

Real Parties in Interest: The Problem with RPIs in IPRs

Jordan Garsson*

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* J.D. candidate, The University of Texas School of Law. I want to thank Professor David Wille for all his support in writing this note.

Abstract

Petitioners and patentees currently play a game of cat-and-mouse at the United States Patent and Trademark Office—through the process of obtaining an inter partes review (“IPR”). While petitioners rush to invalidate patents through efficient IPR proceedings, patentees work to get the petition denied on the basis of failing to name a real party in interest (“RPI”). Despite the notably low threshold for obtaining an IPR, the AIA implemented two distinct limitations: a one-year time bar applied to all parties and the requirement to name all RPIs. The limitations go hand-in-hand since the time bar applies not only to petitioners but also to any RPI. Further, any estoppel effects apply to all named parties, including RPIs. As such, strict harms arise from naming—or failure to name—an RPI in a petition for IPR. Consequently, with increasing frequency, petitioners “hide” the RPIs through practices such as third-party petitioning.

Although petitioners originally hid RPIs to protect themselves from a total denial of an IPR and the associated repercussions of such a denial, petitioners now leverage the practice to get a “second bite at the apple” of litigation. Thus, petitioners and patentees experience a harm-shifting effect during the petition for an IPR proceeding. While the Federal Circuit has issued decisions to lessen this problem, the decisions have not amounted to an actual remedy for the harm faced by either side in the IPR proceeding. This paper analyzes the current standard for including RPIs in IPR petitions and advocates for a new, functionalist approach in contrast to the formalist approaches adopted by PTAB and Federal Circuit today.

I. Introduction

While patent rights are granted exclusively through the United States Patent and Trademark Office (“USPTO”), there are multiple forums in which a patent may be lost.¹ Most often, the loss of a granted patent—or the right to exclude given by the grant of a patent²—comes from invalidation on the basis of either a lack of novelty³ or obviousness.⁴ The invalidity of a patent is typically raised as a defense by an accused patent infringer, which often results in the challenge of invalidity being made during litigation in a district court or at the United States International Trade Commission.⁵ But increasingly, parties are turning to the USPTO to revisit validity in the forum where the patent was issued.⁶ After the creation of new administrative

¹ Walter Holzer, *Effective Mechanisms for Challenging the Validity of Patents*, WIPO PRESENTATIONS 1 (2006).

² 35 U.S.C. § 154(a)(1).

³ Holzer, *supra* note 1.

⁴ 35 U.S.C. § 311.

⁵ Arjun Rangarajan, *Towards A More Uniform Procedure for Patent Invalidations*, 95 J. PAT. & TRADEMARK OFF. SOC’Y 375, 377–78 (2013).

⁶ See John M. Bird & Margaret M. Welsh, *Strategic Considerations Before Filing an IPR*, 7 No. 2 LANDSLIDE 12, 12 (2014) (discussing how have changed the landscape of the patent scheme “as they are being filed at an exponential rate”).

trial proceedings by the 2011 Leahy-Smith America Invents Act (“AIA”),⁷ the PTAB has been one of the busiest patent litigation venues.⁸ In fact, there were over eleven-thousand petitions for AIA trials filed by September 2020, of which 93% were filed for IPR proceedings.⁹

The reason for the increase in patent litigation in front of the USPTO following the enactment of the AIA is the numerous advantages that a petitioner receives when pursuing litigation in front of the PTAB instead of within a district court.¹⁰ Post-grant patent proceedings—specifically, and most importantly for this paper, inter partes review (“IPR”)¹¹—allow for the correction of the patent “regardless of whether or not there is a case or controversy.”¹² IPR permits review of prior-art invalidation without expounding on further technical and legal questions.¹³ Additionally, the administrative agency is directly responsible for the review in IPR proceedings, resulting in adjudication by those with greater expertise than a standard jury.¹⁴ As Congress described when enacting several administrative trial proceedings through the AIA, such post-grant proceedings are intended to provide “quick and cost-effective alternatives to litigation.”¹⁵

However, beyond simply aiming to achieve the goal of cost-effective litigation, Congress specifically intended to reduce the “ability to use post-grant procedures for abusive serial challenges to patents.”¹⁶ To accomplish this, the AIA limits certain actions that can be taken by a petitioner, a real party in interest (“RPI”), or a party in privity with the petitioner.¹⁷ Because the IPR limitations apply to petitioners, RPis, and parties in privity, there are statutory provisions that require an RPI to be named within a petition for IPR;¹⁸ moreover, failure to do so can result in denial of the IPR petition entirely.¹⁹ Thus, throughout the PTAB’s history, patent owners

⁷ See Leahy-Smith America Invents Act (“AIA”), Pub.L. 112-29, 125 Stat. 299 (2011) (establishing new post-grant proceedings).

⁸ *Trial Statistics IPR, PGR, CBM*, USPTO (Sep. 2020), https://www.uspto.gov/sites/default/files/documents/trial_statistics_20200930.pdf; Roger Allen Ford, *Patent Invalidity Versus Noninfringement*, 99 CORNELL L. REV. 71, 73 (2013).

⁹ *Trial Statistics IPR, PGR, CBM*, *supra* note 8.

¹⁰ See discussion *infra*, Part II.B.

¹¹ See AIA, *supra* note 7 (establishing inter partes review as a new, particular post-grant review).

¹² Colleen Chien, Christian Helmers & Alfred Spigarelli, *Inter Partes Review and the Design of Post-Grant Patent Reviews*, 33 BERKELEY TECH. L.J. 817, 820 (2018).

¹³ Bronwyn H. Hall & Dietmar Harhoff, *Post-Grant Reviews in the U.S. Patent System—Design Choices and Expected Impact*, 19 BERKELEY TECH. L.J. 989, 1001 (2004).

¹⁴ *Id. See, e.g.*, Joseph Farrell & Robert P. Merges, *Incentives to Challenge and Defend Patents: Why Litigation Won’t Reliably Fix Patent Office Errors and Why Administrative Patent Review Might Help*, 19 BERKELEY TECH. L.J. 943, 945 (2004).

¹⁵ H.R. REP. NO. 112-98, pt. 1, at 48 (2011).

¹⁶ 157 CONG. REC. S9, 36–53 (2011) (comment of Sen. Grassley).

¹⁷ See 35 U.S.C. § 315() (articulating the 1-year time limitation for filing an IPR petition).

¹⁸ See 35 U.S.C. § 312(a)(2) (highlighting that the Patent Act requires that any petition for an Inter Partes Review “the petition identifies *all* real parties in interest.” (emphasis added)).

¹⁹ Stacy Lewis & Tom Irving, *Very Few Appreciated Just How Bad AIA Inter Partes Reviews (IPRs) Would Be for Patent Owners, Although IPR Denials Have Been, For Patent Owners, A Glimmer of*

have tried to leverage a petitioner's alleged failure to name all RPIs as a way to achieve denial of an IPR petition or trial termination.²⁰

While IPRs wear the guise of an optimal proceeding that allows anticipated or obvious patents to be invalidated so long as the petitioner follows the minimal requirements involving timing and RPI-naming, there are a variety of complications that lead to denials.²¹ These challenges faced by petitioners have resulted in workarounds that effectively shift the hardships to the patentee.²² The Federal Circuit—having recognized the problems faced by both the IPR petitioner and patentee due to the requirement of naming RPIs—has attempted to implement case law that can correct some of the foundational flaws in the IPR-proceeding scheme.²³ Nonetheless, this paper suggests that the problems caused by the requirement to explicitly include RPIs within a petition for IPR necessitate a solution beyond case law and instead would be best fixed through Congressional action.²⁴

This paper is split into five substantive parts—Part II through Part VI. Part II provides background on the IPR proceeding, including the addition of the post-grant proceeding in the AIA and the requirements for naming RPIs. Part III analyzes the various harms faced by petitioners filing for IPR under the current standard for including RPIs, specifically addressing the burdens associated with particular RPI types. Part IV analyzes the harms faced by the other adversarial party in an IPR—the patentee. Specifically, Part IV not only reflects the conventional harm that can come from the nature of the RPI requirement itself, but also analyzes the harm that is inflicted on patentees because of petitioners' attempts to avoid the harm caused by the current RPI requirement. Part V critiques the Federal Circuit's attempt to stop the harm caused by the RPI requirement; particularly, Part V discusses the impact of the Federal Circuit's decision in *Applications in Time v. RPX Corp.* (“AIT Decision”), followed by an explanation of why there are continued troubles with RPIs even post-AIT Decision. Finally, in Part VI, a possible alternative requirement for including RPIs within IPR proceedings will be proposed.

II. The Real Party in Interest in Inter Partes Review

Although the AIA established the current IPR proceeding, the review process was not an entirely novel framework.²⁵ Rather, IPR proceedings arose as a revision and replacement of the previous inter partes reexamination process.²⁶ While the

²⁰ *Hope*, 11 BUFF. INTELL. PROP. L.J. 28, 41 (2015).

²¹ See, e.g., *Fall Line Patents v. Unified Patents, LLC*, 818 Fed. App'x 1014 (Fed. Cir. 2020).

²² See discussion *infra*, Part III.A.

²³ See discussion *infra*, Part IV.B.

²⁴ See Applications in Internet Time, LLC v. RPX Corp., 897 F.3d 1336, 1345 (Fed. Cir. 2018) (establishing a broader framework for identifying RPIs and criticizing previous PTAB opinions for taking an unduly narrow view).

²⁵ See discussion *infra*, Part VI.

²⁶ Aashish Kapadia, *Inter Partes Review: A New Paradigm in Patent Litigation*, 23 TEX. INTELL. PROP. L.J. 113, 114 (2015).

²⁷ *Id.*

AIA resulted in the establishment of multiple new post-grant proceedings, IPR proceedings were specifically meant to be a challenge available to a broader array of patents.²⁷ To prevent abuse of the broad applicability of IPR proceedings, there are statutory limitations that apply to IPR.²⁸ The two relevant limitations for this paper are: the time-bar limitation, which requires that an IPR be filed within one year of an interested party learning of infringing activities; and the RPI requirement, which requires the petitioner to explicitly name all real parties in interest.²⁹ The limitations seem relatively simple on their face; however, there has been exploitation unimaginable at the time of the AIA's enactment.³⁰ This exploitation has highlighted the need to define the exact bounds of the statutory limitations, especially due to the intertwinement of the time-bar limitation with the RPI requirement.³¹ Thus, this Part articulates exactly how the statutory limitations shape the framework for the necessary components of an IPR petition.

Specifically, this Part begins with a detailed discussion of what constitutes an IPR proceeding and an explanation of the necessary components of an IPR petition. As such, this Part analyzes the impact of the addition of IPRs with the enactment of the AIA, looking specifically to the procedural benefits that are provided to both adversarial sides of an IPR proceeding. Next, this Part discusses the policy justifications for having IPRs, and the importance of the overall role of IPRs within the patent scheme. Finally, this Part examines RPIs both generally and specifically in the context of IPRs. In doing so, this Part asserts that the ambiguity as to what exactly constitutes an RPI, especially within the context of IPRs, could lead to devastating consequences as the filings for IPRs exponentially grow.

A. The Importance of Inter Partes Review

Section 6 of the AIA established various new post-grant review processes.³² One of these review processes, known as the IPR, has become a massively utilized means for challenging the validity of an issued patent.³³ The fundamental purpose of the IPR is to provide a cheap, efficient, and expert method³⁴ for invalidating low-quality patents.³⁵ IPRs were established as a replacement for the previously existing inter partes reexamination ("IPX") proceedings. As soon as IPR proceedings became available, the USPTO began phasing out the IPX proceedings; this was be-

²⁷ AIA, *supra* note 7, at 299.

²⁸ 35 U.S.C. § 312.

²⁹ 35 U.S.C. § 315(b); 35 U.S.C. § 312(a)(2).

³⁰ See discussion *infra*, Part III, IV.

³¹ Lewis, *supra* note 19, at 43–46.

³² AIA, *supra* note 7, at 299; Carl Charneski, *Impact of the AIA on Patent Litigation Changes that May Affect Your Choice of Forum*, 4 No. 5 LANDSLIDE 45, 47 (2012).

³³ Brian J. Love & Shawn Ambwani, *Inter Partes Review: An Early Look at the Numbers*, 81 U. CHI. L. REV. DIALOGUE 93, 97 (2014) (reporting that petitions for IPR are received at a rate of six times that of the previous process of *inter partes* reexamination).

³⁴ Rebecca Gentilli, Note, *A Free Bite at the Apple: How Flawed Statutory Drafting Has Undermined the Purpose of the Patent Trial and Appeal Board*, 67 DUKE L.J. 1579, 1579 (2018).

