

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE OFFICE OF THE UNDER SECRETARY OF COMMERCE  
FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE  
UNITED STATES PATENT AND TRADEMARK OFFICE

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LUMINEX INTERNATIONAL CO., LTD.,  
Petitioner,

v.

SIGNIFY HOLDINGS B.V.,  
Patent Owner.

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IPR2024-00101  
Patent 10,299,336 B2

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Before KATHERINE K. VIDAL, *Under Secretary of Commerce for  
Intellectual Property and Director of the United States Patent and  
Trademark Office.*

DECISION

Director Review Supplemental Opinion

This Opinion sets forth my analysis and reasons for the determinations in my Director Review Order of August 20, 2024, in which I granted Director Review, vacated the Board's Decision denying institution, and remanded to the Board for further proceedings.

## I. INTRODUCTION

On October 25, 2023, Luminex International Co., Ltd. (“Petitioner”) filed a Petition (Paper 1, “Pet.”) requesting *inter partes* review of claims 1–20 of U.S Patent No. 10,299,336 B2 (Ex. 1001, “the ’336 patent”). Signify Holdings B.V. (“Patent Owner”) filed a Preliminary Response (Paper 6, “Prelim. Resp.”). With Patent Trial and Appeal Board (“PTAB” or “Board”) authorization (*see* Paper 7, “Order”), Petitioner filed a Preliminary Reply (Paper 8, “Prelim. Reply”) to address arguments under 35 U.S.C. §§ 315(a) and 315(b) and *Fintiv*<sup>1</sup> that Patent Owner raised in its Preliminary Response. Also with Board authorization, Patent Owner filed a Preliminary Sur-Reply (Paper 9, “Prelim. Sur-Reply”). The Board’s Order expressly authorized Petitioner to file a stipulation relevant to the *Fintiv* issues, and prohibited the parties from filing any new evidence with their briefing. Paper 7, 5.

On May 9, 2024, the Board issued a Decision (Paper 10, “Dec.”) denying institution of *inter partes* review. The Board determined that 35 U.S.C. § 315(b) bars institution on the basis that Petitioner filed the Petition more than one year after a real party in interest, Menard, Inc. (“Menard”), was served with a complaint alleging infringement of the ’336 patent. Dec. 43. Because the Board denied institution based on its finding of a 35 U.S.C. § 315(b) bar, the Board expressly did not reach two additional issues relating to statutory bars to institution: (1) whether Menard was a privy of Petitioner; and (2) whether 35 U.S.C. § 315(a) separately precludes institution because of Petitioner’s filing of “cross-claims” in

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<sup>1</sup> *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv*”).

district court. *Id.* at 23, 42. The Board also did not address the parties' arguments under *Fintiv* relating to discretionary denial in view of a parallel district court litigation, and did not address the merits of Petitioner's challenges to the claims. *Id.* at 43.

On June 6, 2024, Petitioner filed a request for Director Review (Paper 11, "DR Req." or "Director Review Request"), seeking review of the Board's real party in interest determination. DR Req. 3, Ex. 3100. I issued an Order (Paper 12, "Director Review Order") on August 20, 2024, granting Director Review, vacating the Board's Decision denying institution, and remanding to the Board for further proceedings. In the Order, I indicated that the evidence of record presently available in this case did not establish that Menard is either a real party in interest to this proceeding or a privy of Petitioner, and that 35 U.S.C. § 315(b) therefore did not bar institution of *inter partes* review. *Id.* at 5. I additionally concluded that 35 U.S.C. § 315(a)(1) did not bar institution in this case based on the "cross-claims" asserted by Petitioner in district court. *Id.* Further, I declined to exercise my discretion under 35 U.S.C. § 314(a) to deny the Petition because of a parallel district court proceeding in view of Petitioner's *Sotera*<sup>2</sup> stipulation. *Id.* (citations omitted). I explained that I would issue a subsequent decision in due course detailing my reasoning, but remanded the case to the Board to expeditiously address the merits of the grounds of unpatentability in the Petition. *Id.* at 5–6. Subsequent to my Order, on September 9, 2024, the Board issued a Decision granting institution based on determining that Petitioner had shown a reasonable likelihood that it would

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<sup>2</sup> *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 (PTAB Dec. 1, 2020) (precedential as to § II.A) ("*Sotera*").

prevail in showing unpatentability of at least one of the challenged claims of the '336 patent. *See* Paper 14 at 64.

This Supplemental Opinion sets forth my analysis and reasons for the determinations in my Director Review Order.

## II. BACKGROUND

On August 26, 2022, Patent Owner served Menard with a complaint (Ex. 2003) alleging infringement by Menard of the '336 patent and five other asserted patents. *See* Ex. 2004. The complaint asserted that Menard “is in the business of offering for sale, selling and distributing lighting products” that allegedly infringe those patents. Ex. 2003, 10–18. Menard filed an answer (Ex. 3002) to the complaint on October 14, 2022. Menard’s answer advanced numerous affirmative defenses, including “all available defenses” under 35 U.S.C. §§ 271, 283, 284, and 285, but did not assert invalidity under § 282 as a defense. *Id.* at 15–16. Menard also did not assert any counterclaims seeking declaratory judgment of invalidity of any of the asserted patents. *See generally id.* The answer averred that “Menard’s suppliers will indemnify and defend Menard in this action. The suppliers will be added to this action in due course.” *Id.* at 15.

Menard filed a third-party complaint (Ex. 2001) in the civil action on October 27, 2022, and a subsequent amended third-party complaint (Ex. 3003) on October 19, 2023. Both documents named Petitioner and twelve other entities as its suppliers and third-party defendants. *See generally* Exs. 2001, 3003.<sup>3</sup> Specifically, the third-party complaints asserted:

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<sup>3</sup> Menard identified American Lighting, Inc. and AFX, Inc. as third-party defendants in its third-party complaint, but did not name them in its

- (1) a count of indemnification and defense against each of the third-party defendants (Ex. 2001, 4–25; Ex. 3003, 4–25);
- (2) that Menard and each of the third-party defendants “are parties to a Menards Customer Returns, Defective Goods Policy and Conditions of Order Agreement” (“the Agreement”) (Ex. 2001 ¶¶ 24, 37, 50, 63, 76, 89, 102, 115, 127, 140, 152, 165, 178; Ex. 3003 ¶¶ 24, 37, 50, 63, 76, 89, 102, 115, 128, 141, 154, 167, 180);
- (3) that “the contract between Menard and the Third-Party Defendants requir[es] [that] the Third-Party Defendants defend Menard in patent litigation cases” (Ex. 2001 ¶ 21; Ex. 3003 ¶ 21); and
- (4) that each of the third-party defendants supplied allegedly infringing products to Menard that “are subject to the Agreement” (Ex. 2001 ¶¶ 33, 46, 59, 72, 85, 98, 111, 123, 136, 149, 161, 174, 187; Ex. 3003 ¶¶ 33, 46, 59, 72, 85, 98, 111, 124, 137, 150, 163, 176, 189).

