

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

LUMINEX INTERNATIONAL CO., LTD.,
Petitioner,

v.

SIGNIFY HOLDINGS B.V.,
Patent Owner.

IPR2024-00101
Patent 10,299,336 B2

Before CHRISTOPHER M. KAISER, KEVIN C. TROCK, and
STEVEN M. AMUNDSON, *Administrative Patent Judges*.

AMUNDSON, *Administrative Patent Judge*.

DECISION
Denying Institution of *Inter Partes* Review
35 U.S.C. § 314

I. INTRODUCTION

Luminex International Co., Ltd. (“Petitioner”) filed a Petition requesting an *inter partes* review of claims 1–20 in U.S. Patent No. 10,299,336 B2 (Exhibit 1001, “the ’336 patent”) under 35 U.S.C. §§ 311–319. Paper 1 (“Pet.”). Signify Holdings B.V. (“Patent Owner”) filed a Preliminary Response. Paper 6 (“Prelim. Resp.”). Further, after receiving Board authorization to address certain issues, Petitioner filed a Preliminary Reply, and Patent Owner filed a Preliminary Sur-reply. *See* Paper 7 (Order); Paper 8 (“Prelim. Reply”); Paper 9 (“Prelim. Sur-reply”).

Under 37 C.F.R. § 42.4(a), we have authority to determine whether to institute an *inter partes* review. We may institute an *inter partes* review only if “the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” 35 U.S.C. § 314(a) (2018). The “reasonable likelihood” standard is “a higher standard than mere notice pleading” but “lower than the ‘preponderance’ standard to prevail in a final written decision.” *Hulu, LLC v. Sound View Innovations, LLC*, IPR2018-01039, Paper 29 at 13 (PTAB Dec. 20, 2019) (precedential).

After considering the Petition, the Preliminary Response, the Preliminary Reply, the Preliminary Sur-reply, and the evidence of record, and for the reasons explained below, we determine that § 315(b) bars institution because Petitioner filed the Petition more than one year after the date on which a real party in interest was served with a complaint alleging infringement of the ’336 patent. *See* 35 U.S.C. § 315(b). Hence, we deny the Petition and do not institute an *inter partes* review.

II. BACKGROUND

A. Identified Real Parties in Interest

Petitioner identifies itself as the sole real party in interest. Pet. 89. Patent Owner identifies itself as the sole real party in interest. Paper 4, 2.

B. Related Matters

Petitioner and Patent Owner identify the following civil action as a related matter involving the '336 patent: *Signify North America Corp. et al. v. Menard, Inc.*, No. 3:22-cv-00706 (W.D. Wis. filed Aug. 12, 2022) (the “Wisconsin case”). Pet. 90; Paper 4, 2; Prelim. Resp. 5–6; *see* Ex. 2003 (Complaint for Patent Infringement filed Aug. 12, 2022).

C. The '336 Patent (Exhibit 1001)

The '336 patent, titled “Configurable Lighting System,” issued on May 21, 2019, from an application filed on June 21, 2018. Ex. 1001, codes (22), (45), (54). The patent identifies that application as a continuation-in-part of an application filed on November 13, 2017 (later issued as U.S. Patent No. 10,299,335 B2 (Exhibit 1023)), that was a continuation of an application filed on February 16, 2017 (later issued as U.S. Patent No. 9,820,350 B2). Ex. 1001, 1:6–11, code (63). The '336 patent states that “the technology relate[s] generally to lighting systems and more specifically to lighting systems that can be readily configured to produce illumination of different color temperatures.” *Id.* at 1:19–22.

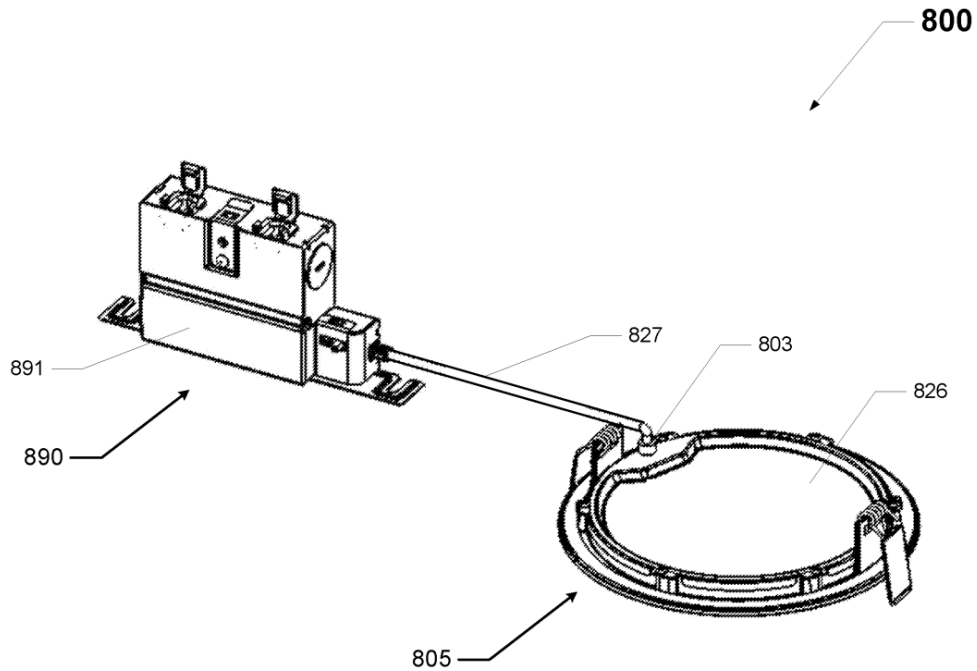
The '336 patent explains that luminaires incorporating incandescent or fluorescent technology provide some flexibility to meet user preferences through lamp selection “in terms of correlated color temperature (CCT or color temperature) and light output (lumen output).” Ex. 1001, 1:31–36. The patent also explains that “light emitting diodes (LEDs) offer substantial

potential benefit associated with their energy efficiency, light quality, and compact size.” *Id.* at 1:26–28.

According to the ’336 patent, however, “conventional light-emitting-diode-based luminaires typically offer reduced flexibility when the luminaire’s light-emitting-diode-based light source is permanently attached to the luminaire.” Ex. 1001, 1:42–45. For instance, “[s]tocking conventional light-emitting-diode-based luminaires at distribution to accommodate multiple configurations that users may desire can entail maintaining a relatively large or cumbersome inventory.” *Id.* at 1:45–49.

The ’336 patent identifies a need for a light-emitting-diode system “that can adapt to various applications, for example by delivering multiple color temperatures, multiple lumens, and/or multiple photometric distributions” so that “a single luminaire [may] be stocked at distribution and then quickly configured according to application parameters and deployment dictates.” Ex. 1001, 1:50–57. The ’336 patent endeavors to address that need by providing a luminaire including a housing, an electrical cable, and a switch coupled to the electrical cable with the switch “disposed remotely from the housing.” *Id.* at code (57). Additionally, the switch has “multiple positions” such that “each position of the switch corresponds to a discrete correlated color temperature (CCT) output by one or more light sources of the luminaire.” *Id.*

The '336 patent's Figure 8 (reproduced below) depicts a luminaire "currently known in the art":



**FIG. 8
(PRIOR ART)**

Figure 8 illustrates "currently known" luminaire 800 with the following components:

- low-profile housing 805 having wiring aperture 803 in cover 826;
- electrical cable 827 extending through wiring aperture 803 in cover 826 and including "one or more electrical conductors to transfer power, control, communication, data, and/or any other type of electrical signals"; and
- junction box 890 located remotely from housing 805 and including "one or more walls 891 to enclose one or more electrical components (e.g., a driver)."

Ex. 1001, 3:24–25, 10:66–11:9, Fig. 8. The “electrical cable 827 electrically couples one or more electrical components in the junction box 890 with one or more electrical components in or on the housing 805,” such as light sources. *Id.* at 11:9–12, 11:17–20, Fig. 8.

