

**UNITED STATES PATENT AND TRADEMARK OFFICE**

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**BEFORE THE PATENT TRIAL AND APPEAL BOARD**

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MICROSOFT CORPORATION,  
Petitioner,

v.

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION,  
Patent Owner.

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Case No. IPR2019-01361  
U.S. Patent No. 9,618,752

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**PETITIONER'S NOTICE OF APPEAL**

Pursuant to 28 U.S.C. § 1295(a)(4)(A), 35 U.S.C. §§ 141, 142, and 319, 5 U.S.C. §§ 701–706, and/or 28 U.S.C. § 1651, and in accordance with 37 C.F.R. §§ 90.2(a), 90.3, and Federal Circuit Rule 15(a)(1), Petitioner Microsoft Corporation (“Petitioner”) appeals to the United States Court of Appeals for the Federal Circuit from the termination decision of the Patent Trial and Appeal Board (“Board”) in this case entered on January 27, 2020 (Paper No. 34), and from all underlying orders, decisions, rulings, and opinions. A copy of the termination decision is attached.

In accordance with 37 C.F.R. § 90.2(a)(3)(ii), Petitioners indicate that the issues on appeal may include, but are not limited to: the Board’s determination that Petitioners were barred from seeking *inter partes* review under 35 U.S.C. § 315(b); the Board’s decision to terminate the *inter partes* review; the process by which the Board reached its determination and decision; and any finding or determination supporting or related to these issues, as well as all other issues decided adversely to Petitioners in any orders, decisions, rulings, and opinions.

Petitioners are filing a copy of this Notice of Appeal with (i) the Director of the U.S. Patent and Trademark Office, (ii) the Board (electronically), and (iii) the Clerk’s Office of the U.S. Court of Appeals for the Federal Circuit, along with the required docketing fee.

Dated: February 11, 2020

Respectfully Submitted,

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**CERTIFICATE OF FILING**

I certify that the foregoing was filed electronically with the Board through the PTAB E2E System, and a paper copy was served by Priority Mail Express on February 11, 2020, with the Director of the U.S. Patent and Trademark Office, at the following address:

Director of the U.S. Patent and Trademark Office  
c/o Office of the General Counsel  
United States Patent and Trademark Office  
P.O. Box 1450  
Alexandria, Virginia 22313-1450

I further certify that a true and correct copy of the foregoing Notice of Appeal, along with the required filing fee, was filed electronically with the Court of Appeals for the Federal Circuit via CM/ECF on February 11, 2020. Per Fed. Cir. Rule 15(a)(1), one copy of this Notice of Appeal is being filed by Priority Mail Express with the Clerk's Office of the U.S. Court of Appeals for the Federal Circuit on the 11th day of February, 2020, at the following address:

Clerk of Court  
United States Court of Appeals for the Federal Circuit  
717 Madison Place NW  
Washington, DC 20439

**CERTIFICATE OF SERVICE**

Pursuant to 37 C.F.R. § 42.6(e), I hereby certify that on this 11th day of February, 2020, I caused to be served a true and correct copy of the foregoing by Electronic Mail on the following counsel:

William D. Belanger, Pepper Hamilton LLP, ([belangerw@pepperlaw.com](mailto:belangerw@pepperlaw.com))

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MICROSOFT CORPORATION,  
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Case IPR2019-01311 (Patent 7,787,012 B2)  
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Before, MIRIAM L. QUINN, KAMRAN JIVANI, and JASON M. REPKO,  
*Administrative Patent Judges.*

PER CURIAM.

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

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Microsoft Corporation (“Petitioner” or “Microsoft”) filed a Petition in each of the captioned cases requesting *inter partes* review of certain claims of each of the patents-at-issue. IPR2019-01311, Paper 1 (“Pet.”).<sup>1</sup> Petitioner asserts in each proceeding that it is the sole real party-in-interest. *See id.* at 2–6 (asserting also that the United States Government (“government”), with whom Petitioner has a contract (hereinafter “the Contract”), is not a privy of Petitioner).<sup>2</sup> Science Applications International Corporation (“Patent Owner”) timely filed a Preliminary Response in each captioned proceeding challenging Petitioner’s status as the sole real party-in-interest. IPR2019-01311, Paper 15 (“Prelim. Resp.”).<sup>3</sup> Patent Owner also challenges Petitioner’s assertion that the government is not a “privy” of Petitioner. *Id.* at 30–39. After further briefing on the issues of real party-in-interest and privity, and upon consideration of the arguments and evidence presented, we deny the Petition and do not institute *inter partes* review.