According to Menard, the Agreement requires each of the third-party defendants to “indemnify, defend and hold harmless Menard from and against any claims, litigation, or suits”; and, moreover, “to indemnify or defend as a matter of first defense and payment, not as a matter of reimbursement.” Ex. 2001, 5–6, 8, 10–11, 13–14, 16–19, 21–22, 24; Ex. 3003, 5, 7–8, 10–13, 15–16, 18, 20–21, 23, 25.

On February 27, 2023, Petitioner filed an answer (Ex. 2002) to Menard’s third-party complaint, and on November 16, 2023, Petitioner filed an amended answer (Ex. 2013) to Menard’s amended third-party complaint.<sup>4</sup>

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amended third-party complaint. *Compare* Ex. 2001, 1, *with* Ex. 3003, 1–2. Additionally, Menard identified Canarm, Ltd. and Test Rite Products Corporation as third-party defendants for the first time in its amended third-party complaint. *Compare* Ex. 2001, 1–2, *with* Ex. 3003, 1–2. In the portions relevant to this proceeding, the third-party complaint and amended third-party complaint are identical in substance. *Compare, e.g.*, Ex. 2001 ¶¶ 1, 3, 21, 23–35, *with* Ex. 3003 ¶¶ 1, 3, 21, 23–35.

<sup>4</sup> Petitioner’s amended answer added greater detail to its “cross-claims” seeking declaratory judgment of invalidity of the asserted patents, including

In its answer and amended answer, Petitioner admitted that it and Menard are parties to the Agreement, but denied Menard's allegations regarding Petitioner's obligations thereunder. Ex. 2002, 5–7; Ex. 2013, 5–7.

Petitioner admitted, however, that the Agreement includes an indemnification clause. Ex. 2002, 6–7; Ex. 2013 6–7. Petitioner further represented that:

Paragraph 6 of the . . . Agreement states that [Petitioner] “shall defend, indemnify, and hold Menard harmless from and against all claims, damages, and/or expense(s) on account of . . . (b) any actual or alleged violation or infringement of any intellectual property right, foreign or domestic, including but not limited to any patent, trade secret, copyright, trademark, or trade dress violation or 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, 7 (alteration in original); Ex. 2013, 7. Petitioner also acknowledged that it has supplied allegedly infringing products to Menard, but denied that these products are subject to the Agreement. Ex. 2002, 8; Ex. 2013, 8. In its answer and amended answer, Petitioner also filed “cross-claims” against Patent Owner, seeking, among other things, declaratory judgment of invalidity and non-infringement for all six asserted patents. *See* Ex. 2002, 95–101; Ex. 2013, 101–125.

On August 31, 2023, after Menard filed its initial third-party complaint and Petitioner filed its initial answer, but before the amended pleadings were filed, the district court ordered “Menard and the third-party

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the '336 patent. *Compare* Ex. 2002, 101, *with* Ex. 2013, 120–125. In its remaining portions relevant to this proceeding, the amended answer is identical in substance to the answer. *Compare* Ex. 2002, 5–8, *with* Ex. 2013, 5–8.

defendants to coordinate a litigation strategy, acting as a united front whenever possible.” *See* Ex. 2008, 5.

Petitioner filed this Petition on October 25, 2023. The Petition asserted that all claims of the ’336 patent are unpatentable. *See* Pet. 15. Petitioner represented itself as the sole real party in interest. *Id.* at 89. Subsequently, on November 22, 2023, Menard and the third-party defendants filed joint initial invalidity contentions (Ex. 2011) in the district court. The joint initial invalidity contentions alleged invalidity of some, but not all, claims of the ’336 patent, as well as invalidity of certain claims of the remaining five asserted patents. *See, e.g.*, Ex. 2011, 9–27. With respect to the ’336 patent, all of the art asserted in the Petition was also asserted in the district court. *Compare* Pet. 15, *with* Ex. 2011, 26–27. No other third-party defendant involved in the litigation has filed an IPR petition challenging claims of any of the asserted patents.

### III. ANALYSIS

#### A. *Statutory Bar Under 35 U.S.C. § 315(b)*

Section 315(b) states, in part, that “[a]n inter partes review may not be instituted 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) (emphases added). Patent Owner alleged that Menard is either the real party in interest or privy of Petitioner, thus barring this IPR, because the petition was filed more than one year after Patent Owner served Menard with a complaint for infringement of the challenged ’336 patent. Prelim. Resp. 21–28; Prelim. Sur-Reply 4–7.

Because section 315(b) bars institution of a petition if it is filed more than one year after the date on which a real party in interest or privy of the

petition is served with a complaint alleging infringement of the patent, I consider both whether Menard is a real party in interest of Petitioner and whether Menard is a privy of Petitioner. Both the real party in interest and privity requirements in AIA proceedings are “designed to avoid harassment and preclude [sufficiently close] parties from getting ‘two bites at the apple’ by allowing such parties to avoid either the estoppel provision or the time bar.” *RPX Corp. v. Applications in Internet Time, LLC*, IPR2015-01750, Paper 128 at 9 (PTAB Oct. 2, 2020) (precedential).

The Board agreed with Patent Owner that § 315(b) bars institution because Menard, who was served with a complaint of infringement more than one year prior to the filing of this Petition, is a real party in interest of Petitioner. Dec. 42.

I respectfully disagree and for the reasons discussed below I determine that the evidence of record does not support a determination that Menard is a real party in interest of Petitioner. To fully resolve the issue of whether § 315(b) bars institution of this proceeding, I additionally find, on this record, that Menard is not a privy of Petitioner. Thus, § 315(b) does not bar institution of this proceeding based on a complaint served on Menard.