The '336 patent's Figure 9B (reproduced below) depicts a luminaire with a switch according to “certain example embodiments”:

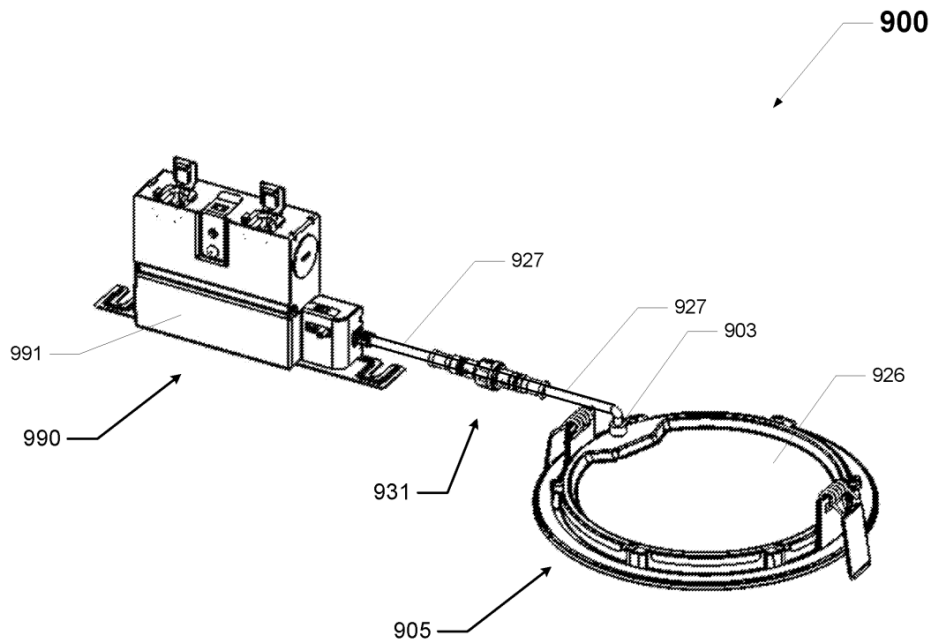


FIG. 9B

Figure 9B illustrates luminaire 900 with the following components:

- low-profile housing 905 having wiring aperture 903 in cover 926;
- electrical cable 927 extending through wiring aperture 903 in cover 926 and including “one or more electrical conductors to transfer power, control, communication, data, and/or any other type of electrical signals”;
- switch 931 located “outside of the housing 905” and “in-line with the electrical cable 927”; and

- junction box 990 located remotely from housing 905 and including “one or more walls 991 to enclose one or more electrical components (e.g., a driver).”

Ex. 1001, 3:26–27, 11:30–38, 11:44–47, 11:63–66, 12:21–23, Fig. 9B.

Luminaire 900 in Figure 9B “is substantially the same as” luminaire 800 in Figure 8 except that luminaire 900 “includes the example switch 931.” *Id.* at 11:25–29.

Housing 905 of luminaire 900 “can be installed in or on any of a number of structure members (e.g., drywall that forms a ceiling, a ceiling tile)” with junction box 990 “located behind the ceiling.” Ex. 1001, 11:42–45. When housing 905 “is mounted in its installed location (e.g., the ceiling), the entire electrical cable 927 (and so also the switch 931) is behind the structure member (e.g., ceiling) and is inaccessible.” *Id.* at 11:51–56. When housing 905 “is removed from its installed location, the junction box 990 and the electrical cable 927 (and so also the switch 931) can be accessible.” *Id.* at 11:58–60.

Switch 931 “can have one or more coupling features (e.g., terminal points) that are used to couple to one or more electrical conductors of one or more electrical cables 927.” Ex. 1001, 11:67–12:3. Switch 931 “can have an actuator having multiple positions” and “a range of selections that are either continuous or discrete.” *Id.* at 12:3–5, 12:16–17.

The ’336 patent explains that a luminaire “can comprise a 3,000 K group of light emitting diodes and a 4,000 K group of light emitting diodes.”¹ Ex. 1001, 3:57–59. If so, the luminaire can deliver (1) 3,000 K

¹ “K represents Kelvin which is a measure of temperature similar to Fahrenheit and Celsius.” Ex. 1004 ¶ 32.

illumination when “only the 3,000 K group is on,” (2) 4,000 K illumination when “only the 4,000 K group is on,” and (3) 3,500 K illumination when “the 3,000 K group and the 4,000 K group are both on.” *Id.* at 3:59–63. Further, if “the 4,000 K group of light emitting diodes is concurrently operated at a low lumen output and the 3,000 K group is operated at a high lumen output, the luminaire may deliver illumination of another selected color temperature, for example 3,100 K.” *Id.* at 3:63–67.

D. The Challenged Claims

The ’336 patent includes 20 claims as follows:

- independent claim 1 for a “luminaire”;
- claims 2–12 that depend directly or indirectly from claim 1;
- independent claim 13 for a “switch for controlling a correlated color temperature (CCT) of light emitted by a luminaire”; and
- claims 14–20 that depend directly or indirectly from claim 13.

Ex. 1001, 14:31–16:27. Petitioner challenges all 20 claims in the ’336 patent. Pet. 15–89.

Claims 1 and 13 exemplify the challenged claims and read as follows (with formatting added for clarity and with bracketed numbers and letters added for reference purposes):²

1. A luminaire comprising:
 - [1a] a housing comprising at least one outer surface that forms a first cavity;

² We use the same numbers and letters that Petitioner uses to identify the claim language. *See* Pet. 23–30, 40–45.

[1b] at least one electrical component disposed, at least in part, within the first cavity;

[1c] an electrical cable comprising a first end and a second end, wherein the first end is coupled to the at least one electrical component; and

[1d] a switch coupled to the electrical cable, wherein the switch is disposed remotely from the housing,

[1e] wherein the switch has a plurality of positions, wherein each position of the plurality of positions of the switch corresponds to a discrete correlated color temperature (CCT) output by one or more light sources of the luminaire.

13. A switch for controlling a correlated color temperature (CCT) of light emitted by a luminaire, the switch comprising:

[13a] a body;

[13b] at least one first coupling feature disposed on the body, wherein the at least one first coupling feature is configured to electrically couple to an electrical cable of the luminaire; and

[13c] an actuator disposed on the body, wherein the actuator has a range of positions,

[13d] wherein each position of the range of positions of the actuator corresponds to a CCT of the light emitted by the luminaire.

Ex. 1001, 14:31–45, 15:21–16:5.

E. The Asserted References

For its challenges, Petitioner relies on the following references:

Name	Reference	Exhibit
Chaimberg	US 10,234,091 B1, issued March 19, 2019 (based on an application filed April 27, 2018)	1003
Roberge	US 7,178,941 B2, issued February 20, 2007 (based on an application filed May 5, 2004)	1011

Name	Reference	Exhibit
Halliwell	US 9,801,250 B1, issued October 24, 2017 (based on an application filed September 23, 2016)	1012
Reiff	US 7,192,160 B2, issued March 20, 2007 (based on an application filed July 12, 2004)	1013

Pet. 15–89. Petitioner asserts that each reference qualifies as prior art “under at least 35 U.S.C. § 102(a)(2).” *Id.* at 16, 47, 60, 82; *see* 35 U.S.C. § 102(a)(2).³

At this stage of the proceeding, Patent Owner does not dispute that each reference qualifies as prior art. *See, e.g.*, Prelim. Resp. 9–34.

F. The Asserted Challenges to Patentability

Petitioner asserts the following challenges to patentability:

Claim(s) Challenged	35 U.S.C. §	Reference(s)/Basis
1, 3, 6–9, 11–13, 15, 17–19	102 or 103	Chaimberg
2, 4, 5, 10, 14, 16, 20	103	Chaimberg, Roberge
1, 2–5, 7, 9–13, 15, 16, 19, 20	102 or 103	Halliwell

³ The Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112-29, 125 Stat. 284 (2011), amended 35 U.S.C. § 102 and § 103 effective March 16, 2013. Petitioner contends that the challenged claims are “entitled to a priority date no earlier than” the June 21, 2018, filing date for the continuation-in-part application that issued as the ’336 patent. *See* Pet. 16, 18–23, 60. Patent Owner bears the burden of establishing the benefit of priority based on an earlier filed application. *See, e.g., In re Magnum Oil Tools Int’l, Ltd.*, 829 F.3d 1364, 1376 (Fed. Cir. 2016); *Dynamic Drinkware, LLC v. Nat’l Graphics, Inc.*, 800 F.3d 1375, 1380 (Fed. Cir. 2015). At this stage of the proceeding, Patent Owner does not contend that the challenged claims are entitled to a priority date earlier than June 21, 2018. *See, e.g.*, Prelim. Resp. 9–34. Thus, this decision refers to the post-AIA versions of § 102 and § 103.

Claim(s) Challenged	35 U.S.C. §	Reference(s)/Basis
13, 15	102 or 103	Reiff

Pet. 15–89.

G. Testimonial Evidence

To support its challenges, Petitioner relies on the declaration of J. Gary Eden, Ph.D. (Exhibit 1004). Dr. Eden states, “I received the B.S. degree in Electrical Engineering from the University of Maryland (College Park) in 1972, the M.S. degree in Electrical Engineering in [sic] from the University of Illinois (Urbana) in 1973, and the Ph.D. degree in Electrical Engineering from the University of Illinois in 1976.” Ex. 1004 ¶ 6.

At this stage of the proceeding, Patent Owner does not introduce testimonial evidence concerning the patentability issues.

