

PUBLIC VERSION

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MEDTRONIC, INC.,
Petitioner,

v.

ROBERT BOSCH HEALTHCARE SYSTEMS, INC.,
Patent Owner.

Case IPR2014-00488 (Patent 7,769,605 B2)
Case IPR2014-00607 (Patent 7,870,249 B2)¹

Before MIRIAM L. QUINN, STEPHEN C. SIU, and JUSTIN T. ARBES,
Administrative Patent Judges.

ARBES, *Administrative Patent Judge.*

DECISION

Patent Owner's Motion to Terminate
35 U.S.C. § 312(a)(2) and 37 C.F.R. § 42.72

¹ Case IPR2014-00691 has been consolidated with Case IPR2014-00607. This Decision addresses an issue pertaining to both cases. Therefore, we exercise our discretion to issue a single Decision to be filed in each case. The parties are not authorized to use this style heading for any subsequent papers.

Patent Owner Robert Bosch Healthcare Systems, Inc. (“Bosch”) filed a Motion to Terminate each of the instant proceedings on the basis that Petitioner Medtronic, Inc. (“Medtronic”) failed to identify Cardiocom, LLC (“Cardiocom”) as a real party-in-interest under 35 U.S.C. § 312(a)(2). Paper 32 (“Mot.”).² Medtronic filed an Opposition, Paper 34 (“Opp.”), and Bosch filed a Reply, Paper 37 (“Reply”). With the Board’s authorization, the parties also filed supplemental briefs and evidence pertaining to one issue: the funding of the Petitions in these proceedings. *See* Papers 43, 45 (“PO Supp. Br.”), 47 (“Pet. Supp. Br.”). For the reasons stated below, Bosch’s Motions are *granted* and the instant proceedings are *terminated*.

I. BACKGROUND

A. District Court Case

On April 26, 2013, Bosch filed a lawsuit against Cardiocom alleging infringement of U.S. Patent No. 7,769,605 B2 (“the ’605 patent”), the patent now being challenged in Case IPR2014-00488, and U.S. Patent No. 7,870,249 B2 (“the ’249 patent”), the patent now being challenged in Case IPR2014-00607: *Robert Bosch Healthcare Sys., Inc. v. Cardiocom, LLC*, Case No. 3:14-cv-01575-EMC (N.D. Cal.) (transferred from Case No. 2:13-cv-00349-JRG (E.D. Tex.)). Paper 16, 2. Cardiocom was served with Bosch’s complaint on April 29, 2013. Ex. 2059. The district court case has been stayed. Paper 16, 2. Cardiocom currently is the sole defendant. Medtronic is not, and has never been, a defendant in the district court case.

² The parties filed the same papers in both of the instant proceedings. Unless otherwise specified, we refer to the papers and exhibits filed in Case IPR2014-00488 for convenience.

B. The Original IPR Proceedings

In July 2013, Cardiocom filed petitions seeking *inter partes* review of the '605 and '249 patents in Cases IPR2013-00439 and IPR2013-00460, respectively. In each petition, Cardiocom identified itself as the sole real party-in-interest. *See* IPR2013-00439, Paper 3, 1; IPR2013-00460, Paper 5, 1. Cardiocom challenged all claims of the patents, and asserted grounds of unpatentability under 35 U.S.C. § 103(a) based on the following prior art references:

Case	Prior Art ³
IPR2013-00439	Crawford, Tallman, Vincent, Groner, and Goodman
IPR2013-00460	Goodman, Wahlquist, Bittorf, Fu, and Cohen

See IPR2013-00439, Paper 26, 7–8; IPR2013-00460, Paper 23, 2–3.

Cardiocom submitted a Declaration from Robert T. Stone, Ph.D., with its Petition in each proceeding. *See* IPR2013-00439, Ex. 1014; IPR2013-00460, Ex. 1009. In each proceeding, Cardiocom was represented by attorneys from the law firm of Merchant & Gould, P.C. (“Merchant & Gould”).

On August 12, 2013, Medtronic announced that it had acquired Cardiocom. Ex. 2064. On December 30, 2013, Cardiocom filed a notice in both proceedings stating that it “acknowledges that Medtronic, Inc. should now be included as an additional real party in interest,” but Cardiocom “should remain as a real party in interest as well, as a wholly-owned subsidiary of Medtronic, Inc.” *See* IPR2013-00439, Paper 25;

³ Additional information regarding the asserted prior art references may be found in the Decisions on Institution.