³⁵ Chien, *supra* note 12, at 827.

cause IPRs were developed to provide the benefits of IPXs, while not containing the major areas of complaint associated with IPX proceedings.³⁶ Specifically, IPRs are statutorily mandated to have a within-one-year duration between the start of review and the determination,³⁷ whereas the previous IPX proceedings had no durational limitations and could last for an average of three and a half years.³⁸ Additionally, IPRs differ by being readily available for a petitioner to bring against any issued patent.³⁹

The IPR is widely considered to be the most popular form of post-grant review, and is markedly more utilized than its predecessor.⁴⁰ Beyond serving as an improvement to the IPX proceeding, IPRs include provisions that are tied to estoppel repercussions.⁴¹ Since the post-grant proceedings established by the AIA act as alternative methods for litigation, parties are prohibited from having multiple attempts to invalidate a patent using arguments that they raised or reasonably could have raised during a previous AIA review that reached a final written decision.⁴² Thus, the connection of estoppel to the IPR proceeding “encourages reliance on judicial decisions, bars vexatious litigation, and frees the courts to resolve other disputes.”⁴³

B. The Current Standard for Inter Partes Review

An IPR is an administrative trial proceeding that was instituted with the enactment of the AIA on September 16, 2012.⁴⁴ Since IPR proceedings are handled purely by the administrative agency, the adversarial hearings are held within the USPTO.⁴⁵ Further, as the administrative agency is responsible for the proceedings, all decisions are made by the PTAB, which consists of both statutory members, including the Director of the USPTO, and administrative patent judges.⁴⁶ Within the

³⁶ Kapadia, *supra* note 25.

³⁷ *Id.* at 115–16.

³⁸ UNITED STATES PATENT AND TRADEMARK OFFICE, REEXAMINATIONS - FY 2014 (2014), http://www.uspto.gov/patents/stats/Reexamination_operational_statistic_F_14_Q3.pdf.

³⁹ Kapadia, *supra* note 25, at 116. Moreover, shortly following the passage of the AIA, Congress passed a technical amendment permitting IPRs to be filed on patents issued under the prior first-to-invent system immediately after issuance. Act of Jan. 14, 2013, Pub. L. No. 112-274, § 1(d), 126 Stat. 2456, 2456 (2013) (Leahy-Smith America Invents Act technical corrections).

⁴⁰ Chien, *supra* note 12, at 817 (noting “the inclusion of key procedural features in IPRs, such as fixed time frames and expanded discovery contributed to making it far more popular than its predecessors”).

⁴¹ 35 U.S.C. § 315(e).

⁴² Michael Xun Liu, *Balancing the Competing Functions of Patent Post-Grant Proceedings*, 25 J. INTELL. PROP. L. 157, 185 (2018).

⁴³ Brown v. Felsen, 442 U.S. 127, 131 (1979).

⁴⁴ AIA, *supra* note 7 (now enacted as 35 U.S.C. § 311).

⁴⁵ Christopher E. Loh & Christopher P. Hill, *How Inter Partes Review Differs from District Court Patent Litigation*, N.Y. L.J. (Dec. 9, 2013), <http://www.newyorklawjournal.com/id=1202630855916/How-Inter-Partes-Review-Differs-From-District-Court—Patent-Litigation>.

⁴⁶ See America Invents Act, S.23, 112th Cong. § 5 (2011); Leahy-Smith America Invents Act, H.R.

IPR process, the PTAB reviews the patentability of an issued patent; specifically, the PTAB assesses whether pieces of prior art—a printed publication, patent application, or another issued patent—anticipate the claims of the patent being reviewed, or if the claims are rendered obvious in light of the prior art.⁴⁷

During the IPR proceedings, there are oral arguments between the petitioner, who is the person challenging the validity of the issued patent, and the patentee, who is the owner of the challenged patent.⁴⁸ Since the IPRs are purposefully designed to be low-cost and efficient methods for challenging the validity of issued patents, there is a limited form of discovery available.⁴⁹ Typically, discovery for an IPR proceeding does not include more than depositions of key witnesses and experts who have submitted sworn affidavits.⁵⁰ But, not all parties that seek IPR are able to challenge the validity of an issued patent through IPR proceedings.⁵¹

In order to reach IPR proceeding in front of the PTAB, the petitioner must first file a petition for IPR.⁵² Such a petition can be no more than sixty pages; however, the page limitation does not include required sections, such as appendices, tables of contents, and a section explicitly naming the RPIs.⁵³ Taking the required sections into account,⁵⁴ the average IPR petition is over 60 pages in length.⁵⁵ If the petitioner establishes “a reasonable likelihood that the petitioner would prevail with respect to at least one claim challenged in the petition,” then the petitioner is granted IPR.⁵⁶ However, there are specific requirements associated with the IPR petition, and if the petitioner fails to follow the requirements exactly, then the statute mandates that the USPTO must deny the entire petition.⁵⁷

The two most important limitations associated with IPR petitions are the time-bar limitation and the RPI requirement.⁵⁸ The initial time limitations state that an

1249. 112th Cong. § 6 (2012), (both discussing ways in which the PTAB would essentially replace the previously utilized BPAI).

⁴⁷ 37 C.F.R. § 42.104(b)(2); Barbara A. Wrigley, *The America Invents Act Rolls Out: Strategic Considerations for Intellectual Property Practitioners*, 2013 WL 7121035 *3 (2013).

⁴⁸ Ryan Damon, Andrew Lowes & Russ Emerson, *5 Years Later: Lessons Learned from the First Inter Partes Reviews*, 36 No. 4 ACC DOCKET 38, 42 (2018).

⁴⁹ Gentilli, *supra* note 34.

⁵⁰ Joseph W. Dubis, *Inter Partes Review: A Multi-Method Comparison for Challenging Patent Validity*, 6 CYBARIS AN INTELL. PROP. L. REV. 107, 117–18 (2015).

⁵¹ Gregory J. Gonsalves & Kathy Grubbs, *The PTAB’s Interpretation of the Real Party in Interest and Privy Provisions in the AIA: A Look at the PTAB’s Rulings for Several Fact Scenarios*, 96 J. PAT. & TRADEMARK OFF. SOC’Y 22, 23–24 (2014).

⁵² 37 C.F.R. § 42.101; 35 U.S.C. § 312.

⁵³ See 37 C.F.R. § 42.24 (setting out page limitations and required sections for an IPR petition).

⁵⁴ *Id.*

⁵⁵ Stan Lewis, *A Review of the PTAB Trial Practice Guide August 2018 Updates*, BAKER BOTTS (Sept. 12, 2018), <https://www.bakerbotts.com/thought-leadership/publications/2018/09/a-review-of-the-ptab-trial-practice-guide-august-2018-updates>.

⁵⁶ 35 U.S.C. § 314(a).

⁵⁷ 35 U.S.C. § 312.

⁵⁸ 35 U.S.C. § 311; 35 U.S.C. § 312(a)(2); 35 U.S.C. § 315(b).

IPR petition may not be filed immediately upon granting of a patent or upon the re-issue of a patent. Additionally, the initial time limitations prohibit the petition from be filed during an ongoing post-grant review proceeding.⁵⁹ However, the main time-bar limitation states a petition for IPR must be filed within one year of being “served with a complaint alleging infringement of the patent” or the entire petition will be barred.⁶⁰ The strict time limitations apply not only to the petitioner but also to all RPIs.⁶¹ If these limitations are met and the petitioner satisfies the reasonable-liability-of-prevailing standard for at least one claim, then the IPR proceeding will be granted.⁶² Since IPRs were enacted to provide a rapid alternative to the long litigation practices in district court, the entirety of the IPR—from the filing of the petition to the final determination of the PTAB—occurs between eighteen and twenty-four months.⁶³ Once the PTAB’s decision is given, the petitioner can appeal to the Federal Circuit; still, regardless of whether the PTAB or Federal Circuit renders the final decision, the parties, including RPIs, are bound to the estoppel effects on all grounds the petitioner “raised or reasonably could have raised.”⁶⁴

C. The Requirement to Name Real Parties in Interest

Due to the impact on the time-bar limitation and the estoppel provisions, the RPI requirement is a pivotal component of the petition for IPR proceedings. Specifically, the requirement to explicitly identify all RPIs within the petition ensures that none of the parties have been served with a complaint of infringing activity prior to a year before the petition was filed.⁶⁵ This connection between the RPI requirement and the time-bar limitation is meant to protect the patentee from copious amounts of challenges by competitors. Additionally, as mentioned above, the RPI requirement is necessary to ensure that the statutory estoppel provisions cover all interested parties.⁶⁶ The primary reason to apply the estoppel to all RPIs is that it prevents petitioners from having multiple attempts to invalidate a patent on the basis of the same prior art.⁶⁷

⁵⁹ 35 U.S.C. § 311(c)(2).

⁶⁰ 35 U.S.C. § 315(b).

⁶¹ 35 U.S.C. § 315(a).

⁶² 35 U.S.C. § 314.

⁶³ See 35 U.S.C. § 316(a)(11) (statutorily requiring that the decision written from the board is within 1 year).

⁶⁴ 35 U.S.C. § 315(e)(1).

⁶⁵ Patrick T. Muffo, *When an Indemnifying Party Can Be Considered a “Real Party in Interest,”* MONDAQ (Oct. 14, 2015), <https://www.mondaq.com/unitedstates/patent/434622/when-an-indemnifying-party-can-be-considered-a-real-party-in-interest>.

⁶⁶ Stephanie M. Brooker, Robert Breetz, Matthew Johnson & Thomas Ritchie, *Post-AIT of Real Party in Interest Decisions*, 19 CHI.-KENT J. INTELL. PROP. 513, 514 (2020).

⁶⁷ United States Patent and Trademark Office, Patent Trial and Appeal Board Trial Practice Guide, 77 FED. REG. 48,756, 48,758 (Nov. 2012) [hereinafter PTAB Trial Guide] (stating estoppel provisions “protect patent owners from harassment via successive petitions by the same or related parties, to prevent parties from having a ‘second bite at the apple,’ and to protect the integrity of both the USPTO and Federal Courts by assuring that all issues are promptly raised and vetted.”).

While the RPI requirement serves a legitimate and necessary purpose within the scope of IPR proceedings, the requirement itself is notably vague and the statute provides no definition for an RPI; all that is statutorily mandated is that a petition must “identif[y] all real parties in interest.”⁶⁸ Beyond the statutory provisions, both the PTAB Trial Guide and case law have supplemented what is required of a petitioner when listing RPIs.⁶⁹ Although the PTAB Trial Guide expresses that an RPI encompasses more than just the petitioner and “may [include] the party or parties at whose behest the petition has been filed,” there is little additional instruction given on how to identify an RPI beyond stating that the determination is a fact-specific issue that must be decided on a case-by-case basis.⁷⁰ Moreover, early Federal Circuit case law regarding IPRs merely indicated that the RPI requirement placed the burden of proof upon the petitioner.⁷¹ While the burden of proof, a preponderance of the evidence, is placed upon the petitioner, the courts have consistently still required the patent owner to “produce some evidence to support its argument that a particular third party should be named a real party in interest.”⁷² In short, the legislative history, case law, and USPTO guidance all offer little to no instruction on how to actually determine when an unnamed party rises to the level of an RPI.

Therefore, the general meaning of an RPI, and appropriate tests for finding an RPI, can be discerned from other areas of the law. In modern case law, an RPI has been adapted to refer to a “person or entity who will benefit from a lawsuit or petition even though the plaintiff . . . is someone else.”⁷³ But in a more general sense, the term RPI refers to “[a] person entitled under the substantive law to enforce the right sued upon and who generally, but not necessarily, benefits from the action’s final outcome.”⁷⁴ For nearly two centuries, federal codes have expressly included a requirement that a pleading must name an RPI through which the action must be prosecuted.⁷⁵ However, the idea of RPIs far predates the early statutory requirements, as the term originated in English common law, where common law judges recognized that beyond the party whose legal right had been affected there could be other parties benefitting from the proceeding.⁷⁶ Thus, the root of what constitutes an RPI is a party that is benefitting from the proceeding even if they are a different entity than the petitioner, and the modern understanding of an RPI is a concise defini-

⁶⁸ 35 U.S.C. § 312(a)(2).

⁶⁹ PTAB Trial Guide, *supra* note 67; *see also* Taylor v. Sturgell, 553 U.S. 880, 888 (2008) (supplying the factors for real parties in interest that have been used to support the understanding of RPIs within IPR proceedings).

⁷⁰ PTAB Trial Guide, *supra* note 67, at 48,759.

⁷¹ Worlds Inc. v. Bungie, Inc., 903 F.3d 1237, 1242–43 (2018).

⁷² *Id.* at 1242.

⁷³ *Real Party in Interest*, NOLO’S PLAIN-ENGLISH LAW DICTIONARY (2009).

⁷⁴ *Real Party in Interest*, BLACK’S LAW DICTIONARY (11th ed. 2019).

⁷⁵ Charles E. Clark & Robert M. Hutchins, *The Real Party in Interest*, 34 YALE L.J. 259, 259 (discussing the inclusion of real parties in interest in the original New York Code of 1848).

