UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

BOX, INC., and DROPBOX, INC.,

Petitioners

v.

TOPIA TECHNOLOGY, INC.,

Patent Owner

Case IPR2023-00427

Patent 9,143,561

PATENT OWNER'S REQUEST FOR DIRECTOR REVIEW OF INSTITUTION DECISION

TABLE OF CONTENTS

I. The RPI/Privy Determination is of Exceptional Policy Importance.....4

II. The Board's RPI/Privy Analysis Was Flawed 7

A. The Board Selectively Credits Shared Counsel's Testimony, and Overlooks Countervailing Facts 9

B. The Board Misapplied Prior Precedent 12

C. The Board Erred in its Application of the *AIT II* Factors.....13

III. Conclusion.....15

TABLE OF AUTHORITIES

Cases

Adobe Inc. v. Rah Color Technologies LLC, IPR2019-00629, Paper 35 (PTAB Sept. 4, 2019) 13
Agilent Tech., Inc. v. Waters Tech. Corp., IPR2019-01131, Paper 12, 13-14, (PTAB 2019) 13
Applications in Internet Time, LLC v. RPX Corp., 897 F.3d 1336 (Fed. Cir. 2018) (*AIT I*) 4, 8, 13
Asahi Glass Co., Ltd. v. Toledo Eng'g Co., 505 F. Supp. 2d 423 (N.D. Ohio 2007) 10
Berkheimer v. HP Inc., 881 F.3d 1360 (Fed. Cir. 2018) 3, 10
Crown Equip. Corp. v. Toyota Material Handling, 2005 U.S. Dist. LEXIS 22211, 2005 WL 2454116 (N.D. Ohio) 11
Johnson Health Tech, Co. Ltd. v. Icon Health & Fitness, Inc., IPR2014-01242, Paper 16, 15 (PTAB 2015) 13
Paramount Home Entm't, Inc. v. Nissim Corp., IPR2014-00961, Paper No. 11, 9 (PTAB 2014) 13
Radware, Inc. v. F5 Networks, Inc., IPR2017-01249, Paper 10, 5 (PTAB 2019) 13
RPX Corp. v. Applications in Internet Time, LLC, IPR2015-01750, Paper 128 (PTAB 2020) (precedential) (*AIT II*) 1, 4, 8, 13, 15
Volkswagen Group of America, Inc. v. Arigna Technology Ltd., IPR2021-01263, Paper 16, 12 (PTAB 2022) 14

Statutes

35 U.S.C. § 101 ..... 3, 7, 9, 11, 12
35 U.S.C. § 102 3
35 U.S.C. § 103 3
35 USC §§ 315 ..... 1, 13

Other Authorities

Trial Practice Guide 11

Patent Owner requests Director Review of the Board's determination that Egnyte, Inc. is not a real party in interest to/privy of Petitioners Box, Inc., and Dropbox, Inc. (Paper 17), because the Board erred in its incomplete analysis of the *AIT II* factors, and the Board's ultimate conclusion raises an important issue of law and policy: whether, at the behest of common counsel, defendants in multi-district patent infringement litigation can circumvent the statutory one year bar and estoppel provisions under 35 U.S.C. §§ 315(b) and (e) by having one set of defendants (Petitioners) raise invalidity grounds in an IPR and another defendant (Egnyte) raise the exact same grounds in district court. Stated plainly, the Board's decision extends the current law on RPI/privity, and if allowed to stand, will serve as a roadmap for future accused infringers to exploit the use of common counsel in order to avoid the statutory time bar and estoppel provisions – the type of gamesmanship undermining the fair playing field the statutory provisions were intended to ensure.

Central to the question of whether Egnyte is an RPI/privy is the role played by lead counsel in this proceeding, Ms. Heidi Keefe of Cooley LLP, who represented Petitioners ***and*** Egnyte while drafting the Petition.[1] Ms. Keefe ("shared counsel")

[1] Ms. Keefe only recently, and subsequent to all briefing on Patent Owner's raising of the RPI issue, sought to withdraw her *pro hac vice* in the Delaware case. To date, the Delaware Court has not yet acted on that request.