III. STATUTORY BARS TO INSTITUTION

A. Introduction

The Leahy-Smith America Invents Act (“AIA”) precludes institution of an *inter partes* review under certain circumstances. 35 U.S.C. § 315(a)–(b); *see* 37 C.F.R. § 42.101(a)–(b) (2023).

First, § 315(a), titled “Infringer’s Civil Action,” bars institution of an *inter partes* review “if, before the date on which the petition for such a review is filed, the petitioner or real party in interest filed a civil action challenging the validity of a claim of the patent.” 35 U.S.C. § 315(a)(1); *see* 37 C.F.R. § 42.101(a). But § 315(a) provides that “[a] counterclaim challenging the validity of a claim of a patent does not constitute a civil action challenging the validity of a claim of a patent for purposes of this subsection.” 35 U.S.C. § 315(a)(3).

Second, § 315(b), titled “Patent Owner’s Action,” bars institution of an *inter partes* review “if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent.” 35 U.S.C. § 315(b); *see* 37 C.F.R. § 42.101(b). But § 315(b) provides that the one-year time bar to institution “shall not apply to a request for joinder” under § 315(c). 35 U.S.C. § 315(b)–(c); *see* 37 C.F.R. § 42.122(b). This proceeding does not involve a request for joinder.

B. Background

On August 12, 2022, Patent Owner filed a complaint alleging that Menard, Inc. (“Menard”) infringed the ’336 patent and five other patents by importing, offering to sell, and selling various products marketed under the “Patriot Lighting,” “MasterForce,” and “Smart Electrician” brands. *See* Ex. 2003 ¶¶ 1, 4, 21–54, 85–166. Among other things, Patent Owner identified nonlimiting examples of the accused products by their stock-keeping-unit (SKU) numbers. *See, e.g., id.* ¶¶ 27–51. On August 26, 2022, Patent Owner served the complaint on Menard. Ex. 2004, 1.

On October 14, 2022, Menard answered Patent Owner’s complaint against Menard. *See* Ex. 3002. In its answer, Menard denied Patent Owner’s infringement allegations. *Id.* at 8–14 (¶¶ 85–166). Menard asserted various affirmative defenses, including noninfringement and “all available defenses” under § 271 (“Infringement of patent”), § 283 (“Injunction”), § 284 (“Damages”), and § 285 (“Attorney fees”). *Id.* at 15–16 (¶¶ 1–17). In its affirmative defenses, Menard did not reference § 282 (“Presumption of validity; defenses”). *Id.* In its affirmative defenses, Menard asserted that “Menard’s suppliers will indemnify and defend

Menard in this action.” *Id.* at 15 (¶ 11). Menard did not assert a counterclaim seeking a declaratory judgment of noninfringement or invalidity for any of the patents in suit. *See id.* at 16–17 (Prayer for Relief).

On October 27, 2022, Menard filed a third-party complaint. *See* Ex. 2001. In its third-party complaint, Menard asserted that “[t]his is an action for indemnity” against the third-party defendants for claims brought by Patent Owner against Menard. *Id.* ¶ 1. Menard denied liability to Patent Owner. *Id.* ¶ 3. But Menard asserted that “if held liable, Menard is entitled to indemnification” by the third-party defendants. *Id.* As third-party defendants, Menard identified Petitioner and twelve other entities. *Id.* ¶¶ 5–17.

Regarding Petitioner, Menard alleged as follows in its third-party complaint:

- Menard and Petitioner “are parties to a Menards Customer Returns, Defective Goods Policy and Conditions of Order Agreement.”
- “The Agreement requires [Petitioner] to indemnify, defend and hold harmless Menard from and against any claims, litigation, or suits.”
- “The Agreement requires [Petitioner] to indemnify or defend as a matter of first defense and payment, not as a matter of reimbursement.”
- Petitioner “agreed to defend, indemnify and hold Menard harmless from and against all claims of any actual or alleged violation or infringement of any intellectual property right, including patent infringement arising from Menard’s use, sale or offering for sale of any goods provided by [Petitioner]. Conditions of Order, Paragraph 6.”

- Certain accused products identified in Patent Owner’s complaint against Menard “were supplied to Menard by [Petitioner] and are subject to the Agreement, including the indemnification obligations stated above.”
- “Menard denies any liability to [Patent Owner], but Menard is currently suffering harm at least in the form of ongoing costs of defense that are cognizable under the Agreement.”
- “To the extent [Patent Owner’s] allegations are based on use or sale of goods provided by [Petitioner] to Menard under the Agreement, Menard is entitled to complete indemnification by [Petitioner] for all costs of defense and expenses incurred in defending against [Patent Owner’s] claims and any judgment payable to [Patent Owner] on such claims.”

Ex. 2001 ¶¶ 24–26, 28–29, 32–35; *see id.* ¶ 21.

On February 27, 2023, Petitioner answered Menard’s third-party complaint against Petitioner. *See* Ex. 2002. In its answer to Menard’s third-party complaint, Petitioner acknowledged that it and Menard are “parties to a Menards Customer Returns, Defective Goods Policy and Conditions of Order Agreement” and that it supplies accused products to Menard under the Conditions of Order Agreement. *Id.* at 5, 8–9 (¶¶ 21, 24–25, 32–33, 35). Petitioner also acknowledged that the Conditions of Order Agreement states that Petitioner “shall defend, indemnify, and hold Menard harmless from and against all claims, damages, and/or expense(s)” on account of “any actual or alleged violation or infringement of any intellectual property right, foreign or domestic, including but not limited to any patent . . . infringement arising from Menard’s use, sale or offering for sale of any goods covered by the purchase order and/or services provided by” Petitioner. *Id.* at 6–7 (¶¶ 26, 28–29).

In its answer to Menard’s third-party complaint, Petitioner asserted that “[t]o the extent that [Petitioner] is liable for any costs of defense and expense incurred by Menard in defending against [Patent Owner’s] claims and any judgment payable to [Patent Owner] on such claims, [Petitioner] would be liable only for expenses or costs related to products supplied to Menard” by Petitioner. Ex. 2002, 8–9 (¶ 35). Petitioner explained that it “is only liable for a proportion of [Menard’s] expenses or costs based on the proportion of products supplied to Menard by” Petitioner insofar as “any expenses or costs are applicable to all” products supplied by the third-party defendants. *Id.*

In its answer to Menard’s third-party complaint, Petitioner asserted (1) affirmative defenses to Patent Owner’s complaint against Menard and (2) crossclaims “directly against” Patent Owner. Ex. 2002, 93–102 (¶¶ 1–49); Ex. 2007, 7–8.⁴ In its crossclaims, Petitioner sought declaratory judgments of noninfringement and invalidity for each of the patents in suit, including the ’336 patent. Ex. 2002, 95–102 (¶¶ 8–49). For instance, Petitioner requested:

- (1) “a declaration by the Court that [Petitioner] has not infringed and does not infringe any claim of the ’336 Patent under any theory”; and
- (2) “a declaration from the Court that the claims of the ’336 Patent are invalid for failure to meet one or more provisions of the United States patent laws, 35 U.S.C. §§ 100 et seq., including but not limited to, one or more

⁴ For Exhibit 2007 (Third-Party Defendant Luminex International Company, Ltd.’s Opposition to Signify’s Motion to Dismiss Luminex’s Amended Crossclaims and Amended Affirmative Defenses Against Signify), we cite to the page numbers of the brief rather than the page numbers in the header.

of 35 U.S.C. §§ 101, 102, 103, 112, 115, 116, or for double patenting.”

Id. at 101–02 (¶¶ 45, 49).

On October 19, 2023, Menard filed an amended third-party complaint. *See* Ex. 3003. In its amended third-party complaint, Menard again asserted that “[t]his is an action for indemnity” against the third-party defendants for claims brought by Patent Owner against Menard and that “if held liable, Menard is entitled to indemnification” by the third-party defendants. *Id.* ¶¶ 1, 3. As third-party defendants, Menard again identified Petitioner and twelve other entities but with some changes in those other entities compared to the initial third-party complaint. *Id.* ¶¶ 5–17. The amended third-party complaint included essentially the same allegations against Petitioner as the initial third-party complaint. *Compare id.* ¶¶ 21, 23–35, *with* Ex. 2001 ¶¶ 21, 23–35.

On October 25, 2023, Petitioner filed the Petition in this proceeding challenging all 20 claims in the ’336 patent. *See* Pet. 15–89, 91.

On November 16, 2023, Petitioner answered Menard’s amended third-party complaint against Petitioner. *See* Ex. 2013. In its answer to Menard’s amended third-party complaint, Petitioner again acknowledged that it and Menard are “parties to a Menards Customer Returns, Defective Goods Policy and Conditions of Order Agreement” and that it supplies accused products to Menard under the Conditions of Order Agreement. *Id.* at 5, 8–9 (¶¶ 21, 24–25, 32–33, 35). Petitioner again acknowledged that the Conditions of Order Agreement states that Petitioner “shall defend, indemnify, and hold Menard harmless from and against all claims, damages, and/or expense(s)” on account of “any actual or alleged violation or

infringement of any intellectual property right, foreign or domestic, including but not limited to any patent . . . infringement arising from Menard’s use, sale or offering for sale of any goods covered by the purchase order and/or services provided by” Petitioner. *Id.* at 6–7 (¶¶ 26, 28–29).