⁷⁶ *See* Anderson v. Martindale (1801, K. B.) I East, 497 (referencing real parties in interest within the context of the English common law).

tion of the original meaning from common law.⁷⁷

In the absence of any hard and fast rules providing a bright-line test for when a party should be considered an RPI, the Supreme Court articulated in *Taylor* a factor-based approach for determining when to include an entity as an RPI expressly.⁷⁸ In *Taylor*, the Court was tasked with determining whether estoppel principles—through an issue preclusion bar—applied to a party not named within the earlier litigation, but nonetheless had an interest in the outcome of the lawsuit.⁷⁹ Specifically, the case arose after Greg Herrick, a plane-owner who sought to obtain documents for restoring his plane, filed suit against the Federal Aviation Administration for a charge against the Freedom of Information Act, which allowed individuals to request the records of federal agencies.⁸⁰ The courts sided in favor of the Federal Aviation Administration and expressly noted the issues that Herrick failed to pursue in his litigation.⁸¹

Although Herrick lost his litigation battles, due to the claims that the documents he requested were considered to be trade secrets, Herrick convinced his friend Brent Taylor to file a suit seeking the same documents.⁸² Taylor’s litigation—which was funded by Herrick and used the same council that represented Herrick—was able to argue all of the issues missed by Herrick.⁸³ For Taylor’s case, the company refusing to issue documents filed a motion to dismiss on the basis that Taylor was already virtually represented by Herrick and that estoppel provisions should prevent the second attempt at litigating the issues.⁸⁴ While the D.C. Circuit held that Taylor should be precluded from the litigation, the Supreme Court unanimously held that Taylor was not virtually represented in Herrick’s earlier litigation, and that tying a party as an RPI is a rarity.⁸⁵

In Justice Ginsburg’s opinion for the majority, she stated that there are exceptions—which can be treated like factors for finding whether a party amounts to an RPI—to the general rule against nonparty claim preclusion.⁸⁶ Particularly, Justice Ginsburg noted six factors that amount a nonparty to the status of an RPI.⁸⁷ Therefore, an unnamed party constitutes an RPI in instances where:

- (1) person agrees to be bound by determination of issues in action between others; (2) there is a pre-existing substantive legal relationship between person to be bound and party to judgment . . . ; (3) nonparty was adequately represented by someone with the same interests who was party, as in a properly conducted class action or suit brought by trustee,

⁷⁷ Compare *Real Party in Interest*, *supra* note 73, with *Anderson*, I East at 497.

⁷⁸ *Taylor v. Sturgell*, 553 U.S. 880, 888 (2008)

⁷⁹ *Id.* at 884.

⁸⁰ *Id.* at 880.

⁸¹ *Id.* at 881.

⁸² *Id.* at 880.

⁸³ *Id.*

⁸⁴ *Id.* at 899.

⁸⁵ *Id.* at 895–96.

⁸⁶ *Id.* at 893.

⁸⁷ *Id.* at 893–95.

guardian or other fiduciary; (4) nonparty assumed control over litigation; (5) nonparty serves as proxy for party; or (6) special statutory scheme expressly forecloses successive litigation by nonlitigants and is otherwise consistent with due process.⁸⁸

These factors have extended beyond the scope of merely acting as exceptions and have developed into a quasi-test for an RPI embraced within the patent scheme.⁸⁹ While the PTAB and Federal Circuit have often harkened to the *Taylor* decision when attempting to identify whether an unnamed party is a required RPI, there is one particular factor from *Taylor* that has been given determinative weight for identifying RPIs that must be named in IPR petitions⁹⁰—the fourth *Taylor* factor, whether “the nonparty assumed control over litigation.”⁹¹ Accordingly, although there is no set definition for an RPI, *Taylor* has provided the PTAB with somewhat of a guideline.⁹² Yet, the PTAB’s approach for determining the control mentioned within *Taylor* has led to complications surrounding the RPI requirement.⁹³

III. The Current RPI Requirement’s Harm to Petitioners

While IPR proceedings are widely regarded as a petitioner-friendly option for challenging the validity of an issued patent, there are hardships still imposed on the petitioner.⁹⁴ The RPI serves the necessary function of protecting the patentee from an unfair post-grant proceeding,⁹⁵ however, the current RPI requirement has imposed burdens upon the petitioner that exceed the intended balancing effect of the requirement.⁹⁶ This Part begins with an assessment of the severe repercussions that a petitioner can face for failure to include an RPI in a petition for IPR. Further, this Part argues that changes in scope of the estoppel provisions associated with IPR proceedings have heightened the harm arising from acquired estoppel. Lastly, this Part considers the additional harms imposed on Joint Defense Groups when a member enters into IPR proceedings.

⁸⁸ *Id.*

⁸⁹ PTAB Trial Guide, *supra* note 67, at 48,759 (citing *Taylor*, 553 U.S. at 893–95 and 896 n.6).

⁹⁰ RPX Corp. v. VirnetX Inc., IPR2014-00171, Paper 49 at 6–10 (PTAB June 5, 2014) (determining that the petitioner acted as a proxy for an unnamed party). Many practitioners have noted that the PTAB focuses heavily on this factor, with one stating “[a]t the end of the day, it is all about control.” Nicole Jantzi, *What PTAB Attys Need to Know About Real Parties in Interest*, LAW360 (June 15, 2018), <https://www.mwe.com/it/media/ptab-attys-real-parties-in-interest/>.

⁹¹ *Taylor*, 553 U.S. at 895.

⁹² See PTAB Trial Guide, *supra* note 67, at 48,759 (citing *Taylor*, 553 U.S. at 893–95 and 896 n.6) (noting that the Office will take into consideration how courts have viewed the terms “real party-in-interest” and “privy”).

⁹³ See discussion *infra*, Part IV(A).

⁹⁴ Kirby Drake, *IPR Defense 2017 – Lessons from Denied Inter Partes Review Petitions*, KLEMCHUK LLP (Aug. 6, 2017), <https://www.klemchuk.com/legal-insights/ipr-defense-2017-inter-partes-review>.

⁹⁵ Evan Day, Kevin Patariu & Bing Ai, *Uncertainty About Real Parties In Interest and Privity in AIA Trials*, 17 CHI.-KENT J. INTELL. PROP. 1, 1 (2018).

⁹⁶ See discussion *infra*, Part III(B).

A. Termination of Proceeding

Despite the relatively minimal effort that is needed to include the RPIs within an IPR petition, failure to name a required RPI has severe repercussions. A petition requesting an IPR proceeding costs the petitioner a nineteen-thousand dollar filing fee from the USPTO.⁹⁷ Moreover, the petition is comprised of a multitude of required sections, including the grounds for standing, an identification of all of the claims being challenged, the grounds on which the challenge to each claim is based upon, the claim construction of each challenged claim, the arguments for all grounds of unpatentability or invalidity, the explanation of the relevance of all evidence and prior art references, a copy of each piece of evidence⁹⁸, and—perhaps most importantly—an explicit identification of all RPIs.⁹⁹ Due to the vast quantity of information required within an IPR petition, the average petition is over sixty pages in length;¹⁰⁰ however, the required RPI-identification section is typically only one paragraph that spans less than a single page.¹⁰¹

Yet, failure to include one RPI results in the denial of the petition entirely, with the statutory language explicitly forbidding the consideration of an IPR petition that does not identify all RPIs.¹⁰² Further, if the PTAB concludes that a petitioner failed to name a required RPI after the IPR proceedings have been initiated, the proceedings are immediately terminated, estoppel provisions still apply, and the petitioner may not recover any of the costs already spent on litigation.¹⁰³ Thus, the petition can be subjected to harsh penalties for not including one sentence within a 60-page document. A petitioner's incorrect belief that an unnamed party does not amount to an RPI can result in the petitioner losing thousands of dollars¹⁰⁴ and stop the petitioner's ability to bring forth the arguments of invalidation against a potentially low-quality patent.¹⁰⁵

While the petitioner may request to update the IPR to amend the section listing RPIs to include the unnamed party, this determination is subject to the Director of USPTO's approval.¹⁰⁶ However, this position is currently at odds with the USPTO's reports directly to Congress, in which the problems with severe repercussions associated with the RPI requirement were expressed. Specifically, the report noted that “[e]rrors in identifying real parties in interest sometimes occur without deceptive

⁹⁷ 37 C.F.R. § 42.15(a)(1).

⁹⁸ 37 C.F.R. § 42.104.

⁹⁹ 37 C.F.R. § 42.8(b)(1).

¹⁰⁰ See 37 C.F.R. § 42.24 (setting a limit of 14,000 words for petitions requesting IPR).

¹⁰¹ See, e.g., Petition for Inter Partes Review of U.S. Patent No. 7,986,426.

¹⁰² 35 U.S.C. § 312(a)(2).

¹⁰³ On average, such costs for IPR litigation can be over \$100,000. See Gideon Mark & T. Leigh Anenson, *Inequitable Conduct and Walker Process Claims After Therasense and the America Invents Act*, 16 U. PA. J. BUS. L. 361, 412 n.322 (2014) (“One projection of the average cost for PGR/IPR is \$150,000 to \$300,000 per party”).

¹⁰⁴ *Id.*

¹⁰⁵ Chien, *supra* note 12, at 827.

¹⁰⁶ Wi-Fi One, LLC v. Broadcom Corp., 878 F.3d 1364, 1374 n.9 (Fed. Cir. 2018) (en banc).

intent and currently are not correctable.”¹⁰⁷ In fact, the message to Congress remarked that “[a] statutory change is *necessary* to avoid situations where petitions are denied based on good-faith, inadvertent errors in identifying all real parties in interest.”¹⁰⁸ Because of the conflicting stance of the USPTO on this issue, many petitioners are unaware of the possibility to amend the section identifying RPIs, or face an inability to do so. Thus, petitioners are often subject to their entire petition being denied, termination of an entire proceeding, and a prohibition of continued action.

B. Acquiring Estoppel

The estoppel provisions tied to IPR proceedings are vital to the post-grant review’s role in the patent scheme. While the estoppel provisions are often noted as the safeguard for patentees present within IPRs, the principles of estoppel act beyond this one function.¹⁰⁹ The term estoppel is used broadly throughout the legal practice, where estoppel refers to a principle that functions as “a bar or impediment which precludes allegation or denial of a certain fact or state of facts, in consequence of previous allegation or denial or conduct or admission, or in consequence of a final adjudication of the matter in a court of law.”¹¹⁰ As such, estoppel is a commonly utilized tool to protect parties in litigation; further, estoppel provisions promote consistency in the law¹¹¹ and protects against wasting time and resources.¹¹² While estoppel can act as protection for certain parties, such as the patentee in an IPR proceeding, it can harm the adversary in such a proceeding if the party is estopped in an excessive manner.¹¹³

In the framework of IPR proceedings, estoppel provides a forceful and strong effect on the parties, largely due to the RPI requirement. Since the IPR estoppel provisions apply to all RPIs, any party named within the petition faces the same estoppel effects.¹¹⁴ Additionally, the time-bar limitation acts as a quasi-estoppel principle, effectively estopping certain RPIs, which have already been alerted to infringing activity over a year prior, from petitioning for an IPR proceeding.¹¹⁵ Since RPIs

¹⁰⁷ USPTO, Study and Report on the Implementation of the Leahy-Smith America Invents Act 35 (September 2015), https://www.uspto.gov/sites/default/files/documents/Report_on_Implementation_of_the_AIA_September2015.pdf.

¹⁰⁸ *Id.* (emphasis added).

¹⁰⁹ See *Ashe v. Swenson* 397 U.S. 436, 442–43 (1970) (discussing various protections arising from keeping someone from being a part of litigation over the same matters).

¹¹⁰ *Estoppel*, BLACK’S LAW DICTIONARY (11th ed. 2019).

¹¹¹ Timothy Le Duc, *The Application of Collateral Estoppel to Markman Rulings: The Search for Logical and Effective Preclusion of Patent Claim Constructions*, 3 MINN. INTELL. PROP. REV. 297, 302 (2002).

¹¹² *Blonder-Tongue Lab’ys, Inc. v. Univ. of Ill. Found.*, 402 U.S. 313, 338 (1971).

¹¹³ See *Id.* at 328–29 (“[T]he broader question is whether it is any longer tenable to afford a litigant more than one full and fair opportunity for judicial resolution of the same issue.”).

¹¹⁴ 35 U.S.C. § 315(e).

¹¹⁵ 35 U.S.C. § 315(b).

are covered by these pre- and post-proceeding estoppel provisions, one of the largest harms facing petitioners comes from *acquired estoppel*—when an RPI is estopped from asserting a ground because of the IPR estoppel provisions, then that challenge may not be raised in any subsequent IPR, district court, or ITC litigation that the RPI is involved in.¹¹⁶

Acquired estoppel was a relatively minimal repercussion at the onset of IPR proceedings, due to the limited scope of what grounds the RPIs were estopped from presenting in subsequent litigation. While statutory IPR estoppel applies to “any ground the petitioner [and RPIs] raised or reasonably could have raised during that inter partes review,” the extent of IPR estoppel has shifted since the enactment of the AIA.¹¹⁷ Initially, directly following the enactment of IPR proceedings, the PTAB would allow partial institution of IPRs, meaning that not all of the petitioned grounds for challenging an issued patent would be considered by the PTAB during IPR.¹¹⁸ Rather, the PTAB could pick which grounds raised by the petitioner were argued upon during IPR proceeding.¹¹⁹ This resulted in three distinct categories of grounds for challenging validity.¹²⁰ The first category applied to the grounds that the petitioner raised in its petition and that the PTAB instituted for the IPR.¹²¹ The second category applied to the grounds that the petitioner raised in its petition, but that the PTAB declined to review during the IPR proceeding.¹²² Lastly, the third category applied to grounds that the petitioner did not raise in its petition and, thus, never had the chance to be reviewed in the IPR proceeding.¹²³

In 2016, the Federal Circuit issued an opinion setting forth the rule for which grounds an RPI was estopped from litigating after an IPR proceeding.¹²⁴ In *Shaw*, the Federal Circuit explicitly stated that the only grounds estopped following the IPR proceeding were those within the first category, which had been raised by the petitioner and instituted for review by the PTAB.¹²⁵ Judge Moore’s opinion for the majority used the plain meaning of the language within the AIA to support the holding; specifically, she noted that “Shaw did not raise—nor could it have reasonably raised—the [grounds that the PTAB did not institute for review] *during* the IPR.”¹²⁶

¹¹⁶ Linda A. Wadler, Barbara R. Rudolph & Meredith H. Boerschlein, *IPR Estoppel: Current District Court Trends and Practice Tips*, 30 NO. 1 INTELL. PROP. & TECH. L.J. 3, 3 (2018).

