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Paper 58
Date: June 19, 2020

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ERICSSON INC. and TELEFONAKTIEBOLAGET LM ERICSSON,
Petitioner,

v.

REGENTS OF THE UNIVERSITY OF MINNESOTA,
Patent Owner.

IPR2017-01186
Patent 8,774,309 B2

Before JENNIFER S. BISK, ROBERT J. WEINSCHENK and
CHARLES J. BOUDREAU, *Administrative Patent Judges*.

WEINSCHENK, *Administrative Patent Judge*.

DECISION
Denying Institution of *Inter Partes* Review
35 U.S.C. § 314

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I. INTRODUCTION

A. Background and Summary

Ericsson Inc. and Telefonaktiebolaget LM Ericsson (“Petitioner”) filed a Petition (Paper 1, “Pet.”) requesting an *inter partes* review of claims 1, 5, 13, 16, 17, 19, 22, and 23 (“the challenged claims”) of U.S. Patent No. 8,774,309 B2 (Ex. 1001, “the ’309 patent”). Regents of the University of Minnesota (“Patent Owner”) filed a Motion to Dismiss on the basis that it is entitled to sovereign immunity as an arm of the State of Minnesota. Paper 8. We denied Patent Owner’s Motion to Dismiss. Paper 14. Patent Owner appealed to the Court of Appeals for the Federal Circuit, and we stayed this proceeding pending the outcome of that appeal. Papers 21, 22. The Federal Circuit affirmed our Decision denying the Motion to Dismiss. Paper 23. Patent Owner then filed a Preliminary Response (Paper 30, “Prelim. Resp.”), and, with our authorization, Petitioner filed a Reply (Paper 47, “Reply”), and Patent Owner filed a Sur-reply (Paper 42, “Sur-reply”).¹

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.” 35 U.S.C. § 315(b). For the reasons discussed below, the evidence of record shows that the Petition was filed more than one year after the date on which a privy of Petitioner was served with a complaint alleging infringement of the ’309 patent. Therefore, the Petition is denied, and no trial is instituted.

¹ We cite to non-public versions of the Preliminary Response and Sur-reply, but Patent Owner also filed public versions. Papers 50, 52.

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B. Related Matters

The parties indicate that the '309 patent is involved in the following district court cases: 1) *Regents of the University of Minnesota v. AT&T Mobility LLC*, No. 0-14- cv-04666 (D. Minn.); 2) *Regents of the University of Minnesota v. Sprint Solutions, Inc.*, No. 0-14-cv-04669 (D. Minn.); 3) *Regents of the University of Minnesota v. T-Mobile USA, Inc.*, No. 0-14-cv-04671 (D. Minn.); and 4) *Regents of the University of Minnesota v. Cellco Partnership*, No. 0-14-cv-04672 (D. Minn.). Pet. 3; Paper 4, 1. We refer to these district court cases collectively as the District Court Litigation, and we refer to the defendants in those cases collectively as the District Court Defendants.

In addition to the Petition challenging the '309 patent, Petitioner also filed petitions for *inter partes* review of the other patents asserted in the District Court Litigation. IPR2017-01197, Paper 1; IPR2017-01200, Paper 1; IPR2017-01213, Paper 1; IPR2017-01214, Paper 2; IPR2017-01219, Paper 1.

II. ANALYSIS

Patent Owner served the District Court Defendants with complaints alleging infringement of the '309 patent on November 6, 2014. Ex. 2005, 1; Ex. 2007, 1; Ex. 2009, 1; Ex 2011, 1. Petitioner filed the Petition in this case more than one year later on March 28, 2017. Paper 5, 1. Patent Owner asserts that the Petition is barred under § 315(b) because the District Court

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Defendants are privies of Petitioner.² Prelim. Resp. 15–29. Petitioner contends that it is not in privity with the District Court Defendants, and, thus, that the Petition is timely. Pet. 6–8; Reply 4–12. For the reasons discussed below, we agree with Patent Owner that the Petition is barred under § 315(b).

