UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ZOLL LIFECOR CORPORATION
Petitioner

v.

KONINKLIJKE PHILLIPS ELECTRONICS N.V.
Patent Owner

Case IPR2013-00606 (Patent 5,593,427)
Case IPR2013-00607 (Patent 5,749,904)
Case IPR2013-00609 (Patent 5,836,978)
Case IPR2013-00612 (Patent 5,803,927)
Case IPR2013-00613 (Patent 5,735,879)
Case IPR2013-00615 (Patent 6,047,212)
Case IPR2013-00616 (Patent 5,749,905)
Case IPR2013-00618 (Patent 5,607,454)

PETITIONER ZOLL LIFECOR'S BRIEF ON WHETHER ZOLL MEDICAL CORPORATION IS A REAL-PARTY-IN-INTEREST OR IN PRIVITY WITH PETITIONER

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I. INTRODUCTION

Pursuant to the Board's January 13 Order, Petitioner hereby replies to Patent Owner's Preliminary Responses to the Petitions for *Inter Partes* Review of eight Philips patents, regarding allegations that the petitions are time-barred under 35 U.S.C. § 315(b).

Patent Owner's arguments about "real party in interest" and "privity" are simply an assertion that a parent is necessarily a real party in interest for, and in privity with, its wholly-owned subsidiary by virtue of its actual or potential control of the subsidiary. But the Board's standard is not "control," and instead follows from common law treatment of collateral estoppel. Office Pat. Trial Practice Guide, 77 Fed. Reg. 48,756 (Aug. 14, 2012).

Dismissal is improper under that standard. First, Petitioner is the sole real party in interest—it has been sued over a product with hundreds of millions of dollars in associated revenue, and it is managing and paying for the litigation and these IPRs without compensation from, or control by, another entity. Second, no privity estops Petitioner, as the two lawsuits differ in parties, accused products, and asserted claims. Indeed, Patent Owner admits no privity by keeping its suits separate, because it would be equally estopped if Petitioner and ZOLL Medical were as closely related as Patent Owner suggests. In short, Patent Owner makes no prima facie case because it fails to address the relevant standard, and the facts show in any event that 35 U.S.C. §315(b) does not bar the IPR petitions.

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II. BACKGROUND[1]

Patent Owner in 2010 sued ZOLL Medical on six of the IPR patents over external defibrillators used by rescuers (e.g., below, left). It sued Petitioner in 2012 on all eight IPR patents over a wholly different product known as the LifeVest—a defibrillator worn as a vest that triggers itself when the patient has a cardiac event:

ZOLL Medical's AED Plus

Petitioner's Lifevest

The patents relate to how a device delivers shocks, which differ between the devices here because they were developed when the companies were completely separate.

Petitioner's interest is real. It has generated hundreds of millions in revenue and high growth rates relating to the LifeVest over the past six years [LIFECOR-1017], and

[1] Petitioner initially incorrectly omitted the Massachusetts litigation in identifying related matters under 37 CFR 42.8(b)(2). That omission resulted from an innocent oversight and has since been fixed by corrected Mandatory Notices in each of the eight IPRs.

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Patent Owner has sought past and future damages, an injunction, enhanced damages, and fees and costs. [LIFECOR-1016] By contrast, ZOLL Medical has no interest in the expired '904 and '427 patents on which it was never sued, or in the expired '927 and '879 patents that Patent Owner dismissed in litigation before these IPRs were filed. And ZOLL Medical has comparatively little interest in the remaining patents because it stands accused of infringing only 5 claims compared to 92 claims asserted against Petitioner, and its liability on those is scant because the jury found no indirect infringement, and four of the five claims are methods that involve shocking a patient, which its employees do not do. [LIFECOR-1018] The companies are also very different, with Petitioner controlling its own business in general, and of the disputes with Patent Owner in particular, as discussed below.

III. PETITIONER IS THE REAL PARTY IN INTEREST

The Preliminary Response suggests that "control" is ***the test*** for "privity" and "real party in interest." *See, e.g.*, Prelim. Resp., at 4 ("According to specific guidance provide by the [PTO], such actual or potential control indicates that Zoll Medical is both a 'privy' of [Petitioner] and a 'real party in interest' in this proceeding."). Rather, the Office makes clear that "the 'real party-in-interest' is the party that desires review of the patent," the "party actually entitled to recover," Office Pat. Trial Practice Guide, 77 Fed. Reg. 48,759 (Aug. 14, 2012)— judged, not by a single factor, but by flexible Article III estoppel standards (*Id.*):

> Whether a party who is not a named participant in a given proceeding nonetheless constitutes a ''real party in interest'' or ''privy'' to that proceeding is a highly fact-dependent question. Such questions will be handled by the

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