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## Fair Shot at Privity: Director Reverses PTAB on Discovery Ruling *Semiconductor Components Indus., LLC v. Greenthread LLC*, IPR2023-01242, -01243, -01244 (USPTO Apr. 30, 2025)

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The USPTO Director's recent decision in *Semiconductor Components v. Greenthread* squarely addresses a recurring procedural issue in inter partes reviews: what happens when a patent owner is denied discovery into privity and then faulted for failing to prove it? In vacating the PTAB's final written decisions, the Director sent a clear message—discovery under § 315(b) must be meaningfully available before a party can be penalized for failing to develop the record.



The decision involved three IPRs filed by Semiconductor Components Ind., LLC, D/B/A “onsemi” challenging Greenthread’s patents. Greenthread argued that the petitions were time-barred under § 315(b) because onsemi was in privity with Intel, a party served with a district court complaint more than a year before the IPR filings. To explore that theory, Greenthread sought limited discovery into the onsemi–Intel relationship, including indemnity obligations and sales history. The Board denied that request, finding Greenthread had not shown more than a “mere possibility” of discovering relevant information. It then relied on that lack of evidence to reject Greenthread’s privity defense and institute trial.

The Director disagreed and found that the Board erred in denying Greenthread’s request for discovery into potential privity between onsemi and Intel—particularly where the Petitioner onsemi was a known supplier of a time-barred party, Intel. The Director emphasized that while the discovery requests may have been broad, there was no indication that they were abusive or harassing. Rather than rejecting them outright, the Board should have permitted appropriately narrowed discovery or allowed Greenthread to revise its discovery requests. Denying discovery and then faulting the Patent Owner for failing to develop the factual record, the Director held, was an abuse of discretion that warranted vacatur and remand.

In addition to the core privity issue, the Director also faulted the Board for two related procedural missteps. First, the Board excluded two district court claim construction rulings on the basis that they were “new evidence,” even though they were timely filed and clearly legal authority, not factual exhibits. Second, the Board rejected several of Greenthread’s claim construction responses as allegedly untimely, despite the fact that they were proper rebuttals to onsemi’s arguments and consistent with the IPR’s procedural rules. Taken together, these errors led the Director to vacate the final written decisions and remand for further proceedings, including appropriate discovery into the privity question.

This decision serves as a strong reminder that privity-based defenses under § 315(b) require access to evidence often held solely by the petitioner or its affiliates. The Director made clear that when a patent owner raises a plausible basis for such discovery, the Board cannot deny it and simultaneously fault the party for failing to carry its burden. The ruling underscores the need for procedural fairness in IPRs—particularly where time bars and real-party-in-interest disputes are at stake. For practitioners, the takeaway is twofold: be prepared to articulate a clear factual basis for discovery on privity and preserve objections when the Board forecloses access to critical relationship evidence.