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IPR2013-00460, Paper 22. Cardiocom's petitions were denied on January 16, 2014. *See* IPR2013-00439, Paper 26; IPR2013-00460, Paper 23.

C. The Instant IPR Proceedings

Medtronic filed its Petition challenging the '605 patent in Case IPR2014-00488 on March 6, 2014, and filed two Petitions challenging the '249 patent in Cases IPR2014-00607 and IPR2014-00691 on April 10, 2014, and April 25, 2014, respectively. In each proceeding, Medtronic stated that it is the sole real party-in-interest. *See* IPR2014-00488, Paper 1, 1; IPR2014-00607, Paper 1, 3; IPR2014-00691, Paper 2, 3.

Medtronic challenged all claims of the patents, and asserted grounds of unpatentability under 35 U.S.C. § 103(a) based on the following prior art references:

Case	Prior Art
IPR2014-00488	Crawford, Tallman, Vincent, Groner, Goodman, and Shabot
IPR2014-00607	Goodman, Wahlquist, Bittorf, Wright Jr., Kaufman, and Jeacock
IPR2014-00691	Goodman, Wahlquist, Bittorf, Wright Jr., Kaufman, Jeacock, and Lyons

See IPR2014-00488, Paper 17, 7–8; IPR2014-00607, Paper 17, 3–4; IPR2014-00691, Paper 17, 3–4. Medtronic submitted a Declaration from Dr. Stone with its Petition in each proceeding. *See* IPR2014-00488, Ex. 1018; IPR2014-00607, Ex. 1009; IPR2014-00691, Ex. 1009. At the time of filing its Petitions, Medtronic was represented by attorneys from Merchant & Gould in Cases IPR2014-00488 and IPR2014-00607, and by

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attorneys from the law firm of Sterne, Kessler, Goldstein & Fox P.L.L.C. (“Sterne Kessler”) in Case IPR2014-00691.

Bosch argued in its Preliminary Response in each proceeding that the Petition should be denied under 35 U.S.C. § 312(a)(2) because Cardiocom also is a real party-in-interest. *See* IPR2014-00488, Paper 17, 9–11; IPR2014-00607, Paper 17, 12–14. Based on the record before us at the time, we concluded that Bosch had not provided sufficient facts upon which we could conclude that Cardiocom is a real party-in-interest. *See* IPR2014-00488, Paper 17, 9–11; IPR2014-00607, Paper 17, 12–14. We instituted a trial with respect to both patents, and consolidated Case IPR2014-00691 with Case IPR2014-00607. *See* IPR2014-00488, Paper 17, 25; IPR2014-00607, Paper 17, 29–30.

Subsequent to institution, we granted-in-part Bosch’s motion for additional discovery of information pertaining to whether Cardiocom is a real party-in-interest and, based on the materials produced by Medtronic and arguments of the parties, authorized Bosch to file its Motion to Terminate. *See* IPR2014-00488, Papers 25, 27; IPR2014-00607, Papers 29, 31.

D. Related Matters

On February 27, 2014, a Merchant & Gould attorney filed a request for *ex parte* reexamination of all claims of the ’605 patent. Ex. 2083. The request was granted on June 13, 2014, and the reexamination (Reexamination Control No. 90/013,167) currently is pending.

On June 6, 2014, a Sterne Kessler attorney filed a request for *ex parte* reexamination of claims 14–18, 20, 21, and 23–26 of the ’249 patent.

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Ex. 3001. The request was granted on June 20, 2014, and the reexamination (Reexamination Control No. 90/013,262) currently is pending.

Various patents related to the '605 and '249 patents also are involved in other *inter partes* reviews, *inter partes* reexaminations, and *ex parte* reexaminations. *See* Paper 16, 2–5.

II. ANALYSIS

A. Legal Standard

Pursuant to 35 U.S.C. § 312(a)(2), a petition for *inter partes* review “may be considered *only if* . . . the petition identifies *all* real parties in interest” (emphasis added). The identification of all real parties-in-interest assists the Board in identifying potential conflicts of interest, helps identify any potential estoppel issue with respect to 35 U.S.C. § 315(e)(1), and may affect the credibility of evidence presented in a proceeding. *See* Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions; Final Rule, 77 Fed. Reg. 48,612, 48,617 (Aug. 14, 2012). Identification of all real parties-in-interest also enables the Board to determine whether *inter partes* review may be barred under 35 U.S.C. §§ 315(a)(1) or 315(b).

