



ALERTS

Estoppel Pursuant To Section 315(e)(1): Ongoing USPTO Developments

August 3, 2023

Highlights

Two Salesforce *ex parte* reexamination decisions may reflect new treatment of real parties in interest considerations at the United States Patent and Trademark Office (USPTO)

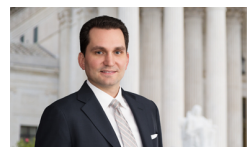
Within the four factors applied in determining Section 315(e)(1) estoppel, the reexamination decisions provide some insight as to RPI considerations and the definition of the “skilled searcher”

Amid the present decisions, USPTO’s newly proposed “for-profit entity” rules and pending cases such as *Unified Patents, LLC v. MemoryWeb, LLC*, it will be important to monitor PTAB’s treatment of a party’s status for its impact on threshold matters for USPTO proceedings

In two related *ex parte* reexamination proceedings requested by Salesforce, the U.S. Patent and Trademark Office’s Central Reexamination Unit determined that estoppel under Section 315(e)(1) of the U.S. Code applied to Salesforce due to earlier *inter partes* review (IPR) proceedings initiated by another party, RPX Corporation.

In 2015, the Patent Trial and Appeal Board (PTAB) denied Salesforce’s

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covered business method review challenges after disclaimer of relevant claims of U.S. Patent Nos. 7,356,482 and 8,484,111 by the patent owner, Applications in Internet Time (AIT). Thereafter, RPX Corporation filed IPRs against the same patents, more than one year after the underlying lawsuit between AIT and Salesforce. The PTAB issued Final Written Decisions in those IPRs, determining for the '111 and '482 patents that:

- Salesforce was *not* a real party in interest (RPI), and therefore the petition was not time-barred pursuant to Section 315(b)
- RPX demonstrated by a preponderance of the evidence that the challenged claims were unpatentable

AIT appealed both findings. On July 9, 2018, the U.S. Court of Appeals for the Federal Circuit vacated the PTAB's Decisions and remanded for further proceedings, stating that "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," and that the RPI inquiry should consider "who, from a 'practical and equitable' standpoint, will benefit from the redress that the chosen tribunal might provide."

The Federal Circuit further stated that "the Board may authorize additional discovery relevant to whether Salesforce is either a real party in interest or a privy of RPX for purposes of § 315(b)."

On remand, the PTAB issued additional Final Written Decisions determining that Salesforce *was* sufficiently related to RPX, and therefore Salesforce was an RPI. This rendered RPX's IPR petitions as time-barred under Section 315(b) based on the original 2013 complaint against Salesforce. In the second set of Final Written Decisions, the panel strongly suggested that privity existed between Salesforce and petitioner RPX, but did not resolve the issue.

***Ex Parte* Reexamination**

Later, Salesforce filed its request for *ex parte* reexaminations concerning the '111 and '142 patents. AIT asserted, among other things, that Salesforce was estopped from pursuing the *ex parte* reexaminations because it was deemed an RPI in the prior IPRs by RPX Corporation on the same patents.

On May 26, 2023, the *ex parte* reexamination decisions were issued determining that Section 315(e)(1) estoppel applied to Salesforce regarding RPX's IPRs based on a four-factor analysis:

1. Whether the third party requester of the *ex parte* reexamination proceeding was a petitioner in the inter partes review, or was a real party in interest or a privy of the petitioner
2. Whether the claims of the patent under *inter partes* review were also requested to be reexamined in the *ex parte* reexamination proceeding
3. Whether the *inter partes* review had resulted in a Final Written Decision pursuant to 35 U.S.C. § 318(a)
4. Whether the grounds raised in the *ex parte* reexamination proceeding were grounds that were raised or reasonably could

have been raised by the requester during the *inter partes* review.

Factors 2 and 3 were satisfied by the original Final Written Decisions in the IPRs concerning the same claims at issue in the *ex parte* reexaminations. In addition to the RPI issues, the reexamination decisions determined that the Salesforce challenges “reasonably could have been raised” in the prior IPRs. Central to that determination, the reexamination decisions considered the “skilled searcher” test.

In analyzing the scope of Section 315(e)(1) estoppel, the reexamination decisions noted that all new references raised in Salesforce’s reexamination request were either known to Salesforce or could have been uncovered by a skilled searcher. The reexamination decision noted that, “[i]n view of the number of commercial databases available to the public, most patents and printed publications may, in general, be expected to be discovered by a skilled searcher conducting a diligent search.”

The decisions also noted that certain cited art references were widely accessible and concerned similar technology areas as the patents at issue. Additionally, the reexamination decisions noted that requester Salesforce had not shown the cited art to be “obscure text unlikely to be discovered” or otherwise that “scorched earth” search efforts were required. Given the uncertain standard and factual nature of the inquiry regarding what a skilled searcher would find, these decisions provide insight into the USPTO’s expansive view on the scope of Section 315(e)(1) estoppel under the “skilled searcher” factor.