A. Legal Principles

As stated above, § 315(b) provides that 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.” Whether a petitioner is in privity with another party “is a highly fact-dependent question.” Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,759 (Aug. 14, 2012) (“TPG”). Our “analysis seeks to determine whether the relationship between the purported ‘privy’ and the relevant other party is sufficiently close such that both should be bound by the trial outcome and related estoppels.” *Id.*

In *Taylor v. Sturgell*, 553 U.S. 880, 893 (2008), the Supreme Court explained that “the rule against nonparty preclusion is subject to exceptions” that “can be grouped into six categories.” Specifically, nonparty preclusion may be found 1) when “[a] person . . . agrees to be bound by the determination of issues in an action between others”; 2) “based on a variety

² Patent Owner asserts that the District Court Defendants also are real parties in interest. Prelim. Resp. 29–31. Because we determine that the District Court Defendants are privies of Petitioner, we need not decide whether they also are real parties in interest.

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of pre-existing ‘substantive legal relationship[s]’ between the person to be bound and a party to the judgment”; 3) when “a nonparty . . . was ‘adequately represented by someone with the same interests who [wa]s a party’”; 4) when “a nonparty . . . ‘assume[d] control’ over the litigation in which [the] judgment was rendered”; 5) when a nonparty acts as “a proxy” to relitigate for a party; and 6) when “a special statutory scheme may ‘expressly foreclos[e] successive litigation by nonlitigants.’” *Id.* at 893–95. The Supreme Court noted, though, that this list of six categories is just “a framework,” not “a definitive taxonomy.” *Id.* at 893 n.6.

B. Relevant Facts

Petitioner supplies wireless broadband base stations to the District Court Defendants. Ex. 2026, 1; Ex. 2027, 1; Ex. 2028, 1; Ex. 2029, 2. Petitioner acknowledges that it provides its base stations to the District Court Defendants pursuant to supply agreements that “contain[] detailed indemnification provisions.” Ex. 2031, 1; Ex. 2032, 1; Ex. 2033, 1; Ex. 2034, 1; *see* Ex. 2012, 9, 16; Ex. 2013, 14–15; Ex. 2014, 11; Ex. 2015, 14–15.³ Specifically, according to Petitioner, the supply agreements require it to indemnify the District Court Defendants for “patent infringement claims arising out of” the District Court Defendants’ “use of” Petitioner’s base stations. Ex. 2031, 1; Ex. 2032, 1; Ex. 2033, 1; Ex. 2034, 1; *see* Ex. 2012, 16; Ex. 2013, 14–15; Ex. 2014, 11; Ex. 2015, 14–15.

³ Patent Owner filed public and non-public versions of Exhibits 2012–2015 under the same exhibit numbers but incorrectly labeled the public version of Exhibit 2015 as “UMN 2014” in the document footer.

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Patent Owner served the District Court Defendants with complaints alleging infringement of the '309 patent on November 6, 2014. Ex. 2005, 1; Ex. 2007, 1; Ex. 2009, 1; Ex 2011, 1. Patent Owner's infringement allegations are based in part on functionality implemented by Petitioner's base stations.⁴ Ex. 2026, 1–2; Ex. 2027, 1–2; Ex. 2028, 1–2; Ex. 2029, 2. As a result, the District Court Defendants demanded indemnification from Petitioner pursuant to the supply agreements. Ex. 2026, 2; Ex. 2027, 2; Ex. 2028, 2; Ex. 2029, 2. Petitioner agreed to indemnify the District Court Defendants for the portion of any judgment relating to the base stations. Ex. 2012, 12; Ex. 2013, 17; Ex. 2014, 14; Ex. 2015, 19; Ex. 2031, 3; Ex. 2032, 3; Ex. 2033, 3; Ex. 2034, 3. Petitioner also moved to intervene in the District Court Litigation, and the District Court granted that motion on March 30, 2016. Ex. 1015, 2–3.

Petitioner filed the Petition in this case on March 28, 2017. Paper 5, 1. Petitioner also requested a stay of the District Court Litigation pending the outcome of this proceeding. Ex. 2037, 2–3. The District Court Defendants represented to the District Court that, if the stay was granted, they would voluntarily agree to be bound by the outcome of this proceeding for any ground of unpatentability that results in a final written decision. Ex. 2042, 3. The District Court granted the stay. Ex. 2041, 21–22.

⁴ Petitioner alleges that Patent Owner delayed in identifying the specific products accused of infringement. Reply 1. But Petitioner does not explain how that delay may be relevant to our privity analysis generally or to any of the specific *Taylor* categories discussed below. *See id.* at 4–12.