We generally accept a petitioner’s identification of real parties-in-interest at the time of filing the petition. *See* Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents; Final Rule, 77 Fed. Reg. 48,680, 48,695 (Aug. 14, 2012) (“Trial Rules”). Thus, there is a rebuttable presumption that a petitioner’s identification of real parties-in-interest is accurate. However, when a patent

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owner provides sufficient rebuttal evidence that reasonably brings into question the accuracy of the petitioner's identification, the ultimate burden of proof remains with the petitioner to establish that it has complied with the statutory requirement of 35 U.S.C. § 312(a)(2) to identify all real parties-in-interest. This allocation of the burden for establishing whether a third party has, or has not, been identified properly as a real party-in-interest appropriately accounts for the fact that a petitioner is far more likely to be in possession of, or have access to, evidence relevant to the issue than is a patent owner. *See Atlanta Gas Light Co. v. Bennett Regulator Guards, Inc.*, IPR2013-00453, slip op. at 6–8 (PTAB Jan. 6, 2015) (Paper 88) (“*Atlanta Gas*”); *Atlanta Gas Light Co. v. Bennett Regulator Guards, Inc.*, slip op. at 2–7 (PTAB Feb. 23, 2015) (Paper 91); *Zerto, Inc. v. EMC Corp.*, IPR2014-01254, slip op. at 6–7 (PTAB Mar. 3, 2015) (Paper 35).

Whether a non-party is a “real party-in-interest” for purposes of an *inter partes* review proceeding is a “highly fact-dependent question” that takes into account how courts generally have used the term 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) (“Trial Practice Guide”). In general, a “real party-in-interest” is “the party that desires review of the patent,” and “may be the petitioner itself, and/or it may be the party or parties at whose behest the petition has been filed.” *Id.* Depending on the circumstances, various factors may be considered, including whether the non-party “exercised or could have exercised control over [the petitioner’s] participation in a 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 48,759–60. Another potentially relevant factor is whether the non-party is funding or directing the proceeding. *Id.* For example, “a party that funds and directs and controls an IPR . . . petition or proceeding constitutes a ‘real party-in-interest,’ even if that party is not a ‘privy’ of the petitioner.” *Id.* at 48,760. Complete funding or control is not required for a non-party to be considered a real party-in-interest, however; the exact degree of funding or control “requires consideration of the pertinent facts.” *Id.*; *see also ZOLL Lifecor Corp. v. Philips Elecs. N. Am. Corp.*, IPR2013-00607, slip op. at 9 (PTAB Mar. 20, 2014) (Paper 13) (determination of whether a non-party is a real party-in-interest is based on “the totality of the circumstances”).

As explained in the Trial Practice Guide, we also find guidance in the Supreme Court’s decision in *Taylor v. Sturgell*, 553 U.S. 880 (2008), which sets forth the general rule under federal common law that a person not a party to a lawsuit is not bound by a judgment in that suit, subject to certain exceptions. 553 U.S. at 884, 891–95 (citations omitted); *see* Trial Practice Guide at 48,759 (citing *Taylor*). In *Taylor*, the Supreme Court listed six “categories” of exceptions under which non-party preclusion may be appropriate, two of which are relevant to the instant proceedings:

Fourth, a non[-]party is bound by a judgment if she “assume[d] control” over the litigation in which that judgment was rendered. Because such a person has had “the opportunity to present proofs and argument,” he has already “had his day in court” even though he was not a formal party to the litigation.

Fifth, a party bound by a judgment may not avoid its preclusive force by *relitigating through a proxy*. Preclusion is thus in order when a person who did not participate in a litigation later brings suit as the designated representative of a

person who was a party to the prior adjudication. And although our decisions have not addressed the issue directly, it also seems clear that preclusion is appropriate when a non[-]party later brings suit as an agent for a party who is bound by a judgment.

