Clarifying the privity requirement for inter partes review (IPR) petitions, the U.S. Patent and Trademark Office (PTO) Patent Trial and Appeal Board (PTAB or Board) explained that privity should be determined looking at the time period up to the date of the IPR petition, not just the date of service of any district court complaint. *VMWare, Inc. v. Good Technology Software, Inc.*, Case Nos. IPR2015-0002, -00030, -00031 (PTAB, Mar. 6, 2015) (Weinschenk, APJ.).

Good Technology Software (GTS) is the owner of certain patents, which it asserted against the AirWatch company in November of 2012. In February of 2014, the petitioner VMWare acquired AirWatch, and in October of 2014 VMWare filed IPR petitions against the patents asserted by GTS. In those petitions, VMWare acknowledged that AirWatch was now its wholly-owned subsidiary, but argued that its petitions should not be time-barred under 35 U.S.C. § 315(b) because it was not in privity with AirWatch at the time the patents were initially asserted against AirWatch.

The Board disagreed, noting that the issue is a “highly fact-dependent question” that is to be evaluated based on “flexible and equitable considerations.” The Board explained that, under § 315(b), the status of an entity being in privity with the petitioner is not limited temporally to the time of filing of related litigations. The Trial Practice Guide provides guidance for determining privity, including that “[t]he relevant factors for determining whether a party is a real party in interest or a privy of the petitioner include, inter alia, the party’s relationship with the petitioner and
the nature and/or degree of the party’s involvement in the filing of the petition.” From this guidance, the Board concluded that “at least some of the factors analyzed in determining whether a party is a real party in interest or a privy of the petitioner involve actions or events that may occur after service of a complaint alleging infringement of the challenged patent.” Thus, when properly framed under §315(b), a privity analysis can include the period between service of a complaint and the filing of a petition seeking inter partes review.

The Board rejected petitioners argument that certain of its prior decisions supported limiting the privity determination under §315(b) to only the time of service of the complaint, explaining that those decisions were non-precedential and that there was no language in the controlling statute that mitigated in favor of adopting the petitioner’s position.

In view of its analysis, and because 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,” the Board concluded that VMWare’s petitions were time-barred.

Practice Note: Patent owners are well advised to monitor events that occur after filing of the complaint, with particular attention to any corporate mergers or acquisitions by the defendants or an after arising privity who files a petition for AIA review. This case illustrates the importance of considering the privity issue as part of any IP due diligence performed during M&A transactions.

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