

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

BUNGIE, INC.,
Petitioner,

v.

WORLDS INC.,
Patent Owner.

Case IPR2015-01264, Patent 7,945,856 B2¹
Case IPR2015-01268, Patent 7,181,690 B1
Case IPR2015-01269, Patent 7,493,558 B2
Case IPR2015-01319, Patent 8,082,501 B2
Case IPR2015-01321, Patent 8,145,998 B2
Case IPR2015-01325, Patent 8,145,998 B2

Before KARL D. EASTHOM, KERRY BEGLEY, and JASON J. CHUNG,
Administrative Patent Judges.

EASTHOM, *Administrative Patent Judge.*

ORDER

Patent Owner's Motion for Routine or Additional Discovery
37 C.F.R. § 42.51

¹ This Decision is filed in each of the listed cases. The parties are not authorized to use this heading style. Paper and Exhibit numbers herein refer to Case IPR2015-01264, which is representative of the other cases for the issues addressed in this Decision.

IPR2015-01264, -01268, -01269,
-01319, -01321, and -01325

Patent Owner (“Worlds”) filed a motion for routine or additional discovery in the instant proceedings (Paper 9, “Mot.” or “Motion”), and Petitioner (“Bungie”) filed an opposition (Paper 10, “Opp.” or “Opposition”).

In Patent Owner’s view, the requested discovery may lead to evidence showing that Activision Publishing, Inc. (“Activision”) is an unnamed real party-in-interest (“RPI”) in this proceeding—preventing institution of *inter partes* review (“IPR”) under 35 U.S.C. § 312(a)(2) and 35 U.S.C. § 315(b). Mot. 2–4. Patent Owner asserts that it filed a complaint alleging infringement of its patents by Activision (“Worlds/Activision Lawsuit”) over a year prior to the filing of the instant Petitions challenging the patents. *Id.* at 4.

Petitioner describes Activision as a software publisher and distributor that publishes third-party video games, including a videogame that Petitioner created, *Destiny*, pursuant to an “Agreement” (Ex. 2002) discussed further below. Opp. 3 (citing Ex. 2002, 9–10; Ex. 1031 ¶¶ 6–15). Petitioner describes itself as “a private, independent video game developer in the business of designing and creating video games.” Opp. 3 (citing Ex. 2002, 7–8). According to Petitioner, it has a duty to indemnify Activision only if a third party (such as Patent Owner) serves a complaint asserting that *Destiny* infringes a patent. *See* Opp. 7–8; Ex. 2002 §§ 15.1–15.2. Even in that instance, Petitioner asserts that it would be “solely responsible” for all costs of defense, and “has the right to assume control of any such defense, which

IPR2015-01264, -01268, -01269,
-01319, -01321, and -01325

would encompass both invalidity and noninfringement defenses.” Opp. 7 (citing Ex. 2002, 21).²

The record indicates that Patent Owner wrote a letter (on November 13, 2014) to Activision’s counsel identifying Destiny as “an intended product-at-issue” in the Worlds/Activision lawsuit, and “[Petitioner]’s IPR petitions followed in 2015.” Mot. 4 (citing Ex. 2004). Petitioner counters that “[n]either Destiny nor any other [Petitioner] product has ever been added to that lawsuit.” Opp. 3 (emphasis omitted). Patent Owner and Petitioner, therefore, agree that Patent Owner did not serve a complaint alleging that Petitioner’s Destiny product infringes a patent (in the Worlds/Activision lawsuit or otherwise).

We deny the Motion for the reasons stated below.

BACKGROUND

According to Patent Owner:

On April 16, 2010, Activision Publishing, Inc. and [Petitioner] entered into a Software Development and Publishing Agreement (“Agreement”), under which [Petitioner] developed a game (Destiny) published by Activision. Ex. 2002. Under this Agreement, [Petitioner] is obligated to conduct “legal reviews of the Products to ensure that all Intellectual Property and other rights are fully cleared for use.” Mot. 2–3 (quoting Ex. 2002, 10, § 7A.15j).