In its answer to Menard’s amended third-party complaint, Petitioner again asserted that “[t]o the extent that [Petitioner] is liable for any costs of defense and expense incurred by Menard in defending against [Patent Owner’s] claims and any judgment payable to [Patent Owner] on such claims, [Petitioner] would be liable only for expenses or costs related to products supplied to Menard” by Petitioner. Ex. 2013, 8–9 (¶ 35).

Petitioner again explained that it “is only liable for a proportion of [Menard’s] expenses or costs based on the proportion of products supplied to Menard by” Petitioner insofar as “any expenses or costs are applicable to all” products supplied by the third-party defendants. *Id.*

In its answer to Menard’s amended third-party complaint, Petitioner again asserted (1) affirmative defenses to Patent Owner’s complaint against Menard and (2) crossclaims “directly against” Patent Owner, i.e., crossclaims seeking declaratory judgments of noninfringement and invalidity for each of the patents in suit, including the ’336 patent. Ex. 2013, 93–126 (¶¶ 1–119); Ex. 2007, 7–8.

On November 22, 2023, Menard and the third-party defendants, including Petitioner, served joint invalidity contentions on Patent Owner. Ex. 2011, 1, 21.⁵ The asserted challenges to patentability in this proceeding

⁵ For Exhibit 2011 (Defendant’s and the Third-Party Defendants’ Joint Initial Invalidity Contentions), we cite to the page numbers that Patent Owner applied to the exhibit.

largely overlap the joint invalidity contentions for the '336 patent. *Compare* Pet. 15–89, *with* Ex. 2011, 25–27. In particular, both proceedings include contentions that the following '336 patent claims are unpatentable/invalid on the following bases:

- (1) claims 1, 3, 7, 9, 11–13, 15, and 19 unpatentable/invalid under § 102 as anticipated by Chaimberg or § 103 as obvious over Chaimberg;
- (2) claims 1, 3–5, 7, 9, 11–13, 15, 16, and 19 unpatentable/invalid under § 103 as obvious over Halliwell; and
- (3) claims 13 and 15 unpatentable/invalid under § 103 as obvious over Reiff.

Pet. 15; Ex. 2011, 26.

C. Bar Under § 315(a)

1. PATENT OWNER'S CONTENTIONS

Patent Owner contends that § 315(a) bars institution because Petitioner's crossclaim seeking a declaratory judgment of invalidity for the '336 patent is a civil action that triggered § 315(a)'s bar to institution. Prelim. Resp. 10; *see id.* at 2–3, 15, 21. Patent Owner contends that § 315(a) contains only one exception to that bar, i.e., for a counterclaim, and that a crossclaim is not a counterclaim. *Id.* at 10–11.

As support, Patent Owner quotes the definition of “counterclaim” in Black's Law Dictionary as follows: “[a] claim presented by a defendant in opposition to or deduction from the claim of the plaintiff.” Prelim. Resp. 12 (quoting Ex. 2010, 349). Additionally, Patent Owner quotes the discussion of “crossclaim” in Black's Law Dictionary as follows: ““Crossclaims’ are litigated by parties on the same side of the main litigation, while

‘counterclaims’ are litigated between opposing parties to the principal action.” *Id.* (quoting Ex. 2010, 375).

Patent Owner contends that Petitioner’s crossclaim seeking a declaratory judgment of invalidity for the ’336 patent “was not a counterclaim because [Patent Owner] and Petitioner were not opposing parties in any action prior to Petitioner’s filing of [the] declaratory action.” Prelim. Resp. 12–13; *see id.* at 21.

Patent Owner asserts that the Federal Rules of Civil Procedure indicate that Petitioner’s crossclaim seeking a declaratory judgment of invalidity for the ’336 patent “was not a counterclaim” because:

- (1) Rule 14(a)(2), titled “Third-Party Defendant’s Claims and Defenses,” governs the claims Petitioner could have filed against Patent Owner and Menard;
- (2) Rule 14(a)(2) distinguishes between “claims” and “defenses”;
- (3) Rule 14(a)(2) permits counterclaims and crossclaims;
- (4) Petitioner filed a permissive crossclaim under Rule 14(a)(2) seeking a declaratory judgment of invalidity for the ’336 patent;
- (5) Rule 14(a)(3), titled “Plaintiff’s Claims Against a Third-Party Defendant,” governs the claims Patent Owner could have filed against Petitioner;
- (6) Rule 14(a)(3) permitted “but did not require” Patent Owner to file an infringement claim “directly against” Petitioner; and
- (7) if Patent Owner had filed an infringement claim “directly against” Petitioner (although Patent Owner did not), Rule 14(a)(3) would have allowed Petitioner to file a compulsory counterclaim seeking a declaratory judgment of invalidity for the ’336 patent.

Prelim. Resp. 12–14; Prelim. Sur-reply 3–4; *see* Prelim. Resp. 21.

Patent Owner contends that Petitioner “could have preserved its ability to file a timely Petition” by simply asserting invalidity as a defense in the Wisconsin case. Prelim. Resp. 14, 21. According to Patent Owner, other third-party defendants in the Wisconsin case asserted invalidity as a defense and did not file any counterclaims. *Id.* at 14, 21 (citing Ex. 2014, 26).

Patent Owner argues that the “Supreme Court has articulated guidelines on interpreting statutes.” Prelim. Resp. 15. First, “judicial bodies are to ‘construe a statutory term in accordance with its ordinary or natural meaning,’ absent a specialized definition in the statute.” *Id.* (quoting *Fed. Deposit Ins. Corp. v. Meyer*, 510 U.S. 471, 476 (1994)).

Second, “where the words of a statute are clear and unambiguous, the court need not inquire any further into the meaning of the statute.” Prelim. Resp. 15 (citing *Desert Palace, Inc. v. Costa*, 539 U.S. 90, 98–99 (2003)).

Third, “silence is a significant indicator of meaning, especially when Congress has consistently used particular language in similar laws.” Prelim. Resp. 17 (citing *Director, Office of Workers’ Compensation Programs v. Newport News Shipbuilding & Dry Dock Co.*, 514 U.S. 122, 130 (1995)).

Fourth, a “statutory interpretation that renders a section of the statute superfluous should be rejected.” Prelim. Sur-reply 1 (citing *Duncan v. Walker*, 533 U.S. 167, 174 (2001); *Barton v. Barr*, 140 S. Ct. 1442, 1461 (2020); *Facebook, Inc. v. Windy City Innovations, LLC*, 973 F.3d 1321, 1336 (Fed. Cir. 2020)).

Additionally, Patent Owner quotes the Supreme Court’s discussion in *Morissette v. United States* about legal terms of art used in statutes as follows:

[W]here Congress borrows terms of art in which are accumulated the legal tradition and meaning of centuries of practice, it presumably knows and adopts the cluster of ideas that were attached to each borrowed word in the body of learning from which it was taken and the meaning its use will convey to the judicial mind unless otherwise instructed. In such a case, absence of contrary direction may be taken as satisfaction with widely accepted definitions, not as departure from them.

Prelim. Resp. 16 (quoting *Morissette v. United States*, 342 U.S. 246, 263 (1952)).

Patent Owner argues that “Black’s Law Dictionary, the Federal Rules of Civil Procedure, and the statute itself demonstrate that Congress did not intend the reference to ‘counterclaim’ in § 315(a)(3) to include a ‘crossclaim.’” Prelim. Resp. 15. Specifically, Patent Owner asserts that the Federal Rules of Civil Procedure are “an appendix to Title 28” of the United States Code and apply to infringement actions under Title 28. *Id.* at 16. Patent Owner further asserts that Congress:

- (1) “distinguished counterclaims and crossclaims” in the Federal Rules of Civil Procedure; and
- (2) “has made explicitly clear” in the Federal Rules of Civil Procedure that “crossclaims and counterclaims are distinct forms of action.”

Id. at 18, 21 (citing Fed. R. Civ. P. 13–14).

Patent Owner contends that “Congress was silent as to crossclaims” in § 315(a) “despite being clear about the distinction between counterclaims and crossclaims” in the Federal Rules of Civil Procedure. Prelim. Resp. 17. Patent Owner contends that “by identifying only counterclaims as an exception” in § 315(a), “Congress clearly intended not to include crossclaims as an exception.” *Id.* at 21; *see id.* at 18. Patent Owner also

contends that because “Congress defined, in a related statute, counterclaims as distinct from crossclaims, and chose to provide an exception for only counterclaims” in § 315(a), a crossclaim may trigger § 315(a)’s bar to institution. *Id.* at 16–17.