1. Menard is Not a Real Party in Interest of Petitioner

a. Legal Standard for Real Party in Interest

“[T]he heart of the [real party in interest] inquiry [is] focused on ‘whether a petition has been filed at a [ ]party’s behest.’” *Uniloc 2017 LLC v. Facebook Inc.*, 989 F.3d 1018, 1028 (Fed. Cir. 2021) (“*Uniloc*”) (quoting *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1351 (Fed. Cir. 2018) (“*AIT*”)); see also *Wi-Fi One, LLC v. Broadcom Corp.*, 887 F.3d 1329, 1336 (Fed. Cir. 2018) (“*Wi-Fi Remand*”) (“To decide whether a party other than the petitioner is the real party in interest, the



Board seeks to determine whether some party other than the petitioner is the ‘party or parties at whose behest the petition has been filed.’” (quoting Trial Practice Guide, 77 Fed. Reg. 48,757, 48,759 (Aug. 14, 2012)); *see also* Patent Trial and Appeal Board Consolidated Trial Practice Guide 14 (Nov. 2019) (“[A]t a general level, the ‘real party-in-interest’ is the party that desires review of the patent. 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”).<sup>5</sup>

There is no bright-line test to answer the “behest” question because the real party in interest inquiry “demands a flexible approach that takes into account both equitable and practical considerations.” *Uniloc*, 989 F.3d at 1027–28 (quoting *AIT*, 897 F.3d at 1351). The Board may consider whether an unnamed party is controlling, funding, or directing an IPR proceeding. *Uniloc*, 989 F.3d at 1027–28; *see also Wi-Fi Remand*, 887 F.3d at 1336. The Board may also ask whether the petitioner is representing the interests of the unnamed party. *AIT*, 897 F.3d at 1353. Additionally, the Board may “take[] into account both equitable and practical considerations, with an eye toward determining whether the [unnamed] party is a clear beneficiary that has a preexisting, established relationship with the petitioner.” *Id.* at 1351 (citing Trial Practice Guide, 77 Fed. Reg. at 48,759); *accord* Patent Trial and Appeal Board Consolidated Trial Practice Guide 13 (Nov. 2019).

#### b. The Board’s Decision

The Board determined that the Petition had been filed at Menard’s behest based on its finding that Petitioner had responded to Menard’s

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<sup>5</sup> Available at [www.uspto.gov/sites/default/files/documents/tpgnov.pdf](http://www.uspto.gov/sites/default/files/documents/tpgnov.pdf).

demands for indemnification and defense by filing the Petition. Dec. 36–37. For support, the Board cited the Agreement, Menard’s allegations in district court that the Agreement required Petitioner to indemnify and defend Menard “as a matter of first defense and payment, not as a matter of reimbursement,” Petitioner’s acknowledgement in district court that the Agreement includes an indemnification clause, and Petitioner’s assertions in district court that it would only be liable, if at all, for the proportion of Menard’s expenses or costs stemming from Petitioner’s sale of goods to Menard. *Id.* at 35–36.

The Board further pointed to overlapping unpatentability/invalidity challenges in the IPR and district court litigation—namely claims 1, 3, 7, 9, 11–13, 15, and 19 as anticipated by, or obvious over, Chaimberg; claims 1, 3–5, 7, 9, 11–13, 15, 16, and 19 as obvious over Halliwell; and claims 13 and 15 as obvious over Reiff. Dec. 37–38. According to the Board, “[t]hat the asserted challenges to patentability in this proceeding largely overlap the joint invalidity contentions for the ’336 patent in the [district court litigation] shows that Menard ‘desires review’ of the ’336 patent.” *Id.*

Additionally, the Board determined that, “from a ‘practical and equitable’ standpoint, Menard will benefit from the redress” of this IPR “because a decision determining that the challenged claims are unpatentable would relieve Menard from liability for infringing the ’336 patent,” and “Menard likely prefers relief from infringement liability rather than a liability determination followed by litigation about indemnification.” Dec. 38. The Board further noted that, “[c]onsistent with this,” the district court litigation has stayed indemnification-related discovery and proceedings. *Id.* (citing Ex. 2008, 5). The Board similarly determined that, because both Menard and Petitioner seek to invalidate claims of the

'336 patent in the district court litigation and there is a large overlap in invalidity/unpatentability contentions, Menard and Petitioner “have a mutual interest in establishing unpatentability/invalidity” such that Petitioner is representing Menard’s interest in this IPR. *Id.* at 38–39.

c. Analysis

This case presents the issue of whether a customer-indemnitee’s request for indemnification by a manufacturer-indemnitor under a standard, non-exclusive, manufacturer-customer indemnification agreement relating to patent infringement can be sufficient to support a finding of real party in interest and trigger the one-year time bar. I conclude that, without more, it cannot. Based on the record before me, I conclude that Menard is not a real party in interest of Petitioner.

- i. Menard’s request for indemnification under its standard, non-exclusive, manufacturer-customer indemnification agreement with Luminex cannot, without more, support a finding of real party in interest

In the context of privity, the Federal Circuit has held that a finding of “a contractual and fairly standard customer-manufacturer relationship regarding the accused product” does not suggest, “without more, that the parties were litigating . . . [an] IPR[] as proxies for the other.” *See WesternGeco LLC v. ION Geophysical Corp.*, 889 F.3d 1308, 1321 (Fed. Cir. 2018). Though the court in *WesternGeco* was addressing privity, and not real parties in interest, the court made clear that “[t]o the extent that WesternGeco makes a separate argument regarding real party in interest, that argument merely relies on the same or a subset of the considerations we have discussed concerning privity and fails for similar reasons.” *Id.* at 1322 n.8.

Based on the current record, I find that the Agreement between Petitioner and Menard evidences a contractual and fairly standard customer-manufacturer relationship regarding the accused product.

