

BANNER&WITCOFF

# PTAB HIGHLIGHTS

New developments in post-issuance proceedings

[bannerwitcoff.com](http://bannerwitcoff.com)

## Carefully Consider Corporate Relationships When Determining Real Parties-In-Interest

By H. Wayne Porter

October 2, 2015 — The PTAB denies institution of an *inter partes* review (IPR) based on a failure to list a parent corporation as a real party-in-interest (RPI).

### [IPR2015-01016 - Aceto Agricultural Chemicals Corp. v. Gowan Co. \(Paper 15\)](#)

A petition for an IPR must identify every RPI,<sup>1</sup> and a petitioner must list all RPIs as part of mandatory notices filed with a petition.<sup>2</sup> If the PTAB determines that the petitioner failed to identify all RPIs, the petition will be denied. Although a subsequent petition naming all RPIs can be filed, intervening litigation can prevent institution of an IPR based on a later-filed petition.<sup>3</sup>

The petitioner in IPR2015-01016 was Aceto Agricultural Chemical Corp.<sup>4</sup> The petitioner was a wholly owned subsidiary of Aceto Corp., but Aceto Corp. was not identified as an RPI.<sup>5</sup> In its

---

<sup>1</sup> 35 U.S.C. § 312(a)(2).

<sup>2</sup> 37 C.F.R. § 42.8(a)(1).

<sup>3</sup> See 35 U.S.C. § 315(a)(1).

<sup>4</sup> Case IPR2015-01016, *Aceto Agricultural Chemicals Corp. v. Gowan Co.* (IPR2015-01016), Paper 35 (Decision Denying Institution of *Inter Partes* Review).

<sup>5</sup> *Id.* at 5-6.

Preliminary Response, the patent owner asserted that Aceto Corp. should have been identified.<sup>6</sup> The PTAB noted that a petitioner's listing of RPIs is rebuttably presumed correct, but that the burden of persuasion on the RPI issue remains on the petitioner once the patent owner provides sufficient rebuttal evidence.<sup>7</sup> The PTAB found that the petitioner failed to carry its burden.<sup>8</sup> As a result, the petition was denied and no IPR was instituted.

An RPI in an IPR is generally the entity that desires review of the patent at issue.<sup>9</sup> An RPI may be the petitioner, but it may also or alternatively be a party at whose behest a petition was filed.<sup>10</sup> The determination of whether an entity is an RPI is highly fact-dependent, but an important consideration is whether the entity in question exercised or could have exercised control over the petitioner's participation in a proceeding.<sup>11</sup> A parent corporation is not *per se* an RPI.<sup>12</sup> However, the PTAB has held in several cases that a parent corporation should be named as an RPI when a relationship between a non-party parent corporation and a petitioning subsidiary corporation blurs the line of corporate separation such that the parent could control conduct of the IPR.<sup>13</sup>

The PTAB found the following facts to be important in its determination that the parent corporation was an RPI for purposes of IPR2015-01016:

- The parent corporation sought an EPA registration for a product discussed and claimed in the patent at issue.<sup>14</sup>
- The petitioner and the parent shared the same CEO and several other high-ranking corporate leaders.<sup>15</sup>

---

<sup>6</sup> *Id.*

<sup>7</sup> *Id.* at 3.

<sup>8</sup> *Id.* at 8.

<sup>9</sup> *Id.* at 2.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.* at 4.

<sup>12</sup> *Id.* at 5.

<sup>13</sup> *Id.* (listing several PTAB decisions).

<sup>14</sup> *Id.* at 8-9.

<sup>15</sup> *Id.* at 9.

- A “key employee” of the parent signed a power of attorney document for the petitioner in connection with the proceeding.<sup>16</sup>
- Statements in SEC filings indicated that the parent may subsidize litigation losses of subsidiaries.<sup>17</sup>

The PTAB indicated that the evidence tended to show that the parent corporation at least had the opportunity and incentive to control the proceeding.<sup>18</sup> At best, it was unclear whether the parent corporation and the petitioner operated as separate and distinct entities, or whether they blurred the corporate lines such that they effectively operated as a single entity.<sup>19</sup>

The PTAB also found it relevant that the petitioner failed to seek leave to respond to the patent owner’s arguments and evidence on the RPI issue.<sup>20</sup>

*The Leahy-Smith America Invents Act established new patent post-issuance proceedings, including the inter partes review, post grant review and transitional program for covered business method patents, that offer a less costly, streamlined alternative to district court litigation. With the U.S. Patent and Trademark Office’s Patent Trial and Appeal Board conducting a large and increasing number of these proceedings, and with the law developing rapidly, Banner & Witcoff will offer weekly summaries of the board’s significant decisions and subsequent appeals at the U.S. Court of Appeals for the Federal Circuit.*



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

© Copyright 2015 Banner & Witcoff, Ltd. All Rights Reserved. The opinions expressed in this publication are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. No attorney-client relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of PTAB Highlights.

---

<sup>16</sup> *Id.*

<sup>17</sup> *Id.* at 10.

<sup>18</sup> *Id.* at 11.

<sup>19</sup> *Id.*

<sup>20</sup> *Id.* at 10-11.