a 'real party-in-interest.'" *Id.* at 48,760. Likewise, the PTO observed that, "if Trade Association X files an IPR petition, Party A does not become a 'real party-in-interest' or a 'privy' of the Association simply based on its membership in the Association." *Id.* The panel's conclusion that Salesforce was a "real party in interest" based largely on its

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[1] Judge Reyna's privity analysis ultimately suffers from the same flaw as the panel opinion because that analysis also looks to the same factors that comprised the "virtual relationship" test rejected in *Taylor.* As this Court has held, the privity provision of § 315(b) is also governed by the limits recognized in *Taylor*. *See WesternGeco*, 889 F.3d at 1319. In any event, Judge Reyna's view that AIT might be able to establish privity provides no basis to allow the panel's unfounded real-party-in-interest test to stand. And the mere fact that Judge Reyna felt the need to address privity (and Judge Hughes joined only "in the judgment," Op. 2) suggests that the panel itself had doubts about its real-party-in-interest test.

membership relationship with RPX, even though Salesforce did not direct, control, or fund RPX's IPR, is at odds with the PTO's interpretation.

In attempting to justify its expansive "benefits from" test, the panel pointed to the PTO's statement that the "'real party in interest' … may be the party or parties at whose *behest* the petition has been filed." Op. 9 (emphasis added) (quoting 77 Fed. Reg. at 48,759); *see* Op. 26. But a "behest" is a command. *See* "behest, n." *Oxford Living Dictionaries* (Oxford Univ. Press 2018), https://en.oxforddictionaries.com/definition/behest. Salesforce did not direct RPX to file its IPR petitions; RPX made its own decision to seek IPR. *Supra* at 5.

The panel decision's conflict with the PTO's own interpretation of § 315(b) underscores the importance of this case and the need for the full Court's review.[2]

II. THE PRACTICAL IMPLICATIONS OF THE PANEL'S DECISION HEIGHTEN THE NEED FOR THE FULL COURT'S REVIEW

The severe practical implications of the panel's decision heighten the need for rehearing. The panel's decision greatly expands the preclusive effect of judgments and prior litigation on nonparties—a matter that has long triggered due process concerns. *See Hansberry v. Lee*, 311 U.S. 32, 40-41 (1940). Moreover, the panel held that whether RPX itself has an interest in pursuing IPR is irrelevant. Op. 31 ("The point is not to probe RPX's interest ...."). Yet by that reasoning, RPX would

[2] The panel also erred in failing to give any meaningful deference to the PTO's interpretation of the AIA and to the Board's findings applying the PTO's test.

be precluded from petitioning for IPR in a case like this regardless of whether RPX was seeking such review because of its existing business reasons or because it, too, had had been sued for infringing another's patents. So long as there was another entity with whom RPX had a relationship that would also benefit from cancellation of the claims at issue, that other entity is suddenly the "real party in interest" and § 315 applies. That reasoning has massive implications given the multi-faceted and complex relationships among entities, the possibility if not likelihood that multiple entities may benefit from the cancellation of patents, and the fact that, by asserting their patents against as many defendants as possible (regardless of the claims' merit), NPEs can now wield § 315(b)'s time-bar against countless other entities.[3]

The panel's decision is all the more remarkable in that it adopted its expansive test in the context of defining who qualifies as a "real party-in-interest." *See* Op. 12-13 n.1. Under the panel's broad conception of "real party in interest," it is hard to see what additional work the statute's separate reference to "privy" would do. Yet Congress deliberately incorporated *both* the "real party in interest" and "privy" concepts in § 315(b)—in contrast to other provisions, such as § 312(a)(2), that refer only to "real party in interest"—and therefore intended both terms to have effect.

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[3] Heightening these concerns, under *Click-to-Call Technologies, LP v. Ingenio, Inc.*, No. 15-1242, 2018 WL 3893119, at *11-14 (Fed. Cir. Aug. 16, 2018), entities may be barred from proceeding by a prior suit in which they had no involvement, even if the action was filed and then voluntarily dismissed, creating a huge trap for the unwary and an invitation for abuse.

At bottom, it appears that the panel's decision was driven by its suspicions about RPX's business model and its fears that the IPR petitions were a product of tactical maneuvering between RPX and Salesforce. *See* Op. 7-8, 30-31. But as the Board properly recognized, AIT's allegations of collusion are pure "conjecture without evidentiary support." *See* Appx1398-1401.[4] And, in any event, such allegations provide no basis for finding real-party-in-interest status under the common-law understanding of that term. To the contrary, as the Supreme Court unanimously held in *Taylor*, allegations about the close relationship between parties, an identity of interests between parties, and even the perception of "tactical maneuvering" to benefit those interests, *cannot* be the basis for finding that one party is bound by litigation involving the other party. The panel erred by concluding otherwise.

* * * * *

The Supreme Court has repeatedly rejected the development of idiosyncratic rules for patent law that deviate from the general principles that Congress intended to adopt. *Cf. Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831 (2015); *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006). The expansive real-party-in-

[4] As to AIT's allegations about payments, the Board found that, although Salesforce periodically made payments to RPX, Salesforce made those payments in its membership capacity (as all members do); there was no evidence that the payments were at all tied to the IPR petitions here. Appx1400-1401.

interest test announced by the panel here for IPR not only breaks with the conventional understanding of that term, but defies the Supreme Court's own precedent. At a minimum, the full Court should reconsider that test before it is allowed to take root and frustrate the robust IPR process Congress intended.

CONCLUSION

The petition for rehearing en banc should be granted.

Dated: September 7, 2018

Respectfully submitted,

/s/ Gregory G. Garre

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ADDENDUM PURSUANT TO RULE 35(c)(3)

United States Court of Appeals for the Federal Circuit

APPLICATIONS IN INTERNET TIME, LLC,
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2017-1698, 2017-1699, 2017-1701

Appeals from the United States Patent and Trademark Office, Patent Trial and Appeal Board in Nos. IPR2015-01750, IPR2015-01751, IPR2015-01752.

Decided: July 9, 2018

STEVEN C. SEREBOFF, SoCal IP Law Group LLP, Westlake Village, CA, argued for appellant.

MICHAEL N. RADER, Wolf, Greenfield & Sacks, PC, New York, NY, argued for appellee. Also represented by BRYAN S. CONLEY, RICHARD GIUNTA, ELISABETH HUNT, Boston, MA.

Before O'MALLEY, REYNA, and HUGHES, *Circuit Judges*.

Case: 17-1698 Document: 66 Page: 2 Filed: 07/09/2018

Opinion for the court filed by *Circuit Judge* O'MALLEY, in which *Circuit Judge* HUGHES joins in the judgment.

Concurring opinion filed by *Circuit Judge* REYNA.

O'MALLEY, *Circuit Judge*.

This appeal arises from three inter partes reviews ("IPRs") challenging claims of two patents owned by Appellant Applications in Internet Time, LLC ("AIT"): U.S. Patent Nos. 7,356,482 ("the '482 patent") and 8,484,111 ("the '111 patent"). The Patent Trial and Appeal Board ("Board") of the United States Patent and Trademark Office ("PTO") instituted the IPRs over AIT's objection that the three IPR petitions filed by Appellee RPX Corporation ("RPX") were time-barred under 35 U.S.C. § 315(b) (2012). AIT contended that RPX was acting as a "proxy" for one of its clients, Salesforce.com, Inc. ("Salesforce"), on whom AIT had served a complaint alleging infringement of the '482 and '111 patents more than one year before RPX filed its petitions. Thus, AIT alleged that RPX was not the only real party in interest and that the time bar applicable to Salesforce was equally applicable to RPX. In two final written decisions, the Board held certain claims of the patents unpatentable under 35 U.S.C. § 103. *RPX Corp. v. Applications in Internet Time, LLC*, Nos. IPR2015–01751, IPR2015–01752, 2016 WL 7985456 (P.T.A.B. Dec. 28, 2016) (*482 Decision*); *RPX Corp. v. Applications in Internet Time, LLC*, No. IPR2015–01750, 2016 WL 7991300 (P.T.A.B. Dec. 28, 2016) (*111 Decision*).

AIT appeals, among other things, the Board's time-bar and unpatentability determinations. For the reasons set forth below, we conclude that the Board applied an unduly restrictive test for determining whether a person or entity is a "real party in interest" within the meaning of § 315(b) and failed to consider the entirety of the evidentiary record in assessing whether § 315(b) barred institution of these IPRs. We accordingly vacate the

Board's final written decisions and remand for further proceedings.

I. Background

A. The *Salesforce* Litigation and Failed Covered Business Method Petitions

Salesforce is a software company that offers customer relationship management software to its clients. On November 8, 2013, AIT filed a complaint against Salesforce, asserting infringement of both patents. *See* Compl., *Applications in Internet Time, LLC v. Salesforce.com, Inc.*, No. 3:13-cv-00628 (D. Nev. Nov. 8, 2013), ECF No. 1. Salesforce was served with a copy of the complaint on November 20, 2013.

As the district court noted, Salesforce's "right to file a petition with the PTAB seeking [IPR] of the patents in suit expired in November 2014" under 35 U.S.C. § 315(b). *Id.* Rather than timely petition for IPR of the '482 and '111 patents, Salesforce filed petitions for covered business method ("CBM") review in August 2014. *Applications in Internet Time, LLC v. Salesforce.com, Inc.*, No. 3:13-cv-00628, 2015 WL 8041794, at *1 (D. Nev. Dec. 4, 2015). The Board denied both CBM petitions in February 2015, concluding that Salesforce failed to establish that the patents are "covered business method patent[s]" within the meaning of the AIA. *Salesforce.com, Inc. v. Applications in Internet Time LLC*, No. CBM2014–00168, 2015 WL 470747, at *6 (P.T.A.B. Feb. 2, 2015); *Salesforce.com, Inc. v. Applications in Internet Time LLC*, No. CBM2014–00162, 2015 WL 470746, at *7 (P.T.A.B. Feb. 2, 2015).

B. RPX's IPR Petitions and Pre-Institution Discovery

RPX is a public company whose stated "mission is to transform the patent market by establishing RPX as the essential intermediary between patent owners and operating companies." J.A. 31. One of its strategies is "to help members of [its] client network quickly and cost-effectively extricate themselves from [non-practicing entity ('NPE')] lawsuits." J.A. 29. Salesforce is one of RPX's clients.

On August 17, 2015—more than one year after Salesforce was served with copies of AIT's complaint in the *Salesforce* litigation and several months after Salesforce's CBM petitions were denied—RPX filed three IPR petitions challenging the patentability of claims of the '482 and '111 patents. In each petition, RPX identified itself as the "sole real party-in-interest," and certified that it is not barred or estopped from requesting IPR as to the '482 and '111 patent claims. Moreover, in each petition, RPX acknowledged that the outcome of the IPRs could impact the ongoing *Salesforce* litigation.

Shortly thereafter, AIT filed motions for additional discovery, in which it asked the Board to compel RPX to produce documents relevant to identifying the real parties in interest. AIT "expect[ed] that the requested discovery, together with additional information, will make a compelling showing that RPX is the agent of un-named third party Salesforce.com, Inc. (Salesforce), thus establishing that the petitions are time-barred under 35 U.S.C. § 315(b)." J.A. 17. RPX opposed the motions. The Board, relying on passages in the PTO's Patent Trial Practice Guide, 77 Fed. Reg. 48,756 (Aug. 14, 2012) ("Trial Practice Guide"), was "persuaded that the combination of factors present here justifie[d] permitting additional discovery on the issue of whether Salesforce is a" real party in interest, and granted in part AIT's motions. J.A. 1068–69.