Further, Patent Owner asserts that counterclaims and crossclaims are (1) “themselves civil actions” and (2) always filed in response in an existing civil action. Prelim. Sur-reply 1–2. Patent Owner asserts that § 315(a)’s exception for counterclaims “would be superfluous” if “responding in an existing civil action” by filing a crossclaim could not trigger § 315(a)’s bar to institution. *Id.* at 1.

2. PETITIONER’S CONTENTIONS

Petitioner contends that § 315(a) is “clear” and bars institution “only if ‘the petitioner . . . filed a civil action challenging the validity of a claim of the patent’ before filing an IPR petition.” Prelim. Reply 1 (alteration by Petitioner) (emphasis omitted) (quoting 35 U.S.C. § 315(a)(1)). Petitioner contends that § 315(a) does not apply because Petitioner “filed no such civil action.” *Id.*

Petitioner asserts that the Board “has consistently interpreted the ‘filed a civil action’ language” in § 315(a) to mean “commenced a civil action by filing a complaint.” Prelim. Reply 1 (emphasis omitted) (citing *Nokia of Am. Corp. v. IPRCom, GmbH & Co.*, IPR2021-00533, Paper 10 at 17 (PTAB Aug. 12, 2021); *Metrics, Inc., v. Senju Pharm. Co.*, IPR2014-01043, Paper 19 at 9 (PTAB Feb. 19, 2015); *Ariosa Diagnostics v. Isis Innovation Ltd.*, IPR2012-00022, Paper 20 at 5 (PTAB Feb. 12, 2013)).

Additionally, Petitioner contends that:

- (1) Patent Owner commenced the Wisconsin case by “filing a complaint against Menard”;
- (2) after Patent Owner commenced the Wisconsin case, Menard “filed a third-party complaint against Petitioner”; and
- (3) when answering Menard’s third-party complaint, Petitioner “asserted the invalidity of the ’336 patent.”

Prelim. Reply 1–2.

Petitioner asserts that by “responding in Patent Owner’s already existing civil action, Petitioner did not commence a civil action by filing a complaint.” Prelim. Reply 2. Petitioner also asserts that § 315(a) does not bar institution because Petitioner did not “commence a civil action by filing a complaint.” *Id.*

3. ANALYSIS

Because, as explained below, we determine that § 315(b) bars institution, we do not reach the question whether § 315(a) also bars institution. *See infra* § III.D.3(d)(i).

D. Bar Under § 315(b)

1. PATENT OWNER’S CONTENTIONS

Patent Owner contends that § 315(b) bars institution because (1) Petitioner filed the Petition in October 2023 more than one year after Patent Owner served Menard with a complaint for patent infringement in August 2022 and (2) Menard is “at least one of” a real party in interest and a privy of Petitioner. Prelim. Resp. 21; *see id.* at 3–4, 26. Patent Owner contends that Menard’s October 2022 third-party complaint against

Petitioner “was for indemnification not in infringement,” i.e., for “contractual indemnification.” *Id.* at 3, 22 (emphases omitted).

Patent Owner argues that Menard is a real party in interest “because it is the ‘clear beneficiary that has a preexisting, established relationship with the petitioner.’” Prelim. Resp. 25 (quoting *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1351 (Fed. Cir. 2018)); *see* Prelim. Sur-reply 4–6.

Specifically, Patent Owner asserts that “Petitioner acknowledged a contract that required it to defend Menard.” Prelim. Resp. 25; *see* Prelim. Sur-reply 6. Patent Owner asserts that Menard’s third-party complaint against Petitioner “publicly demanded” that Petitioner “take action to defend Menard against the assertion of the ’336 patent.” Prelim. Resp. 4, 27; Prelim. Sur-reply 5, 7. Patent Owner asserts that “Menard’s demand was specific to having Petitioner ‘defend as a matter of first defense and payment, not as a matter of reimbursement.’” Prelim. Resp. 25 (quoting Ex. 2001 ¶ 29); *see* Prelim. Sur-reply 5. Patent Owner asserts that Petitioner “complied with that demand by challenging the validity/patentability of the ’336 patent” in both the Wisconsin case and this proceeding. Prelim. Resp. 25; *see id.* at 4. According to Patent Owner, Menard’s demand for action “precipitated the Petition.” *Id.* at 4.

Patent Owner also asserts that:

- (1) the district court in the Wisconsin case ordered “that all discovery and proceedings about indemnification would be stayed until Menard’s liability is determined”;
- (2) the district court in the Wisconsin case ordered “Menard and the third-party defendants [including Petitioner] to coordinate a litigation strategy, acting as a united front whenever possible”; and

- (3) “Menard and Petitioner filed joint invalidity contentions” identifying “the prior art relied upon” in this proceeding.

Prelim. Resp. 6 (citing Ex. 2008, 5; Ex. 2011, 24–268); *see* Prelim. Sur-reply 5, 7.

Additionally, Patent Owner asserts that Menard and Petitioner “share the same interest in the district court litigation involving the same challenged patent and same prior art.” Prelim. Resp. 26. Patent Owner asserts that Petitioner’s explanation that the Wisconsin case “only covers [] products as packaged/sold under Menard’s brand” means that “the only entity actually accused of selling infringing products is Menard.” Prelim. Sur-reply 5 (alteration by Patent Owner) (emphasis omitted) (quoting Prelim. Reply 4). Patent Owner asserts that an unpatentability determination in this proceeding would benefit Menard in the Wisconsin case. *Id.* (citing *Ventex Co. v. Columbia Sportswear N. Am., Inc.*, IPR2017-00651, Paper 152 at 8–9 (PTAB Jan. 24, 2019) (precedential)). Patent Owner also asserts that Petitioner and Menard “are jointly acting in Menard’s interest” in the Wisconsin case. *Id.*

Regarding Menard as a privy of Petitioner, Patent Owner argues that any of the following factors may “support a showing of privity”:

- (1) “an agreement between the parties to be bound”;
- (2) “pre-existing substantive legal relationships between the parties”;
- (3) “adequate representation by the named party”;
- (4) “the non-party’s control of the prior litigation”;
- (5) “where the non-party acts as a proxy for the named party to relitigate the same issues”; and

- (6) “where special statutory schemes foreclose successive litigation by the non-party (e.g., bankruptcy and probate).”

Prelim. Resp. 26–27. Patent Owner asserts that Menard and Petitioner satisfy factors (2) and (5). *Id.* at 27.

For factor (2), Patent Owner asserts that there is a “pre-existing legal agreement” between Menard and Petitioner “governing the exclusive products accused of infringement.” Prelim. Resp. 27. Patent Owner asserts in the “pre-existing legal agreement” between Menard and Petitioner “one party agreed to indemnify and defend the other.” *Id.*

For factor (5), Patent Owner asserts that Menard and Petitioner have interests that are “aligned” and that this proceeding will “directly benefit” Menard. Prelim. Resp. 27. Patent Owner also asserts that “Menard has publicly demanded Petitioner to take action.” *Id.* Patent Owner further asserts that filings in the Wisconsin case “demonstrate that Petitioner is unquestionably defending Menard from the ’336 patent in the district court and, thus, is also a ‘proxy’ for Menard” in this proceeding. *Id.*

2. PETITIONER’S CONTENTIONS

Petitioner contends that Menard is not a real party in interest because Menard did not:

- (1) request that “Petitioner file an IPR petition challenging the ’336 patent”;
- (2) “control Petitioner’s decision to file for IPR”;
- (3) “coordinate with Petitioner in filing this IPR”;
- (4) “fund this IPR”;
- (5) “have any input on the arguments included in” the Petition;

- (6) communicate with Petitioner concerning the Petition's substance; or
- (7) play any role "at all" in this proceeding.

Prelim. Reply 2–4; *see id.* at 5. Petitioner also contends that "Menard will have no input on Petitioner's actions in this IPR." *Id.* at 3.

Further, Petitioner asserts that it:

- (1) "acted of its own accord, and not at Menard's behest, in filing the IPR Petition";
- (2) "never communicated with Menard regarding the substance of the IPR petition";
- (3) "never told Menard why the IPR petition would be filed";
- (4) "is not acting as a proxy for Menard because Petitioner filed this IPR through its own counsel, at its own cost, to assert its own interests";
- (5) "filed this IPR to invalidate the '336 patent and avoid any potential infringement liability in its manufacture and sale of the allegedly infringing devices to various customers"; and
- (6) "owns a comprehensive CCT [correlated color temperature] tuning patent portfolio (e.g., U.S. 9,345,112, discussed in the Petition at 7–10) which it vigorously defends, including by invalidating later-filed patents asserted against its products, like the '336 patent."