¹¹⁷ 35 U.S.C. § 315(e)(1).

¹¹⁸ See 37 C.F.R. § 42.108 (2016) (“[T]he Board may authorize the [IPR] review to proceed on all or some of the challenged claims and on all or some of the grounds of unpatentability asserted for each claim.”).

¹¹⁹ *Id.*

¹²⁰ Jennifer Esch, Paula Miller, Stacy Lewis & Tom Irving, *Petitioner Estoppel from Patent Trial and Appeal Board Proceedings After SAS Institute Inc. v. Iancu*, 18 CHI.-KENT J. INTELL. PROP. 10, 11–13 (2019).

¹²¹ *Id.* at 11.

¹²² *Id.*

¹²³ *Id.*

¹²⁴ *Shaw Indus. Grp., Inc. v. Automated Creel Sys., Inc.*, 817 F.3d 1293, 1299–1300 (Fed. Cir. 2016).

¹²⁵ *Id.* at 1300.

¹²⁶ *Id.* (emphasis in original).

Thus, the Federal Circuit clarified that petitioners and RPIs were only estopped from bringing claims covering the same grounds litigated in the IPR proceedings.¹²⁷ In turn, this allowed for an RPI to be party to a later challenge to the validity of the same patent so long as the grounds had not been instituted in front of the PTAB during the prior IPR proceeding.¹²⁸ However, a split within the district courts arose shortly after the *Shaw* decision regarding whether the third category—grounds the petitioner did not raise in the petition—were estopped under the AIA provisions.¹²⁹

After two years of confusion, the Supreme Court attempted to provide guidance through its decision in *SAS*. While the decision in *SAS* did not directly address IPR estoppel provisions, the Supreme Court's holding clarified that the PTAB must review all grounds raised by the petitioner when the USPTO allows a petition for IPR to develop into proceedings.¹³⁰ However, the Court's effort to provide a clear rule on estoppel principles led to a vastly different standard for applying estoppel, one that magnified the harms to petitioners caused by acquired estoppel. Since the *SAS* decision required that the PTAB no longer partially institute IPR proceedings, the courts were left to reevaluate the plain language of the statutory text with the Supreme Court's ruling in mind.¹³¹ From this, the consensus became that statutory estoppel covered the first and third categories of grounds for challenging validity, since the petitioner "raised" petitioned grounds and "reasonably could have raised" non-petitioned grounds.¹³² By allowing IPR estoppel to apply to all petitioned and non-petitioned grounds—so long as the patentee could make an argument that the petitioner reasonably should have raised the non-petitioned grounds—the principles of acquired estoppel were greatly broadened.¹³³

The extensive scope of acquired estoppel has increased the harm brought to petitioners, since the petitioner is functionally estopped from all related challenges to a patent's validity if the petitioner does not prevail in the IPR proceeding. Since these estoppel principles apply to the RPIs as well, all named parties within an IPR petition are subject to these increased harms. The troubles with the heightened applicability of acquired estoppel are especially prevalent in instances where companies merge or enter into business agreements, since the business arrangement may inad-

¹²⁷ *Id.*

¹²⁸ Wadler, *supra* note 116.

¹²⁹ After *Shaw*, certain district courts interpreted the decision to prohibit the estoppel on non-petitioned grounds, since *Shaw* stated the IPRs did not begin until institution. *Shaw*, 817 F.3d at 1300. But, on the other side of the split, certain district courts held non-petitioned grounds could be estopped and were the reason Congress included the language "reasonably could have raised" in the statutory text. Steven J. Schwarz, Tamatane J. Aga, Kristin M. Adams & Katherine C. Dearing, *Savvy Shaw-ping: A Strategic Approach to AIA Estoppel*, 17 CHI.-KENT J. INTELL. PROP. 67, 69–75 (2018).

¹³⁰ SAS Inst., Inc. v. Iancu, 138 S. Ct. 1348, 1353 (2018).

¹³¹ See, e.g., Facebook, Inc. v. Windy City Innovations, LLC, 973 F.3d 1321, 1331–33 (Fed. Cir. 2020).

¹³² 35 U.S.C. § 315(e)(1).

¹³³ Esch, *supra* note 120, at 17.

vertently cause a company that was a part of a previous IPR proceeding to become an RPI for a new IPR petition.¹³⁴ In these instances, because IPR estoppel provisions apply to one party in the business agreement, the principle of acquired estoppel may estop all parties from challenging the validity of a patent.¹³⁵

The severity of such repercussions is illustrated through a 2020 decision by the Central District of California, the *California Institute of Technology v. Broadcom Ltd.* In 2016, California Institute of Technology (“Caltech”) filed suit against Broadcom, Avago Technologies Ltd., and Apple for infringing upon three of its patents.¹³⁶ Apple immediately filed an IPR petition against Caltech; however, it was unsuccessful in invalidating any of Caltech’s patents.¹³⁷ Despite Broadcom’s contention that it could successfully assert prior art to invalidate Caltech’s patents, Broadcom was estopped from making any claims against the validity of Caltech’s patents in court.¹³⁸ The reason for this estoppel was because of Apple’s previous IPR proceedings; since Apple was a party to the suit and the prior art that Broadcom wished to assert could have reasonably been raised in Apple’s earlier IPR proceeding, all of the parties were estopped from challenging the validity of Caltech’s patents.¹³⁹ Broadcom was left in a position where it was unable to challenge the validity of the Caltech patents—purely because it acquired Apple’s estoppel.¹⁴⁰ Consequently, the only arguments permitted in front of the jury at the district court addressed Broadcom’s potentially infringing activity and the damages that should be awarded to Caltech.¹⁴¹ Thus, the jury returned a judgment for \$1.1 billion in damages against Broadcom.¹⁴² Although the damages of \$1.1 billion were vacated by the Federal Circuit, the circuit court took the opportunity to affirm the reasoning on estoppel used by the district court and explicitly overrule *Shaw*.¹⁴³

The *Broadcom* case highlights the central problem with the increased standard for acquired estoppel; namely, currently litigants are barred from a vast quantity of invalidity arguments merely if one of their RPIs could have raised the challenge. After the Supreme Court’s decision in *SAS*, the standard for applying the estoppel principles is becoming increasingly broad.¹⁴⁴ As a result, petitioners are attempting

¹³⁴ See, e.g., *Acoustic Tech., Inc. v. Itron Networked Sols., Inc.*, 949 F.3d 1360, 1363–64 (Fed. Cir. 2020).

¹³⁵ *Id.*

¹³⁶ Judgment at 2–3, *California Inst. of Tech. v. Broadcom Ltd.*, No. CV 16-3714-GW-AGRx, Document 2245 (Aug. 3, 2020).

¹³⁷ Final Ruling on: Pl.’s Mot. for Partial Summ. J. at 4, *California Inst. of Tech. v. Broadcom Ltd.*, No. CV 16-3714-GW-AGRx, Document 830 (Dec. 28, 2018).

¹³⁸ Judgment at 2, *California Inst. of Tech.*, No. CV 16-3714-GW-AGRx.

¹³⁹ Final Ruling on: Pl.’s Mot. for Partial Summ. J. at 15–17, 28, *California Inst. of Tech.*, No. CV 16-3714-GW-AGRx.

¹⁴⁰ *Id.* at 15.

¹⁴¹ Jury Verdict at 2–3, *California Inst. of Tech. v. Broadcom Ltd.*, No. CV 16-3714-GW-AGRx, Document 2114 (Jan. 29, 2020).

¹⁴² *Id.* at 4.

¹⁴³ *Cal. Inst. of Tech. v. Broadcom Ltd.*, 25 F.4th 976, 989–91 (Fed. Cir. 2022).

¹⁴⁴ Esch, *supra* note 120, at 17.

to hide RPIs, since minimizing the parties involved in the IPR proceeding is one of the only ways to cabin the acquisition of estoppel repercussions.

C. Joint Defense Groups

The estoppel provisions and limited discovery associated with IPR proceedings are inherently harmful to petitioners because of the RPI requirement, but these issues are further complicated by the practice of Joint Defense Groups. A Joint Defense Group is established whenever two or more clients and their respective lawyers join into a contract that permits the sharing of otherwise attorney-client privileged information without waiving such privileges.¹⁴⁵ Accordingly, one of the key benefits of a Joint Defense Group is the ability for multiple parties to communicate about and exchange privileged information while maintaining the protections of attorney-client privilege under the work product doctrine.¹⁴⁶ However, with respect to the situation where a Joint Defense Group is involved in a patent litigation suit and one party in the Joint Defense Group enters into an IPR proceeding, these privileged communications can be frustrated — especially in instances where the patentee is attempting to determine whether the parties comprising the Joint Defense Group are required to be listed in the IPR petition under the RPI requirement.¹⁴⁷

Patentees commonly seek discovery of the relationships that the petitioner has with other potentially interested parties as a means to discover if the parties constitute an RPI.¹⁴⁸ This practice allows the patentee to understand exactly which parties have an interest in the IPR proceeding and ties all of the RPIs to the estoppel effects of IPR litigation.¹⁴⁹ While the PTAB is sparing on its allowance and scope of discoveries, recent PTAB and Federal Circuit decisions have taken a more liberal approach to discoveries involving Joint Defense Groups, which threatens to undermine the core of Joint Defense Group interactions.¹⁵⁰

In the PTAB's 2019 *Adobe* decision, a patentee requested discovery of the agreement and subsequent communications between members of a Joint Defense

¹⁴⁵ Steve Lokus, Jillisa L. O'Brien, Lisa Unger, Lee Wright & Irene Yesowitch, *Strategies, Benefits and Risks of Joint Defense Agreements, Including Discoverability, Conflicts of Interest and Establishing The Joint Defense Privilege*, 2015 CLM ANN. CONF. 1, 3 (2015).

¹⁴⁶ *Id.*

¹⁴⁷ See Scott McKeown, *PTAB Discovery of JDG Agreements*, ROPES & GRAY (May 1, 2019), <https://www.patentspostgrant.com/ptab-discovery-of-jdg-agreements/> ("[T]he real party-in-interest inquiry is heavily fact-dependent and the outcome may depend on the contents of the joint defense agreement (if one exists) that outlines the relationship between the Petitioner and a non-party."); Eugene T. Perez & Kelly E. Rose, *Who is the "Real Party in Interest" in an IPR or PGR?*, BSKB (May 13, 2012), <http://www.postgrantproceedings.com/who-is-the-real-party-in-interest-in-an-ipr-or-pgr/> (describing when parties in a Joint Defense Group must be identified as RPIs).

¹⁴⁸ See, e.g., *Fall Line Patents, LLC v. Unified Patents, LLC*, 818 Fed. App'x 1014, 1016 (Fed. Cir. 2020).

¹⁴⁹ David Mlaver, *Board to Petitioner: No RPI, No IPR*, NAT'L L. REV. (Jan. 29, 2016), <https://www.natlawreview.com/article/board-to-petitioner-no-rpi-no-ipr>.

¹⁵⁰ McKeown, *supra* note 147.

Group.¹⁵¹ To justify this request, the patentee expressed that, since one of the members of the Joint Defense Group was the petitioner in the IPR proceeding, the members could potentially coordinate a strategy to invalidate the patent along with the named petitioner.¹⁵² However, the petitioner argued that the communications between the members of the Joint Defense Group were inherently privileged and that the patentee could not obtain discovery on any interactions outside of the joint status report that was presented to the district court.¹⁵³ The PTAB held for the patentee and in its grant of discovery noted “that the real party-in-interest inquiry . . . may depend on the contents of the joint defenses agreement (if one exists) that outlines the relationship between the Petitioner and a non-party.”¹⁵⁴

Thus, the Board concluded that, by entering the Joint Defense Group, the petitioner indicated an existing agreement between itself and the unnamed potential RPIs in the Joint Defense Group. Because of this agreement, the patent owner was permitted to take limited discovery regarding the communications of the Joint Defense Group for purposes of identifying necessary RPIs to the IPR proceedings.¹⁵⁵ The same year, the Federal Circuit addressed the ability for a patentee to take discovery on the communications of a Joint Defense Group.¹⁵⁶ Particularly, the Federal Circuit held that potential RPI relationships arising from Joint Defense Groups must be considered under the time-bar limitation.¹⁵⁷ Therefore, to the extent that communications could impact the time bar, the Federal Circuit held that patentees in some situations may view communications between members of the Joint Defense Groups for the purposes of finding RPIs.¹⁵⁸

Thus, the recent decisions highlight a substantial difference in the treatment of Joint Defense Groups depending upon whether or not they are formed prior to the filing of an IPR petition. For typical instances where the Joint Defense Group is established after an IPR proceeding, if one member of a Joint Defense Group is barred by IPR estoppel provisions, a district court will sever the one member and allow the others to continue the district court litigation.¹⁵⁹ However, if the Joint Defense Group is established prior to the IPR petition, the group is subject to either being brought into the IPR proceeding as RPIs and subsequently bound to the estoppel effects, or forced to waive a portion of their privileged communications so that a patentee may determine whether non-petitioner members of the Joint Defense Group

¹⁵¹ Adobe Inc. v. RAH Color Techs., LLC, IPR2019-00627, Paper 15 at 6 (P.T.A.B. Apr. 25, 2019).

