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IPR2016-00213, Paper 45
IPR2016-00295, Paper 37
Entered: March 20, 2017

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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FPUSA, LLC,
Petitioner,

v.

M-I LLC,
Patent Owner.

____

Case IPR2016-00213 (Patent 9,004,288 B2)
Case IPR2016-00295 (Patent 9,074,440 B2)

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Before JAMES A. TARTAL, CARL M. DEFRANCO, and
TIMOTHY J. GOODSON, *Administrative Patent Judges*.

GOODSON, *Administrative Patent Judge*.

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

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I. INTRODUCTION

Patent Owner moves to terminate these proceedings on the grounds that the Petitions failed to list all real parties-in-interest. Paper 42 ("Mot.").[1] The only real party-in-interest listed in the Petitions is FPUSA, LLC ("Petitioner"). Case IPR2016-00213 ("the 213 IPR"), Paper 6, 2; Case IPR2016-00295 ("the 295 IPR"), Paper 1, 3. Patent Owner argues that MarkWater Handling Systems Ltd., FP Marangoni Inc., and Western Oilfield Equipment Rentals Ltd. also qualify as real parties-in-interest, and that their omission from the Petitions means that Petitioner did not meet the requirements of 35 U.S.C. § 312(a)(2) for a complete petition. Mot. 1. Patent Owner contends that the filing date of the Petitions should be vacated and the proceedings should be terminated, as any corrected petition would be time-barred under 35 U.S.C. § 315(b). *Id.* at 1–2. Petitioner opposes the Motion and disputes Patent Owner's contention that the unlisted entities are real parties-in-interest. Paper 43 ("Opp."). For the reasons discussed below, we *deny* Patent Owner's Motion to Terminate.

II. LEGAL STANDARDS

Under the rules governing these proceedings, the moving party has the burden of proof to establish that it is entitled to the requested relief. 37 C.F.R. § 42.20(c). Accordingly, a patent owner that moves for termination of an instituted proceeding due to a petition's improper identification of real parties-in-interest carries the burden to show, by a preponderance of the evidence, that it is entitled to

[1] Unless indicated otherwise, citations in this Order refer to the papers and exhibits in Case IPR2016-00213. Similar, if not identical, briefs and exhibits were also filed in Case IPR2016-00295.

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termination. *See* 37 C.F.R. § 42.1(d); *Corning Optical Communications RF, LLC v. PPC Broadband, Inc.*, IPR2014-00440, slip op. at 13 (PTAB Aug. 18, 2015) (Paper 68).

A complete listing of real parties-in-interest is a required component of a petition for *inter partes* review. 35 U.S.C. § 312(a)(2); 37 C.F.R. § 42.8(a)(1), (b)(1). A petitioner must also notify the Board of changes to the real parties-in-interest after the petition is filed. 37 C.F.R. § 42.8(a)(3). However, because Patent Owner's Motion is premised on a defect in the Petitions, the relevant time frame for analyzing the real parties-in-interest for the purposes of this Motion is the time when the Petitions were filed. *See Jiawei Tech. Ltd. v. Richmond*, Case IPR2014-00935, slip op. at 10 (PTAB Aug. 21, 2015) (Paper 52). In the 213 IPR, a Petition was filed on November 19, 2015, and, pursuant to a Notice from the Board concerning formatting errors, a corrected Petition was filed on December 9, 2015. Case IPR2016-00213, Paper 2, 60; Paper 4; Paper 6, 60. In the 295 IPR, the Petition was filed on December 8, 2015. Case IPR2016-00295, Paper 1, 60.

