

PARTIES AND BOARD ONLY

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

FASTENERS FOR RETAIL, INC.,
Petitioner,

v.

RTC INDUSTRIES, INC.,
Patent Owner.

Case IPR2018-00743
Patent 9,504,321 B2

Before PATRICK R. SCANLON, MICHAEL L. WOODS, and
JASON W. MELVIN, *Administrative Patent Judges*.

MELVIN, *Administrative Patent Judge*.

DECISION

Denying Institution of *Inter Partes* Review
37 C.F.R. § 42.108

I. INTRODUCTION

Fasteners for Retail, Inc. (“Petitioner”) filed a Petition (Paper 1, “Pet.”) requesting *inter partes* review of claim 9 of U.S. Patent No. 9,504,321 B2 (“the ’321 patent”). Pet. 1. RTC Industries, Inc. (“Patent Owner”) filed a Preliminary Response (Paper 8, “Prelim. Resp.”) in response to the Petition, contending that the Petition should be denied. Prelim. Resp. 1–2.

In its Preliminary Response, Patent Owner argued that Petitioner failed to name Olympus Partners, LP (“Olympus Partners”) as a real party-in-interest (“RPI”). *Id.* at 31–38.

In order to fully address this threshold issue, we granted: (1) Petitioner permission to file a reply to Patent Owner’s RPI arguments (Paper 14, “Pet. Reply”); (2) Patent Owner permission to file a sur-reply to Petitioner’s Reply (Paper 19, “PO Sur-Reply”); and (3) Petitioner permission to file a sur-sur-reply (Paper 21, “Pet. Sur-Reply”).

Upon consideration of the briefing and evidence presented, we determine that Petitioner has not satisfied its burden of establishing that Olympus Partners, or Olympus Advisers, LLC (“Olympus Advisers,” which does business under the name Olympus Partners (*see* Ex. 1039 ¶ 1)), is not an RPI to this proceeding. Accordingly, we do not institute an *inter partes* review of the challenged claims.

A. Related Proceedings

Petitioner represents that the '321 patent is at issue in *RTC Industries, Inc. v. FFR Merchandising, Inc.*, Case No. 1:17-cv-03595 (N.D. Ill.). Pet. 2. Petitioner also represents that petitions for *inter partes* review were also filed challenging related U.S. Patent Nos. 9,173,505 B2, 9,149,132 B2, and 9,635,957 B2. *Id.* Below is a chart that associates the *inter partes* review proceedings and the related patents:

IPR Number	Patent Number
IPR2018-00741	9,173,505 B2
IPR2018-00742	9,149,132 B2
IPR2018-00743	9,504,321 B2
IPR2018-00744	9,635,957 B2

II. DISCUSSION

A. Issue

The issue before us is whether Petitioner named all RPIs, namely, Olympus Partners or Olympus Advisors. More particularly, the issue before us is whether Petitioner satisfied its burden in establishing that its representative, Mr. Conroy, was acting on behalf of Petitioner, and not Olympus Partners, during negotiations with Patent Owner that related directly to the filing of this *inter partes* review. We conclude that Petitioner did not satisfy its burden.

B. Principles of Law

A petition for *inter partes* review may be considered “only if” it identifies all RPIs. 35 U.S.C. § 312(a)(2) (“A petition filed under section

311 may be considered only if . . . the petition identifies all real parties in interest . . .”). As a threshold issue, the identification of RPIs must be made as part of a petitioner’s mandatory notices, which are required to be filed as a part of the petition. 37 C.F.R. § 42.8(a)(1).

