

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 B2)
Case IPR2015-01319 (Patent 8,082,501 B2)
Case IPR2015-01321 (Patent 8,145,998 B2)

Before KARL D. EASTHOM, KEN B. BARRETT, and
JASON J. CHUNG, *Administrative Patent Judges*.

BARRETT, *Administrative Patent Judge*.

ORDER
Conduct of the Proceedings
37 C.F.R. § 42.5

IPR2015-01264 (Patent 7,945,856 B2)
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Background

On September 7, 2018, the United States Court of Appeals for the Federal Circuit issued a decision vacating the Board’s final written decisions in the above-captioned *inter partes* reviews¹ and remanded for consideration as to whether Patent Owner Worlds Inc. is estopped from arguing the real-party-in-interest (“RPI”) issue and, if not, to reevaluate the merits of that RPI issue. *Worlds Inc. v. Bungie, Inc.*, 903 F.3d 1237, 1248 (2018). The Federal Circuit stated that it could not discern whether the Board improperly “placed the burden on Worlds, the patent owner, to persuade the Board that Bungie failed to list a real party in interest that would render the petitions time-barred under § 315(b)” and remanded “with instructions for the Board to weigh the evidence in a manner that places the ultimate burden of persuasion on Bungie, the IPR petitioner, and to do so in a manner consistent with our recent precedent.” *Id.* at 1246–1247. Specifically, the Federal Circuit stated the following:

On remand, the Board should

[1] [F]irst address whether Worlds is estopped from arguing the real-party-in-interest issue. The Board should thoroughly consider the posture of the related proceedings, as well as any relevant exceptions to collateral estoppel.

[2] If the Board determines that collateral estoppel does not apply, the Board should then reevaluate the merits of the real-party-in-interest issue.

[3] And, in light of this court’s recent guidance on the substantive real-party-in-interest inquiry, the Board, in its discretion, should consider whether to allow for additional discovery on this issue.¹⁴

¹ Unless indicated otherwise, citations herein are to papers and exhibits filed in IPR2015-01264.

IPR2015-01264 (Patent 7,945,856 B2)
IPR2015-01319 (Patent 8,082,501 B2)
IPR2015-01321 (Patent 8,145,998 B2)

Id. (paragraphing and numbering added) (citing, in footnote 14, *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336 (Fed. Cir. 2018), *Wi-Fi One, LLC v. Broadcom Corp.*, 887 F.3d 1329 (Fed. Cir. 2018), and *WesternGeco LLC v. ION Geophysical Corp.*, 889 F.3d 1308 (Fed. Cir. 2018)).

As to the collateral estoppel matter, the Federal Circuit stated the following:

Without a more comprehensive understanding of the issues raised in each case [of the six related cases], we decline to apply collateral estoppel. Instead, given that we are already remanding this case with regard to the merits of the real-party-in-interest analysis, we find it appropriate to have the Board analyze in the first instance whether issue preclusion should apply under these particular circumstances. In doing so, the Board should develop a more complete record that explains the differences, if any, between the issues raised in present IPRs and the unappealed IPRs. The Board should also consider any relevant exceptions to issue preclusion raised by the parties and explain why such exceptions do or do not apply to these facts. *See* Restatement (Second) of Judgments § 28 (1982); *see also In re Cygnus Telecomms. Tech., LLC, Patent Litig.*, 536 F.3d 1343, 1349–50 (Fed. Cir. 2008) (regarding issue preclusion where a party did not appeal all cases consolidated in a multi-district litigation proceeding).

Id. at 1247–1248.

On November 7, 2018, Judges Easthom, Barrett, and J. Chung held a conference call with counsel² for the parties to discuss the procedures for the

² During the call, Patent Owner noted that it had filed, earlier that day, powers of attorney for two new backup counsel along with updated mandatory notices. Tr. 5:8–11. Patent Owner’s counsel requested the removal from the cases of the prior backup counsel, indicating that at least

IPR2015-01264 (Patent 7,945,856 B2)
IPR2015-01319 (Patent 8,082,501 B2)
IPR2015-01321 (Patent 8,145,998 B2)

consideration of issue preclusion and the reevaluation of the real-party-in-interest issue. Ex. 1051 (“Tr.”). The parties met and conferred prior to the call but were unable to reach agreement as to the procedures on remand.

Discovery and the Evidentiary Record

During the initial phases of these cases and prior to the issuance of the final written decisions and the corresponding appeals, Patent Owner moved for routine discovery or, alternatively, additional discovery concerning real-party-in-interest. Paper 9. Petitioner opposed the request for discovery. Paper 10. Patent Owner’s motion was denied because Patent Owner had “not shown more than a mere allegation that something useful will be found or that Petitioner’s RPI positions are inconsistent with record evidence that would justify additional or routine discovery on this record.” Paper 11, 8. Patent Owner did not appeal the denial of discovery. *Worlds Inc. v. Bungie, Inc.*, 903 F.3d at 1241. As discussed below, both parties, during the post-remand conference call, argued that this earlier discovery motion practice supports a determination that further discovery should not be allowed.

Patent Owner asserts that it prevails on the RPI issue based on the evidence currently in the record, and argues the evidentiary record should not be reopened. *See* Tr. 14:4–18:15; *see id.* at 17:18–25 (“And we think

one attorney had left the firm. *Id.* at 5:12–19; *see* Paper 45 (updated mandatory disclosure listing as backup counsel Alan A. Wright and Aldo Noto, but not previously identified (Paper 6) backup counsel Donald Jackson and Michael Casey). During the call, we implicitly granted the request and authorized the prior backup counsel to withdraw. *See id.* at 5:20–24; 37 C.F.R. 42.10(e). Patent Owner does not need to take any further action in this regard.

IPR2015-01264 (Patent 7,945,856 B2)
IPR2015-01319 (Patent 8,082,501 B2)
IPR2015-01321 (Patent 8,145,998 B2)

with the evidence that we have here, we have shown and we have met what the Federal Circuit looks to for -- in the *Applications in Internet Time v. RPX Corporation*, that in fact Activision will benefit from these IPRs and Activision is within that flexible RPI view that the Federal Circuit wants to apply.”); *id.* at 13:10–16. Patent Owner (Tr. 16:3–6) contends that Petitioner cannot show good cause as to why more discovery should be allowed because Petitioner has taken the position that there is no relevant evidence to be discovered, pointing to Petitioner’s earlier opposition to Patent Owner’s request for discovery where Petitioner represented that “Bungie believes that it has already complied with its routine discovery obligations [concerning any evidence contradictory to its assertion that Bungie is the sole RPI]” (Paper 10, 5) and Petitioner’s counsel’s statement that Patent Owner’s request for discovery was “an exercise in futility” (Ex. 2001, 31:2–32:7).

Similarly, Petitioner argues that it will prevail based on the evidence currently of record. *See, e.g.*, Tr. 41:10–13 (“And there’s -- the evidence currently of record is -- weighs in one favor, and that is not a finding of inadequate RPI listing. That is evidence of record.”). Petitioner argues that Patent Owner should not be allowed any further discovery because Patent Owner did not appeal the denial of its earlier motion for discovery. *Id.* at 43:23–44:6 (“So as far as -- you know, and again, going back to the additional discovery decision, that has -- that ship has sailed. You know, any -- Worlds chose not to contest that decision on appeal, so that has sailed. I mean, if we’re trying to wrap up the case in a cost efficient manner, the evidence itself right now points in one direction.”).

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