

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

WAVEMARKET INC. d/b/a LOCATION LABS,
Petitioner,

v.

LOCATIONNET SYSTEMS LTD.,
Patent Owner.

Case IPR2014-00199
Patent 6,771,970 B1

Before KRISTEN L. DROESCH, GLENN J. PERRY, and
SHERIDAN K. SNEDDEN, *Administrative Patent Judges*.

DROESCH, *Administrative Patent Judge*.

DECISION

Denying Patent Owner's Motion for Additional Discovery
37 C.F.R. §§ 42.51(b)(2)(i), 42.71(b)

INTRODUCTION

Pursuant to authorization from the panel, Patent Owner filed a Motion for Additional Discovery from Petitioner (Paper 31, “Motion” or “Mot.”), and Petitioner filed an Opposition to Patent Owner’s Motion (Paper 33, “Opposition” or “Opp.”). In its Motion, Patent Owner seeks production of certain documents, an answer to one interrogatory, and seeks authorization to take a deposition. Mot. 1. Patent Owner asserts that AT&T, T-Mobile, and Sprint are accused of infringing the patent at issue in several related district court litigations, and each has a direct interest in the outcome of this proceeding and a relationship with the Petitioner. *Id.* Patent Owner seeks to establish that these entities which are not named real parties in interest are in fact so and that therefore the Petition should be dismissed under 35 U.S.C. § 312(a)(2) for failing to identify at least AT&T, T-Mobile, and Sprint as real parties in interest. *Id.* at 7. For the reasons stated below, Patent Owner’s Motion is denied.

REQUEST

Pursuant to its Motion, Patent Owner seeks the following:

1. All indemnification agreements and communications about the indemnification by and between Petitioner and AT&T related to the patent infringement claims raised in the respective District Court Action involving AT&T.
2. All indemnification agreements and communications about the indemnification by and between Petitioner and Sprint related to the patent infringement claims raised in the respective District Court Action involving Sprint.
3. All indemnification agreements and communications about the indemnification between Petitioner and T-Mobile related to the patent

infringement claims raised in the respective District Court Action involving T-Mobile.

4. All joint defense and/or common interest agreements and communications about the joint defense and/or common interest agreements by and between Petitioner on the one hand and AT&T, Sprint, and/or T-Mobile on the other hand related to the District Court Actions.

5. Documents or things containing communications between Petitioner on the one hand and AT&T, Sprint, and/or T-Mobile on the other hand regarding preparation, filing, control, or funding of the IPR.

6. Copies of the engagement and/or retainer agreements between Dentons U.S. LLP and Petitioner, AT&T, Sprint, and T-Mobile.

7. Identification of any communication between Petitioner on the one hand and AT&T, Sprint, and/or T-Mobile on the other hand not reduced to a tangible form and not otherwise identified in any document or thing produced in response to Document Requests for Production Nos. 1-6, in which (i) indemnity, (ii) the preparation, filing, or funding of the IPR, or (iii) control or funding of the IPR was discussed. For any such communication, describe the topic, the individuals between whom the communications occurred, and the approximate date of the communication.

8. Deposition of individuals in the employ or control of Petitioner that authored or received documents or things produced in response to Document Requests Nos. 1-6 or who were identified in response to the Interrogatory.

Mot. 1; Ex. 2004, 4-5.

ANALYSIS

Patent Owner seeks discovery of certain indemnification agreements and joint defense/common interest agreements, communications, payments or payment obligations between Petitioner, AT&T, T-Mobile, and Sprint,