Real Parties in Interest

Section 312 requires that IPR petitions “identif[y] all real parties in interest.” The USPTO has set forth that for RPI inquiries, “the Board seeks to determine whether some party other than the petitioner is the party or parties at whose behest the petition has been filed. . . [A] party that funds and directs and controls an IPR or [post-grant review] proceeding constitutes a ‘real party-in-interest,’ even if that party is not a ‘privy’ of the petitioner.” Yet, this earlier emphasis on control may not capture a broad inquiry over all parties who might be argued to “benefit” from a particular matter, as suggested from the Salesforce proceedings.

Constraints on the process must also be viewed in light of the breadth of the provision in Section 311 (and Section 321) that challenges are available to any “person who is not the owner of the patent.” Thus, the Salesforce IPR and reexamination decisions signal some uncertainty over the availability of post-grant proceedings to certain parties, and particularly the related timelines.

That uncertainty may be further reflected in recent USPTO actions such as a USPTO Advance Notice of Proposed Rulemaking concerning petitions filed by “for-profit” entities and the treatment of related issues in *Unified Patents, LLC v. MemoryWeb, LLC*.

USPTO’s Proposed Rulemaking

Among many other important topics addressed in the advance notice issued on April 21, 2023, the USPTO states “[t]he changes under consideration would make clear that the Board would discretionarily deny

any petition for IPR or PGR filed by an entity that: (1) is a for-profit entity; (2) has not been sued on the challenged patent or has not been threatened with infringement of the challenged patent in a manner sufficient to give rise to declaratory judgment standing; (3) is not otherwise an entity that is practicing, or could be alleged to practice, in the field of the challenged patent with a product or service on the market or with a product or service in which the party has invested to bring to market; and (4) does not have a substantial relationship with an entity that falls outside the scope of elements (1)-(3).”

This description seems to focus on member-based organizations according to their status rather than specifically under RPI control, benefit or privity analysis. The notice mentions a concern that post-grant proceedings might be used to advance interests other than providing a less-expensive alternative to district court litigation, but omits direct comparison between that concern and proposed factors 1-4. The initial comment period ended on June 20, 2023.

Unified Patents, LLC v. MemoryWeb, LLC

In *Unified Patents v. MemoryWeb*, PTAB issued an order determining Apple and Samsung to be RPIs in an IPR sought by Unified Patents. Unified Patents requested for Director Review of the PTAB’s Final Written Decision, which incorporated the order. Upon review, Director Kathi Vidal vacated the Board’s RPI decision stating that, “[t]he Board should not have determined whether Apple and Samsung are RPIs in this proceeding given that determination was not necessary to resolve the proceeding.” In vacating the RPI Order, Director Vidal emphasized the importance of ripeness in RPI-related decisions.

Key Takeaways

The Salesforce proceedings, including the IPR and reexamination decisions, provide some insight to the USPTO’s present view of RPI and the scope of estoppel under Section 315(e)(1), at least concerning which grounds could be considered estopped under the “skilled searcher” factor. However, questions concerning RPI and the scope of Section 315(e)(1) estoppel appear to remain.

The USPTO seems to recognize the uncertainty that exists amid a myriad of different issues and different stakeholder interests which could be affected – not to mention pending legislation on similar topics. Even more recent changes to the Director Review process and retirement of the Precedential Opinion Panel echo the considerable changes ongoing with the PTAB. Those interested in post-grant proceedings must remain vigilant on several fronts to maintain awareness on these intertwined issues.

For more information, please contact the Barnes & Thornburg attorney with whom you work, Steven Shipe at 202-408-6924 or steven.shipe@btlaw.com or David Lisch at 214-258-4156 or david.lisch@btlaw.com. This alert was drafted with the assistance of Lyric Menges and Alexander Friel, summer associates.

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1. Control No. 90/019,069; Control No. 90/019,070.
2. *Applications in Internet Time, LLC v. Salesforce.com, Inc.*, No. 313CV00628-RCJ-CLB (D. Nev.).
3. IPR2015-01750; IPR2015-01752.
4. *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1349 (Fed. Cir. 2018).
5. *RPX Corporation v. Applications In Internet Time, LLC*, IPR2015-01750, Paper No. 128, 40 (PTAB Oct. 2, 2020).
6. See fn. 1.
7. See fn. 1; see also 35 U.S.C. § 315(e).
8. *Citing Praxair Distribution, Inc. et al. v. INO Therapeutics, LLC*, IPR2016-00781, Paper No. 10 (PTAB August 25, 2016).
9. See *Cisco Sys. Inc. v. Hewlett Packard Enter. Co.*, No. IPR2017-01933, 13-14, (P.T.A.B. Mar. 16, 2018), Paper No. 9.
10. *Unified Patents, LLC v. Memoryweb, LLC*, No. IPR2021-01413, Paper No. 76 (P.T.A.B. May 22, 2023)
11. *Unified Patents, LLC v. Memoryweb, LLC*, No. IPR2021-01413, Paper No. 76, 5 (P.T.A.B. May 22, 2023)