553 U.S. at 895 (citations omitted; emphasis added).

B. Whether Cardiocom is a Real Party-in-Interest

Bosch contends that, based on the history of the prior *inter partes* review proceedings and instant proceedings, and the relationship between Medtronic and Cardiocom, Cardiocom is a real party-in-interest in the instant proceedings under 35 U.S.C. § 312(a)(2). Mot. 1–9. According to Bosch, Medtronic’s failure to name Cardiocom in the Petitions cannot be cured because Cardiocom was served with a complaint alleging infringement of the challenged patents more than one year ago under 35 U.S.C. § 315(b). *Id.* at 10. Medtronic responds that Cardiocom is not a real party-in-interest because Medtronic exercised exclusive control over the preparation of the Petitions and participation in these proceedings, and that even if Cardiocom is a real party-in-interest, termination is inappropriate under the Board’s rules. Opp. 1–10. After considering all of the evidence of record and the parties’ arguments, we are persuaded that Medtronic is acting as a proxy for Cardiocom, and that Cardiocom should have been named in the Petitions as a real party-in-interest.

First, Cardiocom is the party accused of infringing the ’605 and ’249 patents in the district court case, not Medtronic. Thus, Cardiocom has an interest in the claims of the patents being determined to be unpatentable, which would allow it to avoid liability in the district court case. *See* Trial Practice Guide, 77 Fed. Reg. at 48,759 (a “real party-in-interest” is “the

party that desires review of the patent”). At least at the time of filing the Petitions, any interest Medtronic may have had in the claims being determined to be unpatentable came solely from its ownership of Cardiocom. Indeed, as Bosch points out, Medtronic challenged the same claims of the ’249 patent (claims 1, 2, 6–8, and 11–13) in its Petition in Case IPR2014-00607 that are being asserted against Cardiocom in the district court case. *See* Mot. 3 (citing Ex. 2085). This further supports that it is Cardiocom’s interest that matters, and that Medtronic is acting merely as a proxy on behalf of its subsidiary.⁴

Medtronic argues that it has an independent interest in challenging the ’605 and ’249 patents, apart from its interest as Cardiocom’s parent. Opp. 6. Medtronic cites as support an email from Bosch to Medtronic stating that Bosch would like to “re-ignite the communication” between the two companies and stating Bosch’s position that Medtronic products infringe certain unspecified patents of Bosch. *Id.* The email in question, however, was sent on April 15, 2014—after the Petitions in Cases IPR2014-00488 and IPR2014-00607 were filed. *See* Ex. 2086; Reply 4. Similarly, Medtronic points to communications it had with Bosch in September 2014 regarding Medtronic products. Opp. 6 (citing Ex. 1031 ¶¶ 2–4). Because these materials do not predate the filing of the Petitions, the email and subsequent communications could not have factored into Medtronic’s decision to file the Petitions.

⁴ We recognize that Medtronic also challenged the remaining claims of the ’249 patent (claims 3–5, 9, 10, and 14–29) in its Petition in Case IPR2014-00691. The Petition in Case IPR2014-00607, however, was filed by the same law firm that represented Cardiocom in Case IPR2013-00460, and was similar to the previous case in many respects, as explained herein.

Medtronic also cites evidence that Bosch attempted to license its portfolio of patents and asserted those patents against various other companies. *Id.* (citing Ex. 1031 ¶¶ 7–8). The fact that Bosch licensed or asserted its portfolio of patents generally, with companies other than Medtronic, does not demonstrate that Medtronic had an interest, independent of its ownership of Cardiocom, in challenging the '605 and '249 patents, or specific claims of those patents, when it filed the Petitions.

Second, Cardiocom's interest is evidenced by the fact that it previously filed its own petitions seeking *inter partes* review of the '605 and '249 patents, naming itself as the real party-in-interest. Cardiocom's petitions involved the same challenged claims, and similar prior art references and arguments, as Medtronic's Petitions in the instant proceedings, and were supported by testimony from the same declarant, Dr. Stone. *See supra* Section I.B–C. Cardiocom and Medtronic also have the same counsel, Merchant & Gould.⁵ *See id.* Further, after Cardiocom was acquired by Medtronic, Cardiocom represented that both Medtronic and Cardiocom were real parties-in-interest in the earlier proceedings, demonstrating Cardiocom's recognition of its interest in the patents being reviewed. *See id.*