which Patent Owner asserts are relevant to show AT&T, T-Mobile and Sprint's involvement and/or funding of this IPR. Mot. 6–7. Patent Owner contends that the discovery requests are “necessary in the interest of justice,” and meets the first of five factors set forth in *Garmin v. Cuozzo* because Patent Owner can demonstrate more than a mere possibility and a mere allegation that useful discovery will be found. *Id.* at 6 (citing 35 U.S.C. § 316(a)(5); *Garmin Int’l, Inc. v. Cuozzo Speed Techs. LLC*, IPR2012-00001, Paper 26, slip op. at 6–7 (March 5, 2013)). Patent Owner asserts that discovery is based on “the admitted existence of indemnification obligations . . . and joint defense/common interest agreements.” *Id.* at 7 (citing Ex. 2009, 4; Ex. 2010, 12–15, 26–27); *see id.* at 2–5. Patent Owner further contends that each discovery request seeks information related to the factors concerning real party-in-interest/privity set forth in the Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756-773, 48,759–60 (Aug. 14, 2012) and *In re Guan*, Control No. 95/001,045, Decision Vacating Filing Date at 8 (Aug. 25, 2008); factors such as “sole discretion,” “control,” and funding. *Id.* at 7–8. Patent Owner further argues that the fact that Petitioner, AT&T, T-Mobile, and Sprint share counsel supports a finding of privity where an indemnification agreement and joint defense agreement are also present. *Id.* at 8 (citing *Asahi Glass Co. v. Toledo Eng’g Co.*, 505 F.Supp. 2d 423, 436 (N.D. Ohio 2007)).

According to the first *Garmin* factor, a party should already be in possession of evidence tending to show beyond speculation that in fact something useful will be uncovered. *Garmin* at 6–7. The discovery-seeking party only needs to set forth a threshold amount of evidence tending to show that the discovery it seeks factually supports its contention. *See id.* at 8-9.

Something “useful” does not mean merely “relevant”, but means something favorable in substantive value to a contention of the party moving for discovery. *Id.* at 7-8.

We are not persuaded that Patent Owner’s evidence of shared counsel among Petitioner, AT&T, T-Mobile, and Sprint, and the “admitted existence of indemnification obligations . . . and joint defense/common interest agreements” demonstrates beyond speculation that something useful will be uncovered and will factually support its contention that the Petition fails to identify all real parties-in-interest, as required by 35 U.S.C. § 312(a)(2). Instead of discussing real parties-in-interest, as pointed out by Petitioner (Opp. 4–5, 7), Patent Owner’s Motion focuses on privity. As noted by Petitioner, “[t]he notion of ‘privity’ is more expansive, encompassing parties that do not necessarily need to be identified in the petition as ‘a real party-in-interest.’” Opp. 5 (quoting Office Patent Trial Practice Guide at 48,759). Patent Owner’s evidence may demonstrate that something useful will be uncovered that factually supports a finding of privity based on the retention of shared counsel, and the existence of indemnification agreements, and joint defense agreements in accordance with *Asahi Glass*. However, since the notion of privity is more expansive than real party-in-interest, Patent Owner’s evidence is not sufficient with respect to the issue of real party-in-interest.

Whether a party who is not a named participant constitutes a real party-in-interest to a proceeding is a highly fact-dependent question. Office Patent Trial Practice Guide, 77 Fed. Reg. at 48,759 (citing *Taylor v. Sturgell*, 553 U.S. 880 (2008); 18A Charles Alan Wright, Arthur R. Miller & Edward H. Cooper, *Federal Practice & Procedures* §§ 4449, 4451 (2d ed. 2011)).

The Office Patent Trial Practice Guide provides guidance regarding factors to consider in determining whether a party is a real party-in-interest. *Id.* One important consideration is whether a non-party exercises, or could have exercised, control over a party's participation in the proceeding. *Id.* An example justifying the real party-in-interest label is a party that funds and directs and controls an IPR petition or proceeding. *Id.* at 48,760. Patent Owner's evidence of shared counsel by Petitioner, AT&T, T-Mobile, and Sprint, and the "admitted existence of indemnification obligations . . . and joint defense/common interest agreements" does not demonstrate *beyond speculation* that something useful will be uncovered regarding AT&T's, T-Mobile's, and Sprint's funding, direction, control, or ability to exercise control of Petitioner's participation in this *inter partes* review proceeding.

Consideration of the first *Garmin* factor weighs against granting Patent Owner's Motion for Additional Discovery.

Patent Owner further asserts that the requested discovery meets the fifth *Garmin* factor because that the requested discovery is narrowly tailored and not overly burdensome to answer. Mot. 12. Patent Owner contends that any alleged financial, human resources, or time burden on Petitioner should be negligible based on Petitioner's previous conditional agreement to produce documents. *Id.* at 12 (citing Ex. 2009, 4).