Over the following weeks, RPX produced documents responsive to certain of AIT's discovery requests. Among these documents are webpages that reveal, among other things, that (1) RPX "is the leading provider of patent risk solutions, offering defensive buying, acquisition syndication, patent intelligence, insurance services, and advisory services," *id.* at 73; (2) its "interests are 100% aligned with those of [their] clients," *id.* at 71; (3) RPX "work[s] to ensure that each RPX client avoids more in legal costs and settlements each year than they pay RPX in subscription fees," *id.*; and (4) although RPX "prevent[s] patent litigation," it also "can help after a litigation has begun," *id.* at 72. Another webpage, titled "Client Relations," provides that the company has teams that "vet each possible asset for quality, assertion history, seller reputation, and—especially—likelihood of threat to any or all RPX members." *Id.* at 28. This same webpage states that RPX's "insight into the patent market allows [it] to serve as an extension of a client's in-house legal team to better inform its long-term IP strategy." *Id.* Also among the documents produced were RPX's Form 10-K annual report for the period ending December 31, 2013, which lists one of RPX's "[s]trateg[ies]" as "facilitati[ng] . . . challenges to patent validity . . . ." *Id.* at 30–31. Other documents reveal that RPX and Salesforce share a member on their respective boards of directors. *Id.* at 32–36.

In addition to the foregoing, RPX produced three documents containing confidential information that are relevant to this appeal. The first, titled "Validity Challenge Identification Process and Best Practices" ("Best Practices Guide"), sets forth the company's "best practices" for identifying patents whose validity it will challenge in an IPR. *Id.* at 80–81. The document, which was created on July 9, 2014, *id.* at 1227 ¶ 14, provides that "RPX best practices help ensure that RPX is complying with all contractual obligations and to ensure that RPX is and will be deemed by the PTAB and district courts as the sole real party-in-interest in all validity challenges unless another real party-in-interest is expressly identified." *Id.* at 80. RPX's best practices (1) expressly discourage the company from taking suggestions from third parties, including clients, regarding validity challenges; (2) provide that it will not discuss forthcoming validity challenges with third parties in advance of filing; and (3) mandate that RPX will not discuss strategy or take feedback on pending validity challenges, and will "maintain complete control of all aspects of pending validity challenges." *Id.* This document further explains that "[a] validity challenge identification team . . . will identify potential validity challenges to propose to the Validity Challenge Approval Committee," and "will identify potential candidates based, in part, on" multiple factors. *Id.* at 80–81.

The second document is a declaration from RPX's Vice President of Client Relations, William W. Chuang, in which Chuang testified as to the reasons RPX files IPRs, the process that led to RPX's filing of the IPR petitions in this case, and RPX's interactions with Salesforce. Chuang testified that "RPX has many reasons for filing IPR petitions," including (1) reducing patent risk to an industry of companies, including current and potential clients; (2) decreasing the number of plainly invalid patents, which undermines confidence in the general patent market and might cause current and prospective clients to question whether they should pay subscription fees to RPX; (3) providing leverage in negotiating reasonable prices for acquiring patent rights and removing them from the hands of NPEs; and (4) conveying to the industry that RPX, unlike certain of its competitors, "uses every available method to reduce patent risk efficiently." J.A. 1223–26 ¶¶ 5–10.

Chuang also averred that RPX followed its Best Practices Guide in deciding to file the three IPR petitions in this case, and that it accordingly "had no communication with Salesforce whatsoever regarding the filing of IPR petitions against the AIT Patents before the AIT IPRs were filed." J.A. 1229 ¶ 20. He testified that "RPX originally looked at the AIT Patents after the AIT-Salesforce Litigation was filed" pursuant to its "customary practice" of monitoring newly filed patent infringement lawsuits to identify suits brought by NPEs. J.A. 1235 ¶¶ 35–36.

Case: 17-1698 Document: 66 Page: 7 Filed: 07/09/2018

According to Chuang, RPX "most likely" identified the '482 and '111 patents as "good potential IPR candidates that aligned well with the selection criteria" set forth in the Best Practices Guide during a meeting held on February 20, 2015—just after Salesforce's CBM petitions were denied. J.A. 1236–37 ¶¶ 37–40.

Chuang further testified regarding "six communications between RPX and Salesforce employees in which the AIT-Salesforce Litigation and/or the AIT Patents were mentioned or discussed." J.A. 1230 ¶ 22. The first of these communications, initiated by RPX, occurred on January 7, 2014, during which Chuang "mentioned that RPX had become aware that Salesforce had been sued by AIT"; "provided a small amount of information" that RPX knew about the litigation; indicated that, although RPX did not have knowledge of AIT's expectations for its litigation campaign, it had previous dialogue on other matters with the same counsel who was representing AIT in the litigation; and offered to reach out to that counsel. J.A. 1231 ¶ 23. The following month, after Salesforce "had just renewed its membership agreement with RPX," an in-person meeting was held during which Salesforce "indicated that it would be interested if RPX could reach out to AIT and find out any information regarding AIT's expectations for its litigation campaign." J.A. 1231 ¶ 24. During a phone call on June 30, 2014, Salesforce "again indicated that it would be interested in any information RPX could obtain concerning AIT's expectations for its litigation campaign." J.A. 1232 ¶ 25. It does not appear that any contact between RPX and AIT's counsel occurred during that time period. J.A. 1231–32 ¶¶ 24–25.

Shortly after this third communication, Salesforce filed its CBM petitions. *See Salesforce*, 2015 WL 8041794, at *1. According to Chuang, RPX initiated a call to Salesforce approximately two weeks later, during which Salesforce informed RPX that it had filed the CBM petitions, that a stay would therefore be granted in the dis-

Case: 17-1698 Document: 66 Page: 8 Filed: 07/09/2018

trict court litigation, and that Salesforce no longer was interested in having RPX reach out to AIT to obtain information about AIT's expectations for that litigation. J.A. 1232 ¶ 26.

On March 11, 2015, approximately five weeks after the Board denied Salesforce's two CBM petitions, RPX again asked Salesforce during a phone call "if Salesforce would like RPX to reach out to AIT to try to obtain information regarding AIT's expectations for its litigation campaign in view of the fact that Salesforce's petition for CBM review had been denied." J.A. 1232 ¶ 27. According to Chuang, Salesforce indicated that it was not interested in having RPX reach out to AIT at that time, but would inform RPX if circumstances changed in the future. J.A. 1232–33 ¶ 27. Very shortly thereafter, however, in April or May 2015, "Salesforce began to bring up the subject of the AIT-Salesforce Litigation," but RPX, apparently experiencing a change of heart, "immediately indicated that it was not inclined to discuss that matter, and the topic of discussion turned elsewhere." J.A. 1233 ¶ 28.

The third document contains information regarding the terms of Salesforce's contractual arrangement with RPX. In relevant part, the document reveals that Salesforce has paid RPX substantial sums as membership fees since its membership began, including a very significant payment shortly before the IPR petitions at issue here were filed. J.A. 82.

After receiving and reviewing the aforementioned discovery, AIT filed preliminary responses in which it argued, among other things, that the IPRs could not be instituted because RPX failed to properly identify Salesforce as a real party in interest and because the petitions were time-barred. It noted the volume and timing of payments Salesforce had made to RPX and provided timelines plotting correspondence between Salesforce and RPX relating to the *Salesforce* litigation, the CBM proceedings, and the IPR proceedings. AIT did not, however, depose Chuang.

C. The Institution Decisions

The Board instituted IPRs over AIT's real party in interest challenges, which it construed as being premised on 35 U.S.C. § 312(a), 37 C.F.R. § 42.8(b)(1), and § 315(b). It acknowledged that both the '482 and '111 patents had been asserted against Salesforce, RPX's client, in district court, but concluded that AIT "ha[d] not provided persuasive evidence to support" its assertion that "RPX must have filed the [petitions] as a proxy for Salesforce" or that its "business model is built upon [RPX] acting as an agent or proxy for third parties in cases just like this." In reaching this conclusion, the Board articulated the legal standard as follows:

> Whether an entity that is not named as a participant in a given proceeding constitutes [a real party in interest] is a highly fact-dependent question that takes into account how courts generally have used the terms to "describe relationships and considerations sufficient to justify applying conventional principles of estoppel and preclusion." Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,759 (Aug. 14, 2012). According to the Trial Practice Guide,
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>> the spirit of that formulation as to IPR . . . proceedings means that, at a general level, the "real party-in-interest" is the party that desires review of the patent. Thus, the "real party-in-interest" may be the petitioner itself, and/or it may be the real party or parties at whose behest the petition has been filed.
>
> *Id.* As stated in the Trial Practice Guide, there are "multiple factors relevant to the question of

> whether a non-party may be recognized as" an RPI. *Id.* (citing *Taylor v. Sturgell*, 533 U.S. 880, 893–895, 893 n.6 (2008)). There is no "bright line test." *Id.* Considerations may include, for example, whether a non-party exercises control over a petitioner's participation in a proceeding, or whether a non-party is funding the proceeding or directing the proceeding. *Id.* at 48,759–60.
>
> A petition is presumed to identify accurately all RPIs. *See Zerto, Inc. v. EMC Corp.*, Case IPR2014-01295, slip op. at 6–7 (PTAB Mar. 3, 2015) (Paper 34). When a patent owner provides sufficient evidence prior to institution that reasonably brings into question the accuracy of a petitioner's identification of RPIs, the overall burden remains with the petitioner to establish that it has complied with the statutory requirement to identify all RPIs. *Id.*

J.A. 1483–84.

The Board then wrote that several of AIT's citations to the record, including one in which RPX states its interests are "100% aligned" with those of its clients, were either taken out of context or mischaracterized. J.A. 1484. It juxtaposed those statements against other paragraphs in Chuang's declaration, including those in which he testified (1) that the "primary factor" driving RPX's decision to file the petitions was the ability to file a strong petition against a low-quality software patent "before the NPE extracted its price from its first litigation and proceeded to assert the patents more broadly against other targets," which would "provide significant reputational benefits to RPX"; and (2) that "RPX did not have any contractual obligation to file [this and the related] IPRs or any 'unwritten,' implicit or covert understanding with Salesforce that it would do so." J.A. 1485. The Board also rejected AIT's argument that "RPX has a history of acting as a proxy," distinguishing on their facts two of its earlier decisions on which AIT relied: *RPX Corporation v. Virnetx Inc.*, No. IPR2014-00171 (P.T.A.B. June 5, 2014), Paper No. 49, and *RPX Corporation v. ParkerVision*, No. IPR2014-00946 (P.T.A.B. Jan. 8, 2015), Paper No. 25. J.A. 1486.

The Board next disposed of AIT's argument that RPX has "adopted a 'willful blindness' strategy," under which "it intentionally operates its business to circumvent the [Board's] RPI case law," stating that it was "not persuaded that the evidence of record supports this assertion" and that RPX's declaration testimony "that explains RPX's 'best practices' for identifying RPIs . . . contradicts [AIT's] assertion." J.A. 1487. The Board was likewise not persuaded by AIT's argument that Salesforce "advanced" RPX the cost of the petitions, finding this "conjecture without evidentiary support." J.A. 1487–88. Finally, the Board disagreed with AIT's assertion that timelines showing RPX's communications with Salesforce demonstrate "a clear pattern of conspiracy." The Board pointed to portions of Chuang's declaration in which he testified, without rebuttal, that, although RPX communicated with Salesforce regarding the *Salesforce* litigation, the CBM proceedings, offers to reach out to AIT, and requests for additional information from Salesforce, RPX did not communicate with Salesforce on the specific topic of the IPRs. J.A. 1489.

D. The Final Written Decisions

AIT filed a combined response to the IPR petitions, reiterating its belief that RPX was acting as a proxy for real party in interest Salesforce. RPX filed separate replies, and the Board held an oral hearing on December 7, 2016, during which AIT again raised its real-party-in-interest argument. At the hearing, AIT, for the first time, raised the possibility that RPX might be time-barred under § 315(b) as a "privy" of Salesforce, arguing that the statute “merely requires that the real party-in-interest or a privy be time barred without speaking of control.” J.A. 2024.

In its final written decisions, the Board again rejected AIT’s real-party-in-interest challenge and determined that all challenged claims are unpatentable as anticipated or obvious in view of certain prior art references. *482 Decision*, 2016 WL 7985456, at *19; *111 Decision*, 2016 WL 7991300, at *3, *15. AIT appeals from the final written decisions, arguing that the Board both “lacked authority to proceed in rendering the [decisions] because it misconstrued the law of privity and real party in interest” and erred in certain of its claim constructions and unpatentability determinations. J.A. 483–91.