¹⁵² *Id.* at 5–6.

¹⁵³ *Id.* at 7.

¹⁵⁴ *Id.* at 10.

¹⁵⁵ *Id.* at 16.

¹⁵⁶ Power Integrations, Inc. v. Semiconductor Components Indus., LLC, 926 F.3d 1306, 1306 (Fed. Cir. 2019).

¹⁵⁷ *Id.* at 1314.

¹⁵⁸ *Id.* at 1318–19.

¹⁵⁹ Bradley C. Nahrstadt & W. Brandon Rogers, *In Unity There is Strength: The Advantages (and Disadvantages) of Joint Defense Groups*, 80 DEF. COUNS. J. 29, 40–44 (2013).

amount to RPIs.¹⁶⁰ Thus, at the very least, members of a Joint Defense Group are dissuaded from having any of the members put forth an IPR petition, since it increases the burden upon the entire group and could potentially allow the patentee to become aware of the content in certain privileged communications.

IV. The Current RPI Requirement's Harm to Patentees

Hardships arising from the requirement to include RPIs are not single-handedly faced by the petitioners requesting an IPR. In fact, shortly after the enactment of the AIA, scholars feared the potentially unfair hardships being thrust upon the patentees brought into IPR proceedings.¹⁶¹ The fundamental concern regarding patentees is the ease with which their patents may be invalidated through prior-art challenges,¹⁶² especially as the PTAB has become known as a petitioner-friendly stage for validity challenges.¹⁶³ While the RPI requirement is intended to be a method to alleviate such harm by signaling all interested challengers to the patentee, the current RPI standard has holes that allow petitioners to avoid the naming of RPIs altogether.¹⁶⁴

As petitioners attempt to shield themselves from estoppel effects, patentees are left to face a new, greater harm from an IPR proceeding—hidden RPIs. This Part argues that hidden RPIs are the result of an improper manipulation of the post-grant-proceeding scheme. Additionally, this Part asserts that hiding RPIs heightens the harms associated with invalidation that already plague patentees involved in IPR proceedings.

A. Hidden Real Parties in Interest

As mentioned above,¹⁶⁵ acquired estoppel is one of the most daunting challenges faced by petitioners in an IPR proceeding; accordingly, petitioners have developed methods for avoiding this challenge.¹⁶⁶ By circumventing the RPI requirement, the petitioner can test litigation strategies during the IPR proceeding without much of the fear surrounding IPR estoppel repercussions.¹⁶⁷ Consider the following example.

A company—that has an interest in invalidating a particular patent—plans to challenge the validity of patent X. This party is aware of prior-art Y, which it believes to anticipate the claims of patent X. However, the company realizes that if it files the IPR and does not prevail, the company is estopped from bringing a claim of

¹⁶⁰ McKeown, *supra* note 147.

¹⁶¹ See, e.g., Lewis, *supra* note 19, at 36–55.

¹⁶² See discussion *infra*, Part IV(B).

¹⁶³ Joanna Shepherd, *Disputing the Balance: The Conflict Between Hatch-Waxman and Inter Partes Review*, 6 NYU J. INTELL. PROP. & ENT. L. 14, 33 (2016).

¹⁶⁴ See discussion *infra*, Part IV(A).

¹⁶⁵ See discussion *infra*, Part III(B).

¹⁶⁶ *Id.*

¹⁶⁷ Wadler, *supra* note 116, at 6.

invalidation against patent X again in district court. This estoppel applies even if the company feels as though the more in-depth discovery process allowed at district court would result in a different outcome. In fact, this estoppel applies to any ground that the party “raised or reasonably could have raised” during the IPR proceedings.¹⁶⁸ Understanding the hardship that arises from losing the IPR proceeding, the company hires a different group to act as the petitioner; the hired petitioner files the IPR petition against the patentee of patent X, asserting patent X is anticipated by prior-art Y. If the hired petitioner does not list the company as an RPI, then the company can later file a suit in district court. Thus, the company gets multiple chances to invalidate patent X without facing any repercussions.

However, beyond simply displaying a manipulation of the IPR process established by the AIA, the above scenario highlights the importance of the RPI requirement. The RPI requirement provides the only safeguard to prevent this litigation practice from running rampant throughout IPRs;¹⁶⁹ however, companies have gotten creative in attempting to glean the benefits shown in the example given above.¹⁷⁰ Specifically, the enactment of the IPR also gave birth to a new type of entity—the *reverse patent troll*.¹⁷¹ This namesake is derived from the idea of a *patent troll*, a term referenced throughout patent law to refer to a non-practicing entity that seeks to enforce patents for monetary gain.¹⁷² Thus, a reverse patent troll acts in the opposite manner, as a nonpracticing entity that seeks to invalidate a patent. Typically, in the scope of IPR proceedings, a reverse patent troll is a company that files an IPR petition on behalf of one of their interested clients and utilizes a shielded business model, so that the patentee cannot readily prove that the clients amount to RPIs.¹⁷³ Petitioners are increasingly turning to these reverse patent trolls for assistance in the IPR process.¹⁷⁴ A variety of companies have made millions, and gained notoriety, purely through their work filing IPRs to benefit their clients.¹⁷⁵

While the patentee may assert that an unnamed party must be listed as an RPI, the petitioner’s initial identification of RPIs is presumed to be correct; thus, it is accepted that all parties in privity are named within the IPR petition unless the patent-

¹⁶⁸ 35 U.S.C. § 315(e)(1).

¹⁶⁹ Michael L. Kiklis & Matthew D. Zapadka, *USPTO Designates Three Decisions Relating to Real-Party-in-Interest as Precedential*, JD SUPRA (Apr. 22, 2019), <https://www.jdsupra.com/legalnews/uspto-designates-three-decisions-91507/>.

¹⁷⁰ Marc Cavan, Matthew Rizzolo & Matthew McDonell, ‘Reverse Patent Trolls’: Patent Law’s Newest Strategy Unfolds, in BLOOMBERG BNA PATENT, TRADEMARK & COPYRIGHT J. 2 (2015).

¹⁷¹ *Id.*

¹⁷² Prachi Agarwal, *Patent Troll: The Brewing Storm of Patent Reform in the United States of America*, 15 J. MARSHALL REV. INTELL. PROP. L. 63, 66–67 (2015).

¹⁷³ See Adam L. Perlman & Kathryn S. Kayali, ‘Reverse’ Patent Trolling: Nontraditional Participants in the Inter Partes Review Process, 24 No. 11 WESTLAW J. HEALTH L. 2, 2 (2017).

¹⁷⁴ See *id.* (describing the recent and growing participation of hedge funds in challenging pharmaceutical patents through IPRs).

¹⁷⁵ See *Success at Challenging Bad Patents*, UNIFIED PATENTS (2020), <https://www.unifiedpatents.com/success> (outlining how Unified Patents has become “the #6 most prolific all time PTAB petitioner and #3 for 2019”).

ee can prove otherwise.¹⁷⁶ As such, the practice of hiding RPIs greatly extends the burden imposed on the patentee in the IPR process. Further, the PTAB has continuously required the addition of an unnamed party as an RPI only in instances where the unnamed party is exercising explicit control over the proceedings.¹⁷⁷ Although the Federal Circuit has recognized this problem and advised the PTAB to perform different analyses to determine whether a party must be named as an RPI,¹⁷⁸ these instructions and decisions have not resulted in the elimination of this harm, as discussed below.¹⁷⁹

Fundamentally, the RPI requirement is a protective measure for the patentee in IPR proceedings. Allowing petitioners to avoid naming interested parties by shielding their client lists and utilizing technicalities within the courts determinations tilts the scales against the patentee in IPR proceedings.¹⁸⁰ Specifically, the practice of hiding IPRs undermines the transparency that is vital for maintaining the balance of interests that is core to an IPR.¹⁸¹ The reverse patent trolls are effectively bringing suit against patentees, “who have no way of knowing who they are actually facing.”¹⁸² Because of this, patentees now cannot evaluate their options, find previous suits brought by the interested parties, and quickly present optimal defenses.¹⁸³

B. Increased Invalidation

Patentees brought into an IPR proceeding inherently face the harm of invalidation; the entire IPR process was enacted to provide a “an affordable and efficient recourse” for a petitioner to challenge the validity of an issued patent.¹⁸⁴ Thus, it is an expected outcome that patentees would face a risk of harm through the invalidation of their patents.¹⁸⁵ However, the time-bar limitation and the RPI requirement provide protections that balance the power between the petitioner and patentee; this balance is achieved by giving the petitioner one attempt to raise arguments, within a limited timeframe after the patentee has noted infringing activities.¹⁸⁶ When petitioners evade the RPI requirement, which in turn can remove the time-bar limita-

¹⁷⁶ *Worlds Inc. v. Bungie, Inc.*, 903 F.3d 1237, 1241–43 (2019).

¹⁷⁷ See, e.g., *Thryv, Inc. v. Click-to-Call Techs, L.P.*, 140 S. Ct. 1367, 1379–80 (Apr. 20, 2020).

¹⁷⁸ *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1358 (Fed. Cir. 2018).

¹⁷⁹ See discussion *infra* Part V(B)

¹⁸⁰ See discussion *supra* Part II(B).

¹⁸¹ See Lewis, *supra* note 19, at 35 (highlighting transparency as one of Congress’s motivations in enacting AIA post-grant proceedings).

¹⁸² Email from Wayne P. Sobon, President, American Intellectual Property Law Association, to Michelle K. Lee, Deputy Director, U.S. Patent & Trademark Office, AIPLA Comments to USPTO on Attributable Owner (Apr. 21, 2014) (on file with the USPTO).

¹⁸³ *Id.*

¹⁸⁴ Email from Brian Scarpelli, Senior Global Policy Counsel, ACT the App Association, to Andrei Iancu, Director, U.S. Patent & Trademark Office, Comments of ACT (Dec. 3, 2020) (on file with the USPTO).

¹⁸⁵ See *id.* (describing the role of the IPR process as identifying and eliminating “invalid patents that should never have been issued”).

¹⁸⁶ See 35 U.S.C. § 315(b) (articulating that the time-bar limitation prevents petitioners from filing an IPR beyond 1 year after being alerted to infringing activity).

tion, the petitioners are effectively given “a second bite at the apple and [are] allow[ed] to reap the benefits of an IPR without the downside.”¹⁸⁷

Even at the outset of the AIA, scholars expressed concern about the likelihood of invalidation through IPR proceedings.¹⁸⁸ Prior to the common use of reverse patent trolls, IPR decisions were shown to favor petitioners;¹⁸⁹ this concept is often attributed to the lower burden of proof that is required for invalidation in an IPR proceeding compared to what is needed in a district court.¹⁹⁰ In fact, the Supreme Court expressed shock in response to learning that a patent, already determined to be infringed and not invalid, was found invalid through an IPR proceeding between the same parties. In the opinion for such case, Chief Justice Roberts pronounced that IPR proceedings were a “bizarre way . . . to decide a legal question” and further noted that the situation was a “very extraordinary animal in legal culture to have two different proceedings addressing the same question that lead to different results.”¹⁹¹

The Supreme Court and Federal Circuit alike have acknowledged heightened chance of invalidity, with former Chief Judge Rader of the Federal Appeals Court referring to the panel of judges for IPR proceedings as “death squads, killing property rights.”¹⁹² However, the *Cuozzo* case highlighted that the RPI requirement acts as the fundamental protection against companies too easily invalidating their competitor’s patents.¹⁹³ Nonetheless, with petitioners increasingly avoiding the RPI requirement, patentees are left unprotected from the harm of invalidation.

Accordingly, IPR proceedings are still an often-used path for invalidation—perhaps unsurprisingly, over two-thirds of IPRs petitions are brought by defendants of patent infringement suits in district courts.¹⁹⁴ Due to the large benefits that come from succeeding in an IPR, a single patent can often be subjected to multiple IPR

¹⁸⁷ U.S. PAT. & TRADEMARK OFF., PATENT TRIAL AND APPEAL BOARD CONSOLIDATED TRIAL PRACTICE GUIDE 12 (Nov. 2019) [hereinafter Consolidated Trial Practice Guide]; Wadler, *supra* note 116, at 7–9.

¹⁸⁸ Yishi Yin, *Avenues for Addressing the Exploitation of Inter Partes Review Process by Third Parties*, 17 N.C. J.L. & TECH. 107, 120–25 (2016).