Although we generally accept the petitioner’s identification of RPIs at the time of filing the petition, if the patent owner produces some evidence to support an argument that a particular third party is an unnamed RPI, the petitioner must establish that it has complied with its statutory requirement. *See Worlds Inc. v. Bungie, Inc.*, 2018 WL 4262564, at *3 (Fed. Cir. Sept. 7, 2018) (“an IPR petitioner’s initial identification of the real parties in interest should be accepted unless and until disputed by a patent owner . . . [and] that a patent owner must produce some evidence to support its argument that a particular third party should be named a real party in interest”); *see also id.* at *5 (“[a] mere assertion that a third party is an unnamed real party in interest, without any support for that assertion, is insufficient to put the issue into dispute”); *see also id.* at *7 (remanding with instructions that petitioner bears the ultimate burden of persuasion in establishing that all real parties in interest have been named).

Our goal in considering the status of unnamed RPIs is “determining whether the non-party is a clear beneficiary that has a preexisting, established relationship with the petitioner.” *Applications in Internet Time, LLC v. RPX Corporation*, 2018 WL 3625165, *11 (Fed. Cir. July 9, 2018). In the context of an *inter partes* review, and as explained in our PRACTICE GUIDE, there are multiple factors that relate to whether a non-party should be identified as an RPI. OFFICE PATENT TRIAL PRACTICE GUIDE, 77 Fed. Reg. 48756, 48759 (Aug. 14, 2012 (updated Aug. 13, 2018)) (“PRACTICE

GUIDE”). These factors may include, for example, whether a non-party exercises control over a petitioner’s participation in the proceeding and whether the non-party is directing the proceeding. *Id.* at 48,759–60. The PRACTICE GUIDE further explains that “a party that . . . directs and controls an IPR . . . petition or proceeding constitutes a ‘real party-in-interest,’ even if that party is not a ‘privy’ of the petitioner.” *Id.* at 48,760.

The concept of control generally means that “. . . the nonparty has the actual measure of control or opportunity to control that might reasonably be expected between two formal coparties.” *Id.* at 48,759 (quoting 18A Charles Alan Wright, Arthur R. Miller & Edward H. Cooper, *Federal Practice & Procedure* §§ 4449, 4451 (2d ed. 2011) (“Wright & Miller”)). However, “there is no ‘bright-line test’ for determining the necessary quantity or degree of participation to qualify as a ‘real party-in-interest’ . . . based on the control concept.” *Id.* (quoting *Gonzalez v. Banco Cent. Corp.*, 27 F.3d 751, 759 (1st Cir. 1994)). Indeed, the “measure of control by a nonparty that justifies preclusion cannot be defined rigidly.” *Id.* (citing Wright & Miller § 4451).

C. Analysis

1. Factual Background

As the RPIs in this proceeding, Petitioner identifies: Fasteners for Retail, Inc. (itself); Southern Imperial, LLC; FFR DSI Intermediate Holdings, Inc.; and FFR DSI Holdings, Inc. Pet. 2; Paper 13, 1. Patent Owner argues that Petitioner failed to name the party controlling the proceeding, namely, Olympus Partners. *See* Prelim. Resp. 32 (“FFR failed

to identify the party controlling this proceeding, its parent company, Olympus Partners LP”); *see also id.* at 31–41.

After Patent Owner’s Preliminary Response was filed, we entered an order granting Petitioner permission to name Olympus Partners as an RPI, and explained that such an amendment would not mandate a change in the Petition filing date. *See* Paper 12, 2–3 (citing in-part *Lumentum Holdings, Inc. v. Capella Photonics, Inc.*, Case IPR2015-00739, slip op. at 5 (PTAB Mar. 4, 2016) (Paper 38)).

Although Petitioner amended its mandatory notices to include Southern Imperial, LLC, FFR DSI Intermediate Holdings, Inc., and FFR DSI Holdings, Inc., Petitioner *did not* amend its notices to include Olympus Partners. Paper 13, 1.

a) Petitioner

Petitioner, Fasteners for Retail, Inc., describes its structure as follows:

[REDACTED]

[REDACTED] Ex. 1039 ¶ 1. Based on the record, Petitioner is in the business of making and selling merchandising products for store shelves. Ex. 2018 (“Fasteners for Retail Inc. . . . makes store shelving and point-of-sale purchase merchandising products”); *see also* Ex. 2016 (“FFR DSI” is in the business of designing, marketing, and supplying “merchandising, loss prevention and operational efficiency solutions primarily to retailers and consumer packaged goods companies”).

