

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

TEXAS ASSOCIATION OF REALTORS,
Petitioner,

v.

IP3, SERIES 100 OF ALLIED SECURITY
TRUST I,
Patent Owner.

Case IPR2016-00615
Patent 8,510,045 B2

Before JUSTIN T. ARBES, THOMAS L. GIANNETTI, and
ROBERT L. KINDER, *Administrative Patent Judges*.

KINDER, *Administrative Patent Judge*.

DECISION
Patent Owner's Motion to Terminate
35 U.S.C. § 312(a)(2) and 37 C.F.R. § 42.72

I. INTRODUCTION

As authorized by the Board, Patent Owner (IP3, Series 100 of Allied Security Trust I) filed a Motion to Terminate *Inter Partes* Review for failure of Petitioner Texas Association of Realtors (“TAR” or “Petitioner”) to name all real parties-in-interest (“RPis”) pursuant to 35 U.S.C. § 312(a)(2). Paper 30¹ (“Mot.” or “Motion”). TAR filed an Opposition to Patent Owner’s Motion (Paper 28, “Opposition” or “Opp.”), and Patent Owner filed a Reply to TAR’s Opposition (Paper 31, “Reply”). For the reasons set forth below, we deny Patent Owner’s Motion.

II. DISCUSSION

A petition for *inter partes* review “may be considered only if . . . the petition identifies all real parties in interest.” 35 U.S.C. § 312(a)(2). That statutory requirement, thus, defines a “threshold issue” for substantive review of the merits of the challenges presented in the Petition. *See ZOLL Lifecor Corp. v. Philips Elecs. N. Am. Corp.*, Case IPR2013-00606, slip op. at 8 (PTAB Mar. 20, 2014) (Paper 13).

A. Allocation of Burdens

As an initial matter, we agree with the explanation regarding the burden of production and the burden of proof set forth in *Galderama S.A. v. Allegan Industrie, SAS*, IPR2014-01422, slip op. at 5–7 (PTAB Mar. 5, 2015) (Paper 14). Specifically, here, where Petitioner’s statement related to RPI is facially accurate

¹ Patent Owner’s originally filed Motion (Paper 27) and Reply (Paper 29) incorrectly attached other documents to the papers, rather than filing the other documents as numbered exhibits. *See* 37 C.F.R. § 42.63. We ordered Patent Owner by email to refile the papers and exhibits, and Patent Owner did so on January 10, 2017. To ensure the clarity of the record, we will expunge the originally filed versions (Papers 27 and 29).

and not ambiguous, Patent Owner bears the burden to produce evidence to rebut that presumption; once so produced, Petitioner has the ultimate burden of demonstrating compliance with 35 U.S.C. § 312(a)(2). *See id.*

B. Real Party-in-Interest and Privy Considerations and Factors

Whether a non-identified party is a real party-in-interest to a proceeding is a “highly fact-dependent question.” *Office Patent Trial Practice Guide*, 77 Fed. Reg. 48,756, 48,759 (Aug. 14, 2012) (“*Trial Practice Guide*”) (citing *Taylor v. Sturgell*, 553 U.S. 880 (2008)). “Courts invoke the terms ‘real party-in-interest’ and ‘privy’ to describe relationships and considerations sufficient to justify applying conventional principles of estoppel and preclusion.” *Id.* There is no “bright-line test” for the degree of a party’s participation in a proceeding necessary to qualify as a real party-in-interest. *Id.* The Supreme Court in *Taylor* sets forth a list of factors that may be relevant in a particular case. *Taylor*, 553 U.S. at 893–95. “A common consideration is whether the non-party exercised or could have exercised control over a party’s participation in a proceeding.” *Trial Practice Guide*, 77 Fed. Reg. at 48,759 (citing *Taylor*, 553 U.S. at 895). The RPI inquiry is focused on the relationship of the party *to the proceeding at issue*.