In the Director Review Request, Petitioner characterizes the Agreement between itself and Menard as one that is “typical of those used across industries.” DR Req. 3. Petitioner further argues that its relationship with Menard is a “standard, non-exclusive, arm[']s-length[sic] customer-manufacturer” relationship. *Id.* at 10. Based on the limited excerpts of the Agreement that are of record in this proceeding, I agree with Petitioner that the Agreement includes standard indemnification language, and this language does not support an inference that the Agreement gives Menard the opportunity or ability to control this IPR proceeding or Petitioner’s filing of the Petition. *See* Ex. 2002 ¶¶ 26–27, 29; Ex. 2013 ¶¶ 26–27, 29. For instance, in the Agreement Luminex agrees to

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 . . . arising from Menard’s use, sale or offering for sale of any goods covered by the purchase order and/or services provided by

Luminex. Ex. 2002 ¶ 26; Ex. 2013 ¶ 26. This language is similar to language found in other arm’s-length customer-supplier agreements, including similar agreements between Menard and twelve other third-party defendants, also suppliers of products to Menard, that Menard alleges mandate similar third-party obligations. *See* Ex. 2001 ¶¶ 21, 23–189; Ex. 3003 ¶¶ 21, 23–191. This standard language in the Agreement suggests that Petitioner and Menard have a conventional supplier-distributor relationship.

I further disagree with the Board's determination that Menard's indemnification requests elevate Menard to a real party in interest of Petitioner. *See* Dec. 41. As discussed below, these unilateral requests refer to indemnification under the Agreement as it relates to the district court litigation (without mention of any proceedings before the Office) and do not show that Petitioner filed this IPR as a representative or at the behest of Menard.

Although Patent Owner analogizes this case to *Ventex Co., Ltd. v. Columbia Sportswear North America, Inc.*, IPR2017-00651, Paper 152 (PTAB Jan. 24, 2019) (precedential) ("*Ventex*") (*see* Prelim. Resp. 23–25; Prelim. Sur-Reply 5–7), *Ventex* is distinguishable because the relationship between the petitioner and the unnamed, time-barred party in *Ventex* went far beyond a standard manufacturer-customer relationship. In *Ventex*, the Board determined that unnamed party Seirus was a real party in interest to petitioner Ventex, based on evidence of (1) an indemnification agreement between Seirus and Ventex; (2) an "Exclusive Manufacturing Arrangement," whereby Ventex agreed to only manufacture its fabric for Seirus, in exchange for the payment of "an exclusivity fee;" and (3) Ventex's desire to shield "its customers" and "prospective buyers" from claims of infringement by patent owner Columbia. *Ventex*, Paper 152 at 7–11. Importantly, the Board in *Ventex* found that the indemnification agreement, *coupled with* the exclusive manufacturer-customer relationship between Ventex and Seirus, supported a conclusion that Seirus was a real party in interest. *See id.* at 7–10. In contrast to the evidence presented in *Ventex*, there is no evidence here of an exclusive, or similarly relevant, business relationship.

As a matter of policy, binding an indemnitor-petitioner to the one-year bar that applies to the indemnitee-defendant on facts like these could have

the perverse result of encouraging patent owners to file infringement complaints against retailers to escape the threat of potential IPR challenges by manufacturers, who become unwittingly time-barred from doing so based upon standard contractual agreements and arm's-length relationships. This case illustrates the concern. Taking into account the equitable and practical considerations at issue in this case, the current record includes no evidence that Petitioner knew of the district court litigation before Menard filed its third-party complaint naming Petitioner as a third-party defendant. Thus, the current record includes no evidence that Petitioner knew of the district court litigation at the time that Menard was served with a complaint alleging infringement; i.e., as of the date triggering the one-year bar. *Cf. Taylor v. Sturgell*, 553 U.S. 880, 900 (2008) (“adequate representation sometimes requires . . . notice of the original suit to the persons alleged to have been represented”) (citation omitted).

Further, Petitioner here appears to have had a much greater interest in pursuing the IPR than Menard: Menard invoked the Agreement to hold Petitioner liable for Menard's litigation costs and any judgment against it (*see* Dec. 13–14), and Menard's initial answer did not include invalidity contentions. More generally, as the producer of the allegedly infringing products, Petitioner has a strong and independent interest in establishing noninfringement or invalidity, so as to remove the cloud over its products in its dealings not only with Menard but also with other customers.<sup>6</sup> Barring

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<sup>6</sup> I recognize that in *AIT*, the Federal Circuit stated that “[t]he point is not to probe [the petitioner]’s interest (it does not need any); rather, it is to probe the extent to which [an unnamed party]—as [the petitioner]’s client—has an interest in and will benefit from [the petitioner]’s actions, and inquire whether [the petitioner] can be said to be representing that interest after

Petitioner based on a standard indemnification agreement, without more, ignores these important considerations.

ii. The Evidence Does Not Contain Anything “More” to Support a Finding that Petitioner Filed the IPR at Menard’s Behest

Finding that the standard, non-exclusive, manufacturer-customer indemnification agreement here does not by itself give rise to a real party in interest relationship between the Petitioner and Menard, I turn to whether there is sufficiently “more” evidence here to support a finding of a real party in interest relationship. I determine there is not.

I disagree with the Board’s findings that the evidence establishes that Petitioner filed the IPR at Menard’s behest. Dec. 35–39. Specifically, I find that: (A) there is no evidence on this record of control, funding, or substantial coordination between Petitioner and Menard to file the Petition; (B) the fact that Menard desires to be free from infringement liability does not establish that the Petition was filed at Menard’s behest; (C) Petitioner’s filing of the Petition after Menard’s requests for indemnification likewise does not establish that the Petition was filed at Menard’s behest; (D) Petitioner and Menard understood the Agreement to, at most, create obligations to indemnify and defend in the district court litigation (without

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examining its relationship with [the unnamed party].” *AIT*, 897 F.3d at 1353. I do not understand the Court in *AIT* to foreclose considering a petitioner’s interest in bringing the IPR when conducting an RPI/privity determination. Rather, the Court faulted the Board in that case for elevating a petitioner’s interest above other considerations, including the interests of the unnamed party. *See id.* (“The Board’s focus on RPX’s motivations to the exclusion of Salesforce’s reveals its misunderstanding of controlling legal principles.”); *id.* at 1358. Additionally, though my holding is further supported by policy considerations, it is firmly rooted in Federal Circuit precedent.

mention of any proceedings before the Office); and (E) the overlap of asserted challenges in the IPR and the joint invalidity contentions in district court do not show that Menard desires review of the '336 patent. I address each of these in turn.

A. There is No Evidence of Control, Funding, or Substantial Coordination Between Petitioner and Menard to File the Petition in This IPR

To the extent the Board may have implicitly determined that there was control or substantial coordination between Menard and Petitioner in Petitioner's decision to file the IPR because Petitioner filed the IPR at Menard's behest, I disagree. Specifically, it would be improper to find control or substantial coordination where there is no evidence that Petitioner filed the IPR *because of* or *in response to* any request by Menard to do so and, as discussed below, the evidence at most shows that Menard requested indemnification in district court.

