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BY CM/ECF & HAND DELIVERY
The Honorable Richard G. Andrews
U.S. District Court for the District of Delaware
U.S. Courthouse
844 North King Street
Wilmington, DE 19801

PUBLIC VERSION
May 31, 2016

Re: Acceleration Bay LLC v. Activision Blizzard, Inc. et al.
D. Del., C.A. No. 15-228-RGA, 15-282-RGA, 15-311-RGA

Dear Judge Andrews:

We write on behalf of Acceleration Bay in response to the Court's Question: "If the Court concludes that Acceleration Bay is the owner of the patents-in-suit, is Boeing required to be joined as a party under Fed. R. Civ. P. 19?".

The answer is no. If Acceleration Bay is the owner of the patents-in-suit, then Boeing need not be joined as a required party under Fed. R. Civ. P. 19. *See, e.g., Vaupel Textilmaschinen KG v. Meccanica Euro Italia S.P.A.*, 944 F.2d 870, 875-76 (Fed. Cir. 1991) (finding inventor/assignor was not necessary under Rule 19 when plaintiff had standing to sue alone due to its ownership of substantially all rights to the patent).

The Federal Circuit has consistently held that the owner of a patent has standing by itself alone to assert that patent:

- *Alfred E. Mann Found. for Scientific Research v. Cochlear Corp.*, 604 F.3d 1354, 1360 (Fed. Cir. 2010) ("When a sufficiently large portion of this bundle of rights is held by one individual, **we refer to that individual as the owner of the patent, and that individual is permitted to sue for infringement in his own name**.") (emphasis added);

- *Morrow v. Microsoft Corp.*, 499 F.3d 1332, 1340 (Fed. Cir. 2007) (When an original owner transfers "all substantial rights" in the patent to an assignee, "this amounts to an assignment or a transfer of title, which confers constitutional standing on the assignee to sue for infringement in its own name alone.");

- *Prima Tek II, L.L.C. v. A–Roo Co.*, 222 F.3d 1372, 1377 (Fed. Cir. 2000) ("[W]here the patentee makes an assignment of all substantial rights under the patent, the assignee may be

> deemed the effective 'patentee' under 35 U.S.C. § 281 and thus may have standing to maintain an infringement suit in its own name.");

- *MobileMedia Ideas, LLC v. Apple Inc.*, 885 F. Supp. 2d 700, 706 (D. Del. 2012) (citing *Aspex Eyewear, Inc. v. Altair Eyewear, Inc.*, 288 Fed. Appx. 697 (Fed. Cir. 2008) ("plaintiffs in patent suits fall into three categories for standing purposes: those that can sue in their own name alone; those that can sue as long as the patent owner is joined in the suit; and those that cannot even participate as a party to an infringement suit. In the first category (i.e., those who can sue in their own name alone) are those plaintiffs that hold all legal rights to the patent, including assignees and those to whom 'all substantial rights to the patent' have been transferred.").

Acceleration Bay's ownership of the patents-in-suit, therefore, resolves all standing and joinder issues. Non-owner Boeing is not a required party because [redacted] and there is no risk of duplicative litigation over the claims at issue in these actions. Indeed, Defendants' counsel recently successfully argued this point to this Court in another matter. D.I. 111,[1] Ex. 9 (EMC's Reply Brief Regarding EMC Corporation's Standing) at 1 (a "patentee with legal title and the right to sue has standing in federal court," which "ends the inquiry.").

In the cases cited by Defendants in their motion to dismiss, the plaintiff was found to be an exclusive licensee, ***not the owner of the patents***. For example, in the *Clouding IP* case upon which Defendants rely heavily, Judge Stark found that the plaintiff, Clouding IP, was not the owner of the patents-in-suit, but instead was somewhere between an exclusive licensee and a bare licensee. Specifically, Judge Stark found that the original patentee did not convey sufficient rights to Clouding IP to transfer ownership of the patents-in-suit, and that Clouding IP's "rights in the patents-in-suit do not amount to an ***ownership interest***." *Clouding IP, LLC v. Google Inc.*, 61 F. Supp. 3d 421 at 434-35 (D. Del. 2014) (emphasis added); *see also e.g., A123 Sys., Inc. v. Hydro-Quebec*, 626 F.3d 1213, 1218 (Fed. Cir. 2010) ("In determining ownership for purposes of standing, labels given by the parties do not control. Rather, the court must determine whether the party alleging effective ownership has in fact received all substantial rights from the patent owner"); *Diamond Coating Techs., LLC v. Hyundai Motor Am.*, No. 8:13-CV-01480-MRP, 2015 WL 2088892, at *5 (C.D. Cal. Apr. 1, 2015) ("An assignor's retention of substantial portions of proceeds from assigned patents is 'consistent with a retained ownership interest' of those patents"); *Prima Tek II, L.L.C. v. A-Roo Co.*, 222 F.3d at 1377 ("Although an exclusive licensee may have standing to participate in a patent infringement suit, in some cases it must still be joined in suit by the patent owner").

