Paper No. _____
Filed: November 27, 2017

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

BUNGIE, INC.,
Petitioner,

v.

ACCELERATION BAY, LLC,
Patent Owner.

Case IPR2017-01600
Patent No. 6,910,069 B1

BUNGIE'S REPLY TO THE PRELIMINARY RESPONSE

As authorized by the Board (Paper 9), Bungie replies to Acceleration Bay's preliminary response (Paper 6) to address a 2015 district court complaint, dismissed without prejudice for lack of standing, as to the one year bar of 35 U.S.C. § 315(b), and Acceleration Bay's reliance on *Apple Inc. v. Rensselaer Polytechnic Institute*, No. IPR2014-00319, Paper 12 (PTAB June 12, 2014).

Even assuming privity exists,[1] the *Apple* decision is distinguishable from the present case. Moreover, Acceleration Bay ignores the more pertinent *Hamilton Beach* case that confirms the one year bar of § 315(b) is inapplicable here.

The Board has held that a complaint dismissed without prejudice is irrelevant to the one year bar of § 315(b). *See, e.g., LG Elecs., Inc. v. Rosetta-Wireless Corp.*, No. IPR2016-01516, Paper 23 at 8 (PTAB Feb. 3, 2017) (discussing precedential decisions). Acceleration Bay argues that (1) the Board's non-precedential decision in *Apple* recognized a broad exception whenever a later-filed complaint corrects a defect of an earlier complaint; and (2) this case fits that exception because Acceleration Bay filed its new complaint after gaining standing.

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[1] The preliminary response incorrectly characterizes Bungie as having taken "an active role in the litigation." While Bungie has responded to third-party subpoenas, Bungie is not a party to the litigation and was never served with the 2015 complaint nor any related complaint.

It is wrong on both counts. *See Hamilton Beach Brands, Inc. v. F'Real Foods, LLC*, No. IPR2016-01105, Paper 10 at 12 (PTAB Nov. 30, 2016) ("The *Apple* case is distinguishable because the earlier, first-filed lawsuit against Apple was not jurisdictionally defective for lack of standing."); *see also id.* at 7-12 (full § 315(b) analysis); *LG*, IPR2016-01516, Paper 23 at 5-9 (PTAB Feb. 3, 2017) (same result on dismissal for misjoinder).

To begin, rather than creating a broad new exception, *Apple* involved the existing and narrow exception for dismissals that do not actually leave the parties as if the complaint had never been filed.[2] In *Apple*, a first complaint was filed. *Id.* A second complaint was also filed. *Id.* The parties then agreed to consolidate the two cases. To do so, they agreed to voluntarily dismiss the first-filed case[3] and "proceed to litigate their claims and defenses in [the later-filed action.]" *Id.* In such circumstances, the Board's "precedential cases are clear that the guiding principle is whether or not the dismissal in question left the parties as though the action had never been brought." *LG*, IPR2016-01516, Paper 23 at 8 (citations omitted). The

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[2] Acceleration Bay's argument confuses discussion of a statute of limitations case from the Third Circuit (POPR at 33 (quoting IPR2014-00319, Paper 12 at 5-6)) with the facts actually considered in *Apple* (IPR2014-00319, Paper 12 at 3).

[3] Consolidated cases are typically administratively closed, not dismissed.

Board in *Apple* applied that guiding principle, concluding the earlier-filed case "did not cease in the same sense as a complaint dismissed without prejudice and without consolidation—it was consolidated with another case, and its complaint cannot be treated as if it never existed." IPR2014-00319, Paper 12 at 7. The Board also noted that the earlier-filed case "immediately continued as a consolidated case, similar, in effect, to an amended case." *Id.* Thus, *Apple* applied the existing exception for a dismissal that does *not* leave the parties as if the action had never been brought.

Even if there were an exception where an "order of dismissal grants leave to amend within a time certain" (POPR at 33), that is not what happened here. Acceleration Bay filed the 2015 complaint. EX1045 at 2. The defendants moved to dismiss for lack of standing. *Id.* at 1. The court determined that Acceleration Bay lacked standing and ordered a conditional dismissal: the complaint would be dismissed unless Acceleration Bay joined Boeing, the patents' co-owner, as a necessary party under FRCP 21. *Id.* at 10. Acceleration Bay did not comply. Instead, it executed an agreement with Boeing to obtain standing, requested that the 2015 complaint be dismissed, and refiled the complaint. EX1046. The court dismissed the 2015 complaint without prejudice. EX1047.

The Board has recognized that amended operative complaints do not leave the parties as if the earlier complaint were never filed. *See LG*, IPR2016-01516,

Paper 23 at 7. But here, there was no leave to amend, no time certain within which to do so, and no amended complaint within any such time certain. Acceleration Bay cites a venue order from another district court where defendants had filed for declaratory judgment in anticipation of Acceleration Bay's re-filed complaints. But that court's statement that "the re-filed complaints functionally were equivalent to amendments of the co-pending 2015 complaints" was made solely "for purposes of the first-to-file rule" which "is not a rigid or inflexible rule … [and] is to be applied with a view to the dictates of sound judicial administration." 2016 WL 4548985 at *3, *5; *see also id.* at *4 n.3 ("To be clear, the relation back doctrine, strictly construed, may not technically apply, but the present circumstances warrant the same result its application would dictate."). That court's analysis thus has no bearing on the instant analysis under § 315(b).[4]

Moreover, "relation back" for purposes of § 315(b) was never possible because agreements of the type Acceleration Bay entered into with Boeing cannot confer standing retroactively. *See Alps South, LLC v. Ohio Willow Wood Co.*, 787 F.3d 1379, 1384-86 (Fed. Cir. 2015) (*nunc pro tunc* agreement does not cure standing). The 2015 complaint had to be dismissed, and legally became as if it had

[4] That court also determined the defendants' "actions smack of gamesmanship." 2016 WL 4548985 at *6. Bungie was not a party to those actions.

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