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Paper 11
Entered: June 16, 2021

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MICROSOFT CORPORATION,
Petitioner,

v.

WORLDS INC.,
Patent Owner.

IPR2021-00277
Patent 8,082,501 B2

Before MELISSA A. HAAPALA, *Senior Lead Administrative Patent Judge*, KARL D. EASTHOM, and KEN B. BARRETT, *Administrative Patent Judges*.

BARRETT, *Administrative Patent Judge*.

DECISION
Granting Institution of *Inter Partes* Review
35 U.S.C. § 314

I. INTRODUCTION

A. Background and Summary

Microsoft Corporation ("Petitioner") filed a Petition requesting *inter partes* review of U.S. Patent No. 8,082,501 B2 ("the '501 patent," Ex. 1001). Paper 2 ("Pet."). The Petition challenges the patentability of claims 1–8, 10, 12, and 14–16 of the '501 patent. Worlds Inc. ("Patent Owner") filed a Preliminary Response to the Petition. Paper 6 ("Prelim. Resp."). With prior authorization, Petitioner filed a Reply (Paper 7, "Pet. Reply") and Patent Owner filed a Sur-reply (Paper 8, "PO Sur-reply"). Patent Owner subsequently filed updated mandatory notices and corresponding exhibits regarding pertinent events in the parallel district court proceedings. *See* Papers 9, 10; Exs. 2100, 2101.

An *inter partes* review may not be instituted "unless . . . the information presented in the petition . . . shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition." 35 U.S.C. § 314(a) (2018). Having considered the arguments and evidence presented by Petitioner and Patent Owner, we determine that Petitioner has demonstrated a reasonable likelihood of prevailing on at least one of the challenged claims of the '501 patent. Accordingly, we institute an *inter partes* review as to all the challenged claims of the '501 patent on all the grounds of unpatentability set forth in the Petition.

B. The Identified Real Parties-in-Interest

Petitioner identifies "Microsoft Corporation, and Mojang AB, an indirect wholly owned subsidiary of Microsoft Corporation," as the real parties-in-interest. Pet. 61. We address below Patent Owner's contention

that Petitioner improperly failed to identify a time-barred entity as a real party-in-interest.

Patent Owner identifies Worlds Inc. as the real party-in-interest. Paper 4, 2.

C. Related Proceedings

One or both parties identify, as matters involving or related to the '501 patent, *Worlds Inc. v. Microsoft Corporation*, 6:20-cv-872 (W.D. Tex. 2020) ("the Texas Action") and *Worlds Inc. v. Activision Blizzard, Inc., Blizzard Entertainment, Inc., and Activision Publishing, Inc.*, 1:12-cv-10576 (D. Mass. 2012) ("the Massachusetts Action"), and Patent Trial and Appeal Board case IPR2015-01319 ("the Prior IPR"). Pet. 61; Papers 4, 9. We additionally note that the Prior IPR was the subject of an appeal. *See Worlds Inc. v. Bungie, Inc.*, 903 F.3d 1237 (Fed. Cir. 2018) ("*Worlds*").

D. The '501 Patent

The '501 patent discloses a "client-server architecture" for a "graphical, multi-user, interactive virtual world system." Ex. 1001, code (57), 3:6–8. In the preferred embodiment, each user chooses an avatar to "represent the user in the virtual world," *id.* at 3:25–27, and "interacts with a client system," which "is networked to a virtual world server," *id.* at 3:14–15. "[E]ach client . . . sends its current location, or changes in its current location, to the server." *Id.* at 3:40–44; *see id.* at 2:44–47. The server, in turn, sends each client "updated position information" for neighbors of the client's user. *Id.* at code (57), 2:44–49, 3:40–44, 14:28–32.

The client executes a process to render a "view" of the virtual world "from the perspective of the avatar for that . . . user." *Id.* at code (57), 2:40–

42, 3:30–35, 4:54–56, 7:55–57. This view shows "avatars representing the other users who are neighbors of the user." *Id.* at code (57), 2:42–44.

E. Illustrative Claim

Of the challenged claims of the '501 patent, claims 1, 12, and 14 are independent claims. The remaining challenged claims depend directly or indirectly from claim 1 or claim 14. Claim 1, reproduced below, is illustrative.

> 1. A method for enabling a first user to interact with other users in a virtual space, each user of the first user and the other users being associated with a three dimensional avatar representing said each user in the virtual space, the method comprising the steps of:
>
> customizing, using a processor of a client device, an avatar in response to input by the first user;
>
> receiving, by the client device, position information associated with fewer than all of the other user avatars in an interaction room of the virtual space, from a server process, wherein the client device does not receive position information of at least some avatars that fail to satisfy a participant condition imposed on avatars displayable on a client device display of the client device;
>
> determining, by the client device, a displayable set of the other user avatars associated with the client device display; and
>
> displaying, on the client device display, the displayable set of the other user avatars associated with the client device display.

Ex. 1001, 19:21–38.

F. Evidence

Petitioner relies on the following references:

Reference	Exhibit No.
Thomas A. Funkhouser, *RING: A Client-Server System for Multi-User Virtual Environments*, *in* 1995 SYMPOSIUM ON INTERACTIVE 3D GRAPHICS 85, 85–92, 209 (1995) ("Funkhouser")	1005
US 5,659,691; Filed Sept. 23, 1993; Issued Aug. 19, 1997 ("Durward")	1008
US 4,521,014; Filed Sept. 30, 1982; Issued June 4, 1985 ("Sitrick")	1013
Thomas A. Funkhouser & Carlo H. Séquin, *Adaptive Display Algorithm for Interactive Frame Rates During Visualization of Complex Virtual Environments*, *in* COMPUTER GRAPHICS PROCEEDINGS: ANNUAL CONFERENCE SERIES 247, 247–254 (1993). ("Funkhouser '93")	1017
US 5,021,976; Filed Nov. 14, 1988; Issued June 4, 1991 ("Wexelblat")	1020

Petitioner also relies on the declarations of Dr. Michael Zyda (Exs. 1002, 1033, 1034) in support of its arguments. The parties rely on other exhibits as discussed below.

G. Asserted Grounds of Unpatentability

Petitioner asserts that the challenged claims are unpatentable on the following grounds:

Claim(s) Challenged	35 U.S.C. §	Reference(s)/Basis
1–6, 12, 14, 15	103(a)	Funkhouser, Sitrick
7, 16	103(a)	Funkhouser, Sitrick, Wexelblat
8, 10	103(a)	Funkhouser, Sitrick, Funkhouser '93
1–6, 12, 14, 15	103(a)	Funkhouser, Sitrick, Durward

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