was at the center of a strategy whereby Egnyte can challenge the patents asserted in a parallel district court[2] case on any ground, unencumbered by any estoppel or *Sotera* type disclaimer, while Petitioners challenge the asserted patents in IPR proceedings, and attempt to stay[3] their respective district court cases. More specifically, months before the Petition was filed, shared counsel began simultaneously representing Egnyte in the parallel district court litigation in Delaware involving the Asserted Patents. EX2018, 41:6-10. Shared counsel's representation, as evidenced by her *pro hac vice* admission, and introduction by Egnyte to the Delaware Court as the face of Egnyte, was unrestricted. POSR (Paper

[2] Topia asserts the '561 Patent and five related patents (U.S. Patent Nos. 10,289,607; 11,003,622; 10,642,787; 10,754,823; and 10,067,942) (together "the Asserted Patents") against Petitioners and Egnyte. All six patents have been petitioned for *inter partes* review by Petitioners.

[3] Egnyte unsuccessfully sought to stay its own district court case based on this and the related IPR petitions, but the Delaware Court denied this motion and recognized that Egnyte refused to be bound by any estoppel provisions. POPR (Paper 7), 12 (citing EX2001, 22:12-18).

14), 2 (citing EX2019 100:7-12).

It is further undisputed that shared counsel actively engaged in representing Egnyte in its effort to invalidate the Asserted Patents under § 101, a validity issue that necessarily overlaps with validity issues under §§ 102 and 103. POSR (Paper 14), 2-3 (citing *Berkheimer v. HP Inc*., 881 F.3d 1360, 1368 (Fed. Cir. 2018)).

Even the Delaware Court recognized the very close relationship between Petitioners' and Egnyte in their shared effort to invalidate the asserted patents: "it's about as close as you can get in terms of coordinating and understanding, et cetera." POSR (Paper 14), 1 (citing EX2001, 11:10-15).

Nearly a year before the Petition was filed, Egnyte entered into a joint defense agreement ("the JDA") with Petitioners to share prior art and collaborate on legal strategies. EX1030. Pursuant to the JDA, Egnyte served invalidity contentions that were ***identical*** to those prepared by Petitioners in their respective parallel litigations, and which include the grounds in this Petition. POSR (Paper 14), 4 (citing EX2018 157:12-25). [redacted] POSR (Paper 14), 4 (citing EX2018 150:6-8).

To the knowledge of Patent Owner's counsel, never before has the Board found that no RPI/privy relationship exists between a petitioner and an unnamed time-barred party under circumstances where there is common counsel (i.e., the same attorney), where common counsel prepared the petition, and where the

unnamed party raises the validity defenses in court with the same references relied on in the petition. Further, and as explained below, in reaching its conclusion, the Institution Decision (ID) did not account for all of the factors in *AIT II*, and did not appear to recognize key facts regarding: the scope of shared counsel's representation, the ethical implications and constraints of shared counsel's representation, the implications of shared counsel's compensation arrangement, the prior history of shared counsel's firm and Egnyte, and shared counsel's contradictory statements made during deposition. *AIT II* (citing *Applications in Internet Time, LLC v. RPX Corp*., 897 F.3d 1336, 1349 (Fed. Cir. 2018) (*AIT I*)). In so doing, the Board's decision extends the law on RPI/privity, and, while the facts here are unique, they provide a playbook for future defendants to adopt in order to circumvent the AIA's statutory time bar and estoppel provisions.

I. The RPI/Privy Determination is of Exceptional Policy Importance

Petitioners' lead counsel drafted the instant Petition during her simultaneous and unrestricted representation of Egnyte in the parallel Delaware litigation, and filed the Petition (while still representing Egnyte) after Egnyte was time-barred from filing its own IPR petition. Far from a "common occurrence," this appears to be the first time such close coordination has been carried out using common counsel following the Federal Circuit's RPI determination clarification in *AIT II*.

This case is of exceptional importance, as the Board's decision on institution sets forth a policy framework for discouraging transparency to the Board and judiciary, while at the same time permitting end run-arounds of the IPR statutory time bar and estoppel provisions. The Board's decision did not address both Petitioners' and shared counsel's law firm's preexisting relationship with Egnyte, nor did it take into account shared counsel's ethical obligations as a zealous advocate for Egnyte, obligations that existed while she was drafting the Petition. ***It is undisputed that Petitioners' and Egnyte's multi-forum patent invalidation scheme directly benefits both Petitioners and Egnyte, and allows Egnyte, through common counsel, an unfair opportunity to test, refine, and reuse invalidity attacks, to the mutual benefit of Egnyte and Petitioners***.