Instead, I determine that the record does not include evidence showing any control or funding of this IPR by Menard, or substantial coordination between Petitioner and Menard in this IPR. *See* Paper 8 at 3–4 (“Luminex certifies that: Menard had no role whatsoever in Petitioner's IPR; Petitioner never communicated with Menard regarding the substance of the IPR petition and never told Menard why the IPR petition would be filed . . .”). In *Uniloc*, the Federal Circuit held that where there is no evidence of control, joint funding, or “evidence of substantial coordination between the parties as to their respective decisions to bring these proceedings, a finding that [a



petitioner] is [a real party in interest] . . . would be improper.” *Uniloc*, 989 F.3d 1029.<sup>7</sup>

B. Menard’s Desire to be Free of Infringement Liability Does Not Establish That Petitioner Filed the IPR at Menard’s Behest

The Board here determined that Menard would benefit from the IPR and the relief from infringement liability that it could provide, and that Menard and Petitioner therefore “have a mutual interest in establishing unpatentability/invalidity.” Dec. 38–39. I do not disagree. However, the Federal Circuit in *Uniloc* makes it clear that a real party in interest relationship requires more than that the unnamed party will benefit; it requires the current party to be litigating the issue on behalf of the unnamed party. *See Uniloc*, 989 F.3d at 1028 (“[T]he heart of the [real party in interest] inquiry [is] focused on ‘whether the petition has been filed at a [ ]party’s behest.’” (citing *AIT*, 897 F.3d at 1351)).

In short, while Menard may desire to be freed from infringement liability, the particular facts of this case do not show that Petitioner filed the IPR Petition as a proxy or on behalf of Menard. For example, nothing in the Agreement nor other communication of record between Petitioner and Menard provide such a showing.

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<sup>7</sup> Under a strict reading of *Uniloc*, the inquiry might end here. Mindful of the fact-intensive nature of the inquiry, however, I believe it is appropriate to more fully explore the overall facts and their probative value, as well as the Board’s Decision, to determine whether Petitioner should be barred from maintaining this IPR in view of an alleged role and/or relationship regarding Menard.

C. Petitioner’s Filing of the Petition After Menard’s Requests for Indemnification Does Not Establish That Petitioner Filed the IPR at Menard’s Behest

The Board here also found that Petitioner had filed its IPR at Menard’s behest because Petitioner had filed the IPR in response to Menard’s requests for indemnification. Dec. 37. However, the facts show only that Petitioner filed the Petition after Menard’s requests for indemnification (*see id.* at 35–36). For purposes of the real party in interest inquiry, filing a petition in response to a request for indemnification is not the same as filing a petition at the behest of an indemnitee. An indemnitor faced with an indemnity claim has every incentive to take action to protect itself from liability; the fact that it was notified of the indemnification claim cannot, on its own, be extrapolated to conclude that it filed the claim at the indemnitee’s behest. Accordingly, the mere fact that Petitioner might have filed its Petition after Menard’s requests for indemnification does not establish that it did so at Menard’s behest.

D. Petitioner and Menard Understood the Agreement to at Most Create Obligations to Indemnify and Defend in District Court

Further, the evidence does not show that either Petitioner or Menard understood the Agreement or Menard’s requests for indemnification and defense to require or encourage filing an IPR Petition. *See* Paper 8 at 3–4. In its Director Review Request, Petitioner argues that the Agreement requires Petitioner to “‘indemnify or defend as a matter of first defense’ against claims for ‘infringement.’” DR Req. 3 (emphases omitted). Petitioner understood the Agreement as “mean[ing] defend in the district-court litigation; it does not mean take the affirmative step in an entirely different proceeding and venue to challenge a patent in an IPR.” *Id.*

Consistent with Petitioner’s proffered understanding of the Agreement, Menard’s assertions regarding the third-party defendants’ obligations under the Agreement are limited to actions in the district court litigation only. For example, Menard’s answer to the complaint states that “Menard’s suppliers will indemnify and defend Menard *in this action*.” Ex. 3002, 15 (emphasis added). Likewise, Menard’s third-party complaints demonstrate that it seeks indemnification from Petitioner and the other third-party defendants against “claims brought by Plaintiff Signify against Menard,” i.e., infringement claims. Ex. 2001 ¶ 1. Still further, Menard asserts that “the contract between Menard and the Third-Party Defendants requir[es] the Third-Party Defendants defend Menard *in patent litigation cases*.” *Id.* ¶ 21 (emphasis added); Ex. 3003 ¶ 21.

Accordingly, I find, on this record, that Petitioner and Menard did not view the Agreement as requiring the filing of an IPR Petition. Thus, this too militates against finding that Petitioner filed the IPR petition at Menard’s behest.

E. The Overlap of Asserted Challenges in This IPR and Joint Invalidity Contentions Does Not Show That Menard “Desires Review” of the ’336 Patent in an IPR

I also disagree with the Board that the evidence of record supports a determination that Menard itself desires review in an IPR of the ’336 patent based on the overlap of certain contentions in the IPR with those raised in the district court case. *See* Dec. 37. As I just observed, Menard’s arguments made in district court as to the third-party defendants’ duties under their respective agreements refer only to alleged duties in that specific litigation. Moreover, the “large[] overlap” between the IPR unpatentability challenges and the joint invalidity contentions noted by the Board (*id.* at 37–39 (citing

Pet. 15–89; Ex. 2011, 25–27)) is not surprising. The district court’s order required “Menard and the third-party defense to coordinate a litigation strategy, acting as a united front whenever possible.” Ex. 2008, 5; *cf. Ford Motor Co. v. Neo Wireless LLC*, IPR2023-00763, Paper 28 at 11 (Vidal Mar. 22, 2024) (“court-ordered case-management coordination does not by itself create the type of ‘significant relationship’ contemplated by *Valve*”). That court-ordered collaboration in district court does not support finding that Menard itself desired to file an IPR petition challenging the ’336 patent, or that the Petition was filed at Menard’s behest. Indeed, Menard’s initial answer to the complaint did not include invalidity as an affirmative defense (*see* Ex. 3002, 15–16). *Cf. AIT*, 897 F.3d at 1355 (“the evidence submitted indicates the [petitioner’s] understanding that the very challenges to validity included in the IPR petitions were challenges [the unnamed party] would like to have made if not time-barred from doing so”).