Prelim. Reply 3–4.

Petitioner explains that it "has many customers for the accused products" and that the Wisconsin case "only covers Petitioner's products as packaged/sold under Menard's brand." Prelim. Reply 4 (emphases omitted). According to Petitioner, "a holding for Menard, or a settlement between Menard and Patent Owner would not clear Petitioner to sell identical

products to other customers or under its own brand,” but this proceeding “would clear Petitioner to sell such products to other customers, which is Petitioner’s primary interest.” *Id.* at 4–5 (emphases omitted). Petitioner asserts that its interests “are not aligned with Menard’s.” *Id.* at 5.

Additionally, Petitioner contends that “an indemnification agreement, without a showing of control, does not establish a party as an RPI.” Prelim. Reply 5–6 (citing *Wi-Fi One, LLC v. Broadcom Corp.*, 887 F.3d 1329, 1341 (Fed. Cir. 2018); *ASSA ABLOY AB v. CPC Patent Techs. PTY, Ltd.*, IPR2022-01094, Paper 19 at 24 (PTAB Feb. 2, 2023)).

Regarding Menard as a privy of Petitioner, Petitioner asserts that it and Menard “are distinct and unrelated entities with a standard customer-manufacturer relationship” with each entity “represented by independent counsel.” Prelim. Reply 6. Petitioner asserts that it is not a proxy for Menard because it is (1) “just one of 15 suppliers that Menard sued under the same boilerplate supply agreement” and (2) “asserting its own interests rather than acting at the behest of Menard.” *Id.* at 6–7. According to Petitioner, any “benefits to Menard” resulting from this proceeding are “incidental.” *Id.* at 7; *see id.* at 4.

Petitioner asserts that “[w]hile Petitioner and Menard (and the 14 other suppliers) share a common desire to invalidate the ’336 patent, their relationship is not sufficiently close to support a finding of privity.” Prelim. Reply 6. According to Petitioner, “a common desire among multiple parties to see a patent invalidated, without more, does not establish privity.” *Id.* at 6–7 (quoting *WesternGeco LLC v. ION Geophysical Corp.*, 889 F.3d 1308, 1321 (Fed. Cir. 2018)).

3. ANALYSIS

(a) Legal Framework: Burden and Purpose

A petitioner bears the burden of persuasion to demonstrate that § 315(b) does not bar institution based on a complaint served on a real party in interest or privy of the petitioner more than one year before petition filing. *Worlds Inc. v. Bungie, Inc.*, 903 F.3d 1237, 1242 (Fed. Cir. 2018); *Ventex Co. v. Columbia Sportswear N. Am., Inc.*, IPR2017-00651, Paper 152 at 4–5 (PTAB Jan. 24, 2019) (precedential). The Board generally accepts a petitioner’s initial identification of the real parties in interest “unless and until disputed by a patent owner.” *Worlds*, 903 F.3d at 1242; *see id.* at 1245–46.

The “mere assertion” that a nonparty is “an unnamed real party in interest, without any support for that assertion, is insufficient to put the issue into dispute.” *Worlds*, 903 F.3d at 1244. Instead, “a patent owner must produce *some* evidence that tends to show that a particular third party should be named” as a real party in interest or privy of the petitioner. *Id.* (emphasis in original). If the patent owner does so, the Board determines whether the petitioner has satisfied “its burden to demonstrate that its petition was not time-barred.” *Id.* at 1246.

Congress included the terms “real party in interest” and “privy” in § 315 to serve two related purposes:

- (1) “to ensure that third parties who have sufficiently close relationships with IPR petitioners would be bound by the outcome of instituted IPRs under § 315(e), the related IPR estoppel provision”; and
- (2) “to safeguard patent owners from having to defend their patents against belated administrative attacks by related parties via § 315(b).”

Applications in Internet Time, LLC v. RPX Corp., 897 F.3d 1336, 1350 (Fed. Cir. 2018) (“*AIT*”); *see Ventex*, IPR2017-00651, Paper 152 at 6.

“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.” PTAB Consolidated Trial Practice Guide at 13 (Nov. 2019) (“CTPG”);⁶ *see WesternGeco LLC v. ION Geophysical Corp.*, 889 F.3d 1308, 1318 (Fed. Cir. 2018); *Ventex*, IPR2017-00651, Paper 152 at 6.

(b) Legal Framework: Real Party in Interest

“Congress intended that the term ‘real party in interest’ have its expansive common-law meaning.” *AIT*, 897 F.3d at 1350–51; *see RPX Corp. v. Applications in Internet Time, LLC*, IPR2015-01750, Paper 128 at 2, 7 (PTAB Oct. 2, 2020) (precedential). “Determining 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.” *AIT*, 897 F.3d at 1351; *see Ventex*, IPR2017-00651, Paper 152 at 6; *RPX*, IPR2015-01750, Paper 128 at 6.

The real-party-in-interest analysis should consider the following:

- (1) whether a nonparty “desires review of the patent”;
- (2) “whether a petition has been filed at a nonparty’s ‘behest’”;

⁶ Available at <https://www.uspto.gov/TrialPracticeGuideConsolidated>.

- (3) “who, from a ‘practical and equitable’ standpoint, will benefit from the redress that the chosen tribunal might provide”;
- (4) “the extent to which [the nonparty] has an interest in and will benefit from [the petitioner’s] actions”; and
- (5) whether the petitioner “can be said to be representing that interest after examining its relationship with” the nonparty.

AIT, 897 F.3d at 1349, 1351, 1353; *see RPX*, IPR2015-01750, Paper 128 at 5, 7–8, 15, 20; CTPG at 14. According to the Federal Circuit, “the heart of the inquiry” concerning a real party in interest should focus on “whether a petition has been filed at a [nonparty’s] ‘behest.’” *Uniloc 2017 LLC v. Facebook Inc.*, 989 F.3d 1018, 1027–28 (Fed. Cir. 2021) (quoting *AIT*, 897 F.3d at 1351).

As an example of a real party in interest, an entity that “funds and directs and controls” an *inter partes* review constitutes a real party in interest even if that entity is not a privy of the petitioner. *Wi-Fi One, LLC v. Broadcom Corp.*, 887 F.3d 1329, 1336 (Fed. Cir. 2018); *see Uniloc 2017*, 989 F.3d at 1028; CTPG at 17. As another example, an “agent with an ownership interest in the subject matter of the suit, or one who is the trustee of an express trust or a party in whose name a contract has been made for the benefit of another, may qualify as a real party in interest.” *AIT*, 897 F.3d at 1357.

(c) Legal Framework: Privy of the Petitioner

The term “privity” expresses “the conclusion that nonparty preclusion is appropriate on any ground.” *Taylor v. Sturgell*, 553 U.S. 880, 894 n.8 (2008); *see Power Integrations, Inc. v. Semiconductor Components Indus., LLC*, 926 F.3d 1306, 1315 (Fed. Cir. 2019); CTPG at 15 (“Privity is

essentially a shorthand statement that collateral estoppel is to be applied in a given case.”). The privity analysis “seeks to determine ‘whether the relationship between the purported ‘privy’ and the relevant other party is sufficiently close such that both should be bound by the trial outcome and related estoppels.’” *WesternGeco*, 889 F.3d at 1318 (quoting *Cal. Physicians’ Serv. v. Aoki Diabetes Rsch. Inst.*, 163 Cal. App. 4th 1506, 1521 (Cal. App. 2008)); *see id.* at 1317 n.5; CTPG at 14–15. But “the reach of privity cannot extend beyond the limits of due process.” *WesternGeco*, 889 F.3d at 1319; *see Taylor*, 553 U.S. at 891.

The Supreme Court has grouped the exceptions to the rule against nonparty preclusion into six categories as follows:

- (1) “[a] person who agrees to be bound by the determination of issues in an action between others is bound in accordance with the terms of his agreement”;
- (2) “a variety of pre-existing ‘substantive legal relationship[s]’ between the person to be bound and a party to the judgment,” including but not limited to “preceding and succeeding owners of property, bailee and bailor, and assignee and assignor”;
- (3) a nonparty was “adequately represented by someone with the same interests who [wa]s a party” to an earlier litigation, such as class actions and “suits brought by trustees, guardians, and other fiduciaries”;
- (4) a nonparty “assume[d] control” over an earlier litigation and had “the opportunity to present proofs and argument”;
- (5) a nonparty acts as a “proxy” to bring suit as the “designated representative” or “agent” of a party to an earlier litigation; and
- (6) “a special statutory scheme may ‘expressly foreclos[e] successive litigation by nonlitigants . . . if the scheme

is otherwise consistent with due process,” such as
“bankruptcy and probate proceedings.”