The Board incorrectly decided that Egnyte was not an RPI because shared counsel did not literally confess to or produce documents describing a prohibited practice of circumventing the time-bar and estoppel provisions. ID (Paper 17), 11-12. But this reasoning ignores the reality that clients rely on and in fact defer to counsel who, as here, are seasoned litigators knowledgeable about the sophisticated

and highly complex nature of patent infringement lawsuits and IPRs.[4] Here, more than mere circumstantial evidence establishes the close and pre-existing relationship between Petitioners and Egnyte through their common counsel and identical invalidity contentions. The Board's decision literally sends a message to those who follow to ensure communications between parties remain off the books or, even better, to avoid communications altogether by having the ***same*** counsel represent all parties.[5]

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[4] This reality also means that clients delegate a significant amount of decision making to their counsel, such that counsel *de facto* has a significant amount of ***control***. If there were any doubt, shared counsel testified that [redacted] POSR (Paper 14), 2 (citing EX2018 88:18-21; 174:7-9; 48:24-49:7; 106:14-22). Assuming this is true, shared counsel would have had full discretion and control of Egnyte's patent infringement defense when preparing for and appearing in person on behalf of Egnyte to argue its 101 motion, the first hearing on a major substantive validity issue.

[5] Moreover, shared counsel effectively vitiates any ostensible separation between parties to a joint defense agreement.

II. The Board's RPI/Privy Analysis Was Flawed

The ID did not take into account that, for over a year prior to the filing of the Petition, Petitioners and Egnyte have been pursuing a mutual patent invalidation strategy in two district court forums, and have shared strategies and prior art documents. POPR (Paper 7), 5; EX1030. Shared counsel started preparing for the instant IPR Petition from the very beginning of the parallel litigation against Petitioners. EX2018, 122:1-21. This preparation continued (and likely intensified) when shared counsel began personally representing her firm's long-time client Egnyte in Delaware, pursuant to an unrestricted *pro hac vice* admission, months before the Petitions were filed. *ID*. And to be clear, despite shared counsel's self-serving statements to the Board, no paper trail exists outlining the scope of her representation of Egnyte, which [redacted]; and she never informed the Delaware Court or Egnyte that her representation was limited to § 101 matters. POSR (Paper 14), 1 and 4 (citing EX2018, 58:16-19; 61:6-65:12; 84:8-13, 47:6-20, 88:18-21; 174:7-9; 48:24-49:7; 106:14-22).

[redacted] and that Egnyte intends to raise the same grounds in the Petition in district court. POSR (Paper 14), 4 (citing EX2018 157:12-25; 150:6-8).

The Board's decision also did not consider the ethical implications of shared counsel's mutual representation of Petitioners and Egnyte. It is inconceivable that

shared counsel would not have taken her client, Egnyte's, interest into account while preparing the Petition. Indeed, she was ***ethically obligated*** to do so. POPR (Paper 7), 9-10; POSR (Paper 14), 5. There is no evidence that Petitioners or Egnyte waived any conflict of interest protections regarding shared counsel's representation. This accommodation of Egnyte's interests, especially in view of Petitioners' and Egnyte's high-level, multi-forum strategy, *i.e.* invalidation for the mutual benefit of all joint-defendants, necessitates a finding that Egnyte is an RPI/privy. To find otherwise would vitiate the statutory time-bar and estoppel provisions.

Further, while the Board is correct in that the *AIT I* RPI/privy analysis goes beyond determining whether a party will benefit from the filing of an IPR Petition, "the focus of the real-party-in-interest inquiry is on the patentability of the [challenged] claims . . . ***, bearing in mind who will benefit*** from having those claims canceled or invalidated." *AIT II*, 5 (emphasis added). When considered in their entirety, the factors in *AIT II* weigh heavily in favor of Egnyte being considered an RPI/privy, and there is no dispute that Egnyte would benefit from the IPR being instituted. Unfortunately the Board's decision did not consider all of the factors in *AIT II*, and misapplied factors it did consider.

A. The Board Selectively Credits Shared Counsel's Testimony, and Overlooks Countervailing Facts

The Board's RPI/privy determination relies heavily on shared counsel's deposition testimony that "confirm[s]" the same self-serving statements made in her declaration. *See* ID, 11 (citing Ex. 2018 at 37:9–12; 58:3–7, 58:16–19; 48:7–8; 48:20–23; 5:15–18; 158:3–9; and 146:2–7) [redacted] But this selective reading of shared counsel's testimony ignores contradictory facts in the record, including additional testimony from her deposition. These statements are addressed below.