Accordingly, the court-ordered collaboration in district court does not demonstrate that Menard itself (versus Petitioner) desires review of the patentability of the challenged claims here. Nor does it show a volitional coordination of the IPR by Menard and Petitioner or otherwise support a conclusion that Menard is a real party in interest of Petitioner in this proceeding.

#### d. Conclusion on Real Party in Interest

For the reasons discussed above, I determine that the evidence of record does not establish that Petitioner is acting as a proxy for, or at the behest of, Menard in this IPR. Nor does the evidence of record establish that Menard has controlled (or has had the opportunity to control), funded, or coordinated with Petitioner in the IPR. Accordingly, I conclude that Menard is not a real party in interest of Petitioner.

To fully resolve the issue of whether § 315(b) bars institution of this proceeding based on a complaint served on Menard, I must also address whether Menard is a privy of Petitioner.

2. Menard is not a Privy of Petitioner

a. Legal Standard for Privy

The privy requirement “prevent[s] successive challenges to a patent by those who previously have had the [full and fair] opportunity to make such challenges in prior litigation.” *WesternGeco*, 889 F.3d at 1319 (Fed. Cir. 2018) (citing *Taylor*, 553 U.S. at 892–94). Thus, the privy inquiry “is grounded in due process concerns for both the petitioner . . . and the opposing party.” *Uniloc*, 989 F.3d at 1028 (citing *WesternGeco*, 889 F.3d at 1319). The court in *WesternGeco* noted that, “[a]s a general proposition, we agree with the Board that a common desire among multiple parties to see a patent invalidated, without more, does not establish privy.” *WesternGeco*, 889 F.3d at 1321 (citing Trial Practice Guide, 77 Fed. Reg. at 48,760).

In *Taylor*, the Supreme Court set forth a non-exhaustive list of considerations for determining whether one party is a privy of another:

- (1) an agreement to be bound; (2) pre-existing substantive legal relationships between the person to be bound and a party to the judgment . . . ; (3) adequate representation by someone with the same interests who was a party . . . ; (4) assumption of control over the litigation in which the judgment was rendered; (5) where the nonparty to an earlier litigation acts as a proxy for the named party to relitigate the same issues; and (6) a special statutory scheme expressly foreclosing successive litigation by nonlitigants.

*WesternGeco*, 889 F.3d at 1319 (citing *Taylor*, 553 U.S. at 894–895). Any one consideration may be sufficient to establish privity. *Wi-Fi Remand*, 887 F.3d at 1348–49.

b. Analysis

Patent Owner contends that the relationship between Petitioner and Menard satisfies *Taylor* considerations 2 and 5. Prelim. Resp. 26–27. The real party in interest analysis above addresses consideration 5 (*see Taylor*, 553 U.S. at 900) and precludes a finding of privity on that basis. As to consideration 2, Patent Owner argues that the facts here are similar to those in *Ventex* because Menard and Petitioner have aligned interests, Menard has requested indemnification, and Petitioner is defending Menard in the district court litigation. Prelim. Resp. 27.

With respect to consideration 2, *Taylor* explains:

Second, nonparty preclusion may be justified based on a variety of pre-existing “substantive legal relationship[s]” between the person to be bound and a party to the judgment. . . . Qualifying relationships include, but are not limited to, preceding and succeeding owners of property, bailee and bailor, and assignee and assignor. . . . These exceptions originated “as much from the needs of property law as from the values of preclusion by judgment.”

*Taylor*, 553 U.S. at 894 (citations and footnote omitted). Regarding *Taylor* consideration 2, the Board in *Ventex* found that the two contracts at issue in that case—an agreement with a requirement to indemnify and defend, as well as an exclusive manufacturing agreement—evidenced a “pre-existing substantive legal relationship[.]” between Ventex and Seirus that supported privity under § 315(b). *Ventex*, Paper 152 at 12. That relationship in *Ventex* went beyond the standard manufacturer-customer agreement, which is the only contract at issue here.

Furthermore, in *Ventex* the Board determined that Ventex was serving as a proxy for Seirus because the evidence demonstrated either that Seirus had been funding the IPR, or, at a minimum, that there was a link between payments from Seirus and funding of the IPR. *Ventex*, Paper 152 at 13–15. Unlike *Ventex*, there is no evidence of any payments made by Menard to Petitioner, much less specific funding by Menard of the IPR. *See* Paper 8 at 4 (“Petitioner filed this IPR through its own counsel, at its own cost, to assert its own interests.”); *Uniloc*, 989 F.3d at 1028. Accordingly, there is insufficient evidence of a “substantive legal relationship” between Petitioner and Menard that would fall under the realm of *Taylor* consideration 2. Therefore, I disagree with Patent Owner that the relationship between Petitioner and Menard satisfies any of the *Taylor* considerations Patent Owner has raised regarding privity.

Petitioner and Menard are parties to a standard, non-exclusive, manufacturer-customer indemnification agreement relating to patent infringement and Menard’s unilateral requests for indemnification and defense, without more, do not support a finding that Menard is a privy of Petitioner. *See id.* Rather, as discussed above, there is no evidence that Menard requested, controlled, or funded Petitioner’s IPR.

Further, the policy concerns noted in my real party in interest analysis apply equally here. Accordingly, I determine that the indemnification agreement and Menard’s request that Petitioner honor that agreement in district court are not sufficient to establish that Petitioner and Menard are in privity for the purposes of this IPR.

### c. Conclusion on Privity

For the above reasons, I determine that there is insufficient evidence on the current record to establish that Petitioner and Menard have a

relationship “sufficiently close” to warrant a conclusion that Menard is a privy of Petitioner. Accordingly, I conclude that Menard is not a privy of Petitioner.

*B. Statutory Bar Under 35 U.S.C. § 315(a)*

Section § 315(a)(1) states that “[a]n inter partes review may not be instituted 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.” In addition, § 315(a)(3) clarifies 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.”

