

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

NETFLIX, INC.,
Petitioner,

v.

VL COLLECTIVE IP LLC,
Patent Owner.

IPR2023-00891
Patent 8,605,794 B2

Before KARL D. EASTHOM, JEFFREY S. SMITH, and
DAVID C. McKONE, *Administrative Patent Judges*.

EASTHOM, *Administrative Patent Judge*.

ORDER
Granting Patent Owner's
Motion for Additional Discovery
37 C.F.R. § 42.51

INTRODUCTION

Pursuant to our authorization, VL Collective IP, LLC (“Patent Owner”) filed a Motion for Additional Discovery on February 28, 2024 (Paper 21, “Mot.” or “Motion”). Netflix, Inc. (“Netflix,” “Petitioner”) filed an Opposition to the Motion on March 6, 2024 (Paper 22, “Opp.”). Patent Owner filed a Reply in support of the motion on March 12, 2024 (Paper 23). We *grant* the Motion.

Patent Owner seeks discovery from Petitioner to show that Petitioner was a real party in interest (“RPI”) in a related proceeding, IPR2022-01086 (the “’086 IPR”). Mot. 1. Unified Patents, LLC (“Unified”) filed a petition in the ’086 IPR on June 7, 2022, challenging the validity of claims 1, 3, 5, 9, 12, 13, 15, 20, and 21 of U.S. Patent No. 8,605,794 B2 (’794 patent), the same patent challenged in this proceeding. ’086 IPR, Paper 2, 2. The Board issued a final written decision (“FWD”) in that case, determining that Unified showed that claims 1, 3, 5, 9, 12, 13, and 15 are unpatentable but did not show that claims 20 and 21 are unpatentable. ’086 IPR, Paper 37, 48. Patent Owner asserts that circumstantial evidence surrounding the ’086 IPR suggests that Netflix directed Unified during the ’086 IPR. Mot. 5.

Accordingly, Patent Owner requests the following additional discovery:

INTERROGATORY NO. 1

Identify all dates when Petitioner was a member of Unified from January 1, 2020 until present.

INTERROGATORY NO. 2

Identify, by amount, date and purpose of payment, all payments, including without limitation subscription fee payments and initiation payments, made by Petitioner to Unified from January 1, 2020 until present.

REQUEST FOR PRODUCTION NO. 1

All agreements between Petitioner and Unified, operative at any time since January 1, 2020.

REQUEST FOR PRODUCTION NO. 2

All communications, and all documents evidencing communications, between Netflix and Unified regarding IPR2022-01086, IPR2023-00891, and the Patent.

DEPOSITION REQUEST

If Netflix provides a declaration from a witness familiar with the documents it is producing, Patent Owner requests a 4-hour deposition of that witness.

Ex. 2005, 3–4.

DISCUSSION

Consistent with Congressional intent that *inter partes* review be a quick and cost-effective alternative to litigation, discovery in *inter partes* review is less expansive than that typically available in district-court patent litigation. *See* H. Rep. No. 112-98 at 45–48 (2011). The legislative history of the Leahy-Smith America Invents Act makes clear that additional discovery should be confined to “particular limited situations, such as minor discovery that [the Office] finds to be routinely useful, or to discovery that is justified by the special circumstances of the case.” 154 Cong. Rec. S9982, S9988 (daily ed. Sept. 27, 2008) (statement of Sen. Kyl). “Given the time deadlines imposed on these proceedings, it is anticipated that . . . [the Office] will be conservative in its grants of discovery.” *Id.* at S9988–S9989.

Under 35 U.S.C. 316(a)(5), discovery is available for the deposition of witnesses submitting affidavits or declarations and for “what is otherwise necessary in the interest of justice.” Patent Owner, as the movant, bears the burden of demonstrating that additional discovery is “in the interest of justice.” *See* 37 C.F.R. §§ 42.20(c), 42.51(b)(2). The Board identified

factors important in determining whether a discovery request meets the statutory and regulatory standard of being “in the interest of justice” in *Garmin Int’l, Inc. v. Cuozzo Speed Techs. LLC*, Case No. IPR2012-00001, Paper 26, 6–7 (PTAB, Mar. 5, 2013) (precedential). We address below the parties’ arguments concerning each of the five *Garmin* factors.

1. More Than a Possibility and Mere Allegation

The first *Garmin* factor states that “[t]he party requesting discovery should already be in possession of evidence” or reasoning “tending to show beyond speculation that in fact something useful will be uncovered.” *Garmin*, Paper 26 at 6. “[U]seful” “means favorable in substantive value to a contention of the party moving for discovery.” *Id.* at 7.