II. DISCUSSION

The primary issue in this appeal is whether the Board relied on an erroneous understanding of the term “real party in interest” in determining that the IPR petitions filed by RPX were not time-barred under § 315(b).[1] We conclude that it did.

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[1] As stated above, the time-bar arguments that AIT made to the Board centered on a theory that Salesforce was a real party in interest, rather than a privy of RPX. The first time it hinted that it believed Salesforce was a privy of RPX was during the oral hearing, where counsel argued that § 315(b) “merely requires that the real party-in-interest or privy be time barred without speaking of control.” J.A. 2024. It then argued in its Notices of Appeal that “the Board lacked authority to proceed in rendering the Final Written Decision because it misconstrued the law of privity and real party in interest.” J.A. 298, 303, 308, 484, 489. Because AIT focused its arguments on whether Salesforce was an unnamed real party

This court has had little occasion to grapple with the meaning of the term "real party in interest" in the context of § 315(b). This is due, in no small part, to the fact that time-bar determinations under this provision were not reviewable until we issued our en banc opinion in *Wi-Fi One, LLC v. Broadcom Corporation*, 878 F.3d 1364, 1374 (Fed. Cir. 2018) (*Wi-Fi En Banc*), holding "that time-bar determinations under § 315(b) are reviewable by this court." On remand, the panel held that "[t]he use of the familiar common law terms 'privy' and 'real party in interest' indicate that Congress intended to adopt common law principles to govern the scope of the [§] 315(b) one-year bar." *Wi-Fi One, LLC v. Broadcom Corp.*, 887 F.3d 1329, 1335 (Fed. Cir. 2018) (*Wi-Fi Remand*).

Although we have issued a few decisions recently applying these common-law principles in the context of § 315(b) challenges, they have been in cases where privity challenges were raised and where the arguments on that question related to the parties' relationship during an earlier litigation that reached a final judgment; the question of who is a "real party in interest" in the context of an IPR was not addressed.

In the years since the enactment of the Leahy–Smith America Invents Act, Pub. L. No. 112–29, § 6(a)–(c), 125 Stat. 284, 299–305 (2011) ("AIA"), the PTO has attempted to provide guidance with respect to the meaning of § 315(b) and the terms used therein. Specifically, it has published a Trial Practice Guide discussing these terms.[2]

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in interest and because we vacate the Board's determination on that score, we need not address in this opinion whether RPX and Salesforce were in privity, and leave this argument for the Board to consider on remand.

[2] We discuss the Trial Practice Guide in more detail later. We note, however, that the Trial Practice Guide is

Case: 17-1698 Document: 61 Page: 34 Filed: 07/09/2018

And the PTO's tribunals, including the Board below, have rendered time-bar determinations involving alleged real parties in interest and privies of petitioners that have

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exactly that and no more. It is "a practice guide" published by the PTO "to advise the public on the general framework of the regulations, including the structure and times for taking action in each of the new proceedings." 77 Fed. Reg. at 48,756. Importantly, it is not binding on Board panel members. Accordingly, it is, at best, "'entitled to respect' under" *Skidmore v. Swift & Co.*, 323 U.S. 134, 140 (1944), "only to the extent that those interpretations have the 'power to persuade' . . . ." *Christensen v. Harris Cty.*, 529 U.S. 576, 587 (2000) (describing agency manuals and interpretive guidelines as documents that "lack the force of law" and "do not warrant *Chevron*-style deference," but instead are "entitled to respect" under *Skidmore*). We do not pass judgment on the persuasiveness of all aspects of the Trial Practice Guide here, or whether it covers the entirety of the common-law landscape covered by § 315(b). We note that many of the statements in the Trial Practice Guide concerning § 315(b) are consistent with the language, structure, and purpose of the statutory provision it addresses and with its common-law predicates. More particularly, we do not believe that any of the general legal principles expressed in the Trial Practice Guide cited by the Board here run contrary to the common-law understanding of "real party in interest." Our concern here is not with whether the Trial Practice Guide is a thoughtful and useful resource to which individual Board members and the public might turn for guidance—it is—but with this particular panel's understanding and application of the principles articulated therein, and articulated in the common law which the Trial Practice Guide considers.

relied, to varying degrees, on statements contained in the Trial Practice Guide.

The facts of this case and the arguments made by the parties require us to explore in greater detail the meaning of the term "real party in interest" in the context of the AIA. As such, we first construe § 315(b) by examining the language of the provision, its place in the overall statutory scheme, and the legislative history of the provision. We then explain how the Board in this case rendered a flawed time-bar determination under § 315(b) by taking an unduly narrow view of the meaning of the governing statutory term and by failing to consider the entirety of the record before it.

A. Legal Standards

We review the PTO's statutory interpretations pursuant to *Chevron, U.S.A., Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837 (1984); *Auer v. Robbins*, 519 U.S. 452 (1997); and *United States v. Mead*, 533 U.S. 218, 229–30 (2001). *Chevron* requires that a court reviewing an agency's construction of a statute it administers first discern "whether Congress has directly spoken to the precise question at issue." 467 U.S. at 842. If the answer is yes, the inquiry ends, and the reviewing court must give effect to Congress's unambiguous intent. *Id.* at 842–43. If the answer is no, the court must consider "whether the agency's answer [to the precise question at issue] is based on a permissible construction of the statute." *Id.* at 843. The agency's "interpretation governs in the absence of unambiguous statutory language to the contrary or unreasonable resolution of language that is ambiguous." *United States v. Eurodif S.A.*, 555 U.S. 305, 316 (2009) (citing *United States v. Mead*, 533 U.S. 218, 229–30 (2001)).

When a statute expressly grants an agency rulemaking authority and does not "unambiguously direct[ ]" the agency to adopt a particular rule, the agency may "enact

Case: 17-1698 Document: 81 Page: 16 Filed: 09/07/2018

rules that are reasonable in light of the text, nature, and purpose of the statute." *Cuozzo Speed Techs., LLC v. Lee*, — U.S. —, 136 S. Ct. 2131, 2142 (2016) (first citing *Mead*, 533 U.S. at 229; then citing *Chevron*, 467 U.S. at 843). In such situations, when the PTO does adopt rules, "[w]e accept the [Director's] interpretation of Patent and Trademark Office regulations unless that interpretation is plainly erroneous or inconsistent with the regulation." *In re Sullivan*, 362 F.3d 1324, 1326 (Fed. Cir. 2004) (first citing *Auer*, 519 U.S. at 461–62; then citing *Bowles v. Seminole Rock & Sand Co.*, 325 U.S. 410, 414 (1945) (internal quotations omitted)).

Where an agency instead engages in "interpretive" rulemaking, at best, a lower level of deference might apply. *See Mead*, 533 U.S. at 227–29, 230–31 (describing notice-and-comment as "significant . . . in pointing to *Chevron* authority"); *Reno v. Koray*, 515 U.S. 50, 61 (1995) (according "some deference" to an interpretive rule that did "not require notice and comment"). The Supreme Court has explained that "[t]he fair measure of deference to an agency administering its own statute has been understood to vary with circumstances, and courts have looked to the degree of the agency's care, its consistency, formality, and relative expertness, and to the persuasiveness of the agency's position." *Mead*, 533 U.S. at 228 (footnotes omitted) (citing *Skidmore*, 323 U.S. at 139–40).

B. Interpreting § 315(b)

We begin our analysis of the Board's application of § 315(b) by construing the provision. "As in any case of statutory construction, our analysis begins with the language of the statute." *Hughes Aircraft Co. v. Jacobson*, 525 U.S. 432, 438 (1999) (internal quotation marks omitted). "The first step 'is to determine whether the language at issue has a plain and unambiguous meaning with regard to the particular dispute in the case.'" *Barnhart v. Sigmon Coal Co.*, 534 U.S. 438, 450 (2002) (quot-

Case: 17-1698 Document: 68-1 Page: 17 Filed: 07/09/2018

ing *Robinson v. Shell Oil Co.*, 519 U.S. 337, 340 (1997)). We also "must read the words 'in their context and with a view to their place in the overall statutory scheme.'" *King v. Burwell*, — U.S. —, 135 S. Ct. 2480, 2489 (2015) (quoting *FDA v. Brown & Williamson Tobacco Corp.*, 529 U.S. 120, 133 (2000)). This is because statutory "[a]mbiguity is a creature not [just] of definitional possibilities but [also] of statutory context." *Brown v. Gardner*, 513 U.S. 115, 118 (1994). Importantly, we may not conclude that a statutory provision is ambiguous until we conclude that resort to all standard forms of statutory interpretation are incapable of resolving any apparent ambiguity which might appear on the face of the statute. *See Chevron*, 467 U.S. at 843 n.9.

The primary dispute in this case is whether the Board applied an unduly narrow test for determining whether Salesforce is a "real party in interest" under § 315(b). We apply the principles set forth in *Chevron* and its progeny with this dispute in mind.

1. The Common Law in Context

Section 315 governs the relationship between IPRs and other proceedings conducted outside the IPR process. Section 315(b), titled "Patent Owner's Action," provides that an IPR "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."

Two insights into Congress's intent vis-à-vis the reach of § 315(b) can be gleaned from the statutory text alone. First, the inclusion of the terms "real party in interest" and "privy of the petitioner" in § 315(b) makes clear that Congress planned for the provision to apply broadly—sweeping in not only what might be traditionally known as real parties in interest, but privies as well. Second, Congress did not speak of there being only one interested party in each case; instead, it chose language that bars petitions where proxies or privies would benefit from an instituted IPR, even where the petitioning party might separately have its own interest in initiating an IPR. Indeed, Congress understood that there could be *multiple* real parties in interest, as evidenced by § 312(a)'s requirement that an IPR petition must "identif[y] *all* real parties in interest." 35 U.S.C. § 312(a)(2) (emphasis added).

The terms "real party in interest" and "privy of the petitioner" are not defined in the AIA. As we recognized in *Wi-Fi Remand*, however, "[t]he use of the familiar common law terms 'privy' and 'real party in interest' indicate that Congress intended to adopt common law principles to govern the scope of the section 315(b) one-year bar." 887 F.3d at 1335; *see also Kirtsaeng v. John Wiley & Sons, Inc.*, 568 U.S. 519, 538 (2013) (explaining that, where terms in a statute cover "'issue[s] previously governed by the common law,'" courts "must presume that 'Congress intended to retain the substance of the common law.'" (quoting *Samantar v. Yousuf*, 560 U.S. 305, 320 n.13 (2010))). In *WesternGeco LLC v. ION Geophysical Corp.*, we shed additional light on the meaning of "privy" in the context of § 315(b), but did not elaborate on the scope of "real party in interest" because the patent owner focused on privity as the key basis of its time-bar challenge. *WesternGeco*, 889 F.3d 1308, 1316–19 (Fed. Cir. 2018). We now examine the common-law meaning of "real party in interest," keeping in mind the administrative context in which this question arises.

As the Supreme Court explained in *Sprint Communications Co. v. APCC Services, Inc.*, the concept of a "real party in interest" developed at common law over the centuries in large measure as a means of eliminating a restrictive common law rule that prohibited assignees of a legal claim for money from bringing suit in their own name. 554 U.S. 269, 273–81 (2008); *see also* 6A Charles

Alan Wright, Arthur R. Miller, & Mary Kay Kane, Federal Practice & Procedure § 1545 (3d ed. 2018) ("Wright & Miller") ("At common law the assignee of a chose in action did not hold legal title to it and could not qualify as the real party in interest. Indeed, in large measure the real-party-in-interest concept developed as a means of eliminating this restrictive rule." (footnote omitted)). The Court explained that 17th century English courts "strictly adhered to the rule that a 'chose in action'—an interest in property not immediately reducible to possession (which, over time, came to include a financial interest such as a debt, a legal claim for money, or a contractual right)—simply 'could not be transferred to another person by the strict rules of the ancient common law.'" *Sprint Commc'ns*, 554 U.S. at 275 (quoting 2 William Blackstone, *Commentaries* *442). Over time, "the law increasingly permitted the transfer of legal title to an assignee, [and] courts agreed that assignor and assignee should be treated alike in this respect." *Id.* at 279–80.

