



# THINK FORWARD

## Real Party-In-Interest in an IPR: The PTAB's Determination is Final and Non-Appealable

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In *Medtronic, Inc. v. Robert Bosch Healthcare Systems, Inc.*, the Federal Circuit discussed the non-appealable decision-making authority of the Patent Trial and Appeals Board (PTAB). On October 20, 2016, the Federal Circuit held to be final and non-appealable the PTAB's decisions about whether the proper real parties-in-interest have been named in an Inter Partes Review (IPR).

Cardiocom, a subsidiary of Medtronic, petitioned for an IPR of patents owned by Robert Bosch Healthcare Systems (Bosch). The petition was initially denied by the PTAB because Cardiocom failed to show a reasonable likelihood of success. Subsequently, Medtronic filed an additional petition for IPR naming Medtronic as the real party-in-interest. The PTAB granted the petition, despite Bosch's challenge to the real parties-in-interest identified in the petition. However, the PTAB subsequently granted Bosch's request for additional discovery on the issue. Ultimately, the PTAB granted Bosch's motions to terminate the proceedings, finding that Medtronic had failed to name all of the real parties-in-interest, namely Cardiocom. Medtronic appealed to the Federal Circuit.

According to 35 U.S.C. §314(d), decisions by the PTAB on whether to institute an IPR are final and non-appealable. However, exactly what qualifies as instituting an IPR has been debated. In *Cuozzo Speed Technologies, LLC v. Lee*, 136 S. Ct. 2131 (2016), the Supreme Court determined that questions regarding the application and interpretation of statutes which "closely relate" to the decision to institute an IPR are non-appealable. Relying on *Cuozzo*, the Federal Circuit held in *Medtronic* that a dismissal in an IPR based on failure to properly name the real parties-in-interest is not appealable. The Federal Circuit reasoned that determining the real parties-in-interest is an issue that closely relates to the decision to institute an IPR. Thus, the Federal Circuit ruled against Medtronic.

### Naming the Real Parties-In-Interest

The requirement to name the real parties-in-interest in an IPR is a protective measure for patent owners. Real parties-in-interest to an IPR are estopped from bringing a claim in subsequent proceedings in the USPTO, district court, or the International Trade Commission when the claim could have been raised during the original IPR. Moreover, the AIA includes timing rules for initiating an IPR that further protect the patent owner. Under 35 U.S.C. §314(b), a petitioner is barred from filing an IPR more than one year after the petitioner, a real party-in-interest, or one in privity with the petitioner is served with an infringement complaint.

There is not a clear-cut definition for a real party-in-interest, though the PTAB has offered some guidance. In *Atlanta Gas Light Co. v. Bennett Regulator Guards Inc.* (IPR2013-00453), the PTAB cited the Supreme Court's common law factors used to determine a real party-in-interest. These factors, cited

from *Taylor v. Sturgell*, 5353 U.S. 880 (2008), include:

- (1) whether the third party agrees to be bound by the determination of issues in the proceeding;
- (2) whether a pre-existing substantive legal relationship with the party named in the proceeding justifies binding the third party;
- (3) in certain limited circumstances, whether the third party is adequately represented by someone with the same interests;
- (4) whether the third party exercised or could have exercised control over the proceeding;
- (5) whether the third party is bound by a prior decision and is attempting to rehear the matter through a proxy; and
- (6) whether a statutory scheme forecloses successive hearing by third parties.

### **Implications**

The *Medtronic* decision confirms that the Board's determination of the real parties-in-interest in an IPR proceeding is final and non-appealable, even if the PTAB has agreed to initiate the proceedings. Thus, it is extremely important to properly name all of the real parties-in-interest. For large conglomerate companies, consider including subsidiaries and affiliates which may qualify as real parties-in-interest under the factors discussed above. In this regard, petitions should be inclusive in naming real parties-in-interest. Further, companies should file petitions for IPRs as soon as possible to ensure that any problems regarding the naming of the real parties-in-interest can be resolved before the one-year deadline.

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