In other words, Patent Owner contends that the Agreement obligates Petitioner to perform “legal reviews for IP clearance” that are subject to Activision’s “prior review and approval.” *Id.* (citing Ex. 2002 §§ 7A.15, 14.1.2). Patent Owner also contends that the Agreement shows that

² Page 21 of the Agreement, Exhibit 2002, includes the Indemnity provisions, §§ 15.1–15.3.

IPR2015-01264, -01268, -01269,
-01319, -01321, and -01325

Petitioner and Activision agreed that Activision would advance payments to Petitioner to develop Petitioner's products, including "operations directly related to the development of the Products" and that "[t]hese operations include the legal reviews required under Sec. 7A.15(j)." Mot. 3 (quoting Ex. 2002 § 10.1). According to Patent Owner, "legal reviews" include the filing of the instant IPRs. Mot. 4–5.

Regarding the letter asserting infringement (Ex. 2004), Patent Owner contends that "after litigation counsel notified Activision that Destiny was an intended product-at-issue in the litigation, [Petitioner]'s obligation to conduct legal reviews was triggered. Further, there is no dispute that [Petitioner] possesses an indemnification obligation under the Agreement." *Id.* at 9. Patent Owner also contends that "[t]he Agreement conditions [Petitioner]'s indemnification of Activision on notice and an opportunity for [Petitioner] to control the litigation." *Id.* (citing Ex. 2002 § 15.3).

Patent Owner reasons that the Agreement, letter, and other evidence show that Petitioner must provide routine or additional discovery because Activision has "the ability to exercise control over the IPR proceedings"; and therefore, Petitioner's RPI assertions are inconsistent with the record, and/or the record shows that there is "more than a possibility" that discovery will lead to evidence of actual "exercise of control." *See* Mot. 8.

Accordingly, Patent Owner identifies five discovery categories, which it summarizes as

discovery directed toward Activision's *actual exercise of control* over [Petitioner]'s legal reviews and IPR petitions by way of correspondence about [Petitioner]'s legal reviews of [Patent Owner's] patents, [Petitioner]'s preparation of the IPR petitions, [Petitioner]'s direct or indirect use of Activision's Development Advances, and Activision's demand for

IPR2015-01264, -01268, -01269,
-01319, -01321, and -01325

indemnification by [Petitioner]. Each of these categories indicates actual control, and is inconsistent with [Petitioner]'s position that it is the sole RPI (i.e. the sole party having opportunity or actual control of the IPR petitions)
Id. at 5.

Based on its showing, Patent Owner lists the following requests for production ("RFP"):

RFP NO. 1 - Documents identifying the [Petitioner] account(s) from which payment was tendered for all legal reviews associated with [Patent Owner's] Patent(s), including legal analysis of [Patent Owner's] Patent(s), drafting the [Petitioner] IPR petitions, and paying the USPTO filing fees for the IPRs.

RFP NO. 2 - Documents identifying all [Petitioner] account(s) into which Activision's Development Advances are or were held or deposited, directly or indirectly, for the purpose of developing the Destiny Products.

RFP NO. 3 - Documents showing that funds received from Activision were used, directly or indirectly, to pay for, or commingled with funds used to pay for [Petitioner]'s legal review(s) relating to any [of Patent Owner's] Patent(s).

RFP NO. 4 - Communications between [Petitioner] and Activision concerning legal review of any [of Patent Owner's] Patent(s), including Activision's review or approval, or opportunity to review or approve [Petitioner]'s legal reviews of any [of Patent Owner's] Patent(s) or any version(s) of an IPR Petition associated with any of [Patent Owner's] Patent(s).

RFP NO. 5 - Communications between [Petitioner] and Activision related to [Petitioner]'s indemnification of or obligation to indemnify Activision based on any of [Patent Owner's] Patent(s).

RFP NO. 6 - For all Communications/Documents responsive to RFPs Nos. 1-5 but withheld on privilege, a privilege log

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