b) Olympus Partners

Olympus Advisors LLC (“Olympus Advisors”) does business under the name Olympus Partners. Ex. 1039 ¶ 1. Olympus Advisors (d/b/a

Olympus Partners) is a private equity and venture capital firm (Ex. 2002, i; Ex. 2017) [REDACTED]

[REDACTED]
(Ex. 1039 ¶ 1).

c) Mr. James Conroy

Mr. Conroy is a Vice President at Olympus Advisors. Ex. 1039 ¶ 1. Other evidence indicates he is a Managing Partner at Olympus Partners. Ex. 2002, ii; Ex. 2013; Ex. 2017.

Mr. Conroy also appears to be a director of four companies: (1) Shemin Holdings Corporation; (2) The Ritedose Corporation; (3) Arden Holdings Limited; and (4) FFR Merchandising, Inc. Ex. 2013. Although Petitioner provides a precise explanation of Petitioner's ownership structure, Petitioner does not address the entity FFR Merchandising, Inc., or its relationship with Petitioner. *See* Ex. 1039 ¶¶ 1, 10. Based on the similarities in the name "FFR," we presume FFR Merchandising, Inc., to be affiliated with Petitioner. Notably, Mr. Conroy testifies that he is a board member of "FFR" (Ex. 1039 ¶ 10), further leading us to believe that Petitioner, Fasteners for Retail, Inc., is affiliated with FFR Merchandising, Inc.

Most relevant to this Decision, we find that Mr. Conroy serves the following roles: (1) a board member of FFR Merchandising, Inc., which is affiliated with Petitioner (Ex. 1039 ¶ 10; Ex. 2013); and (2) a Vice President and Managing Partner of Olympus Advisors, d/b/a Olympus Partners (Ex. 1039 ¶ 1; *see also* Ex. 2002, ii; Ex. 2013; Ex. 2017). Petitioner does not identify Olympus Partners or Olympus Advisors as an RPI. *See* Pet. 2

(naming only Fasteners for Retail, Inc., the Petitioner); *see also* Paper 13, 1 (amending its mandatory notices to further name Southern Imperial, LLC; FFR DSI Intermediate Holdings, Inc.; and FFR DSI Holdings, Inc.).

d) Mr. Richard Nathan

Mr. Nathan is the CEO of Patent Owner, RTC Industries, Inc.
Ex. 2001 ¶ 1.

e) Relationship between Petitioner and Olympus Partners

According to a press release dated July 11, 2011, Olympus Partners acquired [REDACTED]. *See* Ex. 2016 (“Olympus Partners is pleased to announce that it has acquired FFR-DSI, Inc.”); *see also* Ex. 1039 ¶ 1 [REDACTED]. In this release, Mr. Conroy expressed Olympus Partners’ excitement in the acquisition. *See* Ex. 2016.

Furthermore, Olympus Advisors (d/b/a Olympus Partners) provides “advisory services” to [REDACTED]. *See* Ex. 1039 ¶ 1 (explaining that Petitioner is [REDACTED]).

*f) Settlement Communications Between Mr. Conroy
and Mr. Nathan*

Patent Owner asserts that “[p]rior to filing this *inter partes* review, *Olympus Partners* discussed settlement of the underlying litigation with [Mr.] Richard Nathan, Patent Owner’s CEO.” Prelim. Resp. 33–34 (citing Ex. 2001 ¶ 4) (second emphasis added).

Mr. Nathan testifies that [REDACTED]
[REDACTED] (Ex. 2001 ¶ 5) and that during those
discussions, [REDACTED]
[REDACTED]
[REDACTED] (*id.* ¶ 4).