According to the fifth *Garmin* factor, requests must not be overly burdensome to answer, given the expedited nature of *inter partes* review. *Garmin* at 7, 14. Burdens include financial, human resources, and meeting the time schedule of *inter partes* review. *Id.* *Garmin* additionally recommends that requests should be sensible and reasonably tailored according to a genuine need. *Id.*

Petitioner counters that Patent Owner's Document Requests 1 through 3 are not reasonably calibrated to lead to the discovery of useful information because the requested discovery covers information related to the irrelevant issue of privity. Opp. 11. Petitioner further argues that argues Document Requests 1 through 3 impose an undue burden because they additionally ask for “[a]ll . . . communications about indemnification by and between Petitioner and [AT&T, Sprint, and T-Mobile]” without providing any basis to establish that the requested communications contain any useful information. *Id.* at 11–12. Petitioner contends that the documents requested in Document Request 4 are likely privileged and not discoverable. Petitioner further contends that Document Request 4 is burdensome because it expands the scope to include “[a]ll . . . communications about the joint defense and/or common interest agreements,” without providing a basis to establish that the requested communications will lead to useful information. *Id.* at 12. Petitioner asserts that Document Request 5 is overly broad because it seeks privileged information which is not discoverable due to the proposed instructions defining Petitioner to include Petitioner's attorneys. *Id.* at 12–13. Petitioner further argues that Document Requests 5 and 6 represent an undue burden on Petitioner because Patent Owner does not establish a basis for intruding in the attorney client relationship and is not reasonably calibrated to lead to useful information. *Id.* at 13. Petitioner argues that the Interrogatory is excessively broad and overreaching because it encompasses a large number of communications including communications about indemnification for liability arising from any possible source, and is not time-limited. *Id.* Lastly, Petitioner argues that the Notice of Deposition is overly burdensome for the following reasons: (1) there is

no limit on the number of persons who can be deposed, and (2) producing large numbers of Petitioner's employees for deposition, preparing them, and defending their testimony would create an enormous disruption of Petitioner's business, and potentially generate enormous attorney fees; and (3) the scope of the subject matter to be covered by the proposed depositions is unspecified. *Id.* at 14.

We agree with Petitioner's arguments that the scope of Patent Owner's requested discovery is overly broad and burdensome contrary to Patent Owner's assertions that it is narrowly tailored and negligibly burdensome. Moreover, and not addressed by the parties, the requested discovery may place a significant burden on meeting the time schedule of *inter partes* review. *See Garmin* at 7; *see also* Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Methods, Fed. Reg. 48,680, 48,719 (Aug. 14, 2012) (explaining the interest of justice standard is consistent with the considerations of 35 U.S.C. § 316(b) including the efficient administration of the Board, and the Board's ability to complete timely trials). We note that proceedings in this *inter partes* review are no longer in the preliminary stage. Review was instituted nearly three months ago on May 9, 2014 (IPR2014-00199, Paper 18).

Consideration of the fifth *Garmin* factor weighs against granting Patent Owner's Motion for Additional Discovery.

As to the remaining *Garmin* factors, Patent Owner makes the following assertions: (1) the requested discovery does not seek litigation positions and the underlying factual basis (Mot. 9); (2) the instructions are easily understandable (*id.* at 11) and (3) Patent Owner has no ability to

generate equivalent information by other means (*id.* at 10–11). Petitioner counters that Patent Owner has alternative means for obtaining the requested discovery. Opp. 9–11. We agree that Patent Owner’s requested discovery does not seek litigation positions and the underlying factual basis, and includes easily understandable instructions. However, we take no position regarding whether Patent Owner has the ability to generate equivalent information by other means, as Patent Owner’s ability appears to be dependent upon the ongoing proceedings in the related district court litigations. *See* Mot. 10–11; Opp. 9–11.

Upon weighing the five *Garmin* factors for determining when additional discovery satisfies the “necessary in the interest of justice” standard under 35 U.S.C. § 316(a)(5), we determine that Patent Owner’s requested discovery set forth in its Motion is not necessary in the interest of justice.

ORDER

It is

ORDERED that Patent Owner’s Motion for Additional Discovery is *denied*.

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