

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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I.M.L. SLU,  
Petitioner,

v.

WAG ACQUISITION, LLC  
Patent Owner.

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Case IPR2016-01656  
Patent 8,122,141 B2

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Before TREVOR M. JEFFERSON, BRIAN J. McNAMARA, and  
PATRICK M. BOUCHER, *Administrative Patent Judges*.

McNAMARA, *Administrative Patent Judge*.

TERMINATION OF PROCEEDING  
*37 C.F.R. §§ 42.72, 42.73(a)*

*Introduction*

Based on a Petition (“Pet.”) filed by I.M.L. SLU (“IML”), a trial in IPR2016-01656 and related case IPR2016-01658 was instituted on February 27, 2016. Paper 11 (in both proceedings). On October 5, 2017, IPR2017-01179 brought by Duodecad IT Services Luxembourg S.À R.L., Accretive Technology Group, Inc., ICF Technology, Inc., and Riser Apps LLC (“Duodecad”) was terminated and joined to related IPR2017-01658. As a result, IML and Duodecad are Petitioners in IPR2016-01658. IML is the sole Petitioner in IPR2016-01656, to which this Decision is directed. Patent Owner filed a Patent Owner Response (Paper 20) and Petitioner filed a Petitioner Reply (Paper 26).

Shortly before the scheduled trial hearing on the merits, IML requested leave to withdraw the Petition in this proceeding. We conducted the hearing as scheduled on November 30, 2017. IML subsequently moved for adverse judgment. Paper 38 (“Mot. For Adv. J.”). Patent Owner opposes adverse judgment. Paper 39 (“Opp. To Mot. for Adv. J.”). Patent Owner argues that this *inter partes* review should be terminated because IML failed to name at least one real party-in-interest, i.e., an entity known as CoolVision that was served with Patent Owner’s infringement suit more than one year before the filing date of the Petition, thus barring the Petition under 35 U.S.C. § 315(b). Opp. To Mot. For Adv. J. 13–14. For the reasons discussed herein, the Petition is dismissed, our Decision on Institution is vacated, and IML’s Motion for Adverse Judgment is dismissed.

*Background*

Whether IML's Petition named all real parties-in-interest has been an issue for some time. We first granted Patent Owner's Motion for Discovery on this issue on April 27, 2017 where we ordered IML to produce:

documents sufficient to show ownership and/or control of operations between Petitioner, Muly Litvak, and CoolVision, and documents sufficient to identify any role Muly Litvak, CoolVision, or its personnel or owners may have played in (i) deciding to file the Petition, (ii) drafting, supervising, approving, or otherwise exerting control over the content of the Petition, and (iii) financing or paying for the Petition.

Paper 13, 9.

On June 5, 2017, we conducted a teleconference with the parties during which we discussed Patent Owner's request for authorization to move for additional discovery and related several discovery matters, including the absence of additional documentation, certain stipulations of fact, and possible interrogatories. Ex. 2005, Transcript of Teleconference ("Jun 5, 2017 Tr."). As we authorized (Jun 5, 2017 Tr., 23), Patent Owner moved for additional discovery (Paper 23) and IML Opposed (Paper 14). On November 3, 2017 we conducted another conference with the parties, but no agreement was reached on discovery as to real parties-in interest matters.<sup>1</sup>

On November 15, 2017, we entered a Trial Hearing Order in which we stated that, consistent with our previously entered Scheduling Order, we would conduct a consolidated hearing on the merits of each *inter partes* review on November 30, 2017. Paper 31, 2. We also stated that we would conduct a separate hearing to address Patent Owner's outstanding Motion

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<sup>1</sup> A transcript of our November 3, 2017 teleconference has not been made of record.

for discovery of information concerning Petitioner's real parties-in-interest ("Discovery Hearing"). *Id.* at 3.

On November 29, 2017, IML sent the Board e-mail correspondence with a proposed motion attached seeking to withdraw the Petitions in IPR2016-01656 and related IPR2016-01658. We responded by e-mail that the hearing would take place as scheduled on November 30, 2017 and that we would take up the matter of IML's proposed withdrawal from this proceeding and related proceeding IPR2016-01658 at the Discovery Hearing.