Third, statements made by Cardiocom in the district court case suggest that Cardiocom believed itself to be a real party-in-interest for purposes of the instant proceedings, or, at the very least, that it has a collective interest with Medtronic in the Petitions. On May 15, 2014, after

⁵ Medtronic retained different counsel in Case IPR2014-00691, but its lead counsel in the consolidated proceeding, Case IPR2014-00607, is the same as Cardiocom's lead counsel in the earlier proceeding, Case IPR2013-00460. *See* IPR2013-00460, Paper 5, 2–3; IPR2014-00607, Paper 21, 2.

the Petitions in the instant proceedings were filed, Cardiocom moved to stay the district court case pending the Board’s resolution of these proceedings. Ex. 2076. Cardiocom stated that it “respectfully requests this Court to hear Cardiocom’s motion to stay this lawsuit pending the resolution of the *inter partes* review (IPR) and reexamination proceedings *requested by Cardiocom* regarding all six patents-in-suit.”⁶ *Id.* at 1 (second emphasis added). The ’605 and ’249 patents are among the six patents asserted in the district court case. In its reply brief, Cardiocom stated that “the PTO has already granted IPRs covering the majority of the asserted claims of four of the patents in suit and *Cardiocom and Medtronic have already filed petitions* and reexaminations requesting any remaining claims be canceled by the PTO.” Ex. 2077, 14 (emphasis added).

In response, Medtronic contends that the statements cited above are “literally erroneous,” and should be given little weight in view of two other, more specific statements in Cardiocom’s motion. Opp. 5–6. Cardiocom stated later in its motion that “Medtronic . . . filed its own petition for IPR against the ’605 patent” and “Medtronic filed two petitions for IPR . . . to address all of the claims in the ’249 Patent.” Ex. 2076, 10–11. Medtronic, however, ignores the sentence immediately following these two statements: “Medtronic’s filings [of the Petitions in the instant proceedings] were less than one year after Cardiocom was served with the suit and thus were within *the statutory deadline for real parties in interest*. 35 U.S.C. § 315(b).” *Id.* at 11 (emphasis added). The one-year bar of 35 U.S.C. § 315(b) applies

⁶ The district court’s decision granting Cardiocom’s motion to stay discusses the various petitions for *inter partes* review and *ex parte* reexamination requests filed by Cardiocom and Medtronic cited herein. Ex. 3002, 1–3.

only to a party that has been served with a complaint alleging infringement, and other real parties-in-interest and privies of that party. Only Cardiocom has been served with a complaint alleging infringement of the '605 and '249 patents. Accordingly, Cardiocom's statement regarding the "statutory deadline for real parties in interest" only makes sense if Cardiocom believed itself to be a real party-in-interest. Yet Medtronic did not name Cardiocom in the Petitions.

We also note that, with respect to the *ex parte* reexamination request for the '605 patent filed by a Merchant & Gould attorney on February 27, 2014 (Reexamination Control No. 90/013,167), Cardiocom represented to the district court that the request, along with another *ex parte* reexamination request for a related patent, was filed by "Medtronic and Cardiocom." *See* Ex. 2076, 10 n.7; Exs. 2083, 2084 (reexamination requests). At the very least, the statement suggests coordinated interest and action between Medtronic and Cardiocom in attempting to challenge the claims of the '605 patent.

Fourth, in response to our granting Bosch's motion for additional discovery, Medtronic produced a privilege log listing four "communications between Medtronic and Cardiocom regarding the preparation or filing of the Medtronic IPRs." *See* Paper 25, 3-4, 9; Ex. 2078. Medtronic states in the privilege log that the materials pertain to "Medtronic's plans regarding reexaminations and IPRs" and "work done to prepare [the] Medtronic IPRs." Ex. 2078, 2. Although the exact content of the communications is unknown, and Medtronic contends that Cardiocom had no substantive input into the content of the Petitions, *see* Opp. 3; Ex. 1030 ¶¶ 4-5, 8-9, the privilege log at least demonstrates that Medtronic communicated with Cardiocom senior

executives about the preparation or filing of the Petitions, at the time when the Petitions were being prepared. We also note that one individual named on the emails held executive positions with both Cardiocom and Medtronic, which again is indicative of coordinated interest between the two companies with respect to challenging the '605 and '249 patents. *See* Ex. 2078, 2 (first, second, and third emails); Ex. 1030 ¶ 9.