One factor for determining actual control of a proceeding or the opportunity to control a proceeding is the “existence of a financially controlling interest in the petitioner.” *Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions* (“*Rules of Practice*”), 77 Fed. Reg. 48,612, 48,617 (Aug. 14, 2012). Additional relevant factors include: the non-party’s relationship with the petitioner; the non-party’s relationship to the petition itself, including the nature and/or degree of involvement in the filing; and the nature of the entity filing the petition. *Trial Practice Guide*, 77 Fed. Reg. at 48,760. A party, however, does not become a real party-in-interest

merely through association with another party in an endeavor unrelated to the IPR proceeding. *Id.* Our *Trial Practice Guide* also addresses specifically membership in a trade association: “if Trade Association X files an IPR petition, Party A does not become a ‘real party-in-interest’ or a ‘privy’ of the Association simply based on its membership in the Association.” 77 Fed. Reg. at 48,760.

C. Patent Owner’s Motion

The Petition names TAR as the only real party-in-interest. Paper 1, 59–60. Patent Owner’s Motion to Terminate contends that four other parties are real parties-in-interest to this proceeding that should have been named in the Petition under 35 U.S.C. § 312(a)(2), and, therefore, the proceeding should be terminated. Mot. 3. Specifically, Patent Owner identifies the National Association of REALTORS (“NAR”), Keller Williams Realty, Inc. (“KW”), Fathom Realty, LLC (“Fathom”), and Avis Wukasch² as either real parties-in-interest that should have been named in the Petition or privies of TAR. Mot. 3, 8.

D. Background and Factual Findings

POI Search Solutions LLC (“POI”) was the prior owner of the ’045 patent. Paper 14.³ POI filed a district court complaint against KW on February 4, 2015, alleging infringement of the ’045 patent. *POI Search Solutions LLC v. Keller Williams Realty, Inc.*, 2-15-cv-00144 (E.D. Tex.) (“KW litigation”). According to the docket of the KW litigation, KW was served with the complaint on February 13, 2015. Ex. 3001. The district court later issued an order dismissing the case

² According to Patent Owner, Ms. Wukasch is in “an active leadership and management role in KW,” is a member of the TAR Legal Review Committee, and previously was the Chairman of the Board of TAR. Mot. 4, 6–7 (citing Ex. 2003).

³ On September 23, 2016, we recognized IP3, Series 100 of Allied Security Trust I as the new Patent Owner. Paper 19.

with prejudice on June 22, 2015. Ex. 1016. Prior to the dismissal, KW submitted an application to TAR, requesting financial support from TAR to defend the KW litigation and to file an IPR against the '045 patent. Ex. 2002 (TAR Legal Review Committee meeting minutes dated May 28, 2015). This application for funding was discussed during the May 28, 2015 TAR Legal Review Committee meeting. *Id.*; Ex. 1018⁴ ¶ 12. The KW litigation was dismissed about one month after this meeting, and TAR never disbursed any funds to KW to support the KW litigation or to pay for an *inter partes* review petition for the '045 patent. *Id.* ¶ 13.

POI also filed a district court complaint against Fathom on February 4, 2015, alleging infringement of the '045 patent. *POI Search Solutions LLC v. Fathom Realty, LLC*, 2-15-cv-00143 (E.D. Tex.). According to the docket for this case, Fathom was served with the complaint on February 18, 2015, and the district court later issued an order dismissing the case with prejudice on August 25, 2015. Ex. 3002. No other parties have been served with a complaint alleging infringement of the '045 patent. Paper 8.

On February 11, 2016, Petitioner, TAR, filed the instant petition requesting *inter partes* review of the '045 patent. Paper 1 (“Pet.”). TAR is a professional trade association consisting of approximately 97,000 members. Pet. 59; Ex. 1018 ¶ 7. KW and Fathom are not “members” of TAR, but Ms. Wukasch is. Ex. 1018 ¶¶ 16, 21. “TAR is composed of individuals, specifically, licensed real estate agents and brokers,” not the brokerage firms themselves (e.g., KW, Fathom). *Id.* Ms. Levy also testifies that

⁴ Exhibit 1018 is the “Declaration of Lori Levy,” the General Counsel and Vice President for Legal Affairs for TAR. Ex. 1018 ¶ 1. Ms. Levy states that she “attended the meeting [of TAR’s Legal Review Committee] held May 28, 2015.” *Id.* ¶ 5.