Taylor, 553 U.S. at 893–95, 893 n.6, 900 & n.10, 905 (alterations in original). The Federal Circuit has analyzed these six categories when considering § 315(b)’s one-year time bar to institution. *See WesternGeco*, 889 F.3d at 1319–22.

Regarding a “substantive legal relationship” according to category (2), the Federal Circuit in *WesternGeco* considered a “circumscribed” indemnity provision in a purchase agreement between a manufacturer of an allegedly infringing product and its customer. *WesternGeco*, 889 F.3d at 1321. The indemnity provision did not obligate the manufacturer to (1) defend an infringement action against the customer, (2) reimburse the customer or “pay for a lawsuit,” (3) “cover any damages” for infringement awarded against the customer, or (4) “initiate an invalidity challenge.” *Id.* Instead, the indemnity provision included options for the manufacturer to “modify or replace the equipment if an infringement claim was made against” the customer. *Id.*

In *WesternGeco*, the Federal Circuit noted an absence of evidence showing “an expectation that [the manufacturer] would be responsible for stepping in, or otherwise protecting [the customer] from a patent infringement suit.” *WesternGeco*, 889 F.3d at 1321. The Federal Circuit decided that the purchase agreement did not amount to “a sufficiently-close relationship” between the manufacturer and the customer to warrant a finding of privity. *Id.* at 1321–22.

Additionally, the Federal Circuit has indicated that paying for trial expenses according to an indemnification agreement “normally does not establish privity or control.” *Wi-Fi One*, 887 F.3d at 1340.

Regarding an “agent” according to category (5), the Supreme Court in *Taylor* observed that “principles of agency law” indicate that “preclusion is appropriate only if the putative agent’s conduct of the suit is subject to the control of the party who is bound by the prior adjudication.” *Taylor*, 553 U.S. at 906 (citing 1 Restatement (Second) of Agency § 14, p. 60 (1957)).

“What constitutes ‘privity’ varies, depending on the purpose for which privity is asserted.” *Shamrock Techs., Inc. v. Med. Sterilization, Inc.*, 903 F.2d 789, 793 (Fed. Cir. 1990); see *WesternGeco*, 889 F.3d at 1317 n.5 (contrasting “privity in the context of the § 315(b) bar” from privity in the context of assignor estoppel). When considering privity in the context of assignor estoppel, the Federal Circuit noted that “an indemnification agreement, in other cases, has alone been enough to find privity.” *Intel Corp. v. U.S. Int’l Trade Comm’n*, 946 F.2d 821, 839 (Fed. Cir. 1991).

When considering privity in the context of res judicata (claim preclusion), the Federal Circuit noted that “a judgment with respect to a particular property interest may be binding on a third party based on a transfer of the property in issue to the third party after judgment.” *Int’l Nutrition Co. v. Horphag Rsch., Ltd.*, 220 F.3d 1325, 1329 (Fed. Cir. 2000). A “corollary of that principle, however, is that when one party is a successor in interest to another with respect to particular property, the parties are in privity only with respect to an adjudication of rights in the property that was transferred,” and “they are not in privity for other purposes, such as an

adjudication of rights in other property that was never transferred between the two.” *Id.* Thus, “the transfer of a particular piece of property does not have the effect of limiting rights of the transferee that are unrelated to the transferred property.” *Id.*

(d) Discussion

(i) Real Party in Interest

Based on the current record, we agree with Patent Owner that Menard is a real party in interest in this proceeding. Because Petitioner filed the Petition more than one year after the date on which Menard was served with a complaint alleging infringement of the ’336 patent, § 315(b) bars institution. Based on the current record, Petitioner fails to shoulder its burden of persuasion that § 315(b) does not bar institution. *See Worlds*, 903 F.3d at 1242; *Ventex*, IPR2017-00651, Paper 152 at 4–5.

For the real-party-in-interest analysis, we initially consider “whether a petition has been filed at a nonparty’s ‘behest,’” i.e., “the heart of the inquiry.” *Uniloc 2017*, 989 F.3d at 1027–28; *AIT*, 897 F.3d at 1351; CTPG at 14. In its third-party complaints, Menard alleged that it and Petitioner “are parties to a Menards Customer Returns, Defective Goods Policy and Conditions of Order Agreement” that requires Petitioner to “indemnify, defend and hold harmless Menard from and against any claims, litigation, or suits,” including “patent infringement arising from Menard’s use, sale or offering for sale of any goods provided by” Petitioner. Ex. 2001 ¶¶ 21, 24, 26, 28; Ex. 3003 ¶¶ 21, 24, 26, 28. Menard also alleged that the Conditions of Order Agreement requires Petitioner to “indemnify or defend as a matter of first defense and payment, not as a matter of reimbursement.” Ex. 2001 ¶ 29; Ex. 3003 ¶ 29.

In its answers to Menard’s third-party complaints, Petitioner acknowledged that it and Menard are “parties to a Menards Customer Returns, Defective Goods Policy and Conditions of Order Agreement” and that it supplies accused products to Menard under the Conditions of Order Agreement. Ex. 2002, 5, 8–9 (¶¶ 21, 24–25, 32–33, 35); Ex. 2013, 5, 8–9 (¶¶ 21, 24–25, 32–33, 35). Petitioner also acknowledged that the Conditions of Order Agreement states that Petitioner “shall defend, indemnify, and hold Menard harmless from and against all claims, damages, and/or expense(s)” on account of “any actual or alleged violation or infringement of any intellectual property right, foreign or domestic, including but not limited to any patent . . . infringement arising from Menard’s use, sale or offering for sale of any goods covered by the purchase order and/or services provided by” Petitioner. Ex. 2002, 6–7 (¶¶ 26, 28–29); Ex. 2013, 6–7 (¶¶ 26, 28–29).

Additionally, in its answers to Menard’s third-party complaints, Petitioner asserted that “[t]o the extent that [Petitioner] is liable for any costs of defense and expense incurred by Menard in defending against [Patent Owner’s] claims and any judgment payable to [Patent Owner] on such claims, [Petitioner] would be liable only for expenses or costs related to products supplied to Menard” by Petitioner. Ex. 2002, 8–9 (¶ 35); Ex. 2013, 8–9 (¶ 35). Petitioner explained that it “is only liable for a proportion of [Menard’s] expenses or costs based on the proportion of products supplied to Menard by” Petitioner insofar as “any expenses or costs are applicable to all” products supplied by the third-party defendants. Ex. 2002, 8–9 (¶ 35); Ex. 2013, 8–9 (¶ 35).

Thus, the evidence shows that:

- (1) Petitioner and Menard are parties to an agreement;

- (2) under the agreement, Petitioner supplies accused products to Menard;
- (3) the agreement includes an indemnity provision;
- (4) under the agreement, Menard made multiple demands for Petitioner to “indemnify or defend as a matter of first defense”; and
- (5) Petitioner responded to Menard’s multiple demands by, among other things, filing the Petition challenging the claims in the ’336 patent.

See Ex. 2001 ¶¶ 21, 24–26, 28–29, 32–33, 35; Ex. 2002, 5–9 (¶¶ 21, 24–26, 28–29, 32–33, 35); Ex. 2013, 5–9 (¶¶ 21, 24–26, 28–29, 32–33, 35); Ex. 3003 ¶¶ 21, 24–26, 28–29, 32–33, 35.

That Petitioner responded to Menard’s multiple demands for Petitioner to “indemnify or defend as a matter of first defense” by filing the Petition shows that the Petition was filed at Menard’s “behest.” Specifically, Menard demanded defense from infringement liability, and Petitioner responded by initiating this proceeding seeking to free Menard from infringement liability for all 20 claims in the ’336 patent. *See* Pet. 15–89.

That the asserted challenges to patentability in this proceeding largely overlap the joint invalidity contentions for the ’336 patent in the Wisconsin case shows that Menard “desires review” of the ’336 patent. *Compare* Pet. 15–89, *with* Ex. 2011, 25–27. Both the Wisconsin case and this proceeding include contentions that the following ’336 patent claims are unpatentable/invalid on the following bases:

- (1) claims 1, 3, 7, 9, 11–13, 15, and 19 unpatentable/invalid under § 102 as anticipated by Chaimberg or § 103 as obvious over Chaimberg;
- (2) claims 1, 3–5, 7, 9, 11–13, 15, 16, and 19 unpatentable/invalid under § 103 as obvious over Halliwell; and

- (3) claims 13 and 15 unpatentable/invalid under § 103 as obvious over Reiff.

Pet. 15; Ex. 2011, 26.