Fifth, the evidence of record shows that Cardiocom paid a portion of the fees incurred for preparing the Petitions in Cases IPR2014-00488 and IPR2014-00607. Again in response to our granting Bosch's motion for additional discovery of "[d]ocuments or things containing communications between Medtronic and Cardiocom regarding the preparation or filing of the Medtronic IPRs," Medtronic produced two emails from a Cardiocom employee forwarding Merchant & Gould's invoices for January and February 2014 to Medtronic and asking Medtronic to "approve" the invoices. *See* Paper 25, 3, 9; Exs. 2080, 2088. The two invoices were paid by check by a Cardiocom employee from a Cardiocom bank account. *See* Pet. Supp. Br. 2; Ex. 1050 ¶¶ 12, 14 (Cardiocom employee "paid the invoice[s] from a checking account bearing the name Cardiocom"); Ex. 1048 ¶¶ 13–14 (Merchant & Gould received checks "that bear[] the name 'Cardiocom'").

Medtronic argues that Cardiocom paid the invoices "under Medtronic's direction and control (and thus as Medtronic's agent)," and that the bank account was controlled by Medtronic once it "assumed ownership of Cardiocom's assets" in 2013. Pet. Supp. Br. 2. According to Medtronic, when it acquired Cardiocom, it "folded Cardiocom's finances into its own." Opp. 1; *see* Ex. 1034 ¶ 2 ("Medtronic has integrated finances with

Cardiocom and controls Cardiocom's budget. Medtronic assumed control of Cardiocom's finances and budget at the time it acquired Cardiocom.

Medtronic does not separately report Cardiocom's finances, but rather integrates them into its reporting of Medtronic's finances.") Medtronic also points out that it paid all fees to Sterne Kessler associated with the Petition in Case IPR2014-00691, and that it paid all fees incurred for the three Petitions after February 2014, including the filing fees to the Office. Pet. Supp. Br. 1–2.

Funding of a petition for *inter partes* review can be an important factor in determining whether a non-party is a real party-in-interest. See Trial Practice Guide, 77 Fed. Reg. at 48,760. Complete funding is not necessary; "less" than total funding may be indicative of a real party-in-interest depending on all of the "pertinent facts." See *id.*; *GEA Process Eng'g, Inc. v. Steuben Foods, Inc.*, IPR2014-00041, slip op. at 13–21 (PTAB Feb. 11, 2015) (Paper 140) (finding a non-party that paid the petitioner's legal fees for a period of time in an *inter partes* review to be a real party-in-interest) ("*GEA Process*"); see also *In re Guan*, Reexamination Control No. 95/001,045, Decision Vacating Filing Date at 8 (Aug. 25, 2008) ("a party paying for a particular patent to be the subject of a request for *inter partes* reexamination would appear to be a real party in interest"). Here, Medtronic paid the majority of fees associated with its participation in the proceedings. It is of some relevance, however, that Cardiocom was the entity invoiced for the preparation of the Petitions that occurred in January and February 2014, and that Cardiocom paid those invoices (albeit with Medtronic's approval). At minimum, Cardiocom's actions contradict

Medtronic's position that Cardiocom had no role at all in the preparation of the Petitions.

It also is relevant that Medtronic's Petitions in the instant proceedings rely on similar prior art references and arguments as Cardiocom's petitions in the earlier proceedings, and that portions of Dr. Stone's testimony in the instant proceedings are identical to his testimony in the earlier proceedings.⁷ At some level, therefore, Medtronic's Petitions enjoyed the benefit of work done previously, and *paid for*, by Cardiocom. We weigh these facts together with all of the other evidence discussed herein.

Taken alone, none of the facts above may be sufficient to show that Cardiocom is a real party-in-interest in these proceedings. *See* Trial Practice Guide, 77 Fed. Reg. at 48,760 ("rarely will one fact, standing alone, be determinative of the [real party-in-interest] inquiry"). Collectively, though, assessing the totality of the evidence, they demonstrate that Cardiocom is the party with the substantive interest that desires review of the '605 and '249 patents, and that Medtronic is acting as a proxy for Cardiocom. *See Taylor*, 553 U.S. at 895 ("[A] party bound by a judgment may not avoid its preclusive force by relitigating through a proxy. Preclusion is thus in order when a person who did not participate in a litigation later brings suit as the designated representative of a person who was a party to the prior adjudication.").

