

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

UNIFIED PATENTS, LLC,
Petitioner,

v.

MOTION OFFENSE, LLC,
Patent Owner.

IPR2020-00705
Patent 10,013,158 B1

Before PATRICK M. BOUCHER, KIMBERLY McGRAW, and
NABEEL U. KHAN, *Administrative Patent Judges*.

BOUCHER, *Administrative Patent Judge*.

DECISION
Dismissal Prior to Institution of Trial
35 U.S.C. § 314

With our authorization, Petitioner filed a Motion to Dismiss and Terminate this proceeding, and Patent Owner filed an Opposition. Papers 12 (“Mot.”), 13 (“Opp.”). Petitioner requests that the Petition be dismissed and the proceeding terminated because “this proceeding is in a preliminary stage,

prior to institution, and [Petitioner] has recently sought to reallocate its budgets and resources, including, in light of the COVID-19 pandemic.” Mot. 1. In making such a motion, Petitioner asserts that “termination will achieve a just, speedy, and inexpensive resolution of the dispute” and that “[w]ithdrawal is also in the interest of justice, as the parties have no other dispute, and dismissal will resolve all matters.” *Id.*; *see also id.* at 2–3 (stating that dismissal of the Petition in this proceeding is appropriate because the proceeding is at an early stage, with no decision having yet been made whether to institute a proceeding, and because dismissal will “reduce the parties’ expenses, conserve Board resources, and promote efficiency”). Petitioner also contends Patent Owner will not be prejudiced by termination at this preliminary proceeding stage but rather will benefit from preserving its own resources.

Patent Owner opposes Petitioner’s motion, arguing that termination of the proceeding before the Board has an opportunity to determine whether Petitioner failed properly to identify all real parties in interest (“RPIs”) is prejudicial to Patent Owner. Opp. 1. Patent Owner contends that a finding that Petitioner failed to identify Dropbox, Inc. as a RPI would deter Petitioner and others from “attempting to serve as patent-challenging avatars for paying members who would otherwise be statutorily barred.” *Id.*

We agree with Petitioner that dismissal is appropriate under the present circumstances. Our “regulations expressly provide the Board with broad authority to dismiss a petition where appropriate.” *Facebook, Inc. v. EveryMD.com*, IPR2018-00050, Paper 19 at 4 (PTAB Oct. 9, 2018); *see* 37 C.F.R. § 42.71(a) (“The Board . . . may grant, deny, or dismiss any petition or motion.”). The proceeding is at an early stage and it is

appropriate to dismiss the Petition and terminate the proceeding to promote efficiency and unnecessary costs.

We agree with Petitioner that denying the Motion to dismiss the Petition and terminate the proceeding would impose an unnecessary “administrative burden” on the Board’s finite resources. *See* Mot. 3–4. We also determine that dismissing the Petition will decrease the burden on Patent Owner. In doing so, we make specific note of the “added reassurance[s]” provided by Petitioner in its Motion. In particular, “Petitioner confirms that there are no side or other agreements with any other party in relation to this proceeding.” Mot. 5. In addition, “Petitioner has confirmed to Patent Owner, telephonically, and confirms to the Board that it does not intend to file another patent challenge against this patent or known related patents.” *Id.* Given these representations, Patent Owner will not incur additional burden or expense in defending any later-filed petition by Petitioner challenging this patent or known related patents.

Patent Owner’s opposition to the Motion is best understood in the context of the two principal arguments made in its Preliminary Response. *See* Opp. 3 (referring to arguments detailed in its Preliminary Response). First, in its Preliminary Response, Patent Owner attacks Petitioner’s business model as one in which Petitioner “acts as a proxy for its members, filing IPRs against patents in a manner that protects the entities from statutory bars, such as a time bar or rejection due to [a real party in interest (‘RPI’)] filing a prior declaratory judgment for invalidity.” Paper 8, 20. Patent Owner specifically alleges that Dropbox is an unnamed RPI that is itself barred from challenging the subject patent in an *inter partes* review. *Id.* at 23 (“Presumably, Dropbox is not named because it has brought an

action for declaratory judgment of invalidity, and therefore, cannot file its own petition for IPR against the '158 patent.”). Notably, Patent Owner characterizes these facts as “an example” of Petitioner’s wider “ongoing practice of filing petitions to benefit member parties that are barred from filing their own petition.” *Id.* at 25.

Second, Patent Owner argues in its Preliminary Response that a specific limitation of the only challenged independent claim is not taught or suggested by the prior art Petitioner’s relies upon. *See id.* at 26 (“*Do* fails to teach or suggest the claim element ‘caus[ing], utilizing particular code configured to be stored on a storage at the second node and further configured to cooperate with a file explorer interface, creation of a representation of the at least one folder. . . .’ recited by independent claim 3 of the '158 patent.”). Because the remaining challenged claims all depend from claim 3, thereby incorporating that specific limitation, Patent Owner contends that Petitioner’s arguments directed at those claims are also insufficient. *Id.* at 36 (“Because independent claim 3 is not rendered obvious, each dependent claim likewise would not have been obvious.”).