First, regarding the scope and duration of shared counsel's representation of Egnyte, *even if* shared counsel stopped representing Egnyte after the § 101 motion, the Board erred by ignoring what remains an undisputed fact: ***shared counsel simultaneously represented Petitioners and Egnyte while preparing the Petition; and the scheme contemplated and executed allowed Egnyte to assert in court the same prior art as in the Petition***. Further, her representation related to the § 101

motion substantively overlapped "with her representation of Petitioners in the IPRs, at least because '[t]he question of whether a claim element [] is well-understood, routine and conventional . . . is a question of fact.'" POSR (Paper 14), 2-3 (citing *Berkheimer*, 881 F.3d, 1368). Therefore, that shared counsel purports to have later terminated her representation is of no moment. The harm to the Patent Owner and the benefit to Egnyte and Petitioners from the strategy has been achieved.

Moreover, as explained above "no written records exist limiting the scope of shared counsel's representation of Egnyte in Delaware." POSR (Paper 14), 2.

Second, regarding the invalidity contentions, regardless of whether shared counsel instructed Egnyte to file the exact same contentions that Petitioners previously filed in their respective litigations, Egnyte did so after assisting in their preparation. As confirmed by shared counsel, these contentions are coextensive with the grounds in the Petition. [redacted]

Third, regarding the statement in the JDA [redacted], the Board did not appreciate Patent Owner's cited authority that JDAs tend to demonstrate privity relationships. POSR (Paper 14), 6 (citing *Asahi Glass Co., Ltd. v. Toledo Eng'g Co.*, 505 F. Supp. 2d 423, 434-435 (N.D. Ohio 2007) (existence of a JDA demonstrates

privity); *Crown Equip. Corp. v. Toyota Material Handling*, 2005 U.S. Dist. LEXIS 22211, 2005 WL 2454116, at *4 (N.D. Ohio) (a joint defense agreement, common counsel, and a non-party's control over expert retention all supported a finding of privity)); POPR (Paper 7), 8 (citing Trial Practice Guide ("TPG"), 17 (Explaining that membership in a joint defense agreement is relevant to the RPI inquiry.)). Additionally, merely because the JDA [redacted] does not preclude them from doing so. ID, 11.

Fourth, regarding shared counsel's testimony [redacted] by Egnyte for her representation during Egnyte's § 101 motion hearing, and that [redacted], the Board incorrectly concludes that these facts point away from a pre-existing RPI/privity relationship. ID, 15-16. To the contrary, [redacted] supports a finding that Egnyte is an RPI/privy. [redacted], while Egnyte took on § 101 and other invalidity attacks (including the grounds in the

[6] The Board's deference to shared counsel's favorable and self-serving testimony is troubling given that [redacted].

Petition) in the Delaware Court. Both Petitioners and Egnyte benefit from shared counsel having a degree of control over these attacks, which she was granted by her appointment by Egnyte and Petitioners as shared counsel. FN 4, supra. As shared counsel testified, [redacted]

Fifth, *because* Egnyte and Petitioners are competitors and sell different products, shared counsel was obligated to not take positions in the Petition, *e.g.*, on claim constructions, that would implicate either of Petitioners' or Egnyte's products.

Sixth, in finding that there was no "deal" for shared counsel "to represent long time Cooley client Egnyte in furtherance of a three-part master plan to circumvent the IPR statutory time bar and estoppel provisions," the Board ignored Egnyte's other counsel's direct admission that "Egnyte has 'a long history' with shared counsel's law firm Cooley, LLP;" and shared counsel's statements during her deposition that, [redacted]. ID, 11-12; POPR (Paper 7), 9 (citing EX2001, 10:5-7); POSR (Paper 14), 1 (citing EX2018, 122:13-21, 96:1-5 ; 58:16-19, 61:6-65:12) and 2 (citing EX2018 84:8-13 and 47:6-20).

