Acoustic Technology, Inc. v. Itron Networked Solutions, Inc., 949 F.3d 1366 (Fed. Cir. 2020)

BY KATHLEEN WILLS

Acoustic sued Itron for infringement of its patent, and the two parties settled, with Itron taking a license to the patent. Acoustic later sued Silver Spring for infringement. Silver Spring petitioned for *inter partes* review (IPR) of the patent, while also discussing a potential merger with Itron. The Patent Trial and Appeal Board subsequently instituted review, and Silver Spring and Itron completed their merger. The Board ruled against Acoustic.

On appeal, Acoustic asserted that the IPR was time-barred under 35 U.S.C. § 315(b). This provision provides that an IPR may not be instituted if the petition is filed more than one year after the date on which "the petitioner, real party in interest, or privy of the petitioner" is served with a complaint alleging patent infringement. Specifically, Acoustic argued that Itron became a real party in interest before the petition was filed because Itron discussed merging with Silver Spring. Acoustic also argued that the Board had post-institution authority to reevaluate § 315(b) when a real party in interest arises to prevent parties from waiting to initiate corporate deals until after institution to avoid time-bar challenges. Itron countered that Acoustic waived this challenge by not raising it before the Board and that Itron was not a real party in interest because it did not merge with Silver Spring until after the Board instituted the IPR. Itron also argued that the Board lacked authority to reevaluate the provision after institution.

The Federal Circuit held that, if it allowed Acoustic's challenge for the first time on appeal, it would provide appellants with the unfair advantage of allowing them to wait for the Board's decision on the merits and, if unfavorable, to challenge the Board's jurisdiction on appeal. Since Acoustic knew about the merger months before the Board issued its final written decision, Acoustic's failure to provide any reason for its untimely § 315(b) challenge deprived the court "of the benefit of the [Board's] informed judgment."

Since time-bar challenges under 35 U.S.C. § 315(b) are not immune from waiver, parties should raise this issue before the Board.

The Federal Circuit declined to decide whether the Board has the "authority or obligation" to reevaluate this statutory provision post institution. While this decision did not resolve whether pre-merger activities render a party a real party in interest, the court reiterated that real parties in interest include relationships arising before institution and those arising after a petition is filed. The court stated that it maintains "case-by-case" discretion over whether to apply waiver.

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RELATED CASE

- *Power Integrations, Inc. v. Semiconductor Components Indus.*, 926 F.3d 1306 (Fed. Cir. 2019) (the real-party-in-interest determination includes relationships arising after the petition is filed and before institution).