The Office Patent Trial Practice Guide provides guidance to parties on the issue of whether a non-party constitutes a real party-in-interest. *See* 77 Fed. Reg. 48,756, 48,759–60 (Aug. 14, 2012). "A common consideration is whether the non-party exercised or could have exercised control over a party's participation in a proceeding." *Id.* at 48,759. Other relevant factors include the non-party's relationship to the petitioner and to the petition itself, including the nature and degree of involvement in the filing. *Id.* at 48,760. The Trial Practice Guide advises that "generally a party does not become a 'real party-in-interest' or a 'privy' of the petitioner merely through association with another party in an

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unrelated endeavor." *Id.* Consistent with that guidance, previous decisions of the Board have emphasized that "RPI is the relationship between a party and a *proceeding*; RPI does not describe the relationship between *parties*. As such, . . . the Board's focus [is] on the degree of control the nonparty could exert over the *inter partes* review, not the petitioner." *Aruze Gaming Macau, Ltd. v. MGT Gaming, Inc.*, Case IPR2014-01288, slip op. at 11 (PTAB Feb. 20, 2015) (Paper 13); *see also Bungie, Inc. v. Worlds Inc.*, Case IPR2015-01325, slip op. at 24 (PTAB Nov. 30, 2015) (Paper 13) (same); *Hughes Network Systems v. California Inst. of Tech.*, Case IPR2015-00059, slip op. at 11 (PTAB Apr. 21, 2016) (Paper 42) (same).

III. FACTUAL BACKGROUND

Petitioner is a subsidiary of the entities that Patent Owner contends should have been listed as real parties-in-interest. As of June 2015, MarkWater Handling Systems, Ltd. ("MarkWater") owned 100% of the shares of FP Marangoni, Inc. ("FPM"), which owned 100% of the shares of FP Marangoni America, Inc. ("FP America"), which in turn owned 90% of the shares of Petitioner. Ex. 2003; Ex. 2004 ¶ 7; Ex. 2005 ¶ 3. In January 2016, after the filing of the Petitions in these proceedings, Western Oilfield Equipment Rentals Ltd. ("Western") was amalgamated into MarkWater. Mot. 4 n.3; Opp. 3; Ex. 2024; Ex. 2034, 1. In July 2016, the legal name of the amalgamated entity was changed from MarkWater to Western. Ex. 2024; Ex. 2034, 1–2. In addition to their parent-subsidiary relationship, Petitioner shares officers and directors in common with FPM and MarkWater. In 2015, Robert Russell and Art Robinson served on the Management

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Committee of Petitioner and were also directors and officers of MarkWater, FPM, and FPM America. Ex. 2005 ¶ 3; Ex. 2025, 6–7, 25, Ex 1.

The Board is one of three forums where disputes concerning this family of patents are ongoing. Petitioner and Patent Owner are also adversaries in a lawsuit in the U.S. District Court for the Western District of Texas (*M-I LLC v. FPUSA, LLC*, Civil Action No. 5:15-CV-00406 (DAE)), in which Patent Owner accuses Petitioner of infringing the two patents that are the subject of these IPR proceedings. *See* Paper 20, 3. The same counsel represents Petitioner and FPM in both the Texas case and these proceedings. *See id.* at 9 (citing Ex. 2003, 2; Ex. 2006, 11). In addition, Patent Owner is engaged in legal proceedings in Canada against MarkWater concerning "the Canadian counterpart" to the patent that is the subject of the 213 IPR. *Id.* at 4.

In an attempt to resolve these IPR proceedings as well as the Texas and Canadian cases, Mr. Russell sent to Gary Cole of "M-I Swaco Schlumberger" a letter written on Western letterhead proposing a settlement that would "result[] in the termination of further legal expenditures[and] a discontinuation of the outstanding Inter Partes Review. . . ." Ex. 2008, 1.[2] The letter proposed as one option that Patent Owner would acquire the business of "the former entity Western Oilfield Equipment Rentals Ltd. (currently operated by Markwater Handling Systems Ltd.), as well as FP Marangoni Inc., Pomerleau Mechanica Inc., FP Marangoni America Inc. and FP USA LLC (collectively referred to as 'Western')."

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[2] The letter is undated and Mr. Russell could not recall when he sent the letter, other than it was "[p]robably in 2016." Ex. 2025, 78:8–15.

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