B. The Board Misapplied Prior Precedent

The Board incorrectly asserted that "sharing of trial counsel in district court

by a non-party to an IPR accused of infringing the same patent as the petitioner is a common occurrence." ID, 12. In fact, to Patent Owner's knowledge, this is the first time such an attempt has been made since *AIT I/AIT II*. The Board's sole cited case in support, *Adobe Inc. v. Rah Color Technologies LLC*, IPR2019-00629, Paper 35 at 12–13 (PTAB Sept. 4, 2019) is not precedential or informative. In *Adobe*, unlike in the instant case, there was no evidence that the unnamed RPI/privy was time-barred under § 315(b), and no evidence was presented that the unnamed RPI/privy assisted in preparing shared invalidity contentions or identifying references of the IPR Petition. *Adobe* is an outlier on pre-*AIT I/AIT II* Board decisions on common counsel — "the Board consistently held that common counsel is relevant to the RPI inquiry and tends to weigh in favor of finding that an unnamed third party is an RPI." POPR (Paper 7), 10-11 (citing *Agilent Tech., Inc. v. Waters Tech. Corp*., IPR2019-01131, Paper 12, 13-14, (PTAB 2019); *Paramount Home Entm't, Inc. v. Nissim Corp*., IPR2014-00961, Paper No. 11, 9 (PTAB 2014); *Zoll Lifecore Corp. v. Philips Elec. N.A. Corp.,* IPR2013-00615, Paper 15, 15 (PTAB 2014); *Johnson Health Tech, Co. Ltd. v. Icon Health & Fitness, Inc*., IPR2014-01242, Paper 16, 15 (PTAB 2015); and *Radware, Inc. v. F5 Networks, Inc*., IPR2017-01249, Paper 10, 5 (PTAB 2019)).

C. The Board Erred in its Application of the *AIT II* Factors

The Board's decision did not include a factor-by-factor analysis of the RPI determination in *AIT II*, and did not address factors (b) (Petitioners' "explanation of

its own interest in the IPRs"); (c) ("whether, and under what circumstances, [Petitioners] take[] [the unnamed RPI entity's] interests into account when determining whether to file IPR petitions"); (e) (the unnamed RPI entity's "interest in" and "benefit from" the IPRs); (f) "whether [Petitioners] can be said to be representing that interest"; and (g) ("whether [the unnamed RPI entity] actually 'desires review of the patent[s]'"); each of which strongly weigh in favor of Egnyte being considered an RPI/privy, and are not seriously contested by Petitioners. POPR 12-15 (Paper 7); POSR (Paper 14) 5-7.

Instead, the Board put a disproportionate amount of emphasis on factors (a) (Petitioner's business model) and (h) (overlapping Board members) and misapprehended the facts on factor (i) (Petitioners communications with unnamed RPI), none of which weigh against Egnyte being an RPI/privy. ID, 15-16.

With respect to factor (a), the Board overlooked the fact that, where the petitioner is not a "defensive patent aggregation entity", the issues of control and funding, [] carry less weight" as compared to the nature of the Parties' relationship and the degree to which Egnyte stands to benefit from the IPR. POPR (Paper 7), 16-17 (citing *Volkswagen Group of America, Inc. v. Arigna Technology Ltd.*, IPR2021-01263, Paper 16, 12 (PTAB 2022)).

With respect to factor (h), the Board ignored its own precedent that, even when overlapping Board members are present, this factor is neutral. POPR (Paper

7), 17 (citing *AIT II* 29 (Finding that the overlapping board members factor did not weigh for or against the unnamed party being an RPI)).

Regarding communications between the Petitioners and Egnyte, binding precedent holds that communications between parties about parallel litigation, even if not expressly discussing the filing of an IPR, weigh in favor of an RPI/privy finding. [redacted] POPR (Paper 7), 15-16 (citing *AIT II*, 30 ("Even if RPX did not directly discuss filing an IPR, the discussions of litigation are naturally tied to possible defenses, of which an IPR challenge is one. The discussion of pending litigation by AIT against Salesforce by RPX, who subsequently filed an IPR, weighs in favor of finding that Salesforce was an interested party. Such communications need not expressly involve a request by Salesforce for RPX to file an IPR petition.").

Moreover, discussions between Petitioners and Egnyte did take place — within shared counsel's head. It is undisputed that shared counsel was preparing the instant Petition while simultaneously representing Egnyte.

III. Conclusion

Egnyte is a direct beneficiary of this Petition and has a pre-existing established relationship with Petitioners. On balance, the *AIT II* factors weigh heavily in favor of Egnyte being an RPI/privy.

Date: August 18, 2023

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the attached Patent Owner Preliminary Response is being served by electronic mail on the following counsel of record:

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