Patent Owner contends that § 315(a) bars institution in this proceeding because “Petitioner’s [cross]claim for declaratory judgment of invalidity against [Patent Owner] Signify is a civil action triggering § 315(a)(1)’s prohibition, and Petitioner’s invalidity crossclaim is *not* a ‘counterclaim’ saved by § 315(a)(3).” Prelim. Resp. 10 (boldface omitted). Petitioner argues that the Board has consistently interpreted the “‘filed a civil action’ language of § 315(a)(1) to mean *commenced a civil action* by filing a complaint.” Prelim. Reply 1 (boldface omitted). Petitioner asserts that it “respond[ed] in Patent Owner’s already existing civil action” and “did not commence a civil action by filing a complaint.” *Id.* at 2.

As discussed above, the Board determined that 35 U.S.C. § 315(b) bars institution in this proceeding and did not reach whether § 315(a) separately bars institution due to Petitioner’s “cross-claim” filed in district court. Dec. 23; *see supra* § I. Based on the current record in this case, and for the reasons discussed below, I determine that Petitioner’s filing of an answer containing a declaratory judgment “cross-claim” of invalidity in



response to Menard’s initial third-party complaint in an existing civil action does not constitute “fil[ing] a civil action challenging the validity of a claim in a patent” barring institution under § 315(a)(1). *See* Director Review Order 5–6.

Starting with the language of the statute, § 315(a)(1) creates a bar to institution when Petitioner has previously filed a “civil action.” According to the Federal Rules of Civil Procedure, “[a] civil action is *commenced by filing a complaint* with the court.” Fed. R. Civ. P. 3 (emphasis added). Section 315(a) thus bars a party from commencing a suit by filing a complaint in district court challenging the validity of a claim of a patent and then filing an IPR petition at the PTAB with respect to the same patent.

This interpretation is consistent with the legislative history of 35 U.S.C. § 315. As first introduced in the Senate, the bill that led to the America Invents Act prohibited institution of *inter partes* review if the petitioner or real party in interest had filed “a civil action challenging the validity of a claim of the patent,” but it did not specifically include a carve-out for counterclaims. S. 23, 112th Cong. § 315(a) (Jan. 25, 2011). Neither did the version of the bill passed by the Senate on March 8, 2011. S. 23, 112th Cong. § 315 (Mar. 8, 2011). In remarks following the Senate’s passage of that bill, Senator Kyl stated, in part:

Subsections (a) and (b) of sections 315 and 325 impose time limits and other restrictions when *inter partes* and post-grant review are sought in relation to litigation. Sections 315(a) and 325(a) bar a party from seeking or maintaining such a review if [they have] sought a declaratory judgment that the patent is invalid. This restriction applies, of course, only if the review petitioner has filed the civil action. These two subsections (a) do not restrict the rights of an accused infringer who has been sued and is asserting invalidity in a counterclaim. That situation is governed by section 315(b), which provides that if a party has

been sued for infringement and wants to seek inter partes review, [they] must do so within 6 months<sup>[8]</sup> of when [they were] served with the infringement complaint.

157 Cong. Rec. S1375 (Mar. 8, 2011). After Senator Kyl’s remarks, the bill introduced in the House included the § 315(a)(3) carve-out for counterclaims. H.R. 1249, 112th Cong. § 315(a)(3) (Mar. 30, 2011). The legislative history demonstrates that responsive filings were to be governed by § 315(b), and that § 315(a)(1) is implicated only by filing a complaint that commences “a civil action.” In other words, the counterclaim carve-out made clear that “counterclaims” could not be considered civil actions; it was not intended to suggest that other types of responsive filings should be considered “civil actions.”

Here, Petitioner filed its invalidity challenges to the ’336 patent’s claims in its answers to Menard’s initial third-party complaint and amended third-party complaint in the existing civil action brought by Patent Owner. Ex. 2002, 101; Ex. 2013, 120–125. As such, Patent Owner’s complaint commenced the civil action, and Petitioner’s “cross-claim” is a responsive answer<sup>9</sup> in an already-commenced civil action. In summary, Petitioner did not “file a civil action,” as required to trigger § 315(a).

Patent Owner contends that “a civil action” is not limited to filing an original complaint because “Black’s Law Dictionary defines ‘complaint’ to include ‘the original claim, counterclaim, cross-claim, or third-party claim.’” Prelim. Sur-Reply 2 (quoting Black’s Law Dictionary 285 (6th ed. 1990)).

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<sup>8</sup> This “6 months” time period was ultimately extended to “1 year” in the final legislation. 35 U.S.C. § 315(b).

<sup>9</sup> An answer to a third-party complaint is a distinct form of pleading allowed under the Federal Rules. *Compare* Fed. R. Civ. P. 7(a)(1) (“a complaint”), *with id.* at 7(a)(6) (“an answer to a third-party complaint”).

Patent Owner reads too much into this sentence. The same edition of Black’s also defines “[c]omplaint” as “[t]he original or initial pleading by which an action is commenced under codes or Rules of Civil Procedure.” Black’s Law Dictionary 285 (citing Fed. R. Civil P. 3).<sup>10</sup> Whether these other forms of claims may be considered equivalent to a “complaint” in some circumstances, the Federal Rules identify the filing of a complaint as what commences “a civil action.” Fed. R. Civ. P. 3; *see also* Fed. R. Civ. P. 13(a) (separately listing “a complaint” and “an answer to a third-party complaint” as distinct pleadings). Accordingly, Petitioner did not file “a civil action” under the meaning of § 315(a)(1) because its “cross-claim” did not commence “a civil action.”

Patent Owner contends that Petitioner’s “cross-claim” against the ’336 patent was not a counterclaim, and therefore not entitled to the § 315(a)(3) counterclaim carveout. Prelim. Resp. 12–13. However, proper application of § 315(a)(1) turns on whether a filing is “a civil action,” not whether it is (or is not) a “counterclaim.” As discussed above, Petitioner’s answer does not qualify as “a civil action” and thus does not trigger § 315(a)(1). Because Petitioner’s answer did not trigger the § 315(a)(1) bar, I need not reach the question of whether Petitioner’s “cross-claim” falls within the safe harbor of § 315(a)(3).