Federal Rule of Civil Procedure 17(a), titled "Real Party in Interest," codifies these broad, common-law principles. *See* Wright & Miller § 1541 (explaining that the "original text of Rule 17(a) was taken almost verbatim" from equitable and legal rules that "discarded the cumbersome procedures for 'use' actions at law"). The Rule provides that "[a]n action must be prosecuted in the name of the real party in interest," and specifies seven categories of individuals who "may sue in their own names without joining the person for whose benefit the action is brought": (1) executors; (2) administrators; (3) guardians; (4) bailees; (5) trustees of express trusts; (6) parties "with whom or in whose name a contract has been made for another's benefit"; and (7) parties authorized by statute. Fed. R. Civ. P. 17(a). "The list in Rule 17(a) is not meant to be exhaustive and *anyone possessing the right to enforce a particular claim is a real party in inter-*

Case: 17-1698 Document: 61 Page: 20 Filed: 07/09/2018

est even if that party is not expressly identified in the rule." Wright & Miller § 1543 (emphasis added).

As stated in Wright & Miller, the effect of Rule 17(a) "is that the action must be brought by the person who, according to the governing substantive law, is *entitled to enforce the right*." *Id.* (emphasis added). Indeed, "[t]he basis for the real-party-in-interest rule was stated by the Advisory Committee in its Note to the 1966 amendment to Rule 17(a)" as follows:

> [T]he modern function of the rule in its negative aspect is simply to protect the defendant against a subsequent action by the party actually entitled to recover, and to ensure generally that the judgment will have its proper effect as res judicata.

Id. The treatise also notes that, "[i]n order to apply Rule 17(a)(1) properly, it is necessary to identify the law that created the substantive right being asserted by plaintiff." *Id.*

Two questions we must answer, then, are (1) what "right" is being enforced; and (2) who is "entitled" to enforce that right. In the context of IPRs—adversarial proceedings that offer "a second look at an earlier administrative grant of a patent," *Cuozzo*, 136 S. Ct. at 2144—the "right" being enforced is a petitioner's right to seek administrative reexamination of the patentability of issued claims as an alternative to invalidating those claims in a judicial proceeding. Thus, the focus of the real-party-in-interest inquiry is on the patentability of the claims challenged in the IPR petition, bearing in mind who will benefit from having those claims canceled or invalidated.

We now turn to the second question: who is entitled to bring an IPR? Under the provisions of the AIA, "a person who is not the owner of a patent" may petition for IPR, "[s]ubject to the provisions of this chapter." 35

Case: 17-1698 Document: 66-1 Page: 21 Filed: 07/09/2018

U.S.C. § 311(a). One of these limiting provisions is § 315(b). A second is § 315(a), a related provision that prohibits an IPR from being "instituted if, before the date on which the petition for such a review is filed, the petitioner or real party in interest filed a civil action challenging the validity of a claim of the patent." Other provisions place requirements on the petition itself. *See id.* §§ 311(b)–(c), 312.

Structurally, the AIA permits the filing of an IPR by anyone who is neither the patent owner nor a petitioner, "real party in interest," or "privy of the petitioner" whose petition would be time-barred under either § 315(a) or § 315(b) from filing an IPR petition. We note that the universe of permissible IPR petitioners seeking to challenge patent claims is significantly larger than the universe of plaintiffs who would have Article III standing to bring a declaratory judgment action challenging the validity of a patent in federal court. The PTO recognizes this unique feature of IPRs, stating in its Trial Practice Guide that "[t]he typical common-law expression of the 'real party-in-interest' (the party 'who, according to the governing substantive law, is entitled to enforce the right') does not fit directly into the AIA trial context" because "[t]hat notion reflects standing concepts, but no such requirement exists in the IPR or PGR context." 77 Fed. Reg. at 48,759. Although we agree with the PTO's assessment, we do not think that this reality renders the meaning of the term "real party in interest" ambiguous in the IPR context.

As a starting point, Congress clearly did not intend for the term "real party in interest" to be interpreted so broadly as to mean that "anyone who otherwise would be able to petition for IPR" will always be deemed the sole real party in interest. Such an interpretation would render the terms "petitioner" and "privy of the petitioner" in § 315(b)—and § 312(a)'s obligation to identify *all* real parties in interest—meaningless. It would also render much of § 315(e)'s two estoppel provisions meaningless. These provisions prevent not only petitioners, but *also* real parties in interest, from requesting or maintaining alternative administrative attacks or asserting subsequent invalidity challenges in federal court "on any ground that the petitioner raised or reasonably could have raised during that inter partes review." 35 U.S.C. §§ 315(e)(1), (2).[3]

Just how close must the relationship between the real party in interest and the IPR petitioner (or the petition) be? Wright & Miller and other authorities provide examples of legal relationships in which a nonparty is or is not a "real party in interest." Two are particularly relevant in this case. First, "[a]s a general rule, a person who is an attorney-in-fact or an agent solely for the purpose of bringing suit is viewed as a nominal rather than a real party in interest and will be required to litigate in the

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[3] The legislative history of § 315(e), which we discuss in greater detail below, confirms this view, with one Senator stating:

> The present bill also incorporates S. 3600's extension of the estoppels and other procedural limits in sections 315 and 325 to real parties in interest and privies of the petitioner. . . . [P]rivity is an equitable rule that takes into account the "practical situation," and should extend to parties to transactions and other activities *relating to the property in question*.

157 Cong. Rec. S1376 (Mar. 8, 2011) (statement of Sen. Kyl) (emphasis added). Although the second sentence of this Senator's statement only explicitly mentions privity, the common-law rules governing real parties in interest are similarly applicable to parties to transactions and other activities relating to particular property.

name of the principal rather than in the agent's own name." Wright & Miller § 1553. That said, an agent with an ownership interest in the subject matter of the suit, or one who is the trustee of an express trust or a party in whose name a contract has been made for the benefit of another, may qualify as a real party in interest. *Id.* Second, an incorporated or unincorporated association "is not the appropriate party for bringing suit to assert the personal rights of its members" absent statutory authority to do so. *Id.* § 1552. "[T]he association may become the real party in interest by acquiring the rights of its members by a bona-fide assignment." *Id.*

Thus, when it comes to evaluating the relationship between a party bringing a suit and a non-party, the common law seeks to ascertain who, from a "practical and equitable" standpoint, will benefit from the redress that the chosen tribunal might provide. *See* Trial Practice Guide, 77 Fed. Reg. at 48,759. Indeed, the PTO correctly recognizes that the related concept of privity "is an equitable rule that takes into account the 'practical situation,' and should *extend to parties to transactions and other activities relating to the property in question*." *Id.* (emphasis added) (citing 157 Cong. Rec. S1376 (Mar. 8, 2011) (statement of Sen. Kyl)).

At the same time, the common law aims to protect defendants in one action from later legal actions brought by related parties who are actually entitled to relief. As stated in Wright & Miller, "[t]he 'negative' function of the rule governing who is a real party in interest enables a defendant to present defenses he has against the real party in interest to protect the defendant against a subsequent action by the party actually entitled to relief, and to ensure that the judgment will have proper res judicata effect." Wright & Miller § 1543 n.3 (citing *Key Constructors, Inc. v. Harnett Cty.*, 315 F.R.D. 179, 183 (E.D.N.C. 2016)). This notion applies with equal force in the IPR context—a patent owner dragged into an IPR by a petitioner, who necessarily has an interest in canceling the patent owner's claims, should not be forced to defend against later judicial or administrative attacks on the same or related grounds by a party that is so closely related to the original petitioner as to qualify as a real party in interest. Section 315(e) is designed to prevent this very possibility by estopping real parties in interest and privies of the petitioner from challenging claims in later judicial or administrative proceedings on any ground that the IPR petitioner raised or reasonably could have raised during the IPR.

2. Legislative History

Turning to the legislative history, we find nothing that suggests Congress intended for the term "real party in interest" to have a meaning that departs from its common-law origins. Instead, it reveals that Congress intended for it to have an expansive formulation. A 2011 House Report on the AIA explains that, "[i]n utilizing the post-grant review process, petitioners, real parties in interest, and their privies are precluded from *improperly mounting multiple challenges* to a patent or initiating challenges after filing a civil action challenging the validity a claim in the patent." H.R. Rep. No. 112–98, at 48 (2011), *reprinted in* 2011 U.S.C.C.A.N. 67, 78 (emphasis added). In the following paragraph, the report makes clear that Congress "recognizes the importance of quiet title to patent owners to ensure continued investment resources." *Id.* Thus, "[w]hile this amendment is intended to remove current disincentives to current administrative processes, the changes made by it are *not to be used as tools for harassment* or a means to prevent market entry through *repeated litigation and administrative attacks* on the validity of a patent." *Id.* (emphases added).

Other statements from members of Congress reveal that the terms "real party in interest" and "privy" were included in § 315 to serve two related purposes: (1) to ensure that third parties who have sufficiently close relationships with IPR petitioners would be bound by the outcome of instituted IPRs under § 315(e), the related IPR estoppel provision; and (2) to safeguard patent owners from having to defend their patents against belated administrative attacks by related parties via § 315(b).

For example, during the March 2011 Senate debates, Senator Kyl stated that "[t]he present bill also incorporates S. 3600's extension of the estoppels and other procedural limits in sections 315 and 325 to real parties in interest and privies of the petitioner." 157 Cong. Rec. S1376 (Mar. 8, 2011) (statement of Sen. Kyl). He continued that "privity is an *equitable rule* that takes into account the 'practical situation,' and should *extend to parties to transactions and other activities relating to the property in question*." *Id.* (emphases added). He then stated that, "[i]deally, extending could-have-raised estoppel to privies will help ensure that if an inter partes review is instituted while litigation is pending, that review will completely substitute for at least the patents-and-printed-publications portion of the civil litigation." *Id.* One of his colleagues, Senator Schumer, expressed a similar belief, stating that "[a] 'privy' is a party that has a direct relationship to the petitioner with respect to the allegedly infringing product or service." *Id.* at S5432 (Sept. 8, 2011) (statement of Sen. Schumer).

3. Conclusion Regarding Statutory Interpretation

We conclude that, with respect to the dispute in this case, § 315(b) is unambiguous: Congress intended that the term "real party in interest" have its expansive common-law meaning. Because "the statutory language is unambiguous and 'the statutory scheme is coherent and consistent,'" our inquiry ceases and "we need not contemplate deferring to the agency's interpretation." *Barnhart*, 534 U.S. at 450, 462 (first quoting *Robinson*, 519 U.S. at 340; then quoting *Chevron*, 467 U.S. at 842–43).

Case: 17-1698 Document: 68-1 Page: 50 Filed: 07/09/2018

C. The Board Took an Unduly Restrictive View of "Real Party in Interest" and Committed Other Errors

The Board made several critical errors in this case. First, it made certain factual findings that are not supported by substantial evidence and, at various points, failed to consider the entirety of the record. Second, it failed to adhere to the expansive formulation of "real party in interest" that is dictated by the language, structure, purpose, and legislative history of § 315(b).

Determining whether a non-party is a "real party in interest" demands a flexible approach that takes into account both equitable and practical considerations, with an eye toward determining whether the non-party is a clear beneficiary that has a preexisting, established relationship with the petitioner. Indeed, the Trial Practice Guide, on which the Board relied, suggests that the agency understands the "fact-dependent" nature of this inquiry, explaining that the two questions lying at its heart are whether a non-party "desires review of the patent" and whether a petition has been filed at a non-party's "behest." Trial Practice Guide, 77 Fed. Reg. at 48,759.

