

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ERICSSON INC. and TELEFONAKTIEBOLAGET LM ERICSSON,
Petitioner,

v.

REGENTS OF THE UNIVERSITY OF MINNESOTA,
Patent Owner.

IPR2017-01186
Patent 8,774,309 B2

Before JENNIFER S. BISK, ROBERT J. WEINSCHENK and
CHARLES J. BOUDREAU, *Administrative Patent Judges*.

WEINSCHENK, *Administrative Patent Judge*.

DECISION

Denying Petitioner's Request on Rehearing of
Decision Denying Institution of *Inter Partes* Review
37 C.F.R. § 42.71(d)

I. INTRODUCTION

Ericsson Inc. and Telefonaktiebolaget LM Ericsson (“Petitioner”) filed a Request for Rehearing (Paper 57, “Req. Reh’g”) of the Decision Denying Institution of *Inter Partes* Review (Paper 53, “Decision” or “Dec.”) of claims 1, 5, 13, 16, 17, 19, 22, and 23 (“the challenged claims”) of U.S. Patent No. 8,774,309 B2 (Ex. 1001, “the ’309 patent”).¹ For the reasons set forth below, the Request for Rehearing is *denied*.

II. ANALYSIS

When considering a request for rehearing of a decision whether to institute an *inter partes* review, the Board reviews its decision for an abuse of discretion. 37 C.F.R. § 42.71(c). The party requesting rehearing bears the burden of showing that the decision should be modified, and “[t]he request must specifically identify all matters the party believes the Board misapprehended or overlooked.” 37 C.F.R. § 42.71(d).

In the Decision, we explained that 35 U.S.C. § 315(b) provides that an *inter partes* review “may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent.” Dec. 4. We also explained that in determining whether a petitioner is in privity with another party, we consider the Supreme Court’s decision in *Taylor v. Sturgell*, 553 U.S. 880 (2008). Dec. 4–5. *Taylor* provides six categories of exceptions to the rule against nonparty preclusion, namely 1) when “[a] person . . . agrees to be bound by the determination of issues in an action between others”; 2) “based on a

¹ We cite to a non-public version of the Decision, but a public version is available. See Paper 58.

variety of pre-existing ‘substantive legal relationship[s]’ between the person to be bound and a party to the judgment”; 3) when “a nonparty . . . was ‘adequately represented by someone with the same interests who [wa]s a party’”; 4) when “a nonparty . . . ‘assume[d] control’ over the litigation in which [the] judgment was rendered”; 5) when a nonparty acts as “a proxy” to relitigate for a party; and 6) when “a special statutory scheme may ‘expressly foreclos[e] successive litigation by nonlitigants.’” *Id.*

In the Decision, we explained that the ’309 patent is involved in several district court cases (collectively, the “District Court Litigation”) and is asserted against several defendants (collectively, the “District Court Defendants”). *Id.* at 3. We determined that the evidence of record indicates 1) that Petitioner has a preexisting substantive legal relationship with the District Court Defendants regarding the base stations at issue in the District Court Litigation; and 2) that Petitioner had the opportunity to control the defense of the District Court Defendants with respect to the base stations. *Id.* at 14. As a result, based on our consideration of the second and fourth *Taylor* categories, we determined that Petitioner is in privity with the District Court Defendants for the purpose of applying § 315(b). *Id.* We concluded that the Petition is barred under § 315(b), because Petitioner filed the Petition more than one year after the date on which the District Court Defendants were served with a complaint alleging infringement of the ’309 patent. *Id.* at 14–15.

Petitioner argues in its Request for Rehearing that we misapprehended the second and fourth *Taylor* categories. Req. Reh’g 1–2. In particular, Petitioner contends that we “overextended the legal precedent for these factors, disregarded critical underlying facts, and conducted an inflexible

privity analysis, contrary to *Wi-Fi One*.” *Id.* at 2. For the reasons discussed below, Petitioner does not demonstrate that we misapprehended or overlooked any matters.

1. Second Taylor Category

Petitioner argues that “[w]ith respect to the Second *Taylor* Factor, the Decision suggests a bright-line rule that the existence of an indemnity provision creates privity in every instance.” *Id.* at 2. According to Petitioner, “[n]o legal authority supports such a bright-line rule,” and “[i]n fact, the Federal Circuit rejects this proposition.” *Id.* at 3–7. Petitioner’s argument is not persuasive.