On November 30, 2017, we conducted a public hearing on the merits and a separate Discovery Hearing, closed to the public. At the Discovery Hearing the first issue addressed was IML's proposed withdrawal of the Petition in this proceeding and related proceeding IPR2016-01658. As the sole Petitioner in IPR2016-01656, IML stated it was seeking to withdraw the Petition in IPR2016-01656; having not objected to the joinder of Duodecad in IPR2016-01658, IML clarified that it sought only to withdraw its own participation in IPR2016-01658 and did not speak for Duodecad.<sup>2</sup> Paper 36, Transcript of Discovery Hearing held on Nov. 30, 2017 ("Discovery Hr'g. Tr.") 7:1–12, 8:1–10. The status of Duodecad is addressed in in IPR2016-01658 and is not further considered in this Decision.

During the Discovery Hearing, we noted that the statutory scheme and our implementing rules do not provide for withdrawing a petition.

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<sup>2</sup> Although we instituted on Duodecad's petition, which was substantially identical to that filed by IML, Duodecad's petition would have been time barred under 35 U.S.C. § 315(b), but for the joinder provisions of 35 U.S.C. § 315(c).

Discovery Hr'g. Tr. 9:9–12:16. *See*, 35 U.S.C. §313; 37 C.F.R. § 42. We also noted that our rules allow a petitioner to request adverse judgment, although adverse judgment could have estoppel implications. *Id.* at 10:15–11:17, *see* 35 U.S.C. § 315(e), 37 C.F.R. 42.73(b), (d).

During the Discovery Hearing, Patent Owner reviewed its contentions concerning the relationship between IML and CoolVision, in order to put the discovery Patent Owner seeks into context. Discovery Hr'g. Tr. 22:5–30:25. Counsel for Patent Owner emphasized that IML had advised him by “e-mail yesterday . . . that there’s not going to be any discovery.” *Id.* at 29:19–21. Arguing that Patent Owner’s “[discovery] motion is moot if we are not here” (*id.* at 30:21–22), IML’s counsel stated that she is not authorized to answer specific questions (*id.* at 34:1–2) about the subject matter and that IML’s further actions depend upon what is ordered and what options are open to IML to respond (*id.* at 31:19–32:17).

Initially Patent Owner stated that it was not opposed Petitioner’s withdrawal and that “the appropriate ruling here would be adverse judgment.” *Id.* at 13:18–20. However, on December 1, 2017, Patent Owner sent an e-mail to the Board requesting (i) a conference to seek authorization to file a written opposition to Petitioner’s request for leave to withdraw, (ii) to move to require Petitioner to respond to discovery with items we identified at page 7 of the transcript of our conference call on November 3, 2017 and (iii) to renew its request for authorization to file a motion to terminate IPR2016-01656 and IPR2016-01658 as time barred as to all Petitioners. Ex. 3001

After fully considering the issues, on December 15, 2017, we entered an order requiring IML by December 20, 2017, to file a motion for adverse

judgment or to answer the following discovery requests: Request for Admission 1 and Interrogatories 1, 2(a)–(f), 2(i), 3(a)–(f), 4, 7(a)–(c), and 8(a)–(c). Paper 37. In the event that IML filed a Motion For Adverse Judgment, we authorized Patent Owner to file an Opposition to the Motion for Adverse Judgment up to five pages not later than January 5, 2018. *Id.*

IML did not answer the discovery and filed a Motion for Adverse Judgment on December 20, 2017. On January 5, 2018 Patent Owner filed its Opposition to IML’s Motion for Adverse Judgment. Patent Owner also filed a Motion for Entry of a Modified Protective Order and to Seal its Opposition to Petitioner’s Motion for Adverse Judgment. Paper 40.

*Confidentiality of the Discovery Hearing Transcript*

Before beginning our analysis, we address the issue of confidential subject matter. The Discovery Hearing was not open to the public, so that we could freely discuss any matters that IML might consider confidential. Our order of December 15, 2017 gave the parties until January 10, 2018 to identify subject matter in the Transcript of the Discovery Hearing that should be redacted from a public version of the transcript. Paper 37, 7. Neither party has proposed any redactions. Therefore, the transcript of the Discovery Hearing is made public in its entirety. In this Decision we cite to arguments made at the Discovery Hearing. Our citations to documents that have been designated as containing confidential subject matter do not quote from those documents or reveal any information not discussed during the Discovery Hearing. Therefore, this Decision is being made public.