[t]he funding for IPR2016-00615 came solely from the Legal Fund of TAR. NAR, Keller Williams, and Fathom Realty do not contribute to the Legal Fund of TAR, and have not separately provided any funding for this IPR2016-00615. The Legal Fund of TAR is funded by an assessment on TAR members. The assessment is currently set at five dollars (\$5). Thus, in that way, Avis Wukasch, as one of the over 97,000 members of TAR, contributes \$5 to the Legal Fund of TAR.

Id. ¶ 7. “The Legal Fund of TAR has paid all costs for IPR2016-00615.” *Id.* ¶ 8.

NAR is also a trade association, but NAR and TAR are separate trade associations. *Id.* ¶ 11. There is no evidence before us showing that NAR has had any communication with TAR regarding this proceeding. For example, none of the attendees of the May 28, 2015 meeting were NAR representatives. *Id.* ¶ 14.

E. Analysis of Arguments and Evidence

1. Real Party-in-Interest

Patent Owner contends “a pre-existing substantive legal relationship exists between and among all of the noted parties,” in the form of a “close real estate business relationship.” Mot. 6. This relationship is “so inextricably intertwined that all must be included as RPI’s,” and the relationship further “show[s] the parties share a common interest in the IPR proceedings and a motive to control.” *Id.*

Patent Owner relies on the meeting minutes of the TAR Legal Review Committee. Mot. 3–4; Ex. 2002. According to Patent Owner, the meeting minutes convey that “NAR agreed to pay for one-third the costs, on behalf of KW . . . for this IPR several months before it was filed.” *Id.* Patent Owner further contends that the meeting minutes bring into question whether KW, NAR, and Fathom are RPIs. Reply 2.

TAR has submitted un rebutted evidence, however, demonstrating that the May 28, 2015 meeting had nothing to do with this proceeding. Opp. 2; Ex. 1018

¶¶ 7–19. Instead, the Legal Review Committee meeting addressed KW’s application for funding in the KW litigation. *Id.* The case against KW was dismissed shortly thereafter, TAR did not disburse any funds to KW, and no petition for *inter partes* review was filed. Ex. 1018 ¶ 13. TAR notes that “[t]he correct interpretation of the Minutes is that NAR had approved a contribution of funds to Keller Williams, contingent upon approval of a similar contribution of funds from TAR to Keller Williams,” but no such funding ever occurred. Opp. 5 (emphases omitted).

Patent Owner suggests that the four unnamed parties “assumed a degree of control over this IPR as they all were present” at the May 28, 2015 meeting. Mot. 6. This contention is factually inaccurate, as no representatives of NAR or Fathom attended the meeting. Ex. 1018 ¶¶ 14, 22. Regardless, though, the record before us demonstrates the May 28, 2015 meeting did not pertain to this proceeding. The May 28, 2015 meeting addressed the KW litigation and KW’s proposal to prepare and file its own IPR petition. Ex. 1018 ¶¶ 11–13. The KW litigation was dismissed with prejudice about one month after the May 28, 2015 meeting. Ex. 1016; Ex. 1018 ¶ 13. The present IPR was not filed until February 11, 2016. Paper 1. There is no evidence to suggest the present IPR brought by TAR, approximately eight months after the meeting and seven months after the dismissal of the case against KW, relates to KW’s proposal to prepare and file its own IPR as discussed during the May 28, 2015 meeting. Ex. 2002.

There is no evidence to support that NAR, KW, Fathom, or Ms. Wukasch have control or could exercise control over TAR’s participation in this *inter partes* review. Ex. 1018 ¶ 6. Instead, the evidence of record demonstrates that TAR alone made the decision to file and maintain the instant Petition. Pet. 59–60. Ms. Levy testifies that

TAR legal counsel initiated the engagement of outside counsel to prepare and file the petition for *inter partes* review which was assigned IPR2016-00615. All decisions and actions taken by TAR in IPR2016-00615 were made by TAR legal counsel. TAR has not solicited, received, nor accepted input from any party as to TAR's actions with respect to IPR2016-00615.