First, we did not determine that the existence of an indemnity provision creates privity in every instance.² *See* Dec. 7–14. Rather, we determined that Petitioner is in privity with the District Court Defendants based on our consideration of the second and fourth *Taylor* categories, which includes evidence that Petitioner has a preexisting indemnity relationship with the District Court Defendants *and* had the opportunity to control the defense of the District Court Defendants with respect to the base stations. *Id.* at 14. We expressly declined to decide whether Petitioner’s

² Petitioner argues that our citations to *Intel Corp. v. U.S. International Trade Commission*, 946 F.2d 821, 839 (Fed. Cir. 1991), and 18A Charles Alan Wright, Arthur R. Miller & Edward H. Cooper, *Federal Practice and Procedure* § 4451 (3d ed. 2020) (“Wright & Miller”), do not indicate that an indemnity relationship creates privity in every instance. Req. Reh’g 3–6. Petitioner misinterprets our Decision. We relied on *Intel* and Wright & Miller to show that “an indemnity relationship is the *type* of relationship that *can* establish privity,” not that it does so in every instance. Dec. 8 (emphasis added).

preexisting indemnity relationship with the District Court Defendants by itself would have been sufficient to find privity. *Id.* at 14 n.6.

Second, our analysis of the second *Taylor* category is consistent with the Board’s precedential decision in *Ventex Co. v. Columbia Sportswear North America, Inc.*, IPR2017-00651, Paper 148 (PTAB Jan. 24, 2019) (precedential). Specifically, *Ventex* states the following:

Here, at least factors 2 and 5 support our conclusion that Seirus and Ventex are privies. As discussed above, the parties had a preexisting substantive legal relationship in the form of two contracts, a Supplier Agreement with an obligation to indemnify and defend, and an Exclusive Manufacturing Agreement. Further, these agreements directly related to the product accused of infringing the patent at issue in this proceeding because they governed the contracts between the parties that resulted in Ventex’s sale of fabric to Seirus. Finding Seirus and Ventex in privity with one another comports with the goal of “tak[ing] into account the ‘practical situation’, and [extending privity] to parties, to transactions, and other activities relating to the property in question.”

Id. at 12–13 (internal citations and original emphasis omitted). In other words, as we explained in the Decision, *Ventex* determines that agreements with “an obligation to indemnify and defend” that “directly relate[] to the product accused of infringing the patent at issue” constitute a preexisting substantive legal relationship under the second *Taylor* category. *Id.*; Dec. 10. In this case, we similarly determined that Petitioner’s supply agreements with the District Court Defendants include indemnity obligations that directly relate to the base stations at issue in the District Court

Litigation.³ Dec. 7–8, 10. Thus, our finding that Petitioner has a preexisting substantive legal relationship with the District Court Defendants is consistent with the Board’s precedential decision in *Ventex*.

Third, our Decision does not contradict the Federal Circuit’s decision in *Wi-Fi One, LLC v. Broadcom Corp.*, 887 F.3d 1329 (Fed. Cir. 2018). In *Wi-Fi One*, the Federal Circuit affirmed the Board’s decision that “Wi-Fi had not shown that Broadcom was in privity with the D-Link defendants.” *Id.* at 1340–41. Specifically, the Federal Circuit explained that “Wi-Fi’s evidence showed that Broadcom’s interests as to the issue of infringement were generally aligned with those of its customers, and that Broadcom had indemnity agreements with at least two of the D-Link defendants,” but “the evidence did not show that Broadcom had the right to control that litigation or otherwise participated in that litigation to the extent that it should be bound by the results.” *Id.* at 1341. In contrast, here, the evidence of record shows that Petitioner has a preexisting indemnity relationship with the District Court Defendants *and* had the opportunity to control the defense of the District Court Defendants with respect to the base stations. Dec. 14.

2. *Fourth Taylor Category*

Petitioner argues that in analyzing the fourth *Taylor* category, we “applie[d] too rigid a test that contradicts controlling authority.” Req. Reh’g 7. According to Petitioner, we “relie[d] on no binding precedent and

³ Petitioner argues that *Ventex* is distinguishable because *Ventex* involved an exclusive manufacturing agreement, whereas Petitioner’s supply agreements with the District Court Defendants are not exclusive. Req. Reh’g 5. We disagree. We explained in the Decision that “*Ventex* does not specifically rely on exclusivity as a factor when addressing the second *Taylor* category,” and Petitioner acknowledges that is “technically correct.” Dec. 10; Req. Reh’g 5.

overlook[ed] facts submitted into evidence in the form of a declaration of Ericsson’s in-house counsel.” *Id.* at 7–10. Petitioner’s argument is not persuasive.