⁷ *See supra* Section I.B–C. *Compare* IPR2013-00439, Paper 3, 6–7, 9–11, 40–48, 51–56, *with* IPR2014-00488, Paper 1, 8–12, 48–51, 54–60; *compare* IPR2013-00439, Ex. 1014 ¶¶ 1–8, 11–16, 20, 23–25, 27, 28, 32–35, 38, 40, 45, 46, 51–54, 59–62, *with* IPR2014-00488, Ex. 1018 ¶¶ 1–8, 11–16, 35, 37, 61, 63, 65, 66, 69, 74, 75, 77, 80, 85–89, 96–100, 106–108, 110, 111.

Medtronic’s arguments in its Opposition focus entirely on whether Cardiocom controls or has the opportunity to control Medtronic’s participation in these proceedings. Opp. 1–8 (citing Exs. 1030–34, declarations from Medtronic employees and a Merchant & Gould attorney). A non-party may be a real party-in-interest even in the absence of control or an opportunity to control. *See* Trial Practice Guide, 77 Fed. Reg. at 48,760 (citing *California Physicians’ Serv. v. Aoki Diabetes Research Inst.*, 163 Cal. App. 4th 1506, 1523–25 (Cal. App. 2008), for the proposition that “preclusion can apply even in the absence of such control”). Relitigating through a proxy is a separate category under which non-party preclusion may occur. *See Taylor*, 553 U.S. at 895.

The instant proceedings are analogous to the situation in *RPX Corp. v. VirnetX, Inc.*, IPR2014-00171, slip op. at 4–11 (PTAB July 14, 2014) (Paper 57) (“*RPX*”). In that case, there was no dispute that the petitioner RPX Corporation (“*RPX*”) had control over the filing of the petitions, but the panel nevertheless found Apple Inc. (“*Apple*”) to be a real party-in-interest because RPX was acting as a proxy for Apple. Similar to the situation here, (1) Apple, not the petitioner RPX, was the party accused of infringing the challenged patents and, therefore, the party with the interest in the claims being reviewed; (2) Apple previously attempted to challenge the patents by filing its own petitions for *inter partes* review, which were denied; (3) RPX asserted grounds in its petitions similar to those asserted previously by Apple, using the same counsel and declarant as Apple; and (4) Apple compensated RPX for certain activities, including filing the petitions, even though the agreement between the parties specified that RPX would have “complete control” over the activities. *Id.* at 4–10. The panel

concluded that RPX was, “at most, a ‘nominal plaintiff’ with ‘no substantial interest’ in the[] IPR challenges apart from those of its client, Apple.” *Id.* at 9. For similar reasons, we conclude that Medtronic is acting as a proxy for Cardiocom, just as RPX acted as a proxy for Apple.

Finally, our determination that Cardiocom is a real party-in-interest is consistent with the purposes of the statutory estoppel provisions in the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (“AIA”), to “protect patent owners from harassment via successive petitions by the same or related parties [and] prevent parties from having a ‘second bite at the apple.’” Trial Practice Guide, 77 Fed. Reg. at 48,759; *see RPX*, slip op. at 10 (noting the “express legislative intent concerning the need for quiet title” for patent owners). As explained above, Medtronic is a nominal party with no substantial interest apart from that of its subsidiary Cardiocom, the party sued for infringement of the ’605 and ’249 patents. Permitting Medtronic to circumvent the one-year time bar incurred by its acquired, now time-barred subsidiary would amount to a “second bite at the apple” for Cardiocom.

C. Remedy for Failure to Name All Real Parties-in-Interest

Having concluded that Cardiocom should have been named in the Petitions as a real party-in-interest in the instant proceedings, we must determine the appropriate remedy for that deficiency. A petition for *inter partes* review may be considered “only if” it meets certain statutory requirements, including identification of “all” real parties-in-interest. 35 U.S.C. § 312(a)(2). Medtronic’s Petitions, therefore, are incomplete and cannot be considered. Further, even if the Petitions could be corrected to

name Cardiocom as an additional real party-in-interest, the Petitions would be accorded a new filing date. 37 C.F.R. § 42.106(b). The new filing date necessarily would be more than one year after the date on which Cardiocom was served with a complaint alleging infringement of the '605 and '249 patents (April 29, 2013), making the Petitions time-barred under 35 U.S.C. § 315(b). Because the Petitions cannot be considered, and should not have been considered at the time of institution, the appropriate remedy is to terminate the instant proceedings and vacate our Decisions on Institution. *See Atlanta Gas*, slip op. at 13–15; *GEA Process*, slip op. at 21–27.