Although the Board quoted the portion of the Trial Practice Guide expressing these two questions and the Guide's statement that "multiple factors [are] relevant to the question of whether a non-party may be recognized as" a real party in interest in its institution decision, J.A. 1437, it did not apply these principles in its § 315(b) analysis. For example, the Board did not meaningfully examine two factors the Trial Practice Guide deems "[r]elevant": Salesforce's relationship with RPX and "the nature of" RPX as an entity. 77 Fed. Reg. 48,760. The Trial Practice Guide lists these factors after posing a hypothetical in which a trade association to which "Party A" belongs, "Trade Association X," files an IPR. Although the Guide explains that, "if Trade Association X files an

Case: 17-1698 Document: 68 Page: 51 Filed: 09/07/2018

IPR petition, Party A does not become a 'real party-in-interest' or a 'privy' of the Association simply based on its membership in the Association," it also provides that this reality does not mean "that Party A's membership in Trade Association X . . . in th[is] scenario[] is irrelevant to the determination . . . ." *Id.* Instead, "deeper consideration of the facts in the particular case is necessary to determine whether Party A is a 'real party-in-interest' or a 'privy' of the petitioner." *Id.*

We conclude that the Board's consideration of the evidence was impermissibly shallow, both under the Trial Practice Guide and the common law it incorporates. The evidence of record reveals that RPX, unlike a traditional trade association, is a for-profit company whose clients pay for its portfolio of "patent risk solutions." J.A. 73. These solutions help paying members "extricate themselves from NPE lawsuits." J.A. 29. The company's SEC filings reveal that one of its "strategies" for transforming the patent market is "the facilitation of challenges to patent validity," one intent of which is to "reduce expenses for [RPX's] clients." J.A. 31. Yet the Board did not consider these facts, which, taken together, imply that RPX can and does file IPRs to serve its clients' financial interests, and that a key reason clients pay RPX is to benefit from this practice in the event they are sued by an NPE.

This implication becomes stronger when one considers the discovery produced in this case. First, even though it is undisputed that RPX nominally adhered to its "best practices," which prohibit it from discussing IPRs with clients who do not agree to be named as real parties in interest, J.A. 80, these practices do not bear on whether RPX files IPR petitions to benefit *specific* clients that previously have been accused of patent infringement. Moreover, several of the factors that RPX considers when identifying potential IPR candidates are highly probative of whether particular individual clients would benefit from having RPX file IPR petitions challenging patents they have been accused of infringing. These include (1) the number of patents "asserted in the campaign"; (2) the likelihood of a new validity challenge by another entity; (3) the number of "RPX clients, including those covered under RPX insurance policies, in suit"; (4) the "estimated cost of litigation defense"; and (5) "potential reputational benefits" to RPX. J.A. 80–81. Each of these factors is suggestive of whether any given RPX client would benefit from having RPX file an IPR petition challenging patents that have been asserted against that client in district court. Yet, again, the Board did not examine these factors, in contravention of its obligations under the Administrative Procedure Act ("APA"). *Falkner v. Inglis*, 448 F.3d 1357, 1363 (Fed. Cir. 2006) ("This court applies the standards of the Administrative Procedure Act ('APA') in reviewing decisions of the Board." (citation omitted)).[4]

[4] We also note that the circumstances surrounding RPX's creation of its Best Practices Guide—none of which the Board considered—cast additional doubt on the company's motivations. On June 5, 2014, a different panel of the Board issued a decision denying institution of an IPR in *RPX Corp. v. Virnetx Inc.*, explaining why it believed that non-party Apple Inc. was a real party in interest in that case. No. IPR2014-00171 (P.T.A.B. June 5, 2014), Paper No. 49. The Board held that, "based on the record presented, the interactions between RPX and Apple show an implicit authorization to challenge the Virnetx Patent." *Id.*, slip. op. at 9. Fewer than forty days later, RPX began following its Best Practices Guide, which it claims "help[s] ensure that RPX is complying with all contractual obligations and to *ensure that RPX is and will be deemed* by the PTAB and district courts *as the sole real party-in-*

"[S]ubstantial evidence review 'requires an examination of the record as a whole, taking into account both the evidence that justifies and detracts from an agency's opinion.'" *Princeton Vanguard, LLC v. Frito-Lay N. Am., Inc.*, 786 F.3d 960, 970 (Fed. Cir. 2015) (quoting *Falkner*, 448 F.3d at 1363); *see Butte Cty. v. Hogen*, 613 F.3d 190, 194 (D.C. Cir. 2010) (explaining that an agency's refusal to consider evidence bearing on the issue before it is, by definition, arbitrary and capricious within the meaning of 5 U.S.C. § 706, which governs review of agency adjudications, meaning that the agency must take account of all the evidence of record, including that which detracts from the conclusion the agency ultimately reaches). "Our review under that standard 'can only take place when the agency explains its decisions with sufficient precision, including the underlying factfindings and the agency's rationale.'" *Princeton Vanguard*, 786 F.3d at 970 (quoting *Packard Press, Inc. v. Hewlett-Packard Co.*, 227 F.3d 1352, 1357 (Fed. Cir. 2000)). None of the Board's institution decisions nor its final written decisions grapple with the facts outlined above, all of which bear directly on the issue of whether, and under what circumstances, RPX takes a particular client's interests into account when determining whether to file IPR petitions. The Board's selective weighing of the record evidence does not pass muster under the APA. "Just as it may not short-cut its legal analysis, the Board may not short-cut its consideration of the factual record before it." *Id.*

The facts and arguments that the Board *did* consider do not persuade us that its decision not to consider the

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interest in all validity challenges unless another real party-in-interest is expressly identified." J.A. 80 (emphases added); *id.* at 1227 ¶ 14 (disclosing the date on which the Best Practice Guide was created).

aforementioned evidence was harmless. First, although there is little evidence regarding RPX's weighing of its "best practices" factors in this case, its Vice President of Client Relations, Chuang, did testify that:

- RPX considered AIT a non-practicing entity, J.A. 1235–36 ¶¶ 35–37;
- "RPX filing [these IPRs] would likely result in positive reputational benefits with the large number of companies (clients and prospects alike) in the software industry," J.A. 1237–38 ¶ 41;
- After Salesforce's CBM petitions were denied, "it was highly unlikely that any party other than RPX would challenge the AIT Patents before the Patent Office unless and until the AIT-Salesforce Litigation was resolved," J.A. 1238–39 ¶ 43; and
- Salesforce was time-barred from challenging the '482 and '111 patents before the PTO, J.A. 1239 ¶ 43.

RPX did not point to any other clients whom it believed might be at risk of infringement claims arising out of the patents on which the IPR was instituted. Indeed, it conceded that no one else would likely have an incentive to challenge these *particular* patents. It simply cited testimony that its reputation might be boosted by the filing of an IPR which could serve to protect *this* client. Given that one of RPX's publicly stated business solutions is to file IPRs where its clients have been sued by non-practicing entities to "reduce expenses for [its] clients," J.A. 31, and that any IPR petitions Salesforce might have wanted to file would have been time-barred, this evidence at least suggests that RPX may have filed the three IPR petitions, in part, to benefit Salesforce.

The Board emphasized Chuang's testimony that "[t]he primary factor driving RPX's decision to file [the] IPRs" was "the ability to file a very strong petition against a low quality patent in the software sector before the NPE extracted its price from its first litigation and proceeded to assert the patents more broadly against other targets," which would "prevent multiple future lawsuits against clients, prospects, and the industry at large and, as a result, provide significant reputational benefits to RPX." J.A. 1398. The Board seemed to believe that, so long as RPX articulated an independent interest in pursuing the IPRs, that was enough to make it—and not Salesforce—the real party in interest. But, as discussed above, § 315(b) does not presume the existence of only one real party in interest—it is not an either-or proposition. The point is not to probe RPX's interest (it does not need any); rather, it is to probe the extent to which Salesforce—as RPX's client—has an interest in and will benefit from RPX's actions, and inquire whether RPX can be said to be representing that interest after examining its relationship with Salesforce. The Board's focus on RPX's motivations to the exclusion of Salesforce's reveals its misunderstanding of controlling legal principles.[5]

A different Board panel recently focused on similar connections between a time-barred party (Springpath) and the nominal petitioner (Cisco) when determining that a petition was barred for failing to identify all real parties

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[5] As noted above, the Board never required RPX to assert or prove that "the industry at large" would be impacted by or have an interest in these patents or these IPRs. Thus, even if it were enough for RPX to prove that it had other clients who might benefit from the invalidation of the patents at issue, the Board did not require RPX to prove that to be true.

in interest. *See Cisco Sys., Inc. v. Hewlett Packard Enter. Co.*, No. IPR2017-01933 (P.T.A.B. Mar. 16, 2018), Paper No. 9. There, after citing the Trial Practice Guide for the proposition that Boards can take into account "whether a non-party 'funds and directs and controls' an IPR petition or proceeding; the non-party's relationship with the petitioner; the non-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," *id.* at 13 (citing 77 Fed. Reg. at 48,760), the Board found that the patent owner "present[ed] unrebutted evidence that Petitioner invested 34 million dollars into Springpath prior to the filing of the Petition and had attained 'board-level representation' at Springpath—all of which establishes a longstanding relationship between Petitioner and Springpath," *id.* at 14. According to the Board, "[w]hile this evidence does not show control or funding by Springpath of this IPR, it can be considered as evidence that Cisco is representing Springpath's interest, rather than its own and, thus, it is pursuing its Petition as a proxy for Springpath." *Id.*

The Board went on to determine that the evidence was "sufficient to demonstrate a proxy relationship such that Cisco was a proxy for Springpath in filing the Petition," crediting the patent owner's assertion that "[i]t is Springpath that is accused of infringing the '799 Patent in the district court litigation, not Cisco," that "Cisco is not, and has never been, a defendant in the Springpath district court litigation," and that "[n]one of Cisco's products have been accused of patent infringement in that litigation." *Id.* at 15 (citing 77 Fed. Reg. 48,759 for the proposition that a "real party-in-interest" is "the party that desires review of the patent"). Finding that Cisco had failed to explain adequately what "independent reason" it had to file the IPR petition, the Board found it to be a proxy of Springpath. *Id.* at 16. Here, the Board's failure to consider Salesforce's interest in the IPRs, its decision not to examine critically either RPX's business model, its underestimation of the relevance, in the context presented here, of the fact that Salesforce and RPX had overlapping members on their respective boards of directors, J.A. 1401, and its decision to accept at face value RPX's explanation of its own interest in the IPRs indicates that the Board did not adequately assess whether Salesforce actually "desire[d] review of the patent[s]." 77 Fed. Reg. at 48,759.

Next, the Board relied on Chuang's averment that "RPX did not have any contractual obligation to file [the] IPRs or any 'unwritten,' implicit or covert understanding with Salesforce that it would do so." J.A. 1398 (citation omitted). As explained more fully below, however, a non-party to an IPR can be a real party in interest even without entering into an express or implied agreement with the petitioner to file an IPR petition.

The Board also cited Chuang's testimony that RPX followed its Best Practices Guide in this case and accordingly "had no communication with Salesforce whatsoever regarding the filing of IPR petitions against the AIT Patents before the AIT IPRs were filed." J.A. 1229 ¶ 20. RPX also submitted evidence that it "did not know before filing the AIT IPRs what (if any) impact an IPR filing would have on RPX's relationship with Salesforce," and that it even considered whether Salesforce might react negatively to RPX's filing of the IPR petitions. J.A. 1240 ¶ 46. Chuang testified that "defendants often express concern about validity challenges potentially emboldening a plaintiff if unsuccessful or creating conflicts with their litigation strategy," and that RPX did not know what, if any, prior art challenges Salesforce may be planning in the litigation. J.A. 1240 ¶ 46. He further testified that RPX did not have any contractual obligation to file the IPRs or any unwritten, implicit or covert understanding with Salesforce that it would do so. J.A. 1239 ¶ 45.