First, our analysis of the fourth *Taylor* category is consistent with relevant authority. Although the fourth *Taylor* category refers to a nonparty that “assume[d] control” over a litigation, the *Taylor* categories are just “a framework” and not “a definitive taxonomy.” Dec. 4–5. In the Decision, we explained that relevant authority indicates that “[a]ctual control of a proceeding is not required” and “preclusion is fair as long as the nonparty had a practical *opportunity* to control the proceeding.”⁴ Dec. 12. For example, the Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756 (Aug. 14, 2012) (“Trial Practice Guide” or “TPG”), states that “[a] common consideration is whether the non-party exercised or *could have exercised control* over a party’s participation in a proceeding.” *Id.* at 48,759 (emphasis added). Further, according to the Trial Practice Guide, “[t]he concept of control generally means that ‘it should be enough that the nonparty has the actual measure of control or *opportunity to control* that might reasonably be expected between two formal coparties.’” *Id.* (emphasis added). Consistent with the Trial Practice Guide, we determined that the evidence of record indicates that Petitioner had the opportunity to

⁴ Petitioner argues that our citations to *Gonzalez v. Banco Central Corp.*, 27 F.3d 751, 758 (1st Cir. 1994), and *Wright & Miller* § 4451, are not relevant authority because they do not expressly analyze the fourth *Taylor* category. Req. Reh’g 7–8. We disagree. Because the *Taylor* categories are just “a framework” for privity analyses and not “a definitive taxonomy” (Dec. 4–5), we see no reason why our analysis must be confined to only those authorities that expressly analyze the *Taylor* categories.

control the defense of the District Court Defendants with respect to the base stations. Dec. 14.

Second, our Decision did not overlook the Declaration of Mr. Ryan Wirtz. Mr. Wirtz states the following:

In view of Ericsson's limited role and the differing interests of the various parties, Ericsson, the mobile carrier defendants, and the other intervenors are each represented in the district court lawsuits by different counsel, and Ericsson has not controlled, and does not control, the defense of any of the mobile carrier defendants or other intervenors. Ericsson is free to settle with Patent Owner with respect to Ericsson's products independent of any mobile carrier defendant or other intervenor. Because the allegations against the standards-based components of mobile carrier defendants' networks largely relate to *non*-Ericsson equipment (*e.g.*, base stations from multiple third-party suppliers, including but not limited to other intervenors Nokia and ALU, non-base station hardware and software, and handsets supplied by various third-parties), Ericsson could not control the defense of any of the mobile carrier defendants unless it agreed to indemnify the mobile carrier defendants for Patent Owner's infringement allegations against non-Ericsson equipment.

Ex. 1065 ¶ 7. In other words, Mr. Wirtz asserts that Petitioner could not control the defense of the District Court Defendants with respect to the accused products that other parties supply to the District Court Defendants. *Id.* But Mr. Wirtz does not dispute that Petitioner had the opportunity to control the defense of the District Court Defendants with respect to the base stations that it supplies to the District Court Defendants. *See id.* As we explained in the Decision, even if Petitioner did not have the ability to completely control the District Court Litigation, Petitioner's ability to control the District Court Litigation with respect to its own products is the amount of control Petitioner would reasonably expect if it were a formal

coparty. Dec. 13; *see* TPG at 48,759 (“The concept of control generally means that ‘it should be enough that the nonparty has the actual measure of control or opportunity to control that might reasonably be expected between two formal coparties.’”).

III. CONCLUSION

The Request for Rehearing does not demonstrate that the Decision misapprehended or overlooked any matters.

IV. ORDER

It is hereby

ORDERED that the Request for Rehearing is *denied*.

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PETITIONER:

J. Andrew Lowes
John Russell Emerson
Greg Webb
Clint Wilkins
HAYNES AND BOONE, LLP
andrew.lowes.ipr@haynesboone.com
russ.emerson@haynesboone.com
greg.webb.ipr@haynesboone.com
clint.wilkins.ipr@haynesboone.com

PATENT OWNER:

W. Karl Renner
Lawrence K. Kolodney
Christopher Hoff
Andrew B. Patrick
Andrew Dommer
FISH & RICHARDSON P.C.
axf-ptab@fr.com
kolodney@fr.com
hoff@fr.com
patrick@fr.com
dommer@fr.com