

Vidal's ruling in Samsung v Netlist IPR may help unveil real-parties-in-interest

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It's not often that a discovery ruling has any significance beyond the case at hand, but US Patent and Trademark Office Director Kathi Vidal's recent *sua sponte* decision in *Samsung Electronics Co v Netlist Inc* is an exception. The decision allows greater discovery into the identity of the real-parties-in-interest (RPIs) behind an *inter partes* review (IPR) petition and could be the first step towards stronger estoppel at the Patent Trial and Appeal Board (PTAB).

On the petitioner side, petitioners and their business partners should be more cautious in filing IPRs that may have broader-than-anticipated estoppel effects. Potential petitioners should be especially wary of joining IPR-filing firms like Unified Patents that are more likely to result in unintended estoppel.

Section 312(a)(2) of the Patent Act provides that an IPR petition "may be considered *only if* ... the petition identifies all real parties in interest". The plain meaning of these words is that a petition that fails to identify all RPI's may *not* be considered. Notwithstanding 312(a)(2)'s clear requirement, petitioners routinely fail to comply and the PTAB regularly institutes trial on clearly deficient petitions.

The business reasons for petitioners seeking to evade 312(a)(2)'s requirement are obvious. Sections 315(b) and (d) estop not only petitioners, but also their RPIs, and their privies from filing more petitions and making the same validity challenges in district court. Many RPIs are business partners or customers of the petitioner, whom the petitioner may not want to saddle with estoppel stemming from a petition they didn't initiate.

Even if other potential RPIs are willing to accept the risk of estoppel, failing to name them in the original petition may give them a second chance to invalidate a patent that threatens both the petitioner and its ally. Indeed, there are now firms like Unified Patents, Askeladden, and RPX that file petitions on behalf of unnamed companies to help their clients avoid estoppel if the petitioner loses. Patent owners have repeatedly sought to have the PTAB enforce 312(a)(2), but it generally has not allowed discovery into the identities of RPIs and often declines to enforce 312(a)(2) even in the face of indisputable evidence of failure to comply.

The board's 2020 precedential decision in *SharkNinja Operating v iRobot Corp* confirms its practice of looking the other way on 312(a)(2). There, the board acknowledged that "Section 312(a)(2) *requires* that the 'petitioner identify all real parties in interest'". Nevertheless, the board concluded that it "need not address whether [the petitioner's parent company] is an unnamed RPI

because, even if it were, it would not create a time bar or estoppel under 35 U.S.C. § 315". Since "§ 312(a)(2) is not jurisdictional", the board said it was free to institute the IPR. Both of these arguments are non-sequiturs. The existence of a time bar under section 315(b) says nothing about compliance with 312(a)(2) and even if 312(a)(2) is not a *jurisdictional* requirement, it is still a *requirement*.

In *Samsung*, the patent owner, Netlist, argued that Samsung supplied components to Google and indemnified it for patent infringement. According to Netlist, Samsung's petition was time-barred under 315(b), because of Netlist's prior litigation against Google. Netlist sought discovery of agreements and communications between Google and Samsung as well as prior deposition testimony regarding Samsung products at issue in the Google litigation. However, keeping with what has been standard practice, the PTAB denied Netlist any discovery.

The director reversed this *sua sponte*, however, ordering Samsung to produce indemnification agreements, others relating to the products at issue in the Google litigation, and deposition testimony and communications between Samsung and Google related to the prior litigation.

Practice takeaways

For petitioners, the *Samsung* ruling may be concerning. Given the board's lax attitudes toward 312(a)(2) and the limited discovery generally available at the PTAB, Samsung and Google may not have given much consideration to the potential estoppel effects of the prior litigation. Estoppel is now a real possibility for Samsung. Additionally, producing litigation-related communications as the director ordered may give a significant advantage to the patent owner. In the future, petitioners may want to be more cautious about their IPR filings and contracts with partners. They may also want to re-think their relationships with IPR-filing companies.

For patent owners, *Samsung* is a positive but modest step. It does not undo *SharkNinja* and panels are still unlikely to enforce section 312(a)(2), unless the patent owner alleges a potential time bar. However, by giving patent owners the tools to make out a 315(b) time-bar, *Samsung* is a significant shift from virtually complete abdication by the board on 312(a)(2). *Samsung* may be especially relevant in industries like consumer electronics where numerous parties often supply components for an end-product. As *Samsung* shows, multi-component products may create opportunities for patent owners to identify RPIs and time-bar arguments. For example, Google likely had other suppliers for components in the products at issue who may be similarly estopped.

Finally, the fact that Director Vidal issued this ruling *sua sponte* also suggests her personal interest in this issue – and potentially more to come.

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