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C. Privity

Patent Owner argues that the first, second, fourth, and fifth *Taylor* categories demonstrate that Petitioner is in privity with the District Court Defendants. Prelim. Resp. 15–29. Petitioner contends that none of the *Taylor* categories are applicable here. Pet. 6–8; Reply 4–12. We find it sufficient to address the second and fourth *Taylor* categories in this case. For the reasons discussed below, the evidence of record shows that Petitioner is in privity with the District Court Defendants for the purpose of applying § 315(b) in this case.

1. Second Taylor Category

Under the second *Taylor* category, “nonparty preclusion may be justified based on a variety of pre-existing ‘substantive legal relationship[s]’ between the person to be bound and a party to the judgment.” *Taylor*, 553 U.S. at 894. Here, Petitioner has a preexisting relationship with the District Court Defendants. Specifically, Petitioner has agreements with the District Court Defendants to supply them with the base stations that implement some of the functionality identified in Patent Owner’s infringement allegations. Ex. 2026, 1–2; Ex. 2027, 1–2; Ex. 2028, 1–2; Ex. 2029, 2. Further, that preexisting relationship includes substantive legal obligations. Namely, the supply agreements include indemnification provisions, and Petitioner has agreed to indemnify the District Court Defendants for the portion of any judgment relating to the base stations. Ex. 2012, 12; Ex. 2013, 17; Ex. 2014, 14; Ex. 2015, 19; Ex. 2031, 3; Ex. 2032, 3; Ex. 2033, 3; Ex. 2034, 3. In other words, Petitioner has a preexisting substantive legal relationship with

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the District Court Defendants regarding the base stations at issue in the District Court Litigation.

Petitioner argues that its supply agreements with the District Court Defendants are “little more than a routine statement of the obligations between indemnitor and indemnitee,” which is “not the type of relationship[] contemplated by *Taylor*.” Reply 7. We disagree. *Taylor* identifies preceding and succeeding owners of property, bailee and bailor, and assignee and assignor as *examples* of qualifying relationships, but expressly states that those examples are not limiting. *Taylor*, 553 U.S. at 894. Indeed, the Federal Circuit and the Board have indicated that an indemnity relationship is the type of relationship that can establish privity. *Intel Corp. v. U.S. Int’l Trade Comm’n*, 946 F.2d 821, 839 (Fed. Cir. 1991); *Ventex Co. v. Columbia Sportswear N. Am., Inc.*, IPR2017-00651, Paper 148 at 12–13 (PTAB Jan. 24, 2019) (precedential); *see also* 18A Charles Alan Wright, Arthur R. Miller & Edward H. Cooper, *Federal Practice and Procedure* § 4451 (3d ed. 2020) (“Wright & Miller”) (“Such relationships between a party and a nonparty are most often found when . . . an indemnitor participates in defending an action brought against its indemnitee.”). And, in this case, there is no ambiguity about whether the supply agreements obligate Petitioner to indemnify the District Court Defendants because Petitioner has agreed to do so. Ex. 2031, 3; Ex. 2032, 3; Ex. 2033, 3; Ex. 2034, 3.

Petitioner argues that the District Court Defendants could not adequately represent Petitioner’s interests in the District Court Litigation. Pet. 6–7; Reply 6. Petitioner, though, does not explain specifically how the

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alleged lack of adequate representation relates to our consideration of the second *Taylor* category. *See* Pet. 6–7; Reply 6. Petitioner’s assertion may be relevant to the third *Taylor* category, which considers whether “a nonparty . . . was ‘adequately represented by someone with the same interests who [wa]s a party.’” *Taylor*, 553 U.S. at 894. But neither party in this case addresses the third *Taylor* category.

Petitioner argues that it does not control the defense of the District Court Defendants. Pet. 7–8; Reply 7–8 (citing Ex. 1065 ¶¶ 7–8). But Petitioner does not explain specifically how the alleged lack of control relates to our consideration of the second *Taylor* category. *See* Pet. 7–8; Reply 7–8. We find Petitioner’s assertion regarding control more relevant to the fourth *Taylor* category, which considers whether “a nonparty . . . ‘assume[d] control’ over the litigation in which [the] judgment was rendered.” *Taylor*, 553 U.S. at 895. Accordingly, we address Petitioner’s argument regarding control below in connection with the fourth *Taylor* category.