¹⁸⁹ Thomas Makin, Marion Harris & Joseph Purcell, *Checks and Balances in the Inter Partes Review Statute*, LAW360 (Apr. 6, 2016), <https://www.shearman.com/~media/Files/NewsInsights/Publications/2016/04/Checks-And-Balances-In-The-Inter-Partes-Review-Statute.pdf>.

¹⁹⁰ Lewis, *supra* note 19, at 59.

¹⁹¹ Transcript of Oral Argument at 32, 41, *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131 (2016) (No. 15-446).

¹⁹² See Tony Dutra, *Rader Regrets CLS Bank Impasse, Comments on Latest Patent Reform Bill*, BLOOMBERG BNA (Oct. 29, 2013), <http://www.bna.com/rader-regrets-clsn17179879684/> (referencing Chief Judge Rader’s infamous quote).

¹⁹³ Transcript of Oral Argument, *supra* note 191, at 32.

¹⁹⁴ John Marlott, *Do Only Certain IPR Petitioners Have Standing To Appeal Adverse PTAB Decisions?*, JONES DAY PTAB BLOG (Dec. 28, 2018), <https://www.ptablitiationblog.com/do-only-certain-ipr-petitioners-have-standing-to-appeal-adverse-ptab-decisions/>.

petitions.¹⁹⁵ The patentee involved in an IPR proceeding “rarely comes out unscathed,” as less than a quarter of IPRs have resulted in no claims being invalidated.¹⁹⁶ Thus, it is of vital importance to ensure that the occurrence of invalidation is not increased through manipulation of the IPR petition, such as the omission and avoidance of naming RPIs. Even though the current Director of the USPTO is considered to be more pro-patent than his predecessors,¹⁹⁷ the Director of the USPTO cannot alone stop the climbing rate of invalidation, and rather, there must be assistance from either the courts or the legislature.

V. Critique of the Current Attempt to Remedy the RPI Requirement

The harms that both petitioners and patentees face during IPR proceedings have not gone unnoticed by the PTAB or the Federal Circuit. In fact, the courts have openly remarked upon the issues with hidden RPIs and the harm that circumventing the RPI requirement inflicts on the patentee.¹⁹⁸ Despite the courts’ attempts to fix the RPI requirement through implementation of case law, the judicially created rules have not instituted real change in the patent scheme.¹⁹⁹ Rather, since the Federal Circuit has spoken on the issue, petitioners have continued and even increased the abuse of the RPI requirement.

This Part begins with an explanation of how the harms facing petitioners and patentees are affecting litigation proceedings. Furthermore, in this explanation, this Part asserts that attempts to avoid harm by one side in the adversarial proceeding merely shift the harm to the other—resulting in a continuous cycle of shifting harms, which cannot be stopped without substantial changes to the RPI requirement. Following the explanation of this problem, this Part remarks on the Federal Circuit’s attempt to correct parts of the RPI requirement, in an effort to lessen the frequency of hidden RPIs. However, this Part also assesses the lack of corrective changes that have resulted from the Federal Circuit’s decisions; particularly, the lack of reform after the case of *Applications in Internet Time v. RPX Corporation*.²⁰⁰ Consequently, this Part argues that the continued increase of hidden RPIs following the Federal Circuit’s decisions are a result of a foundational flaw in the RPI requirement. Specifically, the requirement involves a formalist test that the Federal Circuit’s functional approach will be futile in fixing.

¹⁹⁵ For example, United States Patent No. 6,805,779 has been the subject of 20 IPR petitions by five petitioners. *Patent Review Processing System*, USPTO (retrieved December 1, 2020), <http://www.ptabtrials.uspto.gov>.

¹⁹⁶ Clark A. Jablon, *Is the Sky Falling in the US Patent Industry?*, 36 INFO. DISPLAY, May–June 2020, at 37, 38 (May 22, 2020), <https://doi.org/10.1002/msid.1116>.

¹⁹⁷ *Id.*

¹⁹⁸ *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1349 (Fed. Cir. 2018).

¹⁹⁹ See, e.g., *Unified Patents, Inc. v. Velos Media, LLC*, IPR2019-00635, Paper 45 at 35–38 (PTAB Aug. 18, 2020).

²⁰⁰ *Applications in Internet Time*, 897 F.3d at 1343.

A. Ongoing Cyclic Problems

The harms facing the patentees are heavily intertwined with the harms facing the petitioners.²⁰¹ As the petitioners attempt to avoid the time-bar limitation and circumvent the RPI requirement, the hardships of the IPR proceedings get pushed atop the patentees.²⁰² Since petitioners are increasingly turning to reverse patent trolls as a means to ensure the IPR petition is neither barred nor outright denied, there is an increasing amount of IPR litigation against patentees.²⁰³ The resultant litigation provides the petitioners more opportunities to invalidate a patent, effectively granting the petitioner a “second bite at the apple.”²⁰⁴ As a means to deter the additional, unjustified attempts at invalidation, and as a protection for the patentee, the current RPI requirement incentivizes the patentee to declare that the petitioner has failed to name an RPI.²⁰⁵ Due to patentees increasingly asserting petitioners’ failure to name an RPI, the IPR petition has become more likely to be denied, which in turn has caused companies—especially those, like reverse patent trolls, that act as frequent IPR petitioners—to structure their business to shield their clients.²⁰⁶

Accordingly, the petitioner cannot lessen its harm without increasing the harm to the patentee. As the petitioner and patentee prepare to enter into an IPR proceeding, the harm shifting between the sides of the adversarial proceeding undermine the core of why the IPR was instituted, to provide a low-cost and efficient litigation option.²⁰⁷

Admittedly, there are certain harms that are unavoidable, and at times necessary, to ensure the balance of the interests that are vital to the patent system.²⁰⁸ Such harms include the estoppel effects that come from waiting beyond the limited time to file an IPR petition, which are necessary to protect the patentee from undue litigation.²⁰⁹ However, there are certain unnecessary harms that the current RPI requirement has both led to and continued to worsen, including the estoppel effects applied to joint defense groups, the severe termination of IPR petitions, and the increased invalidation as a result of hidden RPIs.²¹⁰ Ultimately, these practices have developed into a continuous cycle of shifting harms, and there must be amendment to the RPI requirement to destroy this harmful cycle.

²⁰¹ See discussion *supra* Part IV(A).

²⁰² See discussion *supra* Part IV(A).

²⁰³ See discussion *supra* Part IV(A).

²⁰⁴ Consolidated Trial Practice Guide, *supra* note 187.

²⁰⁵ 35 U.S.C. § 312(a)(2).

²⁰⁶ Zachary Silbersher, *What are the takeaways from Unified Patents v. Realtime, the PTAB’s first post-AIT RPI decision?*, MARKMAN ADVISORS (Nov. 30, 2018), <https://www.markmanadvisors.com/blog/2018/11/30/what-are-the-takeaways-from-unified-v-realtime-the-ptabs-first-post-ait-rpi-decision>.

²⁰⁷ Gentilli, *supra* note 34, at 1587.

²⁰⁸ Makin, *supra* note 189.

²⁰⁹ Blonder-Tongue Lab’ys, Inc. v. Univ. of Ill. Found., 402 U.S. 313, 338 (1971).

²¹⁰ See discussion *supra* Part III(A), (C), IV(B).

B. Shortcomings of the AIT Decision

One of the most problematic harms arising from the RPI requirement is the required denial of the IPR petition for failure to name an RPI, and the subsequent harm to patentees that comes from a petitioner hiding RPIs. While the severity of the total denial of an IPR petition cannot be addressed by the courts, as it is mandated statutorily through the text of the AIA,²¹¹ the courts can address the harm caused to the patentees by hidden RPIs. The PTAB's initial test for RPIs was easily worked around by reverse patent trolls, and for years the PTAB continued to allow RPIs to remain hidden so long as the RPI was not exercising explicit control of the proceedings.²¹² The Federal Circuit—noticing the harm to patentees arising from the PTAB's practices—attempted to establish a new standard for determining an RPI through the *AIT* decision.²¹³ Nonetheless, in the years following the *AIT* decision, it has become clear that the Federal Circuit's attempt at reform has not actually resulted in substantial changes or a lessening of harm to the patentees involved in IPR proceedings.²¹⁴ To understand the reason for the *AIT* decision's lack of an impact, this section assesses the PTAB's standard for finding RPIs prior to the Federal Circuit's decision, analyzes the exact language of the *AIT* decision, and explains the continued problems concerning IPR proceedings by articulating the shortcomings of the *AIT* decision.

From the start of the PTAB conducting IPR proceedings, the analysis of whether an unnamed party constituted an RPI focused on whether the unnamed party exerted sufficient *control* over the petition and subsequent litigation. To determine whether the unnamed party exhibited sufficient control, the PTAB looked to whether the unnamed party directed the petitioner to file the IPR petition, paid for the associated fees, or selected the prior art being raised to challenge the validity of the patent.²¹⁵ The PTAB's idea of sufficient control emerged in part from 2008 decision from the Supreme Court in *Taylor*, but also rested on the characterization of parties in privity used for IPX.²¹⁶ However, rather than determining whether the unnamed party fell within the exceptions used for IPX or those listed within *Taylor*, the PTAB condensed the test to merely a search for control.²¹⁷ As petitioners filed IPR petitions with an exponentially growing frequency, the test for control developed as a formalist check for whether there was a direct financier of the proceedings other than the petitioners; if so, only then would the PTAB determine that the un-

²¹¹ See 35 U.S.C. § 312(a)(2) (inherently indicating that a petition must be denied if it does not identify all real parties in interest by explicitly stating that the PTAB may consider a petition only if the RPI requirement is met).

²¹² See, e.g., RPX Corp. v. VirnetX Inc., IPR2014-00171, Paper 49 at 6–10 (PTAB June 5, 2014).

²¹³ Applications in Internet Time, LLC v. RPX Corp., 897 F.3d 1336, 1343 (Fed. Cir. 2018).

²¹⁴ See, e.g., NOF Corp. v. Nektar Therapeutics, IPR2019-01394, Paper 22 (PTAB Feb. 5, 2020); IPR2019-01397, Paper 24 (PTAB Feb. 10, 2020).

²¹⁵ See *In re Guan Inter Partes Reexamination Proceeding*, Control No. 95/001,045, Decision Vacating Filing Date, at 8.

²¹⁶ *Id.*

²¹⁷ Brooker, *supra* note 66, at 513–14.

named party amounted to a required RPI.²¹⁸

However, the PTAB's formalist test for control directly allowed for the rise of reverse patent trolls.²¹⁹ After observing the harms imposed upon the patentees by hidden RPIs, the Federal Circuit attempted to institute a new method for determining RPIs in 2018—through the case of *Applications in Internet Time v. RPX Corporation*, commonly known as the *AIT* decision.²²⁰ The opinion of *AIT* acted as an open admonition of the PTAB's practices.²²¹ Further, the Federal Circuit articulated a new, more functional approach to determining whether an unnamed party is an RPI; specifically, in Judge O'Malley's opinion for the majority, she expressed that the determination of an RPI "demands a flexible approach that takes into account both equitable and practical considerations, with an eye toward determining whether the nonparty is a clear beneficiary that has a preexisting, established relationship with the petitioner."²²²

The litigation between *Applications in Internet Time* ("AIT") and RPX Corporation provided the perfect opportunity for the Federal Circuit to articulate the new standard to determine when an unnamed party must amount to an RPI. As RPX Corporation is one of the more well-known reverse patent trolls, the *AIT* decision allowed the Federal Circuit to directly address the harm that these non-practicing entities and hidden RPIs are causing to patentees and the IPR system in general.²²³

The relevant patent litigation leading to the *AIT* decision began in 2013, when AIT brought suit against a company named Salesforce.com ("Salesforce").²²⁴ The suit was filed with a claim that Salesforce was infringing upon two of AIT's patents.²²⁵ In response to hearing of the suit, Salesforce filed petitions for covered-business-method-patent ("CBM") review—another type of post-grant review established by the AIA²²⁶—of the two allegedly infringed patents.²²⁷ However, the PTAB concluded that the patents did not fall into the category of covered-business-method patents and, accordingly, denied the petitions filed by Salesforce.²²⁸

Shortly following the denial of the CBM reviews, Salesforce realized that it could assert prior art to invalidate the AIT patents.²²⁹ But, Salesforce also realized that it was facing a large problem; by choosing to pursue a CBM review,

²¹⁸ *Id.*

²¹⁹ See discussion *supra* Part IV(A).

²²⁰ *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1343 (Fed. Cir. 2018).

²²¹ *Id.* at 1358.

²²² *Id.* at 1351.

²²³ *Id.* at 1339.

²²⁴ *Id.*

²²⁵ *Id.*

²²⁶ 35 U.S.C. § 321 (note) (discussing the introduction of a "Transitional Program for Covered Business Method Patents").

²²⁷ *Applications in Internet Time*, 897 F.3d at 1339.