Chuang did not, however, testify that RPX *actually believed* Salesforce would have reacted negatively to RPX's filing of IPR petitions challenging claims of the '482 and '111 patents. Rather, the evidence submitted indicates the company's understanding that the very challenges to validity included in the IPR petitions were challenges Salesforce would like to have made if not time-barred from doing so. Indeed, Chuang's own averments about the timing and content of the communications between RPX and Salesforce in relation to the *Salesforce* litigation and the denied CBM petitions indicate the contrary.[6] The evidence might actually indicate that RPX

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[6] Chuang testified that "RPX originally looked at the AIT Patents after the AIT-Salesforce Litigation was filed" pursuant to its "customary practice" of monitoring newly filed patent infringement lawsuits to identify suits brought by NPEs. J.A. 1235 ¶¶ 35–36. Moreover, according to Chuang, RPX "most likely" identified the '482 and '111 patents as "good potential IPR candidates that aligned well with the selection criteria" set forth in the Best Practices Guide during a meeting held on February 20, 2015. J.A. 1236–37 ¶¶ 37–40. This was less than three weeks after Salesforce's CBM petitions were denied.

Approximately five weeks after the Board denied Salesforce's CBM petitions, RPX asked Salesforce during a phone call "if Salesforce would like RPX to reach out to AIT to try to obtain information regarding AIT's expectations for its litigation campaign in view of the fact that Salesforce's petition for CBM review had been denied." J.A. 1232 ¶ 27. According to Chuang, Salesforce indicated that it was not interested in having RPX reach out to AIT at that time, but would inform RPX if circumstances changed in the future. J.A. 1232–33 ¶ 27. Finally, in April or May 2015, "Salesforce began to bring up the subject of the AIT-Salesforce Litigation," and "RPX imworked to ascertain, with a strong degree of confidence, its client's desires, while taking last-minute efforts to avoid obtaining an express statement of such desires. The law has a label for this: willful blindness. *See Global-Tech Appliances, Inc. v. SEB S.A.*, 563 U.S. 754, 769 (2011) ("While the Courts of Appeals articulate the doctrine of willful blindness in slightly different ways, all appear to agree on two basic requirements: (1) the defendant must subjectively believe that there is a high probability that a fact exists and (2) the defendant must take deliberate actions to avoid learning of that fact." (footnote and citation omitted)).

AIT accused RPX of engaging in this very practice. *See* J.A. 1368. But the Board, without providing any reasoned explanation, wrote that it was "not persuaded that the evidence of record supports th[e] assertion[s]" that RPX has "adopted a 'willful blindness' strategy" and "intentionally operates its business to circumvent the PTAB's RPI case law." J.A. 1400. It further explained that "RPX has provided declaration testimony that explains RPX's 'best practices' for identifying RPIs that *contradicts* Patent Owner's assertion." J.A. 1400 (emphasis added) (citing paragraphs 14–19 of Chuang's declaration). Substantial evidence does not support this determination—nothing in these paragraphs, or anything

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mediately indicated that it was not inclined to discuss that matter, and the topic of discussion turned elsewhere." J.A. 1233 ¶ 28. Had the Board examined *any* of this evidence, it might have interpreted Salesforce's change of heart and RPX's effort not to acquire any additional information as a mutual desire to avoid entering into an express agreement under which RPX would file IPR petitions challenging AIT's patents for Salesforce's benefit.

else in Chuang's declaration or RPX's reply to AIT's preliminary response on real-party-in-interest "contradicts" AIT's theory that RPX filed IPR petitions challenging the two patents asserted in the *Salesforce* action to benefit Salesforce, where Salesforce itself was time-barred from filing petitions. The insufficiency of the Board's reasoning is especially important because RPX bore the burden of persuasion on this issue, as the Board itself recognized. J.A. 1396–97 (recognizing that, "[w]hen a patent owner provides sufficient evidence prior to institution that reasonably brings into question the accuracy of a petitioner's identification of RPIs, the overall burden remains with the petitioner to establish that it has complied with the statutory requirement to identify all [real parties in interest]." (citing *Zerto*, No. IPR2014-01295, slip op. at 6–7)).[7]

In sum, we believe that the Board's determination that Salesforce was not a real party in interest under § 315(b) relied on an impermissibly narrow understanding

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[7] This has been and continues to be the Board's position with respect to the placement of the burden of persuasion on this question. *See, e.g.*, *Dep't of Justice v. Iris Corp. Berhad*, No. IPR2016-00497, slip op. at 5 (P.T.A.B. Jan. 22, 2018), Paper No. 50 ("The real-party-in-interest and privity requirements are components of a petitioner's case in chief; establishing a failure to meet those requirements is not an affirmative defense on which a patent owner bears the burden."); *Atlanta Gas Light Co. v. Bennett Regulator Guards, Inc.*, No. IPR2013-00453, slip op. at 6–8 (P.T.A.B. Jan. 6, 2015), Paper No. 88 ("[T]he burden remains with the petitioner to establish that it has complied with the statutory requirement to identify *all* the real parties in interest." (emphasis added)).

of the common-law meaning of the term, was not based on consideration of the entirety of the administrative record, and seemingly misallocated the burden of proof. Any one of these errors might warrant vacatur—together, they compel it. The Supreme Court "has stressed the importance of not simply rubber-stamping agency factfinding," explaining that the "APA requires meaningful review" and that "its enactment meant stricter judicial review of agency factfinding than Congress believed some courts had previously conducted." *Dickinson v. Zurko*, 527 U.S. 150, 162 (1999) (holding that APA standards governing judicial review of agency findings and conclusions apply when the Federal Circuit reviews PTO decisions). At the same time, the Court explained that the APA requires courts to "review[] an agency's reasoning to determine whether it is 'arbitrary' or 'capricious.'" *Id.* at 164 (citing *SEC v. Chenery Corp.*, 318 U.S. 80, 89–93 (1943)). Relying on these principles, we have held that "substantial evidence review 'requires an examination of the record as a whole, taking into account both the evidence that justifies and detracts from an agency's opinion.'" *Princeton Vanguard*, 786 F.3d at 970 (quoting *Falkner*, 448 F.3d at 1363). The Board did not consider critical evidence proffered by AIT. Nor did it adequately explain why it rejected certain of AIT's common law theories, particularly where RPX bore the burden of proving its petitions were not time-barred under § 315(b).

Finally, we note that several other legal theories described in Wright & Miller that were not considered by the Board may apply to the facts of this case. The PTO's rules and Trial Practice Guide expressly reference Wright & Miller as an authority its tribunals should consider when rendering real party-in-interest determinations, and we hold that it was error for the Board not to have considered these theories, particularly because AIT raised arguments that directly implicate them.[8]

For instance, § 1553 of Wright & Miller explains that, "[a]s a general rule, a person who is an attorney-in-fact or an agent solely for the purpose of bringing suit is viewed as a nominal rather than a real party in interest and will be required to litigate in the name of the principal rather than in the agent's own name." Wright & Miller § 1553. This section clarifies that an agent with an ownership interest in the subject matter of the suit, or one who is the trustee of an express trust or a party in whose name a contract has been made for the benefit of another, may qualify as a real party in interest. *Id.* AIT effectively raised this argument below, labeling RPX as "an extension of the client's in-house legal team" that helps "selectively clear" liability for infringement as part of its "patent risk management solutions." J.A. 17. Depending on the nature of the parties' relationship, an entity can serve as an agent to a principal and file an IPR on the principal's behalf even without the two formally agreeing that the agent will do so. *See* Restatement (Third) of Agency, § 1.01 cmt. c (Am. Law Inst. 2006) ("Thus, a person may be an agent although the principal lacks the right to control the full range of the agent's activities, how the agent uses time, or the agent's exercise of professional judgment."). There is no indication that the Board con-

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[8] While AIT's time-bar arguments below centered on the theory that Salesforce was a real party in interest, rather than a privy of RPX, AIT repeatedly urged that RPX was a "proxy" for Salesforce and raised arguments resting on theories relating thereto. *See* J.A. 17, 1367–68. On remand, if necessary, the Board must address these other theories focused on the actual relationship between Salesforce and RPX.

sidered AIT's contention that Salesforce is a real party in interest because RPX acted as its attorney-in-fact or its express or implied litigating agent.

Similarly, a related section of a different treatise discusses "preclusion by consent and estoppel by conduct," beginning with the remark that "[t]he repose and reliance interests generated by a judgment may deserve protection against nonparties for *reasons of acquiescence* that depart from any of the common 'privity' theories of participation, representation, or property." 18A Charles Alan Wright, Arthur R. Miller, & Edward H. Cooper, Federal Practice & Procedure § 4453 (2d ed. 2018) ("Wright, Miller, & Cooper") (emphasis added). The treatise continues by noting that, "[a]lthough acquiescence furnishes the most apt single label for these reasons, several distinctive principles can be identified." *Id.* It then provides that:

> One, relying on actual consent to be bound, may fairly be treated as an aspect of preclusion by judgment. The others are better viewed as *species of apparent authority or estoppel by conduct*; the distinctive feature of these theories is that the apparent authority or estoppel arises from conduct that relates to litigation between other persons. Such conduct may include conduct of a nonparty that *apparently authorizes* a party to represent his interests; acquiescence in a situation that has been created by a prior judgment; and failure to dispel a party's reasonable belief that the nonparty will honor the judgment in pending litigation.

Id. (emphases added). In this case, AIT argued that RPX had apparent authority to file the IPR petitions to benefit Salesforce, pointing to RPX's public statement that its "interests are 100% aligned with those of [its] clients" and

Case: 17-1698 Document: 86-1 Page: 64 Filed: 09/07/2018

to the timing of Salesforce's substantial payments to RPX. J.A. 20. The Board erred in its § 315(b) analysis by not considering this theory.[9]

Importantly, we do not question the Board's authority to make findings of fact, or our obligation to defer to those findings when not supported by substantial evidence. Where, however, the Board made its findings without considering the entirety of the evidentiary record, appears to have imposed—even if inadvertently—the burden of proving that RPX was not the only real party in interest on AIT, and assessed the evidence it did consider through an incorrect legal lens, we cannot find that substantial evidence supports the Board's ultimate conclusion.

III. Conclusion

For the foregoing reasons, we vacate the Board's *428* and *111 Decisions*, and remand for further proceedings. The Board's decisions in this case neither considered the full range of relationships under § 315(b) and the common law that could make Salesforce a real party in interest with respect to this IPR nor properly applied the principles articulated in the Trial Practice Guide upon which it purported to rely. The Board also failed to comply with its obligations under the APA to consider the evidence that justifies and detracts from its conclusions and to explain sufficiently its rationale for rejecting AIT's arguments and theories.

We do not reach the merits of any of the patentability arguments raised in AIT's opening brief. In its discretion, the Board may authorize additional discovery relevant to

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[9] In addition, § 1552 of Wright & Miller and § 4456 of Wright, Miller, & Cooper examine the rights of associations, and also appear to be relevant to the undisputed facts of this case.

Case: 17-1698 Document: 81 Page: 65 Filed: 09/07/2018

whether Salesforce is *either* a real party in interest *or* a privy of RPX for purposes of § 315(b). Additional discovery may be particularly warranted in the face of the non-frivolous challenge made to date by AIT to RPX's somewhat bald assertions regarding who the real parties in interest are in these IPRs.

VACATED AND REMANDED

COSTS

Costs to Applications in Internet Time, LLC.

Case: 17-1698 Document: 81 Page: 42 Filed: 09/07/2018

United States Court of Appeals for the Federal Circuit

APPLICATIONS IN INTERNET TIME, LLC,
Appellant

v.

RPX CORPORATION,
Appellee

2017-1698, 2017-1699, 2017-1701

Appeals from the United States Patent and Trademark Office, Patent Trial and Appeal Board in Nos. IPR2015-01750, IPR2015-01751, IPR2015-01752.

REYNA, *Circuit Judge*, concurring.

I concur with my colleague Judge O'Malley's opinion that the Patent Trial and Appeal Board ("Board") erred in its determination that RPX's petitions for *inter partes* review ("IPR") are not time barred under 35 U.S.C. § 315(b).