I likewise reject Patent Owner’s contention that “if responding in an existing civil action could not trigger § 315(a)(1), then § 315(a)(3)’s

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<sup>10</sup> The current edition of Black’s Law Dictionary, which omits entirely the language of the earlier edition quoted by Patent Owner, is in accord. *See* Bryan Garner, Black’s Law Dictionary (12th ed. 2024) (“The initial pleading that starts a civil action and states the basis for the court’s jurisdiction, the basis for the plaintiff’s claim, and the demand for relief.”).

exception for counterclaims—which are *only* filed in response to actions—would be superfluous.” Prelim. Sur-Reply 1 (boldface omitted). As discussed above in connection with Senator Kyl’s remarks, the better view is that the § 315(a)(3) exception was added to clarify that a counterclaim challenging patent validity is not “a civil action,” rather than to redefine “civil action” to include responsive claims that might not technically qualify as counterclaims.

Patent Owner contends that Petitioner’s “declaratory judgment claim is on all fours with the claim that triggered § 315(a)(1)’s bar in *Dr. Reddy’s Labs., Inc. v. Horizon Pharma USA, Inc. et al.*, IPR2017-01995, Paper 77 (PTAB Aug. 12, 2019) [(‘*Dr. Reddy’s*)].” Prelim. Sur-Reply 4. Patent Owner argues that in *Dr. Reddy’s*, petitioner’s “claim triggered §315(a)(1) even though it was ‘responding in an existing action’ because the claim was entirely permissive (like Luminex’s) and not a compulsory counterclaim (*see* § 315(a)(3)).” *Id.* I disagree that *Dr. Reddy’s* is applicable here. In that case, the patent owner had sued the petitioner for infringement of several patents, but not the patent challenged in the IPR petition. *Dr. Reddy’s*, Paper 77 at 3. The petitioner in *Dr. Reddy’s* had introduced that patent into the district court litigation in a declaratory judgment counterclaim for invalidity. *Id.* Here, in contrast, Patent Owner sued Menard for infringement of the ’336 patent (Ex. 2003) and Petitioner’s cross-claim concerned the same patent. Thus, unlike the petitioner in *Dr. Reddy’s*, Petitioner here did not introduce the challenged patent into the district court litigation.

For the reasons discussed above, I determine that, as of the filing date of the Petition, Petitioner had not “file[d] a civil action challenging the validity of a claim of the [’336] patent.” 35 U.S.C. § 315(a)(1). Accordingly, institution of the Petition is not barred by § 315(a)(1).

C. *Discretionary Denial Under 35 U.S.C. § 314(a)*

Patent Owner contends that discretionary denial in this case is appropriate in view of the parallel district court litigation and upon consideration of the factors set forth in *Fintiv*. Prelim. Resp. 28–34. In its Preliminary Reply, Petitioner avers, “to eliminate overlap between this IPR and the [d]istrict [c]ourt [c]ase, Petitioner stipulates that if the PTAB institutes IPR, Petitioner will not pursue in the [d]istrict [c]ourt the same grounds raised in this IPR or any grounds that could have reasonably been raised in this IPR.” Prelim. Reply 7. Petitioner further argues its stipulation mirrors the language in *Sotera*, and that the PTAB is not supposed to discretionarily deny an IPR petition in view of parallel district court litigation when a petitioner makes such a stipulation. *Id.* (citing USPTO Memorandum, Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings With Parallel District Court Litigation, 7 (June 21, 2022) (“Guidance Memo”)).<sup>11</sup>

Patent Owner characterizes Petitioner’s stipulation as “transparent gamesmanship.” Prelim. Sur-Reply 7. According to Patent Owner, Petitioner’s stipulation only concerns its own actions, but “the relevant prior art is asserted in joint contentions prepared by Menard *and* [Petitioner] (and others). [Petitioner]’s stipulation eliminates zero issues from the district court litigation.” *Id.* (emphasis in original).

My Guidance Memo explains that:

the PTAB will not discretionarily deny institution of an IPR or PGR in view of parallel district court litigation where a petitioner stipulates not to pursue in a parallel district court proceeding the

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<sup>11</sup> Available at [www.uspto.gov/sites/default/files/documents/interim\\_proc\\_discretionary\\_denials\\_aia\\_parallel\\_district\\_court\\_litigation\\_memo\\_20220621\\_.pdf](http://www.uspto.gov/sites/default/files/documents/interim_proc_discretionary_denials_aia_parallel_district_court_litigation_memo_20220621_.pdf).

same grounds as in the petition or any grounds that could have reasonably been raised in the petition.

Guidance Memo 7 (citing *Sotera*, Paper 12). Petitioner has made such a stipulation in this proceeding. *See* Prelim. Reply 7. Petitioner’s stipulation ensures that Petitioner has done its part to “mitigate[] any concerns of duplicative efforts between the district court and the Board, as well as concerns of potentially conflicting decisions.” *Sotera*, Paper 12 at 18–19; *see also* Guidance Memo 7–8.

Accordingly, in light of Petitioner’s *Sotera* stipulation, I decline to exercise my discretion under 35 U.S.C. § 314(a) to deny the Petition in view of a parallel district court proceeding.

#### IV. CONCLUSION

For the foregoing reasons, I respectfully disagree with the Board’s conclusion that Menard is a real party in interest to Petitioner in this proceeding. I also conclude that Menard is not a privy of Petitioner. My determinations are based on the record as it currently stands. At its discretion, the Board may authorize additional discovery and/or briefing deemed relevant to these issues during the instituted trial (Paper 14).

I also conclude that filing an answer containing “cross-claims” of invalidity in response to Menard’s third-party complaint in the on-going district court infringement litigation between Patent Owner and Menard does not constitute “fil[ing] a civil action challenging the validity of a claim of the patent” under 35 U.S.C. § 315(a)(1). My conclusion fully resolves this issue through the remainder of this proceeding.

Additionally, because Petitioner provided a *Sotera* stipulation, I decline to exercise my discretion under 35 U.S.C. § 314(a) to deny the Petition in view of the district court litigation.

Accordingly, I determine that §§ 315(a) and 315(b) do not bar institution of this IPR, and that discretionary denial of the Petition under § 314(a) is not appropriate.

#### V. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that the Board's Decision denying institution of *inter partes* review (Paper 10) is vacated, as stated in my Order (Paper 12), for the reasons explained in this Director Review Supplemental Opinion; and

FURTHER ORDERED that the parties may request rehearing<sup>12</sup> of this Director Review Supplemental Opinion within 14 days of entry of this Supplemental Opinion.

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<sup>12</sup> See Director Review Process § 5.C.ii (available at <https://www.uspto.gov/patents/ptab/decisions/director-review-process>).

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Patent 10,299,336 B2

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