*Analysis*

The basis of Patent Owner’s Opposition to Petitioner’s Motion for Adverse Judgment is that the Petition is fatally flawed because Petitioner

failed to name all the real parties-in-interest, in particular, one party that would bar the Petition. Patent Owner argues it timely raised the issue of whether IML had named all real parties-in-interest and that we must address this issue before ruling on IML's Motion for Adverse Judgment. Opp. To Mot. For Adv. J. 5–10.

As in reexamination practice, the Board generally accepts the petitioner's identification of real parties-in-interest. Office Patent Trial Practice Guide 77 Fed. Reg. 48,756, 48,695 citing *In re Guan, Inter Partes Reexamination Proceeding Control No. 95/001,045*. Although Petitioner's identification of real parties-in-interest receives the benefit of a rebuttable presumption under Federal Rules of Evidence, that does not shift burden of persuasion, which remains with the party who had it originally. Fed. R. Evid. 301.

The burden of rebutting the presumption that real parties-in-interest have been identified is on the patent owner to show that an un-named party is a real party-in-interest or privy. *See* 112 Cong. Rec. S1375 (daily ed. March 8, 2011)(Senator Kyl Remarks)(“The Office anticipates that patent owners will take the initiative in determining whether a petition is the real party in interest or privy of a party that is barred from instituting a proceeding with respect to a patent.”).

Petitioner has the burden of proving unpatentability by a preponderance of evidence. 35 U.S.C. § 316(e). When a patent owner provides sufficient rebuttal evidence that reasonably brings into question the accuracy of a petitioner's identification of the real parties-in-interest, the *burden remains with the petitioner* to establish that it has complied with the statutory requirement to identify all the real parties-in-interest. *Atlanta Gas*

*Light Co. v. Bennett Regulator Guards, Inc.*, Case IPR2013-00453, slip op. at 8 (PTAB Jan. 6, 2015) (Paper 88); *Corning Optical Communications RF, LLC v. PPC Broadband, Inc.*, Case IPR2014-00440, slip op. at 13–14 (PTAB Aug. 18, 2015) (Paper 68). As discussed below, IML has failed to shoulder that burden.

Patent Owner argues that IML offered to admit that IML and CoolVision are commonly owned and controlled, but retracted its offer when Patent Owner declined to forgo pursuit of future discovery on this issue in exchange for IML's admission. Opp. To Mot. For Adv. J. 8 (citing Exhibit 2009, Discover Hr'g. Tr. 33:1-12.). Patent Owner further notes that IML's counsel did not dispute IML's and CoolVision's common ownership or control at the Discovery Hearing. *Id.* (citing Hr'g. Tr. at 33:1-12). Patent Owner further notes that in response to a direct question from the panel, Patent Owner's representation to the panel of the "general structure of the operation" was correct. *Id.* (citing Discovery Hr'g. Tr. at 36:1-5.).

Patent Owner also argues that IML and CoolVision are proxies, noting that CoolVision transferred assets to IML, which then outsourced website operations to CoolVision, so that IML could collect the corresponding revenue. *Id.* at 8 (citing Discovery Hr'g. Tr. 35:13–36:5, Ex. 2010). Patent Owner further cites IML's admission that the individual who instruct IML's counsel in this proceeding also works for CoolVision. *Id.* at 10 (citing Ex. 2006, Discovery Hr'g. Tr. 33:13–34:10).

IML availed itself of the procedures of this Board and has therefore consented fully to its jurisdiction. Our earlier orders make clear that Patent Owner established a threshold need for additional discovery on the issue of whether IML disclosed all real parties-in-interest to this proceeding when it



filed its Petition. *See*, Paper 13. Patent Owner's Motion for Additional Discovery contends that the redacted documents produced thus far, the stipulation filed as Exhibit 2007, and a retracted offer for an additional stipulation are insufficient to satisfy the requirements of identifying all parties that control and direct IML in this proceeding or have other important interests in its outcome. Paper 23 (Mot. For Add. Discovery, 2–4).