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<sup>1</sup> In all captioned proceedings, the Petition is Paper 1.

<sup>2</sup> Because Petitioner’s assertions in the Petition are identical in all captioned proceedings, this Decision refers to the Petition filed in the -1311 proceeding as representative.

<sup>3</sup> Because Patent Owner makes the same arguments in all captioned proceedings, for ease of reference, this Decision cites the sealed version of the Preliminary Response filed in IPR2019-01311. *See* IPR2019-01312, Paper 17; IPR2019-01359, Paper 21; IPR2019-01360, Paper 21; and IPR2019-01361, Paper 20. Patent Owner also filed public versions of the Preliminary Responses in each proceeding. *See* IPR2019-01311, Paper 19; IPR2019-01312, Paper 21; IPR2019-01359, Paper 24; IPR2019-01360, Paper 24; and IPR2019-01361, Paper 23.

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#### A. BACKGROUND AND PROCEDURAL HISTORY

The dispositive issue in this case concerns the role of the government as a real party-in-interest or privy of Petitioner. Thus, we begin the timeline of events with the relationship between Petitioner and the government. On November 20, 2018, Petitioner entered into a contract with the government to develop a system called the Integrated Visual Augmentation System (IVAS) that includes implementation of a Rapid Target Acquisition (RTA) feature. Pet. 3 (citing Ex. 1026 (“Mot. to Intervene”)<sup>4</sup>); *see also* Ex. 2003. By that time, Patent Owner had an ongoing patent infringement lawsuit against the government in the United States Court of Federal Claims. *Id.* (citing Ex. 1025, (“the Complaint”)). That Complaint, which was filed on June 19, 2017, alleged infringement based on products incorporating the RTA feature. *Id.* On April 30, 2019, Petitioner moved to intervene in the suit against the government. *Id.* On May 6, 2019, the Court of Federal Claims granted the Motion. Ex. 2004 (“Fed. Cl. Ct. Order”).

Petitioner filed the Petitions in the captioned proceedings between July 11 and July 23, 2019. The Petition states that the Motion to Intervene was filed to protect Petitioner’s interests regarding the government’s defense that products incorporating the RTA feature do not infringe the asserted patents. Pet. 3. The Petition also alleges that “neither Microsoft nor the

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<sup>4</sup> The Motion to Intervene is filed in the record of IPR2019-01312 as Exhibit 1026 and in the record of IPR2019-01359, -01360, and -01361 as Exhibit 1030.



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government are controlling the other party's prosecution of the case in the Court of Federal Claims, and that the government had no involvement in the preparation of the present [P]etition." *Id.* at 4. The Petition concludes that the government is not a privy of Petitioner, as evidenced by the successful Motion to Intervene. *Id.* at 5. More particularly, Petitioner argues that Petitioner and the government cannot be privies with respect to litigating the validity of the patents in the lawsuit because the Court of Federal Claims determined that the government could not adequately represent Petitioner's interests in the suit pending before that court. *Id.*

Before Patent Owner's deadline to file the Preliminary Response, the panel granted Patent Owner's request for additional discovery of the Contract and communications between the government and Petitioner regarding the filing of petitions for *inter partes* review. Paper 8 ("Discovery Order"). The panel stated that according to *Worlds Inc. v. Bungie, Inc.*, 903 F.3d 1237, 1245–46 (Fed. Cir. 2018), it is Petitioner's burden to prove its status as the sole real party-in-interest, and that Patent Owner had raised a reasonable dispute regarding the issue. Discovery Order 3–4, 6. Patent Owner filed the Preliminary Response, which focuses solely on the issues of real party-in-interest and privity between Petitioner and the government. Prelim. Resp. 1. Patent Owner relied on the produced Contract and additional evidence, prompting the parties to seek additional briefing on the issues raised by the Preliminary Response. Paper 25 ("Briefing Schedule Order"). In accordance with our Briefing Schedule Order, Petitioner filed a Reply to the Preliminary Response and introduced additional evidence in the

