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Paper 39
Entered: February 17, 2015

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

UNIFIED PATENTS INC,
Petitioner

v.

DRAGON INTELLECTUAL PROPERTY, LLC,
Patent Owner.

Case IPR2014-01252
Patent 5,930,444

Before NEIL T. POWELL, GREGG I. ANDERSON, and J. JOHN LEE, *Administrative Patent Judges.*

POWELL, *Administrative Patent Judge.*

DECISION
Motion for Additional Discovery
37 C.F.R. § 42.51

I. Introduction

Pursuant to our authorization, Patent Owner filed a Motion for Additional Discovery. Papers 24, 29.[1] Petitioner filed an Opposition to Patent Owner's Motion for Additional Discovery. Papers 31, 33.[2] In its Motion, Patent Owner seeks information that it contends relates to the real party-in-interest issue in this case. Paper 29, 1. The Motion makes the following four document requests:

> 1. Documents sufficient to show the amounts Unified Patents paid to acquire United States Patent 7,328,307.
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> 2. For the year 2014, accounting records sufficient to show the amounts Unified spent in connection with preparing to file, filing, and prosecuting all *inter partes* review or other proceedings in which Unified challenges the validity of a patent. The records should provide at least enough detail to enable an understanding of the nature of the expense (i.e., expert witness fees, invalidity search), and the date on which the expense was incurred, but should not include any privileged information.
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> 3. Accounting records sufficient to show the amounts Unified spent in preparing to file, filing, and prosecuting IPR2014-01252 (this proceeding). The records should provide at least enough detail to enable an understanding of the nature of the expense (i.e., expert witness fees, invalidity search), and the date on which the expense was incurred, but should not include any privileged information.
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> 4. If Unified contends it incurs expenses in connection with activities unrelated to challenging patents in *inter partes* review

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[1] Patent Owner filed two versions of its Motion. Paper 24 is an unredacted, confidential version of the Motion. Paper 29 is a redacted, public version of the Motion. In this Decision, we cite to the public version (Paper 29). The Motion currently remains under seal.

[2] Petitioner filed two versions of its Opposition. Paper 31 is an unredacted, confidential version of the Opposition. Paper 33 is a redacted, public version of the Opposition. In this Decision, we cite to the public version (Paper 33). The Opposition currently remains under seal.

> or other proceedings challenging patents, produce accounting records sufficient to show the amounts Unified spent in 2014 in connection with any such activities. The records should provide at least enough detail to identify the nature of the expense (i.e., subscription fees paid to litigation reporter services), but should not include any privileged information.

Id. at Att. A.[3] In addition to the document requests, Patent Owner requests "a three hour deposition of Mr. Jakel on information produced in connection with the order requested herein." *Id.* at 4.

II. Discussion

Patent Owner, as the movant, bears the burden of demonstrating that additional discovery is "in the interest of justice." See 37 C.F.R. §§ 42.20(c), 42.51(b)(2). The Board has identified factors important in determining whether a discovery request meets the statutory and regulatory standard of being "in the interest of justice" in *Garmin Int'l, Inc. v. Cuozzo Speed Techs. LLC*, Case No. IPR2012-00001, Paper 26, 6–7 (PTAB, Mar. 5, 2013) (informative). Of particular weight in our analysis is the first Garmin factor:

> More Than a Possibility and Mere Allegation—The mere possibility of finding something useful, and mere allegation that something useful will be found, are insufficient to demonstrate that the requested discovery is necessary in the interest of justice. The party requesting discovery should already be in possession of evidence tending to show beyond speculation that in fact something useful will be uncovered. [In this context, "useful" means "favorable in substantive value to a contention of the party moving for discovery."]

Patent Owner argues that the *Garmin* factors weigh in favor of granting all of its discovery requests. *Id.* at 5–14. Patent Owner asserts that Petitioner exists for the sole purpose of challenging patents held by non-practicing entities

[3] Patent Owner lists the details of its document requests on a page identified as "Attachment A," which follows the substantive discussion and Certificate of Service in the Motion.

("NPEs") on behalf of Petitioner's members. *Id.* at 5–7. Patent Owner argues that Petitioner's members fund the *inter partes* review ("IPR") activity conducted by Petitioner. *Id.* at 7–10. Patent Owner contends that Petitioner engages in only trivial activity not related to IPRs. *Id.* at 10–12. Patent Owner argues that Petitioner successfully used litigation initiated by Patent Owner to recruit new members. *Id.* 12–13. Addressing Petitioner's prior arguments that Petitioner is the only real party-in-interest, Patent Owner argues that "it is not plausible that members, who are solicited by marketing materials that specifically reference the Dragon litigation, and trumpet [Petitioner's] services, including most importantly, the filing and prosecution of IPR proceedings, did not expect that it was likely that an IPR would be filed in exchange for [money] they paid." *Id.* at 13. Based on these contentions and the evidence cited in support of them, Patent Owner asserts that its Motion "supports a finding that [Petitioner] is not the real party in interest, and supports [Patent Owner's] request for additional discovery." *Id.* at 5.

Petitioner argues that the Motion does not demonstrate that the discovery sought will produce something useful regarding the real party-in-interest issue. Paper 33, 2. Petitioner argues that the Motion does not tie the requested discovery to the real party-in-interest issue. *Id.* at 3. Petitioner further asserts that the Motion includes many speculative arguments. *Id.* at 4. For example, Petitioner argues that the Motion speculates when arguing what is "not plausible." *Id.* at 5–6. Petitioner also argues that Patent Owner's assertion that Petitioner has no significant non-IPR activity is not relevant to the real party-in-interest issue. *Id.* at 6.

The documents Patent Owner seeks in its first, second, and fourth requests relate to aspects of Petitioner's business other than this case. Patent Owner does not explain how these documents would be useful in supporting its argument that Petitioner did not identify all real parties-in-interest. We note that these documents

might support Patent Owner's contention that Petitioner does not engage in any significant deterrent activity other than filing and prosecuting IPRs. But even accepting this contention as accurate, we are persuaded on the current record that Petitioner did not fail to name all real parties-in-interest in the Petition, as explained in our decision instituting *inter partes* review. Paper 37, 8–14.

In the third document request, Patent Owner seeks information directly related to the present case—"[a]ccounting records sufficient to show the amounts Unified spent in preparing to file, filing, and prosecuting IPR2014-01252." Paper 29, Att. A. Even so, Patent Owner does not persuade us that this document request, as written, is tailored to seek information that would prove useful in demonstrating that any of Petitioner's members constitute real parties-in-interest. If accurate, Patent Owner's allegations describe circumstances in which some of Petitioner's members could have possibly behaved in a way that would make them real parties-in-interest in the present case. Patent Owner does not explain, however, how information showing the amounts that Petitioner spent on various activities associated with prosecuting this case alone would help establish that any of Petitioner's members actually did behave in a way that would make them real parties-in-interest. Patent Owner has not, for example, sought information showing that particular members paid or reimbursed Petitioner for expenses associated with the present case (aside from having paid their general subscription fees).

As noted above, the deposition that Patent Owner seeks would relate to the information in the requested documents. *See* Paper 29, 4. Because Patent Owner does not persuade us that the information sought in the document requests would be useful, we are also unpersuaded that a deposition on the same subject matter would be useful.

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