In an e-mail dated January 26, 2018, a little more than one month before the instant Petition was filed, Mr. Conroy sent an e-mail to Mr. Nathan stating, [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] Ex. 2001 (Exhibit A). Notably, Mr. Conroy sent all of the e-mail communications at issue and of record in this proceeding from the e-mail address JConroy@OlympusPartners.com. *Id.* at (Exhibits A–H); Ex. 2012 (Exhibit A).

In an e-mail dated January 31, 2018, Mr. Conroy informed Mr. Nathan that [REDACTED]
[REDACTED] Ex. 2001 (Exhibit B).

Mr. Conroy testifies that on February 28, 2018, [REDACTED]
[REDACTED]
[REDACTED] Ex. 1039 ¶ 12; *see also* Ex. 2001 (Exhibit F) [REDACTED]

[REDACTED]
[REDACTED]

On March 4, 2018, one day before the instant Petition was filed, Mr. Conroy sent another e-mail to Mr. Nathan stating, [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] Ex. 2012

(Exhibit A) (emphasis added).

In all, between January 26, 2018, and March 4, 2018 (one day before the Petition was filed), Mr. Conroy sent at least nine e-mails to Mr. Nathan from his JConroy@OlympusPartners.com e-mail address. Ex. 2001 (Exhibits A–H); Ex. 2012 (Exhibit A).

Mr. Nathan testifies that he was negotiating settlement with Olympus Partners. Ex. 2001 ¶ 4 [REDACTED]

[REDACTED]
[REDACTED].

Mr. Conroy, on the other hand, testifies that [REDACTED]
[REDACTED] (Ex. 1039 ¶ 13), [REDACTED]
[REDACTED] (*id.* ¶ 10 (emphasis added); *see also id.* ¶ 14 [REDACTED])

[REDACTED]. Neither Petitioner nor Mr. Conroy explain whether Mr. Conroy's role as a board member of FFR Merchandising, Inc. (*see* Ex. 2013), however, gave him authority to negotiate on behalf of Petitioner, Fasteners for Retail, Inc.

2. *Discussion*

The precise issue before us is whether Petitioner satisfied its burden of persuading us that Mr. Conroy was acting on behalf of Petitioner during settlement discussions with Patent Owner, rather than unnamed party Olympus Advisors, d/b/a Olympus Partners. We find that Petitioner has not met its burden.

We find that Mr. Conroy, either acting on behalf of another party or himself, controlled filing of the Petition. During settlement discussions with Patent Owner's CEO (Mr. Nathan), Mr. Conroy informed Mr. Nathan that

[REDACTED]

[REDACTED] (Ex. 2001 (Exhibit B) (emphasis added)) and that [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] (*id.* (Exhibit A) (emphasis added)). Thus, our determination regarding Petitioner's designation of RPIs depends on whether Petitioner has shown sufficiently that Mr. Conroy acted on behalf of Petitioner rather than on behalf of Olympus Partners.

Petitioner's VP of Product Development [REDACTED]
[REDACTED] Ex. 1039 ¶ 12. According to Mr. Nathan, however, Petitioner's VP apparently [REDACTED]

[REDACTED] See Ex. 2001 ¶ 11. Although this evidence tends to support Petitioner's argument that Mr. Conroy was negotiating settlement on behalf of Petitioner, upon weighing the other evidence and testimony, we determine that Petitioner has not met its burden

in persuading us that Olympus Partners is not an RPI. In particular, and for the following reasons, Petitioner has not persuaded us that Mr. Conroy was controlling the filing of the Petition on behalf of Petitioner, rather than Olympus Partners.