Further, from a “practical and equitable” standpoint, Menard will benefit from the redress that the Board might provide in this proceeding because a decision determining that the challenged claims are unpatentable would relieve Menard from liability for infringing the ’336 patent. Menard likely prefers relief from infringement liability rather than a liability determination followed by litigation about indemnification. Consistent with this, the district court in the Wisconsin case “stay[ed] discovery and all other proceedings about indemnification until liability is determined on” Patent Owner’s claims. Ex. 2008, 5. The district court did so “to prevent issues about indemnification from overwhelming other issues.” *Id.*

That Petitioner sells accused products to other customers does not diminish the potential benefit to Menard from this proceeding. The “point is not to probe” a petitioner’s interest because “it does not need any.” *AIT*, 897 F.3d at 1353; *see Ventex*, IPR2017-00651, Paper 152 at 9–10. Also, “§ 315(b) does not presume the existence of only one real party in interest—it is not an either-or proposition.” *AIT*, 897 F.3d at 1353; *see Ventex*, IPR2017-00651, Paper 152 at 9.

Additionally, after examining Petitioner’s relationship with Menard, we determine that Petitioner represents in this proceeding not only its own interest but also Menard’s interest. Petitioner and Menard have a mutual interest in establishing unpatentability/invalidity. For instance, in the Wisconsin case, Petitioner and Menard each seek to invalidate claims in the asserted patents, including the ’336 patent. *See* Ex. 2011. And as noted

above, both the Wisconsin case and this proceeding include largely overlapping unpatentability/invalidity contentions for the '336 patent. Pet. 15; Ex. 2011, 26; *see supra* § III.B. Hence, we disagree with Petitioner that its interests “are not aligned with Menard’s.” *See* Prelim. Reply 5.

Although Petitioner and Menard have a mutual interest in establishing unpatentability/invalidity, Petitioner seeks in this proceeding relief that § 315(b) bars Menard from seeking for itself. *See Ventex*, IPR2017-00651, Paper 152 at 8.

As discussed above, Petitioner cites *Wi-Fi One* and *ASSA ABLOY* to support its contention that “an indemnification agreement, without a showing of control, does not establish a party as an RPI.” *See* Prelim. Reply 5–6; *supra* § III.D.2. But *Wi-Fi One* and *ASSA ABLOY* do not support that contention.

In *Wi-Fi One*, Wi-Fi (the patent owner) argued that Broadcom (the petitioner) supplied allegedly infringing products to two nonparty Broadcom customers and that Broadcom had indemnity agreements with its customers. *Wi-Fi One*, 887 F.3d at 1334, 1338–39. Wi-Fi also argued that Broadcom’s customers were served with a complaint alleging infringement of the patent at issue more than one year before Broadcom filed its petition. *Id.* at 1334.

Wi-Fi’s arguments regarding § 315(b) centered on whether Broadcom had the opportunity to control the infringement action against its customers and whether Broadcom was in privity with its customers. *Wi-Fi One*, 887 F.3d at 1336–40. For instance, Wi-Fi asserted that Broadcom communicated and coordinated with its customers to defeat the infringement claims in the district court and that Broadcom’s actions “raise[d] serious

questions about whether Broadcom is in privity with [its customers] and is likewise time barred” from filing a petition. *Id.* at 1339.

When considering privity between Broadcom and its customers, the Federal Circuit decided that “the Board reasonably concluded that the evidence failed to show that Broadcom had sufficient control over the district court litigation to justify treating Broadcom as a virtual party to that proceeding.” *Wi-Fi One*, 887 F.3d at 1340. The Federal Circuit reasoned that “the evidence did not show that Broadcom had the right to control that litigation or otherwise participated in that litigation to the extent that it should be bound by the results.” *Id.* at 1341.

When considering whether Broadcom’s customers were real parties in interest in the proceeding before the Board, the Federal Circuit decided that “there is no evidentiary support for Wi-Fi’s theory that Broadcom was acting at the behest or on behalf of” its customers except for “Wi-Fi’s conjecture.” *Wi-Fi One*, 887 F.3d at 1340; *see id.* at 1341. Contrary to Petitioner’s contention, the Federal Circuit did not hold that “an indemnification agreement, without a showing of control, does not establish a party as an RPI.” *See id.* at 1340–41; Prelim. Reply 5–6.

In *ASSA ABLOY*, CPC (the patent owner) argued that ASSA (the petitioner) supplied allegedly infringing products to its “business partner” Apple Inc. and that an agreement between ASSA and Apple relating to the allegedly infringing products included an indemnity provision. *ASSA ABLOY AB v. CPC Patent Techs. PTY, Ltd.*, IPR2022-01094, Paper 19 at 18–19, 23–24 (PTAB Feb. 2, 2023). CPC also argued that Apple was served with a complaint alleging infringement of the patent at issue more than one year before ASSA filed its petition. *Id.* at 10.

Regarding the “business relationship” between ASSA and Apple, the Board explained that ASSA “makes products that interface with Apple products and may be sold on Apple’s website,” such as a “Yale” brand software application for locking and unlocking doors used on mobile phones sold by Apple. *ASSA ABLOY*, IPR2022-01094, Paper 19 at 15–16.

Regarding the indemnity provision in the agreement between ASSA and Apple, the Board noted that the record “contains no evidence of communications” between ASSA and Apple “relating to indemnification or obligation to indemnify” based on alleged patent infringement. *Id.* at 17–18, 24.

After noting the absence of evidence about communications concerning indemnification, the Board stated that “the Board has held repeatedly that an indemnification agreement, without something more, is insufficient to establish a RPI relationship.” *ASSA ABLOY*, IPR2022-01094, Paper 19 at 24–25 (citing *BAE Sys. Info. & Elec. Sys. Integration, Inc. v. Cheetah Omni, LLC*, IPR2013-00175, Paper 20 at 4 (PTAB July 23, 2013); *Dep’t of Justice v. Discovery Patents, LLC*, IPR2016-01041, Paper 29 at 8 (PTAB Nov. 9, 2017)). Contrary to Petitioner’s contention, the Board did not hold that “an indemnification agreement, without a showing of control, does not establish a party as an RPI.” *See id.* at 24–25, 29–30; Prelim. Reply 5–6.

Also, in contrast to *ASSA ABLOY*, the record here contains evidence (i.e., “something more”) about communications concerning indemnification: Menard’s repeated public demands for Petitioner to “indemnify or defend as a matter of first defense.” Ex. 2001 ¶ 29; Ex. 3003 ¶ 29. And Petitioner responded to Menard’s demands by, among other things, seeking a

declaration from the district court that the claims in the '336 patent are invalid and filing the Petition challenging the claims in the '336 patent. *See* Pet. 15–89; Ex. 2002, 101 (¶ 45); Ex. 2013, 121 (¶ 103).

Taking into account “practical and equitable” considerations “with an eye toward determining whether the non-party is a clear beneficiary that has a preexisting, established relationship with the petitioner,” we determine that Menard is a real party in interest in this proceeding. *See AIT*, 897 F.3d at 1351. Because Petitioner filed the Petition more than one year after the date on which Menard was served with a complaint alleging infringement of the '336 patent, § 315(b) bars institution.

(ii) Privy of the Petitioner

Because we determine that Menard is a real party in interest in this proceeding, we do not reach the question whether Menard is also a “privy of the petitioner” under § 315(b). *See supra* § III.D.3(d)(i).

IV. DISCRETIONARY DENIAL
IN VIEW OF PARALLEL LITIGATION

Under § 314(a), the Director possesses “broad discretion” in deciding whether to institute an *inter partes* review. *See* 35 U.S.C. § 314(a); *Saint Regis Mohawk Tribe v. Mylan Pharm. Inc.*, 896 F.3d 1322, 1327 (Fed. Cir. 2018). The Director is “permitted, but never compelled,” to institute an *inter partes* review. *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016). The Board decides whether to institute an *inter partes* review on the Director’s behalf. 37 C.F.R. § 42.4(a).

Patent Owner argues that we should exercise our discretion under § 314(a) to deny institution in view of the Wisconsin case. *See* Prelim. Resp. 4–5, 28–34; *supra* § II.B. Petitioner argues that we should decline to

exercise our discretion under § 314(a) to deny institution. *See* Pet. 3–5; Prelim. Reply 7.

For the reasons discussed above, we determine that § 315(b) bars institution. *See supra* § III.D.3(d)(i). Hence, we do not consider discretionary denial under § 314(a).

V. PATENTABILITY ANALYSIS

For the reasons discussed above, we determine that § 315(b) bars institution. *See supra* § III.D.3(d)(i). Hence, we do not consider unpatentability under § 102 and § 103.

VI. CONCLUSION

After considering the Petition, the Preliminary Response, the Preliminary Reply, the Preliminary Sur-reply, and the evidence of record, and for the reasons discussed above, we determine that § 315(b) bars institution because Petitioner filed the Petition more than one year after the date on which a real party in interest—Menard—was served with a complaint alleging infringement of the '336 patent. Hence, we deny the Petition and do not institute an *inter partes* review.

VII. ORDER

Accordingly, it is

ORDERED that the Petition is denied and no trial is instituted.

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