Although Patent Owner indicates in its Opposition to the Motion to Dismiss and Terminate that it “will also benefit to the extent the decision on institution addresses the merits,” the clear emphasis of its Opposition is directed at the RPI issue. *See Opp.* 2. In particular, Patent Owner opposes primarily on the basis that the Motion “is a thinly-veiled attempt to avoid a finding that [Petitioner] improperly omitted its members as real-parties-in-interest (‘RPIs’) and protect its business model built on exploiting the patent system against patent owners.” *Opp.* 1. “If the Motion is granted,” Patent Owner tells us, it “would be deprived of the benefit of a finding as to

whether [Petitioner] has misused the patent system by omitting its members as RPIs.”

We agree with Petitioner that Patent Owner is thus requesting an advisory opinion with respect to how Petitioner’s business model implicates the statutory mandates regarding real parties in interest to *inter partes* reviews. *See* Mot. 3–4. Several considerations caution against denying the Motion in order to do so.

First, it is not apparent that we would ever reach the real party-in-interest issue in a Decision on Institution, particularly in light of Patent Owner’s argument in its Preliminary Response that the Petition is deficient on the merits.

Second, the nature of real-party-in-interest inquiries is “highly fact-dependent.” *See Ventex Co., Ltd. v. Columbia Sportswear N. Am., Inc.* IPR2017-00651, Paper 152 at 6 (PTAB Jan. 24, 2019) (precedential) (quoting Trial Practice Guide, 77 Fed. Reg. 48,756, 48,759 (Aug. 14, 2012)); *see also* Patent Trial and Appeal Board Consolidated Trial Practice Guide 13 (Nov. 2019) (“Whether a party who is not a named participant in a given proceeding nonetheless constitutes a ‘real party-in-interest’ or ‘privy’ to that proceeding is a highly fact-dependent question.”). We are not persuaded by Patent Owner’s argument that a decision on the RPI issue under the specific facts in this proceeding could necessarily be widely generalized. *See* Opp. 5 (“all patent owners[] will be prejudiced by such abusive practices if the Motion is granted”); *see also id.* (asserting that “[o]ne loss on this RPI issue jeopardizes [Petitioner’s] entire practice”).

Although we have considered Patent Owner’s suggestion that Petitioner’s explanation of budget realignment is “nothing more than an

illusory basis” for seeking dismissal of the Petition, we accord that suggestion little weight. *See* Opp. 2. Patent Owner implies that Petitioner’s explanation is concocted, meant to evade “expos[ing] that *this petition* was the only one of many candidates selected for termination due to the risk it poses to [Petitioner’s] business model built of exploiting the patent system.” *Id.* at 3. Patent Owner suggests that a number of facts support its inference, including that Petitioner “provided no declaration discussing its decision to select this particular case, its financial status or other means being taken to cut costs.” *Id.* at 2. In the context of the various considerations discussed herein, we are not persuaded that such details are necessary to support Petitioner’s representation, made by a registered practitioner subject to the Office’s Rules of Professional Conduct. *See* 37 C.F.R. § 11.303(a)(1) (“A practitioner shall not knowingly . . . [m]ake a false statement of fact or law to a tribunal.”).

The parties also draw our attention to other (nonprecedential) proceedings in which panels have granted or denied a motion for dismissal before institution. *See, e.g., Samsung Elecs. Co. v. NVIDIA Corp.*, IPR2015-01270, Paper 11 (PTAB Dec. 9, 2015) (granting opposed motion to dismiss before institution); *LG Electronics, Inc. v. Koninklijke KPN N.V.*, IPR2018-00551, Paper 10 (PTAB Aug. 1, 2018) (denying opposed motion to dismiss before institution); *Fresenius Kabi USA, LLC v. AstraZeneca AB*, IPR2017-01910, IPR2017-01912, and IPR2017-01913, Paper 7 (PTAB Nov. 2, 2017) (denying opposed motion to dismiss before institution). We find the circumstances here most akin to those in *Samsung*, in which the panel there granted the motion to dismiss because of the “early juncture” of the proceeding, as well as “to promote efficiency and minimize unnecessary

costs,” rather than to the proceedings in which the panels denied the opposed motions to dismiss. *Samsung*, Paper 11 at 3–4. For example, in *LG Electronics*, the decision denying institution issued shortly after the order denying the petitioner’s request to withdraw, suggesting that the panel in that proceeding had already expended significant resources on the matter. In contrast to the circumstances presented here, the petitioner in the *Fresenius Kabi* proceedings did not provide any assurances that it would not file any follow-on petitions challenging the patents at issue. There, the Board agreed that the patent owner would be prejudiced by its need to defend against any such follow-on petitions.

In light of these considerations, we grant Petitioner’s Motion and terminate the proceeding.

It is

ORDERED that Petitioner’s Motion to Dismiss and Terminate this proceeding is *granted*;

FURTHER ORDERED that the Petition (Paper 2) is *dismissed*; and

FURTHER ORDERED that this proceeding is *terminated*.

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