Petitioner argues that its base stations are only a part of the “overall networks” that Patent Owner accuses of infringement in the District Court Litigation. Pet. 7–8; Reply 9. Petitioner, though, does not provide any specific reason why a preexisting substantive legal relationship that covers part of an accused product, as is the case here, does not satisfy the second *Taylor* category. *See* Pet. 7–8; Reply 9. Petitioner asserts that the Board found privity in a case where a supplier provided the entire accused product in a related litigation. Reply 9 (citing *Microsoft Corp. v. Sci. Applications Int’l Corp.*, IPR2019-01311, Paper 35 at 8 (PTAB Jan. 27, 2020)). But

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Petitioner does not cite any authority indicating that privity is limited to that specific situation. *See id.*

Finally, Petitioner argues that the Board’s precedential decision in *Ventex* is distinguishable from this case because *Ventex* involved an exclusive manufacturing agreement, whereas Petitioner’s supply agreements with the District Court Defendants are not exclusive. Reply 8. Petitioner’s argument is not persuasive. *Ventex* does not specifically rely on exclusivity as a factor when addressing the second *Taylor* category. *See Ventex*, Paper 148 at 12–13. Rather, *Ventex* explains that the agreements of record include “an obligation to indemnify and defend” and “directly relate[] to the product accused of infringing the patent at issue.” *Id.* Likewise, in this case, Petitioner’s supply agreements with the District Court Defendants include indemnity obligations and directly relate to the base stations at issue in the District Court Litigation. Ex. 2031, 3; Ex. 2032, 3; Ex. 2033, 3; Ex. 2034, 3.

In sum, for the foregoing reasons, the evidence of record shows that Petitioner had a preexisting substantive legal relationship with the District Court Defendants regarding the base stations at issue in the District Court Litigation.

2. *Fourth Taylor Category*

Under the fourth *Taylor* category, “a nonparty is bound by a judgment if she ‘assume[d] control’ over the litigation in which that judgment was rendered.” *Taylor*, 553 U.S. at 895. “The measure of control by a nonparty that justifies preclusion cannot be defined rigidly.” Wright & Miller § 4451. “If a nonparty either participated vicariously in the original litigation by exercising control over a named party or had the opportunity to exert such

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control, then the nonparty effectively enjoyed his day in court, and it is appropriate to impute to him the legal attributes of party status for purposes of claim preclusion.” *Gonzalez v. Banco Cent. Corp.*, 27 F.3d 751, 758 (1st Cir. 1994).

Here, the indemnification provisions in Petitioner’s supply agreements with the District Court Defendants specifically address the issue of control. Ex. 2012, 16; Ex. 2013, 14–15; Ex. 2014, 11; Ex. 2015, 14–15. Petitioner’s supply agreement with AT&T states that Petitioner [REDACTED]

[REDACTED]
[REDACTED] Ex. 2012, 16.

Petitioner’s supply agreement with Sprint states that Petitioner [REDACTED]
[REDACTED]
[REDACTED] Ex. 2013, 14–

15. Petitioner’s supply agreement with T-Mobile states that Petitioner [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] Ex. 2014, 11. And Petitioner’s supply agreement

with Verizon states that Petitioner [REDACTED]
[REDACTED]
[REDACTED] Ex. 2015, 14–15. In other words, pursuant to the supply

⁵ Although the supply agreements permit the District Court Defendants [REDACTED]
[REDACTED] as discussed above, the supply agreements expressly provide
Petitioner [REDACTED]
[REDACTED] Ex. 2012, 16; Ex. 2013, 15; Ex. 2014, 11; Ex. 2015, 15.

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agreements, Petitioner [REDACTED]

[REDACTED]

Petitioner argues that it agreed to indemnify the District Court Defendants but does not defend them or otherwise control the District Court Litigation. Pet. 7–8; Reply 9–11 (citing Ex. 1065 ¶¶ 7–9). In particular, Petitioner notes that after intervening in the District Court Litigation, it only “participated as a joint defendant” with the District Court Defendants. Reply 10. Petitioner’s argument is not persuasive. Actual control of a proceeding is not required; rather, preclusion is fair as long as the nonparty had a practical *opportunity* to control the proceeding. Wright & Miller § 4451 (“Preclusion is fair so long as . . . the nonparty had the same practical opportunity to control the course of the proceedings that would be available to a party.”); *Gonzalez*, 27 F.3d at 758 (“If a nonparty . . . had the opportunity to exert such control, then the nonparty effectively enjoyed his day in court.”); TPG, 77 Fed. Reg. at 48,759 (“A common consideration is whether the non-party . . . could have exercised control over a party’s participation in a proceeding.”). As discussed above, the supply agreements demonstrate that Petitioner [REDACTED]

[REDACTED] Ex. 2012, 16; Ex. 2013, 14–15; Ex. 2014, 11; Ex. 2015, 14–15.

