

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MOTOROLA MOBILITY LLC
Petitioner,

v.

Patent of MICHAEL ARNOUSE
Patent Owner.

Case IPR2013-00010
Patent 7,516,484

Before MICHAEL P. TIERNEY, JONI Y. CHANG, and JENNIFER S. BISK,
Administrative Patent Judges.

TIERNEY, *Lead Administrative Patent Judge.*

DECISION
MOTION TO WITHDRAW – 37 C.F.R. § 42.10(e)

Thomas D. Kohler and Lawrence H. Meier, counsel representing the interests of the Patent Owner, have submitted a motion to withdraw from representation (Paper 25 (“Mot.”)). According to counsel, they represent Mr. Michael Arouse, who has discharged them from further representation in connection with this *inter partes* review. Counsel state that their withdrawal from

this proceeding is mandatory under 37 C.F.R. § 10.40(b)(4). For the reasons discussed below, we are not persuaded that counsel have properly been discharged, and therefore we deny the motion as filed, without prejudice, and grant leave to file additional evidence and information in support of a renewed motion.

BACKGROUND

Mr. Arnouse is said to be the owner of the '484 patent for purposes of this proceeding. Mot. 4-7. Specifically, counsel represents that Mr. Arnouse is the named inventor of the '484 patent, and has not assigned his rights in the patent. *Id.* at 5. Counsel further states that, under the Office's rules, Mr. Arnouse is presumed to be the owner absent such an assignment. *Id.*

According to a filing in District Court, however, Mr. Arnouse has provided an exclusive license of "all substantial rights" in the '484 patent to a corporate entity, Arnouse Digital Devices ("ADD"). First Amended Complaint at 2, *Arnouse Digital Devices Corp. v. Motorola Mobility, Inc.*, No. 5:11-cv-155 (D. Vt. filed Oct. 5, 2011) (Ex. 1007) ("Complaint"). Relying on the rights conferred by the exclusive license, ADD filed suit as plaintiff against Motorola Mobility Inc. ("Motorola") in the District Court of Vermont. *Id.* In light of the averred transfer of all substantial rights in the '484 patent, therefore, a question arises in this proceeding as to whether Mr. Arnouse (who was named as the real party-in-interest in the mandatory disclosures required under our rules) or ADD has the right to participate in proceedings before the Office regarding the '484 patent. For the reasons provided below, we hold that counsel has failed to establish that Mr. Arnouse has the right to participate in the proceedings related to the '484 patent before the Office. Thus, Mr. Arnouse does not have the right to discharge counsel in this proceeding

DISCUSSION

Counsel seeks to withdraw based upon their representation of Mr. Arnouse but not of ADD. A party requesting relief in an *inter partes* review bears the burden of proof to establish that it is entitled to the requested relief. 37 C.F.R. § 42.20(c). The burden of proof is by a preponderance of the evidence. 37 C.F.R. § 42.1(d).

The Leahy Smith American Invents Act (AIA) required the Office to promulgate rules governing *inter partes* reviews. The AIA further required that the Office, in prescribing those rules, consider the effect of the rules on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely to complete the proceedings. 35 U.S.C. § 316(b).

With these Congressionally-mandated goals in mind, the Office promulgated rules requiring both the petitioner and patent owner in an *inter partes* review proceeding to identify the real parties-in-interest. 37 C.F.R. § 42.8(b)(1). Consistent with these considerations, the Office's Trial Practice Guide explains that the Board will apply traditional common-law principles in determining the real party-in-interest. Fed. Reg., Vol. 77 No. 157 (Aug. 14, 2012) at 48759. This uniformity of approach between the Federal Courts and the Office was intended to ensure that conventional principles of estoppel and preclusion would apply in both places, and that the integrity of the patent system will thus be preserved.

The question of who is the real party-in-interest when a patent is licensed has been judicially addressed in the context of standing. Thus, several Federal Circuit cases provide guidance on when an exclusive licensee has standing to sue for patent infringement in Federal Court. *See, e.g., Sicom Sys. Ltd. v. Agilent Techs., Inc.*, 427 F.3d 971 (Fed. Cir. 2005); *Prima Teck II, L.L.C. v. A-Roo Co.*, 222 F.3d 1372 (Fed. Cir. 2000). These cases hold that an exclusive licensee with

all substantial rights is the “effective patentee,” and thus meets the constitutional standing requirement to sue in its own name without mandatory joinder of the named patentee. *Sicom*, 427 F.3d at 976; *Prima Tek*, 222 F.3d at 1377. Here, by virtue of its averments of standing in the District Court, ADD has represented that it is the “effective patentee” under *Sicom*. Complaint at 2. However, before us, and contrary to their District Court representations, counsel asserts that it is Mr. Arnouse, and not ADD, that has the right to participate in proceedings before the Office. We are persuaded that the District Court rule should also apply here.

Underlying the Federal Circuit’s determination of whether the patentee is an indispensable party to an infringement lawsuit are the policy considerations of: (1) preventing the possibility of multiple suits on the same patent against a single infringer; and (2) ensuring that a patent is not invalidated or held unenforceable without the patent owner’s participation. *Evident Corp. v. Church & Dwight Co.*, 399 F.3d 1310, 1314 (Fed. Cir. 2005). A uniform approach to what entity may participate in Office proceedings is consistent with these considerations.

Moreover, a determination that the same entity that has standing to bring a patent infringement suit in District Court also has the right to participate in proceedings at the Office is consistent with Federal Rule of Civil Procedure 19, the federal joinder rule. Under Rule 19(a), a person is a required party if:

- (A) in that person’s absence, the court cannot accord complete relief among existing parties; or
- (B) that person claims an interest relating to the subject of the action and is so situated that disposing of the action in the person’s absence may:
 - (i) as a practical matter impair or impede the person’s ability to protect the interest; or
 - (ii) leave an existing party subject to a substantial risk of incurring double, multiple, or otherwise inconsistent obligations because of the interest.

Because Mr. Arnouse does not contend that he is a “required party” under Rule 19(a) in the district court litigation, it follows that Mr. Arnouse’s participation is not required to defend the patentability of the ’484 patent in proceedings before us. However, the same is not necessarily true for ADD. As the undisputed holder of “all substantial rights” in the ’494 patent, ADD and not Mr. Arnouse is the real party-in-interest.

Thus, we find that ADD and not Mr. Arnouse is the entity with the right to participate in proceedings before the Office related to the ’494 patent, including this *inter partes* review. Counsel does not provide any evidence that it has been discharged by ADD. Therefore, the motion is denied.

ORDER

In view of the foregoing, it is therefore:

ORDERED that Motion for Authorization to Withdraw as Counsel to Patent Owner is denied without prejudice;

FURTHER ORDERED that counsel shall have ten days from the entry of this Order to submit additional evidence in support of the motion and to renew the motion;

FURTHER ORDERED that because ADD is a juristic entity and therefore cannot proceed *pro se* in proceedings before the Office (37 C.F.R. § 1.31 (2012)), the renewed motion will not be considered unless it provides a designation of lead and back-up counsel for ADD as required by our rules. *See* 37 C.F.R. § 42.8(b)(3).

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