Ex. 1018 ¶ 6. TAR's counsel further states that none of the four parties provided input or feedback regarding this proceeding, or even communicated with TAR's counsel. Ex. 1019 ¶¶ 4–5. Further, TAR has not received any funds from NAR, KW, or Fathom for filing the Petition or participating in this proceeding. Ex. 1018 ¶¶ 11, 17, 23; *see also* Ex. 1019 ¶¶ 3–4 (all fees to TAR's counsel paid by TAR). The funding for TAR's participation came solely from its Legal Fund, for which all of its 97,000 members, including Ms. Wukasch, contribute an assessment of \$5. Ex. 1018 ¶ 7. We do not find such a *de minimis* contribution to indicate that Ms. Wukasch is a real party-in-interest in this proceeding.

Further, the fact that Ms. Wukasch holds positions both at TAR and KW does not demonstrate that either she or KW is a real party-in-interest in this proceeding. Ms. Levy testifies that TAR and KW “did not communicate regarding the preparation, content, direction, or control of IPR2016-00615,” “Ms. Wukasch cannot, as an individual, and even as a member of the Legal Review Committee, provide direction or control as to TAR's actions in IPR2016-00615,” and neither party requested that TAR file the Petition in this proceeding. *Id.* ¶¶ 17, 19.

Accordingly, we are not persuaded that any of the four parties should have been named a real party-in-interest in this proceeding under 35 U.S.C. § 312(a)(2).

2. Privity

Patent Owner contends alternatively that the Petition is “time barred under 35 U.S.C. § 315(b).” Mot. 9. Section 315(b) states 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 . . . privity of the petitioner is served with a complaint alleging infringement of the patent.” Patent Owner appears to argue that each of the four unnamed parties are privies of TAR (as well as real parties-in-interest). Mot. 8–9 (contending that “[e]ven if NAR, KW, Wukasch and Fathom are determined not to be RPI’s, . . . ‘the notion of “privity” is more expansive”).

In addition to the assertions discussed *supra*, Patent Owner relies also on a statement made by TAR in an expunged⁵ brief (Ex. 2004) in a prior proceeding before the Board involving a Covered Business Method (“CBM”) review. Mot. 3, 8. In this prior proceeding, TAR attempted to establish standing before the Board to pursue a CBM review on behalf of its members. Ex. 2004, 7. TAR made the statement that “Petitioner is in direct privity and can expend funds defending [against patent infringement suits] with over *almost one hundred thousand* members.” *Id.* According to Patent Owner, this statement demonstrates that TAR “is acting as a mere proxy for the additional RPI’s, who should have been included as RPI’s in the original Petition.” Mot. 8. Patent Owner argues that TAR therefore is acting on its members’ behalf to protect them from liability for patent infringement. *Id.* Patent Owner’s contentions related to privity do not support termination of this proceeding.

Even if TAR members were in privity with TAR at the time of filing this Petition, Ms. Wukasch is the only member of TAR among the four parties. Ex. 1018 ¶¶ 7, 16, 21. Ms. Wukasch has not been served with a complaint alleging infringement of the ’045 patent, and thus the § 315(b) one-year bar would not

⁵ See *Texas Assoc. of Realtors v. Property Disclosure Techs., LLC*, Case CBM2015-00069 (PTAB July 28, 2015) (Paper 14) (expunging TAR’s “Reply to Patent Owner Preliminary Response to Petition” because the filing was unauthorized).

apply. Further, the record before us does not support finding either KW or Fathom as privies of TAR, especially considering neither are TAR members. And even if KW and Fathom were privies of TAR, each party was served with a complaint alleging infringement of the '045 patent less than one year before the date this Petition was filed. Thus, even if we deemed these entities to be privies of TAR, the Petition would not be time-barred under § 315(b). We are not persuaded that the Petition is time-barred under § 315(b) based on alleged privity between TAR and any of the four unnamed parties.

IV. ORDER

In view of the foregoing, it is hereby:

ORDERED that Patent Owner's Motion to Terminate for failure to identify the National Association of REALTORS, Keller Williams Realty, Inc., Fathom Realty, LLC, and Avis Wukasch as real parties-in-interest in IPR2016-00615 (Paper 30) is DENIED; and

FURTHER ORDERED that Patent Owner's originally filed Motion (Paper 27) and Reply (Paper 29) are expunged from the record of this proceeding.

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