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Paper No. 16
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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SIRIUS XM RADIO, INC.,
Petitioner,

v.

FRAUNHOFER-GESELLSCHAFT ZUR FÖRDERUNG DER ANGEWANDTEN FORSCHUNG E.V.,
Patent Owner.

Case IPR2018-00690
Patent 6,314,239 B1

Before JEFFREY S. SMITH, STACEY G. WHITE, and MICHELLE N. WORMMEESTER, *Administrative Patent Judges*.

SMITH, *Administrative Patent Judge*.

DECISION
Denying Institution of *Inter Partes* Review
37 C.F.R. § 42.108

I. BACKGROUND

Sirius XM Radio, Inc. ("Petitioner" or "Sirius XM") filed a Petition (Paper 1, "Pet.") requesting *inter partes* review of claims 1–15, 17–33, and 35 of U.S. Patent No. 6,314,289 B1 (Ex. 1001, "the '289 patent"). Fraunhofer-Gesellschaft zur Förderung der angewandten Forschung e.V ("Patent Owner") filed a Preliminary Response (Paper 12, "Prelim. Resp."), contending that we should deny the Petition as defective because Petitioner failed to name Sirius XM Holdings Inc. ("Holdings") and Liberty Media Corp. ("Liberty") as real parties in interest ("RPIs"). Prelim. Resp. 1–3. With our permission, Petitioner filed a Reply to Patent Owner's Preliminary Response (Paper 13, "Pet. Reply"), and Patent Owner filed a Sur-Reply (Paper 15, "PO Sur-Reply").

For the reasons explained below, we determine that Petitioner has not satisfied its burden of establishing that Holdings has been properly omitted as an RPI in this proceeding. Accordingly, we do not institute an *inter partes* review of the challenged claims.

A. Related Matters

The '997 patent is involved in *Fraunhofer-Gesellschaft zur Förderung der angewandten Forschung e.V. v. Sirius XM Radio Inc.*, 1:17-cv-00184 (D. Del. Feb. 22, 2017). Pet. 2; Paper 4, 1.

II. DISCUSSION

In accordance with 35 U.S.C. § 312(a)(2) and 37 C.F.R. § 42.8(b)(1), Petitioner identifies "Sirius XM Radio, Inc." ("Sirius XM") as the only real party-in-interest. Pet. 2. Patent Owner asserts that we should deny the Petition as defective because Petitioner should have also listed Sirius XM

Holdings Inc. ("Holdings") and Liberty Media Corporation ("Liberty") as RPIs. Prelim. Resp. 1–3.

A. Principles of Law

A petition for *inter partes* review "may be considered only if . . . the petition identifies all real parties-in-interest." 35 U.S.C. § 312(a)(2). The statutory requirement defines a "threshold issue" for substantive review of the merits of the challenges presented in the Petition. *See ZOLL Lifecor Corp. v. Philips Elecs. N. Am. Corp.*, Case IPR2013-00606, slip op. at 8 (PTAB Mar. 20, 2014) (Paper 13). A patent owner challenging a petitioner's real party-in-interest disclosure must provide sufficient evidence to show a petitioner's disclosure is inadequate. *Intellectual Ventures Mgmt., LLC v. Xilinx, Inc.*, Case IPR2012-00018, slip op. at 3 (PTAB Jan. 24, 2013) (Paper 12). When a patent owner provides sufficient evidence before institution that reasonably brings into question the accuracy of a petitioner's identification of real parties-in-interest, the overall burden remains with the petitioner to establish that it has complied with the statutory requirement to identify all real parties-in-interest. *Zerto, Inc. v. EMC Corp.*, Case IPR2014-01254, slip op. at 6–7 (PTAB Feb. 12, 2015) (Paper 32).

"Whether a party who is not a named participant in a given proceeding nonetheless constitutes a 'real party-in-interest' . . . to that proceeding is a highly fact-dependent question" with no "bright line test," and is assessed "on a case-by-case basis." Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,759 (Aug. 14, 2012) (citing *Taylor v. Sturgell*, 553 U.S. 880, 893–95 (2008) ("Practice Guide")). As explained in our Practice Guide, multiple factors relate to whether a non-party should be identified as an RPI. *Id*. These factors may include, for example, whether a

non-party exercises control over a petitioner's participation in the proceeding and whether the non-party is directing the proceeding. *Id.* at 48,759–60.

The concept of control generally means that "the nonparty has the actual measure of control or opportunity to control that might reasonably be expected between two formal coparties." *Id.* at 48,759 (citing 18A Charles Alan Wright, Arthur R. Miller & Edward H. Cooper, Federal Practice & Procedure §§ 4449, 4451 (2d ed. 2011) ("Wright and Miller")). "[T]here is no 'bright-line test' for determining the necessary quantity or degree of participation to qualify as a 'real party-in-interest' . . . based on the control concept." *Id.* (citing *Gonzalez v. Banco Cent. Corp.*, 27 F.3d 751, 759 (1st Cir. 1994). Indeed, the "measure of control by a nonparty that justifies preclusion cannot be defined rigidly." *Id.* (citing Wright & Miller § 4451). In addition, "[d]etermining whether a non-party is a 'real party in interest' demands a flexible approach that takes into account both equitable and practical considerations, with an eye toward determining whether the non-party is a clear beneficiary that has a preexisting, established relationship with the petitioner." *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1351 (Fed. Cir. 2018).

B. HOLDINGS' STATUS AS AN UNNAMED RPI

We determine Patent Owner provides sufficient evidence to reasonably bring into question the accuracy of Petitioner's identification of real parties-in-interest. Patent Owner presents undisputed evidence that Petitioner is a wholly owned subsidiary of Holdings. Prelim. Resp. 6 (citing Ex. 2005, 4). In addition, a Securities and Exchange Commission Form 10-K for 2017 states that Holdings has "no operations independent of its

subsidiary Sirius XM." Ex. 2005, 4. The names and titles for all nine of Holdings' executive officers—including the Chief Executive Officer and General Counsel—are the same as those of Sirius XM, and both entities have the same physical business address. *See* Ex. 2008, 2–3; Ex. 2007, 6. Holdings also states in its filings with the SEC that "*we* are a defendant" in a number of legal proceedings, based on lawsuits that name only Sirius XM, and not Holdings as a defendant. *See* Ex. 2005, 31–33 (emphasis added). Holdings states further "we are a defendant in . . . actions filed by . . . owners of patents." *Id.* at 34. Holdings also reported entering into and funding a settlement in certain class-action lawsuits, even though the suits were all against its wholly-owned subsidiary Sirius XM. *See* Ex. 2013, 19; Ex. 2016, 1.

We further conclude Petitioner has not met its burden to establish that it has complied with the statutory requirement to identify all RPIs. Petitioner does not challenge Patent Owner's factual allegations, but instead asserts that "Patent Owner's evidence here, at best, only 'establishes a [stock ownership] relationship between parties and does not establish a relationship between Holdings and this proceeding.'" Pet. Reply 2 (quoting *Daifuku Co. v. Murata Machinery, Ltd.*, Case IPR2015-01538, slip op. at 11 (PTAB Jan. 19, 2016) (Paper 11)). Petitioner also submits a declaration from its (and Holdings') General Counsel, asserting that Holdings has not and will not actually direct, control, or fund these proceedings. Ex. 1020 ¶¶ 12–15.

We are not persuaded by Petitioner's arguments because actual control is not the only measure for determining an unnamed RPI. *See RPX*, 897 F.3d at 1351. Instead, the RPI inquiry includes the "opportunity to control that might reasonably be expected between two formal coparties,"

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