Patent Owner asserts that “[i]n the ’086 IPR, Unified attempted to terminate its Petition, before institution of Netflix’s Petition in the ’891 IPR.” Mot. 5. According to Patent Owner, “[b]y terminating the ’086 IPR before Final Written Decision, Unified and any RPIs (including Netflix) would avoid estoppel for the claims addressed in ’086 IPR FWD.” *Id.* Patent Owner argues that “[t]here is little reason why Unified would wish to avoid estoppel, while it would greatly benefit Netflix,” and concludes that “[t]he only logical explanation for Unified’s termination request is that it was done for Netflix.” *Id.* Patent Owner further argues that “requested discovery, such as the communications and documents shared between Netflix and Unified regarding the ’086 IPR will likely evidence Netflix’s knowledge, control, or influence in the ’086 IPR.” *Id.* at 5–6.

Patent Owner argues that “[i]n the event that Netflix was an RPI in the ’086 IPR, Netflix should at least be dismissed from the proceeding as to the Estopped Claims.” Mot. 6. According to Patent Owner, “dismissing Netflix as to the Estopped Claims would prevent it from participating as a Petitioner

. . . in the procedure,” which would “have real ‘substantive value’ and thus be ‘useful.’” *Id.* at 7 (citing *Garmin*, Paper 26 at 7); *see also id.* at 1 referring to claims 1, 3, 5, 9, 12, 13, 15, 20, and 21 as the “Estopped Claims”). Patent Owner further asserts that if Netflix is an RPI in the ’086 IPR, the ’891 IPR should be terminated, either as to the Estopped Claims or in its entirety. *Id.* at 8.

Petitioner asserts that “the proper RPI inquiry is ‘typically focuse[d] on whether a party controls, funds, or directs the ‘petitioner’s participation in a proceeding.’” Opp. 2 (citing *IOENGINE, LLC v. PayPal Holdings, Inc.*, 607 F. Supp. 3d 464, 514 (D. Del. 2022)). Petitioner asserts that Patent Owner “provides no evidence beyond mere speculation that Unified filed the ’086 IPR at Netflix’s behest and provides no evidence that Netflix had any direction or control over that IPR.” *Id.*

Petitioner argues Unified’s request to terminate the ’086 IPR is not evidence that Unified was taking direction from Netflix. Opp. 5. Petitioner argues that Unified did not seek termination until nearly four months after Netflix filed its Petition, and that Unified incurred meaningful expenses during that time. *Id.* According to Petitioner, “there is no reason why Unified would have incurred those expenses if it had intended to terminate the proceeding in view of Netflix’s Petition.” *Id.*

Petitioner asserts that “[a]ssuming *arguendo* that Netflix is an RPI . . ., the requested discovery would still not be useful because such discovery would not warrant termination of the instant IPR.” Opp. 7. Petitioner asserts that “estoppel could potentially apply to only those claims that were challenged in the ’086 IPR, allowing the instant IPR to proceed at least with the remaining claims,” and that “the Board would still need to address the limitations of claims 1, 3, 9, and 13 to evaluate the patentability of the

majority of the remaining dependent claims, further negating any ‘substantive value’ that could result from the requested discovery.” *Id.* at 8. According to Petitioner, “[Patent Owner]’s contention that the entire proceeding could be terminated in that situation is without merit” *Id.* at 9.

We find that Patent Owner establishes there is more than a possibility or mere allegation that the requested discovery will yield useful information. In particular, the circumstances surrounding Unified’s request to terminate the ’086 IPR call into question why Unified would request to terminate at such a late stage (i.e., after all the briefing was complete) in that case and whether such action was at the direction of Netflix. This is persuasive reasoning representing more than a possibility or a mere allegation given Patent Owner’s allegations of a close relationship between Netflix and Unified. *See* Mot. 3–6; Reply 3 (arguing that “*Garmin* requires evidence ***or reasoning*** tending to show that ‘something useful will be uncovered,’” and “[t]hat Unified intended to seek termination when faced with estoppel—something that would only affect Petitioner—is reasoning supporting additional discovery”); *Garmin*, Paper 26 at 7 (“[The requester of information should already be in possession of a threshold amount of evidence or reasoning tending to show beyond speculation that something useful will be uncovered.]”).

Patent Owner also shows that what it seeks to uncover will be useful. The parties disagree as to the specific estoppel implications of a potential finding that Netflix was a real party in interest in the ’086 IPR. While there is no need to decide at this time what the specific estoppel with respect to certain claims will entail, Petitioner acknowledges that estoppel potentially applies to some claims challenged in the ’086 IPR. Opp. 8. Even if the Board would need to address the limitations of claims 1, 3, 9, and 13 to

evaluate the patentability of the majority of the remaining dependent claims, as Petitioner contends, estoppel would limit Petitioner's participation in this proceeding to some extent, for example, at least with respect to dependent claims 5, 12, 15, 20, and 21. Therefore, the potential limitation based on estoppel is useful to Patent Owner in the context of this factor.