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record in support of the contention that the government is not a real party-in-interest or a privy of Petitioner. Paper 28 (“Pet. Reply”).<sup>5</sup> Patent Owner filed a Sur-reply addressing Petitioner’s brief and evidence. Paper 31 (“PO Sur-reply”).<sup>6</sup>

## B. PRIVACY ANALYSIS

We first address whether Petitioner and the government are in privity because the privity inquiry is broader than the real party-in-interest inquiry. *See Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1346-47 (Fed. Cir. 2018); *see also* Patent Trial and Appeal Board Consolidated Trial Practice Guide at 14 (Nov. 20, 2019), <http://www.uspto.gov/TrialPracticeGuideConsolidated> (“TPG”) (“The notion of ‘privity’ is more expansive, encompassing parties that do not necessarily need to be identified in the petition as a ‘real party-in-interest.’”). The inquiry looks at the substantiality of the relationship between the parties. *AIT*, 897 F.3d at 1359 (Reyna, J., concurring) (“Privity is a well-recognized common law concept that is primarily based on the legal relationship between parties.”). Because we determine that Petitioner and the government are currently in privity, *see*

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<sup>5</sup> Petitioner’s Reply has been filed under seal, and appears in the record as Paper 28 in IPR2019-01312, -1359, -1360, and as Paper 27 in IPR2019-01361.

<sup>6</sup> Patent Owner’s Sur-reply has been filed under seal as Paper 31 in IPR2019-001311, -1312, -1359, and -1360, and as Paper 30 in IPR2019-01361.

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*Power Integrations, Inc. v. Semiconductor Components Industries, LLC*, 926 F.3d 1306, 1314 (Fed. Cir. 2019), it does not matter whether the government is also a real party-in-interest, *see* 35 U.S.C. § 315(b) (treating equally “the petitioner, real party in interest, or privy of the petitioner”).

The Leahy-Smith America Invents Act does not define “privity.” *WesternGeco LLC v. ION Geophysical Corp.*, 889 F.3d 1308, 1317 (Fed. Cir. 2018). Rather, “privity” has a common-law meaning. *Id.* “Privity is essentially a shorthand statement that collateral estoppel is to be applied in a given case.” *Id.* at 1318 (quoting Trial Practice Guide, 77 Fed. Reg. at 48,759). 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.” TPG 14–15.

“[T]he standards for the privity inquiry must be grounded in due process.” *WesternGeco*, 889 F.3d. at 1319. For example, it is important whether the petitioner and a prior litigant’s relationship is sufficiently close that it can be fairly said that the petitioner had a full and fair opportunity to litigate the patent’s validity in the corresponding lawsuit. *See id.* “Due process also prohibits a litigant from taking a second bite at the apple by relitigating the same case through the persona of another, its privy.” *AIT*, 897 F.3d at 1359 (Reyna, J., concurring).

In *Taylor v. Sturgell*, 553 U.S. 880 (2008), the Supreme Court identified a non-exhaustive list of six considerations under which nonparty preclusion would be justified: (1) an agreement between the parties to be

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bound; (2) pre-existing substantive legal relationships between the parties; (3) adequate representation by the named party; (4) the nonparty's control of the prior litigation; (5) where the nonparty acts as a proxy for the named party to re-litigate the same issues; and (6) where special statutory schemes foreclose successive litigation by the nonparty (e.g., bankruptcy or probate). *WesternGeco*, 889 F.3d. at 1319–20 (citing *Taylor*, 553 U.S. at 894–95). The presence of one of these is sufficient to establish privity. *See id.*

1. “pre-existing substantive legal relationships between the parties”

Under the second *Taylor* factor, the evidence shows a “pre-existing substantive legal relationship between” the government and Petitioner. “Qualifying relationships include, but are not limited to, preceding and succeeding owners of property, bailee and bailor, and assignee and assignor.” *See Taylor*, 553 U.S. at 894. “A common character of these relationships is that the two parties share a high degree of commonality of proprietary or financial interest.” *AIT*, 897 F.3d at 1352 (Reyna, J., concurring).