We discussed the implications of publicly available information in our first order authorizing discovery, where we noted the publicly documented relationship between IML, CoolVision, and Muly Litvak. Paper 13, 4–9. Our orders authorizing further discovery, although not determinative, indicate that we agree with Patent Owner that significant issues exist as to whether IML identified all real parties-in-interest. IML has failed to clarify the relationship between itself and CoolVision and has failed to rebut the evidence and allegations made by Patent Owner. Rather than rebut Patent Owner, IML has declined to answer further discovery and is willing to accept adverse judgment as a consequence.

In view of these circumstances, we are persuaded that Patent Owner has provided sufficient rebuttal evidence that reasonably brings into question the accuracy of IML's identification of the real parties-in-interest. In the absence of an adequate response, IML has failed to bear its burden to establish that it complied with the statutory requirement to identify all the real parties-in-interest. *Atlanta Gas Light Case IPR2013-00453*, Paper 88 at 8. Having failed to meet the requirements for a complete petition, this proceeding is terminated, the Decision on Institution is vacated, and IML's Petition is dismissed. Having taken these actions, we need not further

address Patent Owner's arguments that the Petition is barred under 35 U.S.C. § 315(b).

Having dismissed the Petition, we vacate our Decision on Institution. IML's Motion for Adverse Judgment is moot and is hereby dismissed.

*Motions to Seal*

On May 5, 2017, IML filed an unopposed motion for a protective order. Paper 14. A copy of the agreed upon protective order was included as Appendix A to Petitioner's Motion. *Id.*

On June 12, 2017, Patent Owner filed a Motion to Seal (Paper 22) its Request for Additional Discovery (Paper 23), Exhibit 2005 (Transcript of a teleconference with the Board on June 5, 2017), Exhibit 2006 (Stipulations of Fact), and Exhibit 2008 Proposed Interrogatories and Requests for Admission). On June 19, 2017, Petitioner filed its Brief in Opposition to Patent Owner's Motion for Discovery (Paper 24) as accessible to Board and Parties only, but did not file a corresponding Motion to Seal. On January 5, 2018, Patent Owner filed as Paper 40 a Motion For Entry of the Modified Protective Order and To Seal the Opposition to Petitioner IML SLU's Request For Adverse Judgment filed as Paper 39.<sup>3</sup> Patent Owner's Opposition to IML's Motion of Adverse Judgment references the following exhibits filed as accessible to the Board and parties only: Exhibit 2009 (Excerpt of November 30, 2016 Email from D. Yohannan), Ex. 2010

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<sup>3</sup> IML's May 5, 2017 Motion for Protective Order does not state that it differs from the Board's default protective order nor was the Motion accompanied by a marked up version of the Board's default protective order and it is unclear what, if anything, has been "modified" as stated in Patent Owner's filing.

(Corporate Transactional Documents Produced by IML), and Ex. 2012 (November 29, 2017 Email to Board from S. Yovits).

In view of the parties' agreement on the protective order and Patent Owner's designation of the subject matter as of business significance to IML, we enter the protective order and grant the motions to seal.

#### CONCLUSION

IML bears the burden of proof on the issue of having named all real parties-in-interest. For purposes of this proceeding only, IML has failed to carry that burden. Therefore, we terminate the proceeding, vacate our Decision on Institution and dismiss the IML's Petition.

#### ORDER

In consideration of the above, it is  
ORDERED that the instant proceeding is TERMINATED;  
FURTHER ORDERED that our Decision on Institution is  
VACATED;  
FURTHER ORDERED the Petition is DISMISSED;  
FURTHER ORDERED that IML's Motion for Adverse Judgment is  
DISMISSED;  
FURTHER ORDERED that the Discovery Hearing Transcript is  
designated publicly accessible; and  
FURTHER ORDERED that the unopposed Protective Order is  
entered and Patent Owner's Motions to Seal are GRANTED.

IPR2016-01656  
Patent 8,122,141 B2

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