Therefore, we find that this factor favors Patent Owner's request.

2. Litigation Positions and Underlying Basis

Patent Owner asserts that "[t]he requested discovery does not seek Netflix's litigating positions or basis." Mot. 10. Petitioner does not dispute Patent Owner's contention as to *Garmin* Factor 2. Therefore, this factor favors Patent Owner's request.

3. Ability to Generate Equivalent Information by Other Means

Patent Owner asserts that it "cannot generate equivalent information by other means" as, according to Patent Owner, "[t]he discovery requested . . . is in the possession of Netflix, not publicly available, and Netflix has refused to provide it." Mot. 10.

Petitioner asserts that "[t]he underlying substance of PO's discovery requests have already been addressed by Kevin Jakel's declaration." Opp. 9 (citing '086 IPR, Ex. 1010). Petitioner asserts "Mr. Jakel . . . declared that none of Unified's members had any role in the filing, preparation, or prosecution of the '086 IPR, that Unified 'does not discuss the preparation of any patentability challenge with Members or potential Members,' and that 'Unified controls every aspect of such a challenge.'" *Id.* (citing '086 IPR, Ex. 1010 ¶¶ 4, 5, 13–14). Petitioner asserts that Patent Owner "could have and should have sought discovery in the '086 IPR proceeding," but "never sought to depose Mr. Jakel despite his declaration being filed *after* Netflix filed the instant Petition, nor did PO seek any further discovery on RPI

issues during the '086 IPR's discovery period." *Id.* Petitioner notes that instead, Patent Owner "made a belated request for such discovery two months *after* a Final Written Decision issued, which was promptly denied." *Id.* (citing '086 IPR, Papers 40–41; Ex. 3002).

This factor favors Patent Owner's request. Petitioner's arguments as to Mr. Jakel's declaration are not persuasive. Patent Owner shows that the content of Mr. Jakel's declaration falls short of the scope of Patent Owner's request with respect to Unified's obligation to Petitioner. *See* Reply 5. In addition, Unified filed the declaration over a year prior to its request for termination so the declaration does not address the circumstances surrounding the termination. *Compare* '086 IPR, Ex. 1010 (declaration filed June 7, 2022), *with* '086 IPR Ex. 3001 ((Unified's Aug. 25, 2023, email requesting leave to terminate the '086 IPR "so that it can allocate its resources in light of budget constraints"). Petitioner's arguments that Patent Owner should have sought further discovery in the '086 IPR are also not persuasive. As Patent Owner generally argues, such discovery would not have been relevant to that proceeding. *See* Reply 5.

*4. Easily Understandable Instructions and
Not Overly Burdensome to Answer*

Patent Owner asserts that "[t]he requested discovery is easily understandable and not overly burdensome," and notes that "Netflix has produced similar discovery in a previous case." Mot. 10.

Petitioner argues that "[Patent Owner]'s requests for production and deposition are particularly overbroad and would require Netflix to expend its limited in-house resources to undertake a burdensome search and potentially provide a witness for a four-hour deposition that is unlikely to yield any substantive value." Opp. 10.

The determination of whether a party is a real party in interest is a “highly fact-dependent question.” *Consolidated Trial Practice Guide*, Nov. 2019, at 13.¹ Patent Owner calibrates its requested discovery narrowly to provide certain facts relevant to that question. Responding to any discovery request necessarily entails some burden, but the request at issue here is sufficiently narrow that the burden is not undue. Patent Owner only seeks a deposition if Petitioner files a declaration, placing any deposition burden in Petitioner’s control.

Therefore, these factors favor Patent Owner’s request.

CONCLUSION

Weighing all of the *Garmin* factors together and for reasons discussed above, we conclude that Patent Owner has demonstrated good cause for the requested discovery. The parties shall meet and confer to decide on schedule to produce any responsive materials. If the parties cannot agree on a schedule, they shall inform the Board by a joint email to Trials@uspto.gov

ORDER

It is

ORDERED that Patent Owner’s motion for additional discovery is *granted*.

FURTHER ORDERED that the parties shall and meet and confer to agree on a reasonable deadline for Petitioner to produce any materials responsive to Patent Owner’s request.

¹ Available at <https://www.uspto.gov/TrialPracticeGuideConsolidated>

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