First, in a settlement e-mail dated March 4, 2018, Mr. Conroy informed Mr. Nathan that [REDACTED] [REDACTED] Ex. 2012 (Exhibit A) (emphasis added). The record contains evidence only that Petitioner’s business model is making and selling merchandising products, none that indicates Petitioner [REDACTED] Ex. 2018 (“Fasteners for Retail Inc. . . . makes store shelving and point-of-sale purchase merchandising products”); *see also* Ex. 2016 (describing FFR-DSI’s business as merchandising solutions to retailers and consumer packaged goods companies). Olympus Partners’ business model, on the other hand, is investing other people’s money. *See* Ex. 2002, i (“Olympus Partners LP is a private equity and venture capital firm specializing in financing”); *see also* Ex. 2017 (describing the same). Accordingly, Mr. Conroy’s [REDACTED] supports the finding that the party that he represents is Olympus Partners, not Petitioner, and his e-mail supports a finding that he was negotiating on behalf of Olympus Partners. Moreover, Petitioner fails to provide any explanation to address Mr. Conroy’s seemingly inconsistent statement (that is, [REDACTED] as applied to Petitioner) in either of its briefs. *See, generally*, Pet. Reply and Pet-Sur Reply.

Second, during settlement communications with Patent Owner, Mr. Conroy used his Olympus Partners e-mail address. *See* Ex. 2001

(Exhibits A-H); Ex. 2012 (Exhibit A). Petitioner also fails to explain why the Olympus Partners e-mail address was used, instead dismissively stating that the “use of that email address is not probative of anything.” Pet. Sur-Reply 4. We disagree; although an e-mail address alone does not necessarily define the role of the person sending a message, the address of Mr. Conroy’s messages is consistent with and supports a finding that he acted on behalf of Olympus Partners, as described above. Petitioner’s dismissive response falls short of carrying Petitioner’s burden. Mr. Nathan understood that he was negotiating settlement with Olympus Partners (*see* Ex. 2001 ¶ 4), and Mr. Conroy’s use of his Olympus Partners e-mail address leads us to believe the same.

Third, Petitioner fails to explain why Mr. Conroy, while serving on Petitioner’s board, would even have authority to negotiate a patent dispute settlement on behalf of Petitioner. *See* Ex. 1039 ¶¶ 1, 10. Mr. Conroy was negotiating directly with Patent Owner’s CEO, and we struggle to understand why a member of Petitioner’s board, rather than Petitioner’s CEO, for example, would engage in settlement discussions with Mr. Nathan. Indeed, Mr. Nathan understood that he was negotiating settlement with Olympus Partners (*see* Ex. 2001 ¶ 4), and absent any explanation from Petitioner, we are skeptical that Mr. Nathan would negotiate settlement with a board member. These facts further suggest that Mr. Conroy was negotiating on behalf of Olympus Partners, as its Managing Partner or Vice President.

Petitioner argues that it was Mr. Nathan who first contacted Mr. Conroy regarding settlement discussions. *See* Pet. Reply 4 (“Mr. Nathan, RTC’s CEO, contacted Mr. Conroy directly to discuss settlement” (citations

omitted)). Whether Mr. Nathan contacted Mr. Conroy first, or vice-versa, is beside the point. *Even if* we assume Mr. Conroy's assertion to be true, in that Mr. Nathan initiated settlement discussions, rather than pass Mr. Nathan's request to engage in settlement discussions to Petitioner's CEO, for example, Mr. Conroy continued to engage in those settlement discussions through his Olympus Partners e-mail address and clearly expressed authority to control filing of the instant Petition. *See* Ex. 2001 (Exhibits A, B); *see also* Ex. 2012 (Exhibit A).

Petitioner failed to satisfy its burden to persuade us that Olympus Partners is not an unnamed RPI. Patent Owner presents substantial evidence that leads us to believe that Olympus Partners, *vis-à-vis* Mr. Conroy, was controlling the filing of the Petition, and despite having two extra briefs to address this issue, Petitioner failed to address the most relevant evidence head-on.

Upon consideration of the evidence presented, Petitioner has not met its burden in persuading us that Olympus Partners is not an RPI.

D. Conclusion

We conclude that Petitioner has not met its burden of establishing compliance with the statutory requirement to identify all RPIs. In view of our conclusion, we do not consider the merits of the patentability challenges presented in the Petition.

III. ORDER

For the reasons given, it is

ORDERED that the Petition is denied and no *inter partes* review is

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instituted.

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