But I also conclude that the Board erred by failing to fully address the question of whether RPX's petitions are time barred under the privity provision of § 315(b). This error constitutes an independent ground for vacating and remanding.

I. PRIVITY UNDER § 315(B)

The Leahy-Smith America Invents Act ("AIA") provides that the Patent and Trademark Office ("PTO") may not institute an IPR where the petition "is filed more than 1 year after the date on which the petitioner, the real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent." 35 U.S.C. § 315(b); Pub. L. No. 112-29, § 3(b)(1), 125 Stat. 284, 287 (2011).

Neither the AIA nor the Patent Act (35 U.S.C. §§ 1 *et seq*) defines "privity" or "privy of the petitioner." Nor has this court had ample opportunity to address the legal standards for privity under § 315(b), primarily because time bar determinations under § 315(b) were not reviewable until the *en banc* court recently held that "time-bar determinations under § 315(b) are reviewable by this court," and overruled earlier panel decisions to the contrary. *Wi-Fi One, LLC v. Broadcom Corp.*, 878 F.3d 1364, 1374 (Fed. Cir. 2018) (en banc).

In *Wi-Fi One*, we recognized that, as a well-established common law concept, privity under § 315(b) should be examined under the backdrop of the "cardinal rule of statutory construction that where Congress adopts a common-law term without supplying a definition, courts presume that Congress knows and adopts the cluster of ideas that were attached to the term." *WesternGeco LLC v. ION Geophysical Corp.*, 889 F.3d 1308, 1317 (Fed. Cir. 2018) (quoting *FAA v. Cooper*, 566 U.S. 284, 291–92 (2012)) (quotation marks omitted); *see Wi-Fi One, LLC v. Broadcom Corp.*, 887 F.3d 1329, 1335 (Fed. Cir. 2018) ("*Wi-Fi One Remand*") ("Congress intended to adopt common law principles to govern the scope of the section 315(b) one-year bar."). The AIA's legislative history also recognizes the common law meanings for privity. *See WesternGeco*, 889 F.3d at 1317; *Wi-Fi One Remand*, 887 F.3d at 1335. Congress did not leave to the PTO's discre-

Case: 17-1698   Document: 81   Page: 68   Filed: 09/07/2018

tion to determine the legal standards for privity; it is a question well within the province of the judiciary. *See McDonnell Douglas Corp. v. United States*, 323 F.3d 1006, 1014 (Fed. Cir. 2003) (holding that "determination of legal standards is a pure issue of law" that we review *de novo*).

Privity is a well-recognized common law concept that is primarily based on *the legal relationship between parties*. The general definition of privity is "[t]he connection or relationship between two parties, each having a legally recognized interest in the same subject matter (such as a transaction, proceeding, or piece of property)." *Privity*, Black's Law Dictionary (10th ed. 2014). The Supreme Court has noted that "[t]he substantive legal relationships justifying preclusion are sometimes collectively referred to as 'privity.'" *See Taylor v. Sturgell*, 553 U.S. 880, 894 n.8 (2008).

The roots of privity are grounded in the general principle of due process that one is not bound by a judgment "in a litigation in which he is not designated as a party or to which he has not been made a party by service of process." *Hansberry v. Lee*, 311 U.S. 32, 40 (1940) (quoting *Pennoyer v. Neff*, 95 U.S. 714 (1877)). On the other side of the same coin, due process also prohibits a litigant from taking a second bite at the apple by relitigating the same case through the persona of another, its privy. *See Green v. United States*, 355 U.S. 184, 187 (1957) (explaining that it is "deeply ingrained" in our system of jurisprudence that one should not be allowed to make "repeated attempts" to prosecute a case). Thus, due process protects both claimants and defendants from abusing the judicial system, and privity is a key safeguard of this protection.[1]

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[1] Privity serves the important purpose of precluding parties from contesting matters where they had a "full and fair opportunity to litigate[,] protect[ing] their adver-

Relevant here, a person not a party to a litigation may have appeared in that litigation through the persona of another, its privy. Privity recognizes those instances where a person that was not a party in an initial litigation should be precluded from a subsequent litigation involving the same or a similar claim. *See Montana*, 440 U.S. at 153–54. Thus, where privity is shown to exist between a party to a second case and a party who is bound by an earlier judgment, the party to the second case—who was not a party in the first action—is also bound by the earlier judgment. *Richards v. Jefferson Cty.*, 517 U.S. 793, 798 (1996).

In the AIA context, the privity provision of § 315(b) "prevent[s] successive challenges to a patent by those who previously have had the opportunity to make such challenges in prior litigation." *WesternGeco*, 889 F.3d at 1319. Congress deemed the common law principle of privity important enough that, under §315(b), it withheld from the PTO authority to institute an IPR where the petition "is filed more than 1 year after the date on which the petitioner, the real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent."

In this case, the question squarely before the PTO was whether non-party Salesforce.com, Inc. ("Salesforce") is a privy of appellee RPX Corporation ("RPX") such that RPX should be time barred under § 315(b) because Salesforce was served with an infringement complaint by appellant Applications in Internet Time, LLC ("AIT") more than one year prior to the filing of the IPRs. The

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saries from the expense and vexation attending multiple lawsuits, conserve[ing] judicial resources, and foster[ing] reliance on judicial action by minimizing the possibility of inconsistent decisions." *See Montana v. United States*, 440 U.S. 147, 153–54 (1979).

legal standard applicable to that question is whether there exists a significant legal relationship between Salesforce and RPX that establishes privity.

The Supreme Court has provided a non-exhaustive list for examining whether the legal relationship between two parties establishes that one is the privy of the other. The list consists of six categories that create independent exceptions to the common law rule that normally forbids non-party preclusion in litigation: (1) an agreement between the parties to be bound; (2) pre-existing substantive legal relationships between the parties; (3) adequate representation by the named party; (4) the non-party's control of the prior litigation; (5) where the non-party acts as a proxy for the named party to relitigate the same issues; and (6) where special statutory schemes foreclose successive litigation by the non-party (*e.g.*, bankruptcy and probate). *Taylor*, 553 U.S. at 894–95. The Supreme Court noted that this list of six categories is meant to provide a "framework" for considering non-party preclusion, "not to establish a definitive taxonomy." *Id.* at 893 n.6. The Supreme Court did not limit the application of the framework to either real party in interest or privity; it equally applies to both. *See id.* at 894 n.8 (applying in situations where "nonparty preclusion is appropriate on *any* ground" (emphasis added)).

This court has recognized and applied the *Taylor* framework for § 315(b) time bar determinations. *See WesternGeco*, 889 F.3d at 1319 (listing the six *Taylor* categories); *Wi-Fi One Remand*, 887 F.3d at 1336 (holding that privity and real party in interest under § 315(b) should be examined "consistent with general legal principles," citing *Taylor*). In addition, the PTO follows the caselaw from the Supreme Court and this court. *See* Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756 (Aug. 14, 2012). The PTO's Trial Practice Guide provides that "[t]he USPTO will apply traditional common-law principles" to evaluate what parties constitute "privies" or "real parties in interest." *Id.* at 48,759. The Trial Practice Guide seeks to define "real party in interest" and "privity" by indicating that a real party in interest is the party that desires review of the patent or the party on behalf of which the petition was filed, while explaining that "[t]he notion of 'privity' is more expansive," encompassing legal relationships that are "sufficiently close such that both [the petitioner and the privy] should be bound by the trial outcome and related estoppels." *Id.*

II. The Board's Decision

In its arguments before the Board, AIT contended that RPX's petitions should be time barred under § 315(b) because the statute "merely requires that the real party-in-interest or *a privy* be time barred without speaking of control." J.A. 2024 (emphasis added). AIT argued that RPX had "an unusually close relationship" with Salesforce and acted as a "proxy" or an "agent" for Salesforce—allegations that are traditionally associated with privity. *See Taylor*, 553 U.S. at 894. AIT specifically cited *Taylor*'s "six categories that create an exception to the common law rule that normally forbids nonparty preclusion in litigation." Patent Owner's Preliminary Response at *5, *RPX Corp.*, IPR2015–1750 (P.T.A.B. Nov. 27, 2015). AIT further alleged that this case fit "[u]nder a [*Taylor*] category relevant here"—namely, relitigating through a proxy. *Id.* By linking the alleged "proxy" relationship between RPX and Salesforce to *Taylor*, AIT correctly understood that "proxy" is a form of privity. AIT has maintained its position throughout the IPR proceedings.

In its institution decisions and final written decisions, the Board ignored the § 315(b) privity question. Instead, it focused on the real party in interest inquiry and decided that Salesforce was not a real party of interest because RPX did not have actual control in the prior CBM proceeding. I agree with Judge O'Malley that the standard employed by the PTO in its real party in interest inquiry

Case: 17-1698 Document: 81 Page: 43 Filed: 09/07/2018

was impermissibly narrow and constituted error. In my view, the Board also erred by failing to address whether RPX was a privy of Salesforce.

III. PRIVITY BETWEEN RPX AND SALESFORCE

Consistent with its arguments before the Board, AIT argues on appeal that the Board committed legal error by "ignor[ing] the prohibition against a 'privy'" mandated by § 315(b). Appellant's Br. 11, 23–24. AIT argues that the Board's failure to address privity under § 315(b) constitutes legal error because "the Board exceeded the scope of its delegated authority and violated a clear statutory mandate." *Id.* at 18. I agree.

AIT invokes the second ground under *Taylor*—substantive legal relationship—by arguing that "[a]dditional relevant factors [for finding privity] include [] the non-party's relationship with the petitioner," *id.* (citing the PTO's Trial Practice Guide), and that RPX had "an unusually close relationship" with Salesforce. *Id.* at 20–21. AIT also alleges that RPX's petitions violated the fifth ground under *Taylor*—relitigate through a proxy. Patent Owner's Preliminary Response at *5, *RPX Corp.*, IPR2015–01750. I address these two grounds in turn.

AIT is correct that privity is based on whether there is a "substantive legal relationship" between the parties. *Taylor*, 553 U.S. at 894. The substantive legal relationship inquiry focuses on the legal obligations between the parties, not between a party and *a proceeding*. *See* Institution Decision at *8, *RPX Corp.*, IPR2015–1750 (P.T.A.B. May 12, 2016) (basing its real party in interest determinations on "whether a non-party exercises control over a petitioner's participation *in a proceeding*, or whether a non-party is funding *the proceeding* or directing *the proceeding*" (emphases added)). While "control" over *a proceeding* may be germane to a form of privity, the Board failed to consider whether RPX and Salesforce were in a substantive legal relationship in a broader context. This was error.

Privity between parties does not hinge on any single proceeding. It is a broader inquiry into whether the parties have a "substantive legal relationship." *See Taylor*, 553 U.S. at 894. Under *Taylor*, "[q]ualifying relationships include, but are not limited to, preceding and succeeding owners of property, bailee and bailor, and assignee and assignor." *Id.* A common character of these relationships is that the two parties share a high degree of commonality of proprietary or financial interest. *See In re Gottheiner*, 703 F.2d 1136, 1140 (9th Cir. 1983) (holding that privity exists "when there is sufficient commonality of interest"). These forms of relationship are based on whether the relationship is anchored or based on legal obligations or commitments. For example, non-party preclusion could apply between an indemnitor and an indemnitee, or between an insurer and an insured on the basis that such relationships form privity. *Intel Corp. v. U.S. Int'l Trade Comm'n*, 946 F.2d 821, 839 (Fed. Cir. 1991) (holding that "an indemnification agreement, in other cases, has alone been enough to find privity"); *see Ridgway v. Gulf Life Ins. Co.*, 578 F.2d 1026, 1029 (5th Cir.1978) ("The contractual relation of liability and social policy supply the necessary privity of party between insured and insurer to bind the latter."). The foregoing examples have little to do with "control" over a prior or current litigation, yet privity exists.

The record before the court shows that although RPX and Salesforce are separate business entities, there exists a legal relationship between them that is defined by mutual legal obligations and commonality of interest. The record suggests that the form of substantive legal relationship between RPX and Salesforce precisely is that which defines privity.

