

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
Denying Patent Owner's Motion to Terminate
37 C.F.R. §§ 42.5, 42.20

INTRODUCTION

Pursuant to our authorization (Paper 31), VL Collective IP LLC (“Patent Owner”) filed a Motion to Terminate the instant proceeding (the “’891 proceeding”) based on estoppel under 35 U.S.C. § 315(e)(1). Paper 33 (“Mot.” or “Motion”). Then, Netflix, Inc. (“Netflix,” “Petitioner”) filed an Opposition to the Motion. Paper 35, “Opposition” or “Opp.”). Finally, Patent Owner filed a Reply to the Opposition. Paper 37 (“Reply”).

In its Motion and Reply, Patent Owner submits that “Netflix was an unnamed RPI [(real party in interest)] and privy in the ’086 IPR [(*Unified Patents, LLC v. VL Collective IP LLC*, IPR2022-01086 (PTAB))]” and therefore the “Board must terminate” the current proceeding “or at least dismiss Netflix” as to allegedly “Estopped Claims [of U.S. 8,605,794 B2].” *See* Reply 3 (emphasis omitted); Mot. 4, 8 (emphasis omitted).

In the final written decision in IPR2022-01086, (the “’086 IPR”), the Board determined that the petitioner there, “Unified,” showed that claims 1, 3, 5, 9, 12, 13, and 15 of U.S. Patent No. 8,605,794B (the “’794 patent”) are unpatentable, but did not show that claims 20 and 21 are unpatentable. *See Unified Patents*, ’086 IPR, Paper 37 (PTAB Dec. 18, 2023) (final written decision).¹ In the instant case, Petitioner “Netflix” challenges claims 1–22 of the ’794 patent. As explained further below, Patent Owner asserts that 35 U.S.C. § 315(e)(1) estops Netflix from maintaining the instant proceeding as

¹ Patent Owner, VL Collective, filed a notice of appeal on May 29, 2024, in the ’086 IPR (Paper 44), after the Board entered decisions denying a rehearing request by petitioner Unified (’086 IPR, Paper 42) and by Patent Owner (’086 IPR, Paper 43). Unified did not file a notice of appeal in that case.

to claims 1, 3, 5, 9, 12, 13, 15, 20, and 21 of the '794 patent because Patent Owner asserts that Netflix was a real party in interest in the '086 IPR.

For the following reasons, we *deny* Patent Owner's Motion.

BACKGROUND

After the Institution Decision in the instant proceeding, Patent Owner requested and filed a Motion for Additional Discovery (Paper 21, "Motion for Discovery"), which we granted (Paper 26 ("Discovery Grant Order")). Patent Owner's Motion for Discovery "[sought] discovery from Netflix to show that Netflix was a[n RPI] in [the '086 IPR]." Paper 21, 1.

Per the Discovery Grant Order (Paper 26), Patent Owner obtained discovery from Petitioner. Based on the discovery, Patent Owner requested leave to file the Motion under 35 U.S.C. 315(e)(1) during a teleconference. During the teleconference, Patent Owner argued that the discovery shows that Petitioner was an RPI in the '086 IPR.² Thereafter, we granted Patent Owner's request to file the Motion "[i]n order to obtain a complete record of the parties' positions." Paper 31, 3. Then, Patent Owner filed the Motion (Paper 33), Petitioner filed an Opposition (Paper 35), and Patent Owner filed a Reply (Paper 37).

At the outset, contrary to arguments in the Motion, our authorization does not authorize Patent Owner to advance arguments based on an alleged privy status of Petitioner in the '086 IPR because Patent Owner did not request to file its Motion on that basis. *See* Paper 31, 