

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MICROSOFT CORPORATION,
Petitioner,

v.

WORLDS INC.,
Patent Owner.

Case IPR2021-00277
Patent 8,082,501

**PETITIONER'S REPLY TO PATENT OWNER'S PRELIMINARY
RESPONSE**

In its POPR, Worlds does not dispute Microsoft’s evidence related to the real party-in-interest (RPI), nor does Worlds even allege that Microsoft’s petition was filed at the behest of either Activision or Bungie, as the law requires for either of these parties to be found an RPI. Instead, Worlds argues that Activision is an RPI to Microsoft’s petition solely because: (1) Microsoft copied Bungie’s publicly available petition, to which Activision may have been an RPI; and (2) Activision may benefit from Microsoft’s petition in Activision’s independent litigation. These allegations, even if assumed true, do not implicate an RPI relationship.

“Because nonparty preclusion risks binding those who have not had a full and fair opportunity to litigate, the Supreme Court has cautioned that there is a general rule against nonparty preclusion, subject to certain exceptions.” *WesternGeco LLC v. ION Geophysical Corp.*, 889 F. 3d 1308, 1316-1319 (Fed. Cir. 2018). Two questions are “at the heart” of demonstrating that a non-party should be deemed a “real party-in-interest” (RPI): “whether [the] non-party ‘desires review of the patent’ **and** whether a petition has been filed at [the] nonparty’s ‘behest.’” *Applications In Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1351 (Fed. Cir. 2018) (“AIT”) (emphasis added). Both must be answered in the affirmative to present an exception to the general rule against non-party preclusion. *Id.* Microsoft previously demonstrated that the petition was not filed at any party’s behest other than Microsoft. *See* Petition at 6-14 (presenting extensive evidence that “this IPR is not

at the ‘behest’ of either Activision [or] Bungie, and Microsoft is not representing either of these parties’ interests”).

The assertions made by Worlds in its POPR do not relate to whether the petition was filed at Activision’s behest and are thus not sufficient to raise an exception to the general rule against binding Microsoft with nonparty preclusion.

I. Microsoft Copying a Public Petition Does Not Equate to Microsoft Filing Its Petition at Activision’s Behest

Simple logic dictates that Microsoft’s copying of Bungie’s publicly available petition is not evidence of—much less evidence sufficient to prove—that Microsoft filed its petition at the behest of either Bungie or Activision. And Worlds presents no authority for such a proposition. To the contrary, in order to assess whether a petition was filed at the behest of a non-party, the Federal Circuit looks to evidence of a “sufficiently close relationship” between the petitioner and a non-party to justify burdening the petitioner with the non-party’s estoppel. *AIT* 897 F.3d at 1350.

In determining how close a relationship must be to deem a non-party an RPI, the Federal Circuit turns to “Wright & Miller and other authorities [that] provide examples of legal relationships in which a nonparty is or is not a ‘real party in interest.’” *Id* at 1349. Examples of such relationships include “(1) executors; (2) administrators; (3) guardians; (4) bailees; (5) trustees of express trusts; (6) parties ‘with whom or in whose name a contract has been made for another’s benefit’; and (7) parties authorized by statute.” *Id.* at 1347-1348. Further examples include

certain “trade associations”, attorneys-in-fact or agents solely for the purpose of bringing suit, or parties that actually consent or otherwise acquiesce to being bound by a prior judgement. *Id.* at 1351, 1357. Each of these examples are relationships where one party is operating at the “behest” of another. No such relationship exists in this case, nor has Worlds even alleged one.

Furthermore, applying Worlds’ theory to the language of §315(b) would lead to overly broad applicability of §315(b) and create facially unsound policy. Section 315(b) bars petitions where an RPI of the petitioner was served with a complaint alleging infringement of the patent more than one year prior to filing. If RPI status flows from prior authorship alone, as Worlds’ theory requires, parties filing copy-cat petitions would always have original petitioners as their RPI, and this status would serve to bar copy-cat petitions unless filed within one year of the original petitioner’s infringement service date. This perverse outcome would encourage settlement by patent owners and original petitioners upon passage of the 315(b) bar date but prior to final written decision, as such settlement would prevent later defendants from thereafter relying upon the original petitioner’s grounds. Gamesmanship through staggered litigation to preclude patent office review of meritorious grounds would surely follow. This cannot possibly be Congress’s intent.

II. Any Benefit to Activision From Microsoft’s Petition Is Incidental And Does Not Make It an RPI

Lacking any proof that Microsoft filed its petition at Activision’s behest—and, in fact, ignoring entirely the evidence to the contrary submitted with Microsoft’s petition—Worlds argues that Activision is an RPI because Microsoft’s petition may benefit Activision. This argument, on its own, is deficient. And Worlds’ assertion that Activision benefitting from Microsoft’s petition is evidence that Microsoft is “improperly advancing the interests of Bungie and Activision” (*see* POPR, 12-14) is equally unavailing for at least two reasons.

First and foremost, the potential for incidental benefit to Activision from Microsoft’s IPR petition is not legally sufficient to make Activision an RPI. Wright & Miller § 1545, n.2 (3d ed. 2018) (“Merely because one may benefit by the result in litigation does not make him a ‘real party in interest’”). Indeed, the Board has acknowledged that it “must be cautious not to ‘overextend[]’ the reasoning set forth in *AIT* to any situation where ‘a party benefits generally from the filing of the Petition and also has a relationship with the Petitioner.’” *Ventex Co., Ltd. v. Columbia Sportswear North America, Inc.*, IPR2017-00651, Paper 148, 10 (PTAB Jan. 24, 2019) (precedential) (citations omitted).

Second, Worlds’ argument that Microsoft is “not acting solely on its own behalf” because it copied a petition challenging claims that are only asserted against Activision, is wrong on the facts. To support its argument, Worlds cites to its infringement contentions. POPR, 12-14. However, Worlds fails to mention that

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