Petitioner argues that it could not exercise complete control over the District Court Litigation because its base stations are only a part of the accused products. Pet. 7–8; Reply 10–11 (citing Ex. 1065 ¶ 7). Petitioner’s argument is not persuasive. The fourth *Taylor* category “does not require that the named party or parties totally abandon control to the nonparty.”

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Wright & Miller § 4451. “Instead, it should be enough that the nonparty has the actual measure of control or opportunity to control that might reasonably be expected between two formal coparties.” *Id.* Here, even if Petitioner did not have the opportunity to completely control the District Court Litigation, the supply agreements [REDACTED]

[REDACTED] Ex. 2012, 16; Ex. 2013, 14–15; Ex. 2014, 11; Ex. 2015, 14–15. We find that to be the amount of control Petitioner would reasonably expect if it were a formal coparty in the District Court Litigation. *See Gonzalez*, 27 F.3d at 758 (“Substantial control means what the phrase implies; it connotes the availability of a significant degree of effective control in the prosecution or defense of the case.”).

Petitioner argues that Patent Owner initially opposed Petitioner’s request to intervene in the District Court Litigation. Reply 11. Petitioner, though, does not explain specifically how that relates to our consideration of the fourth *Taylor* category. *See id.* Petitioner cites a Board decision that allegedly involved an unopposed, rather than an opposed, intervention. *Id.* (citing *ARRIS Int’l PLC v. ChanBond, LLC*, IPR2018-00572, Paper 21 (PTAB July 20, 2018)). But, again, Petitioner does not explain specifically how that distinction is relevant to our privity analysis. *See id.*

Lastly, Petitioner argues that it did not execute a written agreement to control the District Court Litigation. Reply 11. We disagree. Regardless of whether the fourth *Taylor* category requires a written agreement, in this case, Petitioner has one with the District Court Defendants. Specifically, as discussed above, Petitioner has *written* supply agreements with the District

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Court Defendants [REDACTED]

[REDACTED] Ex.

2012, 16; Ex. 2013, 14–15; Ex. 2014, 11; Ex. 2015, 14–15.

In sum, for the foregoing reasons, the evidence of record shows that Petitioner had the opportunity to control the District Court Litigation with respect to the base stations that it supplies to the District Court Defendants.

3. Summary

The evidence of record indicates 1) that Petitioner has a preexisting substantive legal relationship with the District Court Defendants regarding the base stations at issue in the District Court Litigation; and 2) that Petitioner had the opportunity to control the defense of the District Court Defendants with respect to the base stations. Therefore, based on our consideration of the second and fourth *Taylor* categories, we determine that Petitioner is in privity with the District Court Defendants for the purpose of applying § 315(b).⁶

D. 35 U.S.C. § 315(b)

As discussed above, § 315(b) states that 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.” Patent Owner served the District Court Defendants with complaints alleging infringement of the ’309 patent on November 6, 2014. Ex. 2005, 1; Ex. 2007, 1; Ex. 2009, 1; Ex 2011, 1. Petitioner filed the Petition more than

⁶ We need not decide whether the evidence relating to either *Taylor* category individually is sufficient to find privity.

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one year later on March 28, 2017. Paper 5, 1. For the reasons discussed above, the evidence of record shows that Petitioner is in privity with the District Court Defendants for the purpose of applying § 315(b). Therefore, because Petitioner filed the Petition more than one year after the date on which its privity was served with a complaint alleging infringement of the '309 patent, the Petition is barred under § 315(b).

III. CONCLUSION

The evidence of record shows that the Petition was filed more than one year after the date on which a privity of Petitioner was served with a complaint alleging infringement of the '309 patent. Therefore, the Petition is denied under § 315(b).

IV. ORDER

It is hereby

ORDERED that the Petition is denied, and no trial is instituted;

FURTHER ORDERED that this Decision is filed under seal and designated as "Board and Parties Only," because it discusses the contents of documents filed under seal by the parties; and

FURTHER ORDERED that within five (5) business days of this Decision, the parties shall jointly submit a proposed redacted version of this Decision by email to Trials@uspto.gov.

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