²²⁸ *Id.*

²²⁹ *Id.*

Salesforce had waited over a year after being alerted of infringing activity and, thus, was prohibited from filing an IPR petition by the time-bar limitation.²³⁰ As such, Salesforce hired RPX Corporation, a successful reverse patent troll that advertised its work “to help members of its client network quickly and cost-effectively extricate themselves from non-practicing entity lawsuits.”²³¹

Following, in 2015, RPX Corporation filed two IPR petitions each challenging the validity of the two AIT patents.²³² The IPR petitions filed by RPX Corporation asserted the invalidity based upon the prior-art references that its client, Salesforce, had identified.²³³ Yet, RPX Corporation listed itself as the only RPI on the petitioner’s side of the IPR petition.²³⁴ Hence, RPX Corporation engaged in the most commonly practiced form of hiding RPIs, by shielding their client to avoid any estoppel or time-bar effects. While AIT asserted that Salesforce was an unnamed RPI and that RPX Corporation’s failure to name its client required the petition to be denied, the PTAB—utilizing the formalist test for control—found that Salesforce was not an RPI, due to the lack of direct financing of the proceedings.²³⁵ Further, the PTAB determined that the claims challenged within the IPR petitions were all unpatentable.²³⁶

AIT immediately appealed the decision of the PTAB,²³⁷ leading to the Federal Circuit’s *AIT* decision in 2018.²³⁸ The Federal Circuit subsequently vacated the decision of the PTAB and remanded the case in accordance with the new, more functional standard.²³⁹ Of specific importance, the Federal Circuit harkened back to the Supreme Court’s opinion in *Taylor* to suggest the need for a “flexible approach” and a functional determination of a “clear beneficiary” to the proceedings.²⁴⁰ Thus, on remand, the PTAB complied with the Federal Circuit’s instruction to implement a broader standard for determining whether the unnamed party, Salesforce, was an RPI to RPX Corporation’s petitions.²⁴¹

In its October 2020 opinion, the PTAB examined the entirety of the record concerning RPX Corporation’s work with Salesforce.²⁴² While the PTAB reviewed

²³⁰ *Id.*

²³¹ *Id.*

²³² RPX Corp. v. Applications in Internet Time, LLC, IPR2015-01750, Paper 80 at 2 (PTAB Dec. 28, 2016).

²³³ *Id.* at 2–5.

²³⁴ *Id.* at 6.

²³⁵ *Id.* at 7.

²³⁶ *Id.* at 35.

²³⁷ RPX Corp. v. Applications in Internet Time, LLC, IPR2015-01750, Paper 83 at 1–2 (PTAB Feb. 27, 2017).

²³⁸ Applications in Internet Time, LLC v. RPX Corp., 897 F.3d 1336, 1336 (Fed. Cir. 2018).

²³⁹ *Id.* at 1358.

²⁴⁰ *Id.* at 1351.

²⁴¹ RPX Corp. v. Applications in Internet Time, LLC, IPR2015-01750, Paper 128 at 2 (PTAB Oct. 2, 2020).

²⁴² *Id.* at 2–3.

the business model of RPX Corporation,²⁴³ the relationship between RPX Corporation and Salesforce,²⁴⁴ and the benefit received by Salesforce,²⁴⁵ the final determination rested heavily on the financial backing Salesforce provided to RPX Corporation.²⁴⁶ In fact, the PTAB explicitly stated, “[m]ost critically, Salesforce *paid* RPX to reduce Salesforce’s patent litigation exposure, and RPX filed these IPRs despite having no apparent risk of infringement liability itself.”²⁴⁷ Therefore, the PTAB held that RPX Corporation failed to show by a preponderance of the evidence that Salesforce was not an RPI and terminated the IPR on the basis of the time-bar limitation and failure to name an RPI.²⁴⁸

Although it may appear like the PTAB embraced the more functional approach communicated by the Federal Circuit in the *AIT* decision, the only use of a functional framework was implemented to determine control.²⁴⁹ Additionally, the control that the PTAB searched for was financial control, in a remarkably similar fashion to how the PTAB was operating prior to the *AIT* decision.²⁵⁰ Rather than adopt an entirely new framework based upon the *AIT* decision, the PTAB has instead slightly broadened the allowable scope for determining financial control exhibited by the unnamed party. Thus, the PTAB’s formalist test for determining an RPI still largely remains intact, and still allows for manipulation by reverse patent trolls.

The ongoing harms from reverse patent trolls, and the failure to remedy the problem following the *AIT* decision, is evidenced through the PTAB decisions made between the 2018 Federal Circuit decision and 2020 PTAB decision involving AIT and RPX Corporation. The PTAB has repeatedly ruled that even when an unnamed party acts as “clear beneficiary,” the party does not meet the standard for an RPI unless there is an explicit showing of financial control.²⁵¹ Perhaps even more problematically, the Federal Circuit’s recent decisions have emphasized that the primary factor for finding an RPI is a showing of control or funding of the proceeding.²⁵² Consequently, the Federal Circuit issued a decision holding that an accused RPI was not required to be named within a petition because there was no evidence that the unnamed party wrote the IPR petition or funded the proceeding.²⁵³ Thus, the subse-

²⁴³ *Id.* at 2.

²⁴⁴ *Id.* at 2–3.

²⁴⁵ *Id.* at 3.

²⁴⁶ *Id.* at 19, 26.

²⁴⁷ *Id.* at 31 (emphasis added).

²⁴⁸ *Id.* at 35–36.

²⁴⁹ See *id.* at 32–35 (using the framework outlined by the Federal Circuit to determine whether Salesforce exhibited control over the IPR proceedings).

²⁵⁰ See *id.* at 31 (remarking upon “the substantial evidence that RPX had a strong financial incentive to serve Salesforce’s needs”).

²⁵¹ See, e.g., NOF Corp. v. Nektar Therapeutics, IPR2019-01394, Paper 22 (PTAB Feb. 5, 2020); IPR2019-01397, Paper 24 (PTAB Feb. 10, 2020).

²⁵² See, e.g., Glob. Equity Mgmt. (SA) Pty, Ltd. v. eBay Inc., 798 Fed. App’x 616, 619–20 (Fed. Cir. 2020) (denied motions to terminate because Amazon did not “control, fund, or direct any activities” and was not “involved in any way in . . . financial contribution”).

²⁵³ See, e.g., *id.*

quent decisions of both the PTAB and Federal Circuit display a trend away from the functional approach articulated in the *AIT* decision.

By continuing to utilize the highly formalist framework for determining RPIs—reducing the *AIT* decision to a new rule that reverse patent trolls cannot explicit advertise that their practices are at the behest of their clientele—reverse patent trolls have restructured their businesses to ensure that their clients can remain as hidden RPIs.²⁵⁴ This practice is now often done by separating the legal sectors of the business from the sectors of the business that directly deal with clientele. As such, reverse patent trolls have learned from the *AIT* decision to outwardly project benefits other than litigation for their clients, while still offering the same representation for IPR petitions and proceedings. The continued harm to patentees displays the heightened need for a new standard to appropriately accomplish the policy goals that are expressed through the Supreme Court’s decision in *Taylor* and the Federal Circuit’s *AIT* decision.

C. Formalism Over Functionalism

Much of the manipulation and avoidance of the RPI requirement has arisen because of the formalist test for RPIs utilized by the PTAB.²⁵⁵ The PTAB and the Federal Circuit have both recognized that *Taylor* provides guiding case law for determining when there is privity between parties—a determination that has been deemed sufficient to constitute an RPI that must be named within an IPR petition. While *Taylor* articulates six categories that act as exceptions, the PTAB has focused on one particular category as the pivotal instance in which parties are held as RPIs. Specifically, the PTAB has placed too much focus on the fourth listed *Taylor* exception, whether “a nonparty is bound by a judgment if she ‘assume[d] control’ over the litigation in which that judgment was rendered.”²⁵⁶ While the Federal Circuit in *AIT* articulated the need to view this exception as merely a factor, the PTAB’s precedent has established that this test for control is too centered upon a finding of direct control to adjust to a functional framework.²⁵⁷

Therefore, despite the Federal Circuit’s opinions, there is still a substantially formalist framework set in place for determining whether an unnamed party is an RPI that needed to be included within an IPR petition. While the test for RPIs may initially seem to be a functional test, due to the examination of the relationship between the unnamed party and petitioner, in reality the PTAB has instituted a highly formal test, since all that the court is searching for is a financier to the petition or

²⁵⁴ Silbersher, *supra* note 206.

²⁵⁵ See discussion *supra*, Part V(B).

²⁵⁶ *Taylor v. Sturgell*, 553 U.S. 880, 894 (2008) (citing *Montana v. United States*, 440 U.S. 147, 154 (1979)).

²⁵⁷ Marc S. Blackman, *PTAB Focuses on IPR Control to Determine RPI*, JONES DAY PTAB LITIGATION BLOG (Mar. 21, 2020), <https://www.ptablitigationblog.com/ptab-focuses-on-ipr-control-to-determine-rpi/>.

proceeding.²⁵⁸ If the court cannot point to an instance of direct financial control by the unnamed party, then the PTAB does not consider the unnamed party to be an RPI.²⁵⁹ Thus, reverse patent trolls, and petitioners in general, are incentivized to hide the RPI. Since proof of a formalist display of control would often require extensive discovery, a petitioner may utilize the low amount of discovery allowed for IPR proceedings to hide the RPI through business layers between the client and petitioner.²⁶⁰

The need for a functional test for determining RPIs has been expressed since the enactment of the AIA, with Chief Judge Smith stating “[w]ho constitutes a real party in interest or privy is a highly fact-dependent question.”²⁶¹ Further, the Chief Judge expressed that there is, and should be, “no ‘bright-line test’ for determining the necessary quantity or degree of participation to qualify as a ‘real party in interest’ or ‘privy.’”²⁶² Nevertheless, the PTAB has established a formalist test has allowed RPIs to go unnamed with no repercussions—indicating a need for a new functionalist test for determining whether a party amounts to an RPI.²⁶³

VI. Proposal of Alternative RPI Requirement

A common root of the problems, harms, and abuses of the RPI requirement are the severe repercussions associated with a failure to name an RPI.²⁶⁴ However, after nearly a decade of petitioners finding ways to work around the RPI requirement,²⁶⁵ merely changing the punitive damages for failing to name an RPI will not wholly fix the associated harms. The prior analyses—of the harms to petitioners, harms to patentees, and the shortcomings of the court’s attempts at remedies—indicate that there are four questions that need to be answered regarding the RPI requirement.

The first, fundamental question is whether IPR petitions should explicitly include and name RPIs. As such, this Part begins with answering this question in the affirmative and provides the reasoning as to why the RPI requirement is vital to the patent scheme. The second question, which has plagued the courts, is how to deter-

²⁵⁸ See, e.g., Glob. Equity Mgmt. (SA) Pty, Ltd. v. eBay Inc., 798 Fed. App’x 616, 616 (Fed. Cir. 2020).

²⁵⁹ *Id.*

²⁶⁰ See Yin, *supra* note 188, at 135 (hedge fund manager took advantage of PTAB’s reluctance to grant motions of discovery to “hide” funding).

²⁶¹ *Message from Chief Judge James Donald Smith, Board of Patent Appeals and Interferences: USPTO Discusses Key Aspects of New Administrative Patent Trials*, USPTO (May 21, 2012), http://www.uspto.gov/aia_implementation.smith-blog-extravaganza.jsp#heading-2.

²⁶² *Id.* (quoting Gonzalez v. Banco Cent. Corp., 27 F.3d 751, 759 (1st Cir. 1994) and WRIGHT & MILLER § 44512 (“The measure of control by a nonparty that justifies preclusion cannot be defined rigidly.”)).

²⁶³ See, e.g., RPX Corp., IPR2015-01750, Paper 80 at 7.

²⁶⁴ See discussion *supra*, Part III, IV.

²⁶⁵ Many reverse patent troll companies, such as Unified Patents, were founded shortly following the AIA in 2012 to institute IPRs on behalf of their clients. *FAQ*, UNIFIED PATENTS (Mar. 5, 2021), www.unifiedpatents.com/faq; *New Venture Enters Patent Fray*, WALL STREET J. (Apr. 7, 2013), <https://www.wsj.com/articles/SB10001424127887323820304578408790085259404>.

mine whether an accused, unnamed party is an RPI. In response to this question, this Part proposes a solution to the question that embraces the functionalist framework that the Supreme Court expressed in its *Taylor* decision. Following, the third question is what constitutes an appropriate repercussion for failure to name an RPI. Correspondingly, this Part argues for the adoption of less severe penalties for failure to name an RPI and addresses likely concerns regarding such an adoption. Lastly, the fourth and final question is how this framework should be implemented; this Part answers by advocating for congressional action.

A. Explicit Inclusion of Real Parties in Interest

As the AIA stands currently, the RPI requirement can be found in multiple sections pertaining to IPRs.²⁶⁶ The section that leads to an immediate termination and denial of the IPR petition for failure to name an RPI is section 312(a)(2); on its face, this provision of the AIA is remarkably straightforward, stating: “[a] petition [for IPR] may be considered only if . . . the petition *identifies all* real parties in interest.”²⁶⁷ The identification mentioned in the requirement has been understood to require a particular section within the IPR petition that explicitly designates all of the RPIs.²⁶⁸ This requirement for identification, accompanied by the need to name *all* RPIs, has served as the basis for the harms that have been articulated surrounding the petitioners and patentees. A proposed amendment to the RPI requirement, based upon a consideration of the substantial repercussions resulting from the requirement, must first raise the threshold question of whether there should be an explicit requirement to include all RPIs in a petition for IPR proceedings.