The evidence here shows that the government and Petitioner share such interests. Before requesting *inter partes* review, the government had a preexisting, established relationship with Petitioner. In particular, Patent Owner has an ongoing infringement lawsuit against the government in the Court of Federal Claims. Pet. 3 (citing Ex. 1025, (“the Complaint”)). Petitioner entered into the Contract with the government to develop a system incorporating the allegedly infringing feature. *Id.* [REDACTED]

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[REDACTED]  
[REDACTED] Therefore, both  
Petitioner and the government share a common interest in canceling the  
allegedly infringed claims.

The Petitions in the captioned cases were filed between July 11 and 23, 2019. Petitioner entered into the Contract with the government on November 20, 2018. Pet. 3 (citing Ex. 1026); Ex. 2006, 1. The Contract, as Petitioner admits, calls for Petitioner to develop and deliver to the government a product that includes the RTA feature that is alleged to infringe the patents-at-issue. Pet. 3; Mot. to Intervene 2, 5. Thus, the Contract is evidence that at time of filing the Petitions, Petitioner had an existing contractual relationship to supply the government a particular technology that is at issue in these proceedings.

This preexisting relationship is not insignificant. According to Petitioner, “[i]f the RTA feature is found to infringe the [patents-at-issue], Microsoft may be compelled to violate its contractual obligations, negotiate with SAIC for authorization to comply with its contractual obligations, or undertake some other action.” Mot. to Intervene 5. That is, Petitioner intervened in the Federal Court of Claims litigation in order to address its rights as supplier to the government under the Contract. And it is undeniable that the government, even if defending itself in the litigation, has expectations that Petitioner would continue to perform under the Contract notwithstanding the allegations of infringement.

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To be sure, “a common desire among multiple parties to see a patent invalidated, without more, does not establish privity.” *WesternGeco*, 889 F.3d. at 1321. But there is more here.

Petitioner and the government have aligned interests in the underlying litigation, beyond seeking the invalidity of the patents involved. *See* Mot. to Intervene. For instance, Petitioner has highlighted how the Petition and the infringement claims against the government are intertwined, as Patent Owner argues. *See* Prelim. Resp. 13–14 (citing “Mot. to Stay” Ex. 2008, 6–7 ; Ex. 2009, 4). For example, Petitioner has emphasized that the Court of Federal Claims will need to consider the claim construction in these IPR proceeding. Mot. to Stay, 6–7; Ex. 2009, 4. Although Petitioner argues that it filed this Petition and intervened in the infringement case to defend its own interests (Pet. Reply 11–12), Petitioner’s separate interests do not negate a finding of privity. *See Power Integrations*, 926 F.3d at 1316; *AIT*, 897 F.3d at 1347. On the contrary, the record shows no interest Petitioner would have in seeking invalidity of the challenged claims but for the Contract.

Furthermore, [REDACTED]

[REDACTED] The Federal Circuit has noted that, in some cases, [REDACTED]

[REDACTED]  
[REDACTED] We recognize that this is not always the case. The privity analysis is highly fact-dependent and focused on the relationship between the parties.

*WesternGeco*, 889 F.3d at 1319. *WesternGeco*, for example, examined how

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[REDACTED]  
[REDACTED] did not give rise to a sufficiently close relationship to warrant a finding of privity. *Id.* at 1321–22.

Considering the facts here, [REDACTED]  
[REDACTED]  
[REDACTED] In particular, [REDACTED]  
[REDACTED]  
[REDACTED] If  
there is a [REDACTED]

[REDACTED]  
[REDACTED] Otherwise, the  
[REDACTED]  
[REDACTED] *Id.* Accordingly, the [REDACTED]  
[REDACTED]  
[REDACTED]. By establishing  
that [REDACTED]  
weigh *further* in favor of finding a pre-existing substantive legal relationship.