First, RPX advertises itself as “the leading provider of patent risk solutions, offering defensive buying, acquisition syndication, patent intelligence, insurance services, and advisory services.” J.A. 73–74. RPX’s business model involves buying patents from companies and licensing them back. Hence, one form of the legal relationship between RPX and Salesforce is that of patentee and licensee.

Second, RPX provides insurance against non-practicing entities (“NPE”) patent infringement suits to clients who purchase insurance policies.[2] This suggests another form of the legal relationship between RPX and Salesforce as that of insurer and insured.[3]

Third, RPX has advertised that its “interests are 100% aligned with those of [its] clients,” it could “serve as an extension of a client’s in-house legal team,” and it could “facilitat[e] challenges to patent validity.” J.A. 28, 31, 71. Thus, another form of the legal relationship between RPX and Salesforce is an attorney-client relationship.

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[2] According to an annual report to the Securities and Exchange Commission filed on March 10, 2014, RPX stated that “[w]e offer and have written insurance policies for clients interested in additional management of their exposure to patent infringement claims brought by NPEs.” J.A. 31. It is unclear whether Salesforce has purchased any insurance policies from RPX.

[3] In this context, upon payment of a claim, an insurer typically becomes subrogated to the interests of the insured, in particular to recover monies paid by the insured. Any judgment taken in subrogation for or against the insured would extend to the insurer precisely because there exists a substantive legal relationship. *See* 18A C. Wright, A. Miller, & E. Cooper, *Federal Practice and Procedure*, § 4451 (2d ed. 2002).

To be clear, the existence of any one of these forms of legal relationships alone does not necessarily establish privity. However, if the extent of the legal obligations between the parties (i.e., RPX and Salesforce) is such that the parties share a high degree of commonality of proprietary or financial interest, privity is established and §315(b) bars the institution of the IPR petitions. Indeed, given the circumstances, any single one of the forms could suffice to establish privity under §315(b).[4] In this case, when viewed in aggregate, the record evidence suggests sufficient basis of privity, such that the PTO erred in ignoring the issue of privity.

The record also suggests that RPX may have acted as a proxy/representative for Salesforce, which independently establishes privity under the *Taylor* framework. *See Taylor*, 553 U.S. at 895 ("[A] party bound by a judgment may not avoid its preclusive force by relitigating through a proxy.").

RPX's Vice President Mr. Chuang states that "the services RPX provides Salesforce do not include filing IPRs." J.A. 96, 101. The record, however, suggests that RPX may have acted in a proxy/representative capacity. The invalidation of AIT's patents-in-suit would directly benefit Salesforce because Salesforce was sued by AIT for infringing the same patents. RPX, as advertised, provides complementary patent risk solutions to its clients, "including the *facilitation of challenges to patent validity*, coordinating prior art searches, and other services in-

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[4] For example, the terms of the insurer–insured relationship could create certain subrogation rights wherein in the case of a loss, the insurer stands in the shoes of the insured, a legal obligation that may establish that, as a matter of law, the insurer had notice of the action giving rise to its subrogated interest. *See Intel Corp.*, 946 F.2d at 839; *Ridgway*, 578 F.2d at 1029.

tended to improve patent quality and reduce expenses for our clients." J.A. 31 (emphasis added). RPX's past practice included filing IPRs on behalf of its clients. *See* Denial of Institution at *9—10, *RPX Corp. v. VirnetX, Inc.*, IPR2014-0171 (P.T.A.B. June 23, 2014) (and six other related proceedings). IPR is one form of "challenge[] to patent validity."

RPX stated to the Board that "[e]ven if it were true that RPX's services to Salesforce involved the filing of IPRs, that alone would not make Salesforce an RPI [i.e., real party in interest]." J.A. 103. This is incorrect. Relitigation through a proxy is itself an independent ground to establish privity. *See Taylor*, 553 U.S. at 895. If RPX was indeed contractually obligated to file the IPRs on behalf of Salesforce, then privity exists and the petitions should be time barred. *See Pac. Gas & Elec. Co. v. United States*, 838 F.3d 1341, 1350 (Fed. Cir. 2016) (finding that "party standing outside of privity by contractual obligation stands in the shoes of a party within privity"). This and other arguments by RPX concerning real party in interest were effective in drawing the attention of the PTO away from privity and to focus on real party in interest. It caused the PTO to lose sight of the "more expansive" notion of privity. *See* 77 Fed. Reg. at 48,759.

When viewed through the lens of the more expensive notion of privity, the record clearly suggests that RPX may have acted as a proxy on behalf of Salesforce. The record contains evidence suggesting that the interests of RPX and Salesforce are aligned. Salesforce is a significant client for RPX.[5] They are not competitors: Salesforce

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[5] The nonpublic record shows that Salesforce is a significant client for RPX. Salesforce paid RPX more than [ ] between 2012 and 2015 with increasing annual payments from about [ ] in 2012 to more than [ ] in 2015. J.A. 82 (confidential information redacted).

is a software company and RPX holds itself out to the public as a patent risk management company. Both Salesforce's prior CBM petitions and RPX's IPR petitions sought to invalidate the same patents owned by AIT. RPX claims to have independent reasons for pursuing the IPR petitions, but there is no evidence to show that RPX's interests conflict with Salesforce's interests. To the contrary, RPX advertises that its "interests are 100% aligned with those of [its] clients," and that it "serve[s] as an extension of a client's in-house legal team." J.A. 28, 31, 71.

Thus, the record reveals that Salesforce was more than a bystander to RPX's filing of these IPR petitions. Salesforce was a preexisting client of RPX, representing a significant and growing revenue stream. Invalidation of the patents-in-suit would directly benefit Salesforce. RPX advertised providing insurance services against patent infringement claims brought by NPEs. These are indicators of privity. And given RPX's documented history of acting as a proxy on behalf of its clients in filing IPR petitions, coupled with RPX's offering of patent validity challenges to its fee-paying members, AIT proffered sufficient concrete evidence to suggest that RPX was in privity with Salesforce.

I would remand with instruction that the Board thoroughly review whether privity exists between RPX and Salesforce, including application of all of the *Taylor* factors. In addition, while the Board partially granted AIT's motion for additional discovery into "whether Petitioner [RPX] should have identified Salesforce as an RPI in this proceeding," it denied AIT's request for discovery into "[d]ocuments discussing any efforts by RPX to shield its clients from being named as real parties in interest in *inter parte* [*sic*] reviews and covered business method patent reviews." J.A. 972, 1069. The § 315(b) time bar inquiry is broader than the real party in interest inquiry, and the Board should consider new motions for additional discovery.

IV. CONFLATION OF § 315(B) WITH § 312(A)(2)

On remand, the Board should not repeat its error of conflating § 315(b) with § 312(a)(2). Sections 315(b) and 312(a)(2) entail distinct, independent inquiries. Section 312(a)(2) requires that a petition may be considered only if "the petition identifies all real parties in interest." Section 312(a)(2) is akin to a pleading requirement that can be corrected, and this court has noted that "the Director [of the PTO] can, and does, allow the petitioner to add a real party in interest." *Wi-Fi One*, 878 F.3d at 1374 n.9. Section 312(a)(2) does not act as a prohibition on the Director's authority to institute. In contrast, § 315(b) "sets limits on the Director's statutory authority to institute" if a petition is time barred. *Id.* at 1374.

This court has recognized the difference between the two statutory provisions and has warned that § 315(b) should not be "conflat[ed]" with § 312(a)(2).[6] *Id.* at 1374 n.9. I suspect that this is what happened in this case.

Despite AIT's specific allegation that RPX should be time barred under § 315(b), the Board framed the *entire* issue as "whether Petitioner has identified all RPIs"—a § 312(a)(2) determination. J.A. 1395 (institution decisions); *see id.* at 1396 (summarizing that "we must determine whether Salesforce should have been identified as an RPI in this proceeding"); *id.* at 1402—03 (concluding

[6] Importantly, this court has not determined whether it has authority to review the Board's institution decisions related to § 312(a)(2) determinations. *Wi-Fi One*, 878 F.3d at 1375 ("We do not decide today whether all disputes arising from §§ 311–14 are final and nonappealable. Our holding applies only to the appealability of § 315(b) time-bar determinations.").

that "we are not persuaded that Salesforce should have been identified as an RPI in this proceeding"); *id.* at 403—04 (same, final written decisions).

Importantly, the Board failed to expressly address whether RPX's petitions were time barred under § 315(b). Rather, the Board viewed § 315(b) as a mere "relevant factor" to the real party in interest inquiry. J.A. 1069 ("[D]etails of the relationship between Petitioner [RPX] and Salesforce and Petitioner's reasons for filing the instant Petitions, particularly in view of the fact Salesforce is time-barred under 35 U.S.C. § 315(b), *are certainly relevant to the RPI inquiry* in these proceedings." (emphasis added)).

As the Supreme Court recently noted, Congress designed IPR to be a "*party-directed*, adversarial process," not an "agency-led, inquisitorial process." *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1355 (2018) (emphasis added). The Board is required to address the issues that the parties raise during the proceeding, and it lacks authority to substitute its choice of issues over that of the parties'. Thus, when a patent owner alleges a violation of § 315(b) and proffers concrete evidence in support, the Board is required to conduct a thorough § 315(b) analysis and include such analysis it in its decisions.[7]

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[7] Note that the conflation of § 315(b) and § 312(a)(2) is not isolated to this case. *See, e.g.*, Institution Decision at *1, *Broad Ocean Techs., LLC*, IPR2017-0803, 2017 WL 3671102 (P.T.A.B. Aug. 23, 2017); Institution Decision at *3, *Elekta, Inc.*, IPR2015-1401, 2015 WL 9898990 (P.T.A.B. Dec. 31, 2015); Institution Decision at *3, *LG Display Co., Ltd.*, IPR2014-1362, 2015 WL 930460 (P.T.A.B. Mar. 2, 2015). The Board, however, has properly distinguished § 315(b) and § 312(a)(2) in some cases. *See* Institution Decision at *3, *Aruze Gaming Macau, Ltd.*,

Due process, the bedrock of privity, requires as much. This is particularly true in the context of §315(b). As a threshold issue prior to institution, § 315(b) time bar determinations are vital because IPRs can deprive a patentee of significant property rights through the cancellation of claims, as in this case. The AIA imposes no standing requirement on who may file a petition, but the gate to IPR institution is not open to every would-be petitioner. Section 315(b) is the gatekeeper to deny institution of petitions from time barred petitioners, their real parties in interest, and their privies.

IPR2014-1288, 2015 WL 780607 (P.T.A.B. Feb. 20, 2015). For example, the Board in *Aruze* noted that "[t]he parties' briefs comingle their analyses of the issues of RPI and privity, and often use the terms interchangeably." *Id.* The Board in *Aruze* recognized that "[t]he two terms describe distinct concepts with differing effects under the statute," noting that "35 U.S.C. § 312(a)(2) [requires that a] petition must identify all RPIs, but not privies," and proceeded in analyzing § 315(b) and § 312(a)(2) separately. *Id.* at *8–11. Nonetheless, the body of the Board's decisions conflating § 315(b) and § 312(a)(2) inquiries could be one reason why the parties sometimes comingle privity and real party in interest challenges in IPR proceedings. This comingling practice cannot continue.

CERTIFICATE OF SERVICE

I hereby certify that on September 7, 2018, I caused the foregoing Petition For Rehearing En Banc to be served by electronic means through the Court's CM/ECF system on counsel for Appellant.

/s/ Gregory G. Garre
Gregory G. Garre

CERTIFICATE OF COMPLIANCE

I hereby certify that the foregoing petition complies with the type-volume limitations of Federal Rule of Appellate Procedure 35(b)(2)(A). According to the word count feature of Microsoft Word, this motion contains 3,883 words, excluding the parts exempted by Federal Circuit Rule 35(c)(2). The petition has been prepared in a proportionally spaced typeface using Times New Roman in 14-point size.

/s/ Gregory G. Garre
Gregory G. Garre