

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

WORLDS, INC.,
Plaintiff,

v.

ACTIVISION BLIZZARD, INC.,
BLIZZARD ENTERTAINMENT, INC.,
and ACTIVISION PUBLISHING,
INC.,

Defendants.

No. 12-CV-10576-DJC

ORDER ON DEFENDANTS' MOTION FOR PROTECTIVE ORDER

Defendants Activision Blizzard, Inc., Blizzard Entertainment, Inc., and Activision Publishing, Inc. (referred to collectively in the singular as "Activision") seek a protective order preventing Plaintiff Worlds, Inc. (Worlds) from obtaining discovery bearing on whether Activision was or is a real-party-in-interest ("RPI") to several petitions Bungie, Inc., filed in connection with an *inter partes* review ("IPR") before the Patent Trial and Appeals Board (PTAB). (D. 292). Worlds contends that several of the patents at issue in this suit were also at issue in the IPR, and Activision may be barred from asserting certain affirmative defenses here if it was an RPI and failed to raise the defenses there. For the reasons that follow, the motion for a protective order is allowed, subject to one caveat as noted.

For context, the present suit, filed in 2012, was stayed by agreement in 2015 to allow for the PTAB to resolve a series of petitions filed by Bungie seeking to invalidate six of Worlds' patents, some of which are also at issue in this suit. In agreeing to stay the case, the parties agreed that they would:

stipulate and agree to be bound in this lawsuit by the PTAB's final written decisions on Bungie's IPR Petitions as to the specific invalidity grounds adjudicated in the final written decisions.

(D. 197).

Worlds argued *inter alia* in the IPR that Bungie should have named Activision as an RPI to its petitions, which, if done, might have rendered one or more of Bungie's claims time-barred. The PTAB rejected this contention and invalidated three patents that are pertinent here. Worlds appealed and the Federal Circuit vacated in part and remanded the matter to the PTAB for further consideration of the RPI issue. See *Worlds Inc. v. Bungie, Inc.*, 903 F.3d 1237 (Fed. Cir. 2018). The PTAB found on remand that Bungie and Activision had a "preexisting, established relationship" and that Activision was a "clear beneficiary of the filing of the Petitions." *Bungie, Inc. v. Worlds, Inc.*, IPR Nos. 2015-01264, -01319, -01321, Paper 64 at 45 (P.T.A.B January 14, 2020). Bungie's remaining claims were terminated as being time-barred (without a final written decision) because Bungie did not meet the burden of

demonstrating that Activision, who had been served with a complaint more than one year prior to the filing of the IPR, was not an RPI.

Against that backdrop, fact discovery resumed in this case in April 2020. (D. 264). In seeking the discovery at issue, Worlds argues that it matters whether Activision was an RPI to Bungie's petitions because Activision contends the patents at issue here are invalid, and an IPR petitioner's RPI is estopped from asserting in civil litigation that a "claim is invalid on any ground that the petitioner raised or reasonably could have raised during that inter partes review." 315 U.S.C. § 315(e)(2). Worlds argues that Activision may be estopped from raising certain defenses here if it is an RPI to Bungie's IPR petitions and raises defenses here that Bungie raised or could have raised previously.

As a threshold matter, Activision's status as an RPI would appear to be relevant in light of the prior litigation before the PTAB and Federal Circuit, the potential applicability of section 315(e), and, to a lesser degree, Activision's noted reluctance to state plainly its relationship to Bungie. Activision advances two reasons why discovery bearing on its relationship to Bungie should nonetheless not be required.

Activision argues first that the parties' 2015 stipulation to be bound by any PTAB ruling on the merits as to the

invalidity of any of the patents at issue in this case was intended to encompass the entire scope of the parties' agreement on estoppel, rendering § 315(e) inapplicable and making its relationship to Bungie a non-issue. However, Activision has offered no compelling evidence beyond its own contention to persuade the court that the parties intended to fully decide the potential applicability of § 315(e) through their 2015 stipulation. In any event, the parties acknowledge that the presiding judge is prepared to determine the full scope of estoppel in this case at a later date. (D. 264) ("Dispositive motions (can address estoppel issue if still disputed)/Daubert motions due May 13, 2021."). The court thus does not find the 2015 stipulation to be a basis for the requested protective order.

However, Activision, following on a question posed by the court, stated that it is prepared "for the purposes of determining the scope of prior art estoppel...not [to] dispute they were real-parties-in-interest ("RPIs") to the *inter partes* review ("IPR") petitions filed by Bungie, Inc," moot the need to conduct any discovery on the issue. (D. 319 at 1).

In the court's view, this concession, if adopted, would, with one caveat noted below, moot the plaintiff's need for the requested discovery. Specifically, if Activision were to concede for purposes of this suit that it was an RPI to Bungie's

IPR petitions, the plaintiff would not need discovery bearing on the same. Worlds would be free to argue the ramifications of that fact in future filings and the case writ large, including its contention that Activision should as a result be barred from raising certain affirmative defenses. Consequently, allowing discovery on this issue would not be proportional to the needs of this case and would impose an undue burden on the defendant. Less significantly, discovery would also not be in the interest of judicial economy where Activision has represented that it would otherwise challenge the production of some discovery as protected by either the attorney-client or common interest privilege.

To be sure, Worlds argues that the requested discovery remains relevant even with the offered concession, because it may bear on questions of Activision's willfulness, the plaintiff's damages, and "exceptional case" attorney's fees. The court does not presently agree.

As it relates to willfulness, Activision has stated that it is not aware of any communications with Bungie relating to any of the accused products. (D. 319 at 4). On the issue of damages, the court agrees with Activision that Worlds has not articulated a plausible theory as to how Bungie's indemnification obligations as to a non-accused game might bear on any damages in this case. Finally, it would be premature to

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