Medtronic argues that termination is inappropriate because it had a “factually grounded, objectively reasonable basis to name itself as the sole” real party-in-interest, and “disclosed its parent-subsidary relationship with Cardiocom in the Petitions.” Opp. 8. As explained above, however, even if Medtronic’s error is deemed correctable, it would require according the Petitions a new filing date that would cause them to be time-barred. Further, although Medtronic identified itself in the Petitions as the parent of Cardiocom, it never identified Cardiocom as a “real party-in-interest.” *See* IPR2014-00488, Paper 1, 1 (“Medtronic, Inc. is the real party-in-interest for petitioner.”); IPR2014-00607, Paper 1, 3 (same); IPR2014-00691, Paper 2, 3 (same). Whether Medtronic’s corporate structure was disclosed is not the issue; what matters is whether Medtronic identified “all” real parties-in-interest under 35 U.S.C. § 312(a)(2).

Medtronic also contends that it should be permitted a reasonable amount of time to “join” Cardiocom under Federal Rule of Civil Procedure 17(a)(3), citing the Trial Practice Guide. Opp. 9 (citing 77 Fed. Reg. at 48,759). The Federal Rules of Civil Procedure do not apply to *inter partes*

review proceedings, however. Further, the Trial Practice Guide merely refers to Rule 17 in explaining how the term “real party-in-interest” is understood, while acknowledging that the typical understanding of the term in litigation “does not fit directly into the AIA trial context.” 77 Fed. Reg. at 48,759. It does not state that the Board will follow the procedures of Rule 17(a)(3) when addressing real party-in-interest issues. Also, it is unclear what Medtronic means by stating that Cardiocom can be “joined” to these proceedings under Rule 17(a)(3), when the AIA already provides for joinder in a separate provision, 35 U.S.C. § 315(c), requiring the filing of a new petition.

Finally, Medtronic argues that the proceedings should not be terminated because Bosch failed to seek rehearing of the Decisions on Institution, where we determined that Medtronic had established a reasonable likelihood of prevailing. Opp. 10. This argument is not persuasive, as the Motion to Terminate is based on new evidence uncovered in discovery and new arguments made by Bosch not made in its Preliminary Responses. *See* Paper 27, 2 (authorizing the Motion to Terminate based on “the new evidence cited by Bosch and the parties’ arguments”); Trial Rules, 77 Fed. Reg. at 48,695 (“After institution, standing issues may still be raised during the trial. A patent owner may seek authority from the Board to take pertinent discovery or to file a motion to challenge the petitioner’s standing.”).

III. CONCLUSION

Based on all of the evidence of record, we conclude that Cardiocom should have been named as a real party-in-interest in these proceedings. We do not reach this conclusion lightly, as the consequence of not naming Cardiocom is termination of the proceedings. Pursuant to 35 U.S.C. § 312(a)(2), however, a petition for *inter partes* review may be considered “only” if it identifies “all” real parties-in-interest. Bosch has provided sufficient evidence to reasonably bring into question the accuracy of Medtronic’s representation in the Petitions that it is the sole real party-in-interest, and Medtronic has not proved that it is the sole real party-in-interest. Accordingly, we vacate the Decisions on Institution and do not issue final written decisions under 35 U.S.C. § 318(a) with respect to the patentability of the challenged claims.

In consideration of the foregoing, it is hereby:

ORDERED that the instant proceedings are *terminated*, pending resolution of any remaining motions to seal;⁸ and

FURTHER ORDERED that the Decisions on Institution in the instant proceedings are *vacated*.

⁸ In a concurrently entered Decision, the parties’ pending motions to seal are denied without prejudice to re-filing.

IPR2014-00488 (Patent 7,769,605 B2)

IPR2014-00607 (Patent 7,870,249 B2)

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