To ensure the balance between parties that is vital to the patent scheme, there must be some indication of the interested parties involved in IPR litigation.²⁶⁹ Without the RPI requirement, the patentee would be subject to an unjustifiably difficult challenge in front of the PTAB, and the problems associated with invalidation would result in the “death squads, killing property rights” that critics of the IPR process have feared.²⁷⁰ Thus, the ability to file an IPR without naming interested parties would pose too great of a threat to patentees to warrant an amendment that wholly removes the RPI requirement. Rather than removing the requirement altogether, the amendment must then involve an adjustment to determining which parties constitute RPIs and how to penalize a petitioner for failure to name such an RPI.

²⁶⁶ 35 U.S.C. § 312(a); 35 U.S.C. §§ 315(a), (b), (e).

²⁶⁷ 35 U.S.C. §§ 312(a)(1)–(2) (emphasis added).

²⁶⁸ 37 C.F.R. § 42.8.

²⁶⁹ See 157 CONG. REC. S952 (daily ed. Feb. 28, 2011) (statement of Sen. Grassley) (discussing that the requirements, such as the RPI requirement, work to reduce “the ability to use post-grant procedures for abusive serial challenges to patents.”).

²⁷⁰ Dutra, *supra* note 192.

B. Functional Test for a Real Party in Interest

The core critique of the Federal Circuit's decisions regarding the RPI requirement—and the likely reason that the *AIT* decision has not led to substantive changes in rulings on RPIs by the PTAB—is that the courts have been applying a formalist test under the guise of a functional test.²⁷¹ The court's focus on whether the accused RPI is exhibiting control has become simply a check to determine if the accused RPI is either financially or explicitly directing the actions of the litigants that have filed the petition.²⁷² While the Federal Circuit has instructed the courts to consider factors that are indicative of an RPI, and has expressed an understanding of the need for a functional test,²⁷³ the current formalist framework that is utilized by the PTAB is incompatible with the functionalist test that is needed to adequately identify RPIs. Thus, one of the main changes that needs to be made to the RPI requirement is the court's adoption of a wholly functionalist framework for identifying RPIs—a test that respects the Supreme Court's position on RPIs exemplified in its *Taylor* decision.²⁷⁴

As such, the new test should adopt a factor-based approach that does not center upon the exhibition of control, which can easily be hidden. The court should implement a test looking into all six of the *Taylor* factors: (1) whether the nonparty agrees to be bound to the judgment; (2) whether the nonparty was in privity with the petitioner—in other words, whether there existed a legal relationship between the petitioner and nonparty; (3) whether the nonparty was adequately represented by the petitioner as a representative; (4) whether the nonparty assumed control over litigation to which she is not a formal party; (5) whether the nonparty that has been bound to a judgment is using the petitioner to relitigate the issue; or (6) whether the statutory scheme precludes the nonparty.²⁷⁵ Including the other factors as a part of the substantive and functionalist analysis would allow the courts to identify required RPIs, even when the unnamed parties are not exerting explicit financial control over the IPR proceedings. For example, if a reverse patent troll brings IPR litigation on behalf of one of its clients, then factors (2), (3), and (4)—the petitioner's relationship as a client, the client's interests being represented by the petitioner, and the client hiring the petitioner for the purpose of the litigation—would all be implicated. In the example, even if the reverse patent troll shields their clients through business restructuring and layering of control, the weight of the factors would indicate that the unnamed client is an RPI.

Additionally, the change to the court's standard for proving whether an unnamed party is an RPI should include an adjustment of what is considered persuad-

²⁷¹ See discussion *supra* Part V(C).

²⁷² See, e.g., NOF Corporation v. Nektar Therapeutics, IPR2019-01394, Paper 22 (PTAB Feb. 5, 2020); IPR2019-01397, Paper 24 (PTAB Feb. 10, 2020).

²⁷³ Applications in Internet Time, LLC v. RPX Corp., 897 F.3d 1336, 1342–43 (Fed. Cir. 2018).

²⁷⁴ See *Taylor* v. Sturgell, 553 U.S. 880, 888 (2008) (displaying a functionalist framework).

²⁷⁵ See *id.* (laying out the factors for identifying a real party in interest, although not in the context of an IPR proceeding).

ing per the burden of proof. Under the current RPI requirement's treatment by the court, the petitioner has the burden of persuasion to show that the RPis listed in the petition are accurate.²⁷⁶ As it stands, the petitioner may supply sworn affidavits and documentary evidence to show that the RPis listed in the petition are accurate.²⁷⁷ While this burden utilizes the appropriate standard of proof and is correctly placed upon the petitioner, there must be a modification as to what the court considers to constitute persuasive evidence.²⁷⁸ Since the court is already well-aware of reverse patent trolls²⁷⁹—non-practicing entities that work to shield their interested clients through a layering of control—certain evidence, such as affidavits declaring that the clients are not exercising direct control of the proceedings, should not be given persuasive weight.

C. Repercussions for Failure to Name

The repercussions for failure to name an RPI are the main cause of many of the harms associated with petitioners and patentees involved in IPR proceedings.²⁸⁰ As the current requirements stand, failure to name an RPI in the petition results in the denial of the entire petition.²⁸¹ Thus, the failure to include one sentence in a sixty-page petition statutorily bars the PTAB from considering any part of the petition.²⁸² While certain instances have led to exceptions, wherein the missing RPI was allowed to be added to the petition without an outright denial, this exception is currently far from a standard.²⁸³ While the RPI requirement serves a necessary function, the current penalties are overly severe, as demonstrated by the extreme measures petitioners are willing to take to avoid the penalties.²⁸⁴

Thus, rather than simply allowing a minimally utilized exception to add the RPI, the statute should explicitly allow the petitioner to amend the IPR petition as a matter of first recourse. Allowing amendment of the petition, for all instances where the patentee asserts that the petitioner failed to name an RPI, would remove the denial of a costly and time-consuming petition. At the same time, this standard would still maintain the balance between petitioners and patentees by holding all parties to the time-bar limitation and binding all parties to the estoppel effects.

Critics of this standard could, and would likely, argue that allowing petitioners

²⁷⁶ *Worlds Inc. v. Bungie, Inc.*, 903 F.3d 1237, 1241–43 (2018).

²⁷⁷ 37 C.F.R. § 1.131.

²⁷⁸ See *In re Schaub*, 537 F.2d 509, 509 (CCPA 1976) (noting that test is whether the facts set out in the affidavit are such as would persuade one skilled in the art that the applicant possessed so much of the invention as is shown in the reference or activity).

²⁷⁹ See, e.g., *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1336 (Fed. Cir. 2018).

²⁸⁰ See discussion *supra*, Part III(A), IV(A).

²⁸¹ See 35 U.S.C. § 312(a)(2) (only allowing the petition to be considered if all RPis are named).

²⁸² See, e.g., *Sirius XM Radio, Inc. v. Fraunhofer-Gesellschaft zur Förderung der angewandten Forschung e. V.*, IPR2018-00681 (PTAB Sept. 6, 2018).

²⁸³ See, e.g., *Mayne Pharma Int'l Pty. Ltd. v. Merck Sharp & Dohme Corp.*, 927 F.3d 1232, 1237–40 (Fed. Cir. 2019).

²⁸⁴ See discussion *supra*, Part III(B).

to add unnamed RPIs to amended petitions without facing repercussions for failure to name in the first place will incentivize petitioners not to name RPIs. Such an argument would assert that a petitioner would not face repercussions for leaving off an RPI, would simply push a burden onto the patentee, and would benefit if the patentee failed to notice any RPIs that should have been named. However, to combat these fears, the rule should be modified in parallel to the current standard for correcting named inventors on patents.²⁸⁵ Such a rule would allow the Director to correct the petition, so long as the petition is not deemed “uncorrectable” based on facts indicating inequitable conduct, laches, equitable estoppel or the like.²⁸⁶ It is also worth noting that IPR petitions—along with all actions and filings in front of the USPTO—must be practiced in good faith.²⁸⁷ As an effort to protect against the manipulation of the revised RPI requirement, making parallel requirements for naming RPIs in IPR proceedings and correcting named inventors on issued patents would explicitly alert the petitioner that willful failure to name a known RPI amounts to a violation of the duty of candor owed to the USPTO and will prohibit a Director from allowing the change.

D. Congressional Implementation

Although the Federal Circuit has already attempted to fix the problems associated with the RPI requirement, the fact that decisions of the courts have resulted in minimal remedies is indicative of a need for more than simply case law changes to the RPI requirement. Indeed, the changes to the RPI requirement that are needed to overcome the harms to both petitioners and patentees involve action from both the judicial and legislative branches of the government. While this paper has explained the proposed test for the judiciary—and administrative courts—to adopt,²⁸⁸ the final determination is how to implement the changes to the statutory repercussions in the AIA. This paper advocates for legislative action through a congressional amendment to the sections of the AIA that correspond with IPR proceedings.

The executive agency has already openly recognized that the RPI requirement could benefit from amendment.²⁸⁹ In fact, in comments made in response to a request by the Deputy Director of the USPTO in 2014²⁹⁰ and the Director of the USPTO in 2020,²⁹¹ there has been discussion of Congress taking action to amend

²⁸⁵ See 35 U.S.C. § 256 (stating when an issued patent fails to name an inventor the “Director may, on application of all the parties and assignees, with proof of the facts and such other requirements as may be imposed, issue a certificate correcting such error”).

²⁸⁶ See, e.g., *Pannu v. Iolab Corp.*, 155 F.3d 1344, 1350 (Fed. Cir. 1998).

²⁸⁷ 37 C.F.R. § 1.56 (describing the requirements of good faith and duty of candor to the USPTO).

²⁸⁸ See discussion *supra*, Part VI(B).

²⁸⁹ United States Patent and Trademark Office, Proposed Rules, 79 FED. REG. 4105, 4108 (Jan. 2014) [hereinafter Proposed Rules] (“having updated ownership information would allow the Office to: (1) Verify that a bona fide third party is making the request for inter partes review . . . as required by 35 U.S.C. 311(a).”).

²⁹⁰ Email from Wayne P. Sobon, *supra* note 182.

²⁹¹ Email from Brian Scarpelli, *supra* note 184.

the RPI requirement to protect patentees from the harms discussed in this paper. However, the current congressional proposals focus on providing an open-ended definition of an RPI.²⁹² Such a proposed definition includes terms like “attributable owner” and “hidden beneficial owners,” which are directly aimed at preventing reverse patent trolls from hiding their clients as RPIs.²⁹³ While these definitions seem beneficial, ultimately the provision of a definition of an RPI and examples of potential RPIs will not address the underlying problems that cause harm to the IPR process. Thus, Congress should enact a change that will have the ability to correct the problems that are ongoing within IPR petitions and proceedings; specifically, Congress should amend the IPR-related provisions in the manner outlined above²⁹⁴ to act as a forward-looking prevention from further abuses of the patent system.

VII. Conclusion

The current RPI requirement tied to IPR proceedings presents courts with challenging legal questions about how to hold petitioners accountable without imposing too heavy of a burden. The increased circumvention of the requirement, through tactics such as hiding RPIs, has resulted in an unclear test on how to determine whether an unnamed party constitutes an RPI. As petitioners turn to the post-grant proceeding of IPR for patent litigation at an exponential rate, it is increasingly important to clarify the RPI requirement and evaluate whether the current framework coincides with the desired goals of IPRs within the patent scheme. The numerous hardships that petitioners and patentees alike face while entering the process of an IPR proceeding heavily evidence the flaws of the current requirement for naming RPIs. Additionally, the continued bypass of the RPI requirement and lack of beneficial changes to the IPR process following the Federal Circuit’s explicit attempt at reform display the need to amend the statutory requirements involving RPIs in IPRs.

Thus, to resolve these problems, Congress should revise the RPI requirement in respect to IPR proceedings and enact a new requirement—one that respects the functionalist view for determining whether an accused party constitutes an RPI that the Supreme Court expressed in *Taylor*. As such, rather than simply focusing on the amount of “control” the potential RPI exerts on the proceeding, Congress should statutorily include the factors that are listed in *Taylor* when viewing the relationship between the petitioner and the potential RPI.

Furthermore, in amending the RPI requirement, Congress should alter the penalty for failing to name an RPI to lessen the severity; specifically, the RPI requirement should allow for the amendment of an IPR petition to include any unnamed parties without inherently terminating the petition. As illustrated above, such a change to the repercussions faced by petitioners, would retract from the incentive to

²⁹² Proposed Rules, *supra* note 289, at 4110.

²⁹³ *Id.*

²⁹⁴ See discussion *supra*, Part VI(B), (C).

hide the RPI and discourage reverse patent trolls; especially if Congress additionally, explicitly specified that purposeful failure to name an RPI would be a violation of the duty of candor owed to the USPTO.

These statutory amendments would further the goals that the Federal Circuit expressed in its recent decisions, respect the legislative intent that was shown at the enactment of IPRs as a post-grant proceeding, and lessen the troubles faced by parties to an IPR proceeding. Since the enactment of the AIA, the RPI requirement for IPRs has troubled petitioners, patentees, and the courts; however, RPI requirements have been the subject of only minimal reform efforts. The arguments and advocations offered in this paper are meant to provide a potential avenue for substantial reform and bring to light an important struggle occurring within the patent scheme.