Fed. R. Civ. P. 19(a) requires a non-party to be joined in only two circumstances, neither of which are found here:

> (A) in [a] person's absence, the court cannot accord complete relief among existing parties; or

[1] Docket citations herein are to *Acceleration Bay LLC v. Activision Blizzard Inc.*, C.A. No. 15-282-RGA.

> (B) that person claims an interest relating to the subject of the action and is so situated that disposing of the action in the person's absence may (i) as a practical matter impair or impeded the person's ability to protect the interest; or (ii) leave an existing party subject to a substantial risk of incurring double, multiple or otherwise inconsistent obligations because of the interest.

The Court can accord "complete relief among" the parties without Boeing because Boeing [redacted] and there is no risk (let alone a "substantial risk") of duplicative or inconsistent litigation. *Id.* As Boeing itself acknowledges, [redacted] D.I. 109 at 5-6; D.I. 110 (Radovsky Decl.) at ¶ 6 ([redacted]).

[redacted] there is no risk of duplicative or inconsistent litigation, because Boeing, [redacted] *Int'l Gamco, Inc. v. Multimedia Games, Inc.*, 504 F.3d 1273, 1278-79 (Fed. Cir. 2007) ("[the] court's prudential standing requirement compels an exclusive licensee with less than all substantial rights, such as a field of use licensee, to join the patentee before initiating suit."). Indeed, because Acceleration Bay "will be a party to any suit that [Boeing] initiates, it will be collaterally estopped from re-litigating an issue that received a final judgment on the merits," removing any risk of inconsistent litigation. *Bluestone Innovations LLC v. Nichia Corp.*, No. C 12-00059 SI, 2013 WL 1729814, at *5 (N.D. Cal. Apr. 22, 2013) (citing *Int'l Gamco*, 504 F.3d at 1278.).

A finding that Acceleration Bay is the owner of the patents-in-suit resolves any concerns over prudential standing and is also dispositive as to the Rule 19 issue because the Federal Circuit and other courts have treated the analysis of those two issues as one and the same. *See, e.g., Vaupel Textilmaschinen*, 944 F.2d at 875-76 (finding inventor/assignor was not necessary under Rule 19 when plaintiff had standing to sue alone due to its ownership of substantially all rights to the patent); *Luminara Worldwide, LLC v. Liown Elecs. Co.*, No. 2015-CV-1671, 2016 WL 797925, at *5-6, n.5 (Fed. Cir. Feb. 29, 2016) (noting "that the same facts upon which we rely to conclude that Luminara [has prudential standing to] proceed in the absence of Disney also support a finding that Disney is not an indispensable party within the meaning of Rule 19"); *Princeton Digital Image Corp. v. Hewlett-Packard,* Nos. 12 Civ. 779 (RJS), 12 Civ. 6973 (RJS), 12 Civ. 6974 (RJS), 2013 WL 1454945, at *6 (S.D.N.Y. Mar. 21, 2013) ("prudential [standing] constraints are governed by Federal Rule of Civil Procedure 19"); D.I. 111, Ex. 22, *Adaptix, Inc. v. T-Mobile USA, Inc.*, No. 6:12-cv-00369, Memorandum Order at 2-3 (E.D. Tex. Nov. 5, 2014) (characterizing motion to dismiss under Rule 19 as a motion to dismiss "for lack of constitutional and prudential standing").

Accordingly, if Acceleration Bay is the owner of the patents-in-suit, then Boeing need not be joined as a required party under Fed. R. Civ. P. 19.

Respectfully,

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cc: All Counsel of Record – by CM/ECF and E-mail