Petitioner argues that the government has not [REDACTED]  
[REDACTED] Pet. Reply 8–9. According to  
Petitioner, [REDACTED]  
[REDACTED]  
[REDACTED]

Yet, apart from conclusory statements, Petitioner has not provided credible

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and sufficient evidence [REDACTED]

[REDACTED] *See id.*

Although the [REDACTED] *alone* may not amount to a substantive legal relationship, [REDACTED]—as stated above, *further* weigh in favor of finding a pre-existing substantive legal relationship here.

In sum, we are aware that a “[c]ontractual and fairly standard customer-manufacturer relationship” may not be sufficient to establish privity. *WesternGeco*, 889 F.3d at 1321. Petitioner and the government, however, have more than a standard relationship here. As discussed in detail above, Petitioner intervened in the infringement case against the government (Mot. to Intervene), the Petition and the infringement claims against the government are intertwined (Mot. to Stay, 6–7; Ex. 2009, 4), and the

[REDACTED]  
[REDACTED]

Thus, we determine that the government and Petitioner have a pre-existing substantive legal relationship. This provides at least one ground of nonparty preclusion under *Taylor*. We further determine, as discussed below, that two other *Taylor* factors support our privity determination.

2. “*where special statutory schemes foreclose successive litigation by the nonparty*”

A special statutory scheme applies here under 35 U.S.C. § 315(b), which bars institution of an IPR if a “privy of the petitioner is served with a



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complaint alleging infringement of the patent” more than one year before the petition was filed. Moreover, we note that the government, according to a recent Supreme Court case, is not a “person” that can file a Petition for *inter partes* review under 35 U.S.C. § 311. *Return Mail, Inc. v. United States Postal Service*, 139 S. Ct. 1853 (2019). Thus, Petitioner’s filings are the only filed Petitions from which the government could benefit, because the government could not file its own petition in light of the June 10, 2019, *Return Mail* decision.

3. “*the nonparty’s control of the prior litigation*”

Petitioner alleges that neither Petitioner nor the government control the other party’s case in the Court of Federal Claims. Pet. 4. According to the Petition, “the government has had no involvement in the preparation of the present petition.” *Id.* But control is only a factor; it is not dispositive. *AIT*, 897 F.3d at 1357.

Nevertheless, there is evidence of at least some pre-filing communication. For instance, the Department of Justice attorney asked Petitioner’s counsel whether Microsoft had decided to file IPRs. Ex. 2007,

2. Also, [REDACTED]

Although the evidence is limited and insufficient on its own, these communications, considered in context, only further confirm our conclusion that Petitioner and the government are in privity.

Accordingly, Petitioner has not met its burden to establish that the government is not a privy.

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#### C. SECTION 315(B) BARS INSTITUTION

We have found that the government, a nonparty to the instant proceedings, is a privy of Petitioner. Under 35 U.S.C. § 315(b), “[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.” The government was served with a complaint alleging infringement of the patents-at-issue in 2017. The instant Petitions were filed in July 2019, more than 1 year from the service of the complaint on the government. Accordingly, *inter partes* review may not be instituted under § 315(b).

#### D. DISCRETIONARY DENIAL UNDER SECTION 314(A)

Institution of *inter partes* review is discretionary. 35 U.S.C. § 314(a); *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1356 (2018) (“[Section] 314(a) invests the Director with discretion on the question whether to institute review . . . .” (emphasis omitted)); *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016) (“[T]he agency’s decision to deny a petition is a matter committed to the Patent Office’s discretion.”); *see also* 37 C.F.R. § 42.4(a) (“The Board institutes the trial on behalf of the Director.”). “[T]he PTO is permitted, but never compelled, to institute an IPR proceeding.” *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016). Even if Petitioner and the government were not in privity, we would exercise

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our discretion to deny review to avoid any concerns that the government is obtaining a benefit to which it is not permitted under *Return Mail*.

#### E. MOTIONS TO SEAL

Petitioner moves to seal parts of Petitioner’s Reply and the concurrently filed exhibits in their entirety. Paper 29 (“Pet. Mot. to Seal”) 2. Patent Owner moves to seal parts of Patent Owner’s Sur-reply. Paper 32 (“PO Mot. to Seal”) 1–2. These motions are unopposed.

We have considered the arguments presented in the Motions to Seal and determine that there is good cause for sealing for the reasons below.

All papers are available for public access by default. *See* 35 U.S.C. § 316(a)(1). A party may file a concurrent motion to seal, and the information at issue is sealed pending the motion’s outcome. 37 C.F.R. § 42.54. The standard for granting a motion to seal is “for good cause.” 37 C.F.R. § 42.54(a). For instance, we consider whether the movant has adequately shown that

(1) the information sought to be sealed is truly confidential, (2) a concrete harm would result upon public disclosure, (3) there exists a genuine need to rely in the trial on the specific information sought to be sealed, and (4) on balance, an interest in maintaining confidentiality outweighs the strong public interest in having an open record.

*Argentum Pharms. LLC v. Alcon Research, Ltd.*, IPR2017-01053, Paper 27 at 4 (PTAB Jan. 19, 2018) (Denying Motion to Seal) (informative).

Confidential information includes, but is not limited to, commercial information. 37 C.F.R. § 42.54(7). Here, the information to be sealed

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includes a discussion of and direct quotations from the contract filed as Exhibit 2006. *See* Pet. Mot. to Seal 3–5; PO Mot. to Seal 1–2. The contract is not publicly available, it has been sealed in this proceeding, and it contains the details and financial terms of an agreement between Petitioner and the government. We are persuaded that the Motions demonstrate that the information sought to be sealed reflects Petitioner’s confidential business information and that “an interest in maintaining confidentiality outweighs the strong public interest in having an open record” here. *See Argentum*, Paper 27 at 4.

Also, Patent Owner asserts that the United States is a real party in interest and privy in this proceeding. The information to be sealed is the basis for Patent Owner’s argument that Petitioner is time-barred under 35 U.S.C. § 315(b). Pet. Mot. to Seal 3–5; PO Mot. to Seal 1–2. Because Patent Owner’s argument and Petitioner’s rebuttal depend on the information to be sealed, the parties have adequately shown that there exists a genuine need to rely on that information. *See Argentum*, Paper 27 at 4.

For these reasons, we determine that good cause exists for sealing part of Petitioner’s Reply, part of Patent Owner’s Sur-Reply, and the concurrently filed exhibits (Exs. 1027, 2006). Thus, we grant the Motions to Seal in each case.

The parties are reminded that confidential information subject to a protective order ordinarily becomes public 45 days after denial of a petition to institute a trial or a final judgment in a trial. Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,761 (Aug. 14, 2012). There is an

Case IPR2019-01311 (Patent 7,787,012 B2)  
Case IPR2019-01312 (Patent 8,817,103 B2)  
Case IPR2019-01359 (Patent 9,229,230 B2)  
Case IPR2019-01360 (Patent 9,229,230 B2)  
Case IPR2019-01361 (Patent 9,618,752 B2)

expectation that information will be made public when the Board identifies it in a final written decision after a trial or refers to it in a decision on institution. *Id.* “After denial of a petition to institute or after final judgment in a trial, a party may file a motion to expunge confidential information from the record” before the information becomes public. *See* 37 C.F.R. § 42.56.

### ORDER

ORDERED that the Petitions in the captioned proceedings are *denied*;

FURTHER ORDERED that the Motion to Seal in each case is *granted*; and

FURTHER ORDERED that within five days from this Decision, in accordance with the Protective Order and our Order on the Motions to Seal, the parties shall submit to the Board via email a single, joint proposed redacted version of this Decision to be made publicly available by the Board. The parties shall not file the proposed redacted version on the docket.

Case IPR2019-01311 (Patent 7,787,012 B2)  
Case IPR2019-01312 (Patent 8,817,103 B2)  
Case IPR2019-01359 (Patent 9,229,230 B2)  
Case IPR2019-01360 (Patent 9,229,230 B2)  
Case IPR2019-01361 (Patent 9,618,752 B2)

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