

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

HUGHES NETWORK SYSTEMS, LLC and
HUGHES COMMUNICATIONS, INC.,

Petitioners,

v.

CALIFORNIA INSTITUTE OF TECHNOLOGY,

Patent Owner.

IPR2015-00060
Patent 7,421,032

**PETITIONERS' REPLY BRIEF REGARDING IDENTIFICATION OF
REAL PARTIES-IN-INTEREST**

I. INTRODUCTION

Patent Owner's assertion that non-parties DISH Network Corporation, DISH Network L.L.C., and dishNET Satellite Broadband L.L.C. (collectively, "DISH") are unnamed real parties-in-interest ("RPII") is based on speculation, application of an incorrect legal test, and improper reliance on factors that the Board has previously held are insufficient to create RPII status. Patent Owner fails to show that these petitions were filed at the behest of DISH, as required to find that DISH is an RPII. Inexplicably, Patent Owner makes these arguments despite failing to present *any* evidence of infringement by *any* DISH product in the district court litigation pending at the time these petitions were filed. Ex. 1070 ¶ 11; Ex. 1071. The above facts establish that only Petitioners have an interest in these trials.

At most, Patent Owner alleges privity between DISH and EchoStar (each publicly traded companies), and then to Petitioners. However, even if Patent Owner could show privity (and it cannot), neither the statute nor the rules require that the petition identify all entities in privity with the petitioner. *Cf.* 35 U.S.C. § 312(a)(2); 37 C.F.R. § 42.8(b)(1). Such a requirement was eliminated from the final version of the AIA. *See* Joe Matal, *A Guide to the Legislative History of the America Invents Act: Part II of II*, 21 Fed. Cir. Bar J. 539, 607 n.424 (2012) (Ex. 1072) ("The final public law, however, only requires identification of 'all real parties in interest.'"). Accordingly, the petitions have identified the RPII.

II. PATENT OWNER HAS FAILED TO SHOW DISH IS A REAL PARTY-IN-INTEREST

A. Real Party-In-Interest Requires Direction and Control of The Filing of The IPR Petition

The key to the RPII inquiry is “the relationship between a party and a [PTAB trial] *proceeding*; RPI does not describe the relationship between *parties*.” *Aruze Gaming Macau, Ltd. v. MGT Gaming, Inc.*, IPR2014-01288, Paper 13, at 11 (PTAB Feb. 20, 2015) (emphasis in original). Thus, “the ‘real party-in-interest’ may be the petitioner itself, and/or it may be the party or parties *at whose behest* the petition has been filed.” Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,759 (Aug. 14, 2012) (“TPG”) (emphasis added). The question is whether an unnamed party “funds *and* directs and controls an IPR” petition or whether that other party is “litigating through a proxy.” TPG at 48,760 (emphasis supplied); *Aruze Gaming* at 12. *See also RPX Corporation v. Virnetx Inc.*, IPR2014-00171, Paper 48, at 7 (PTAB June 5, 2014) (stating that petitioner “may not receive a suggestion [to challenge the patent] from another party ... and be compensated by that party for the filing” (quoting *In Re Guan et al. Inter Partes Reexam.*, 95/001,045; 2008 WL 10682851 (May 26, 2008))).

B. Real Party-In-Interest Is Not Established By Arguments Directed Merely To Elements of Privity

Critically, RPII and privity “describe distinct concepts with differing effects under the statute” *Aruze Gaming*, at 7. The legislative history of the AIA confirms that “[p]rivity is essentially a shorthand statement that collateral estoppel

is to be applied in a given case.” *See* TPG, at 48,759. The factors for determining whether collateral estoppel should be applied (and therefore establish privity) are recited in *Taylor v. Sturgell*, 553 U.S. 880 (2008). Those factors are not sufficient to show RPII status. This is so because “[t]he notion of ‘privity’ is more expansive, encompassing parties that do not necessarily need to be identified in the petition as ‘a real party-in-interest.’” TPG, at 48,759. Accordingly, Patent Owner’s argument directed to mere privity under the *Taylor* factors is insufficient to show RPII status. *See Wavemarket Inc.*, IPR2014-00199, Paper 34, at 5 (PTAB Aug. 11, 2014) (“[S]ince the notion of privity is more expansive than real party-in-interest, Patent Owner’s evidence is not sufficient . . .”).

C. The Allegations By The Patent Owner Are Facially Insufficient To Show That DISH Is A Real Party-In-Interest

A careful review of the preliminary response shows no evidence that DISH is an RPII. Patent Owner does not allege that DISH funded or contributed any financing to the filing of the Petition or contributed to the decision to file. *Cf. RPX Corp.*, IPR2014-00171, Paper 49, at 7. Instead, Patent Owner relies on a number of factors that are legally insufficient to establish RPII status.

First, Patent Owner relies on the existence of a common shareholder who acts as Chairman of both DISH and EchoStar (the corporate parent of Petitioners).¹ However, as explained in *Aruze Gaming*, a common shareholder’s “opportunity to

¹ Echostar owns over 90% of Hughes but less than 100%.

control” is insufficient in the absence of a plausible allegation that the common shareholder is the RPII. *Aruze Gaming* at 17 (“therefore, the degree to which [the common shareholder] could control this *inter partes* review is not relevant.”). That EchoStar and DISH are corporations under common control is legally insufficient to show that DISH controlled *this proceeding*. *Id.* Even if DISH *itself* had corporate control over EchoStar (which it does not), that would still be insufficient, because it did not control *these proceedings*. *See id.* at 18; *Commerce Bancshares, Inc. v. Intellectual Ventures II LLC*, IPR2014-00801, Paper 7, at 5-6 (PTAB Dec. 1, 2014) (finding corporate ownership does not “demonstrate sufficiently that [the parent] . . . exercised, or could have exercised, control over the filing of this Petition”). In short, *corporate* control is not enough to create RPII status.

Second, the purported indemnity obligation to DISH is insufficient. *See Wavemarket*, IPR2014-00199, Paper 34, at 6; *Samsung Elec. v. Black Hills Media*, IPR2014-00723, Paper 7 at 5 (PTAB Nov. 4, 2014); *Apple Inc. v. Achates Reference Pub.*, IPR2013-00080, Paper 17, at 5 (PTAB Apr. 3, 2013). Third, the sharing of counsel between Hughes and DISH in the district court (and shared counsel’s reference, in the district court, to the anticipated filing of these petitions) is insufficient. *See Aruze Gaming*, at 19-20; *Innolux Corp.*, IPR2013-00060, Paper 12, at 6-7 (PTAB May 3, 2013); *LG Display Co., Ltd. v. Innovative Display Techs. LLC*, IPR2014-01096, Paper 11, at 16-17 (PTAB Jan. 13, 2015); *In re Schlecht*, 95/001,206, Decision Dismissing Petition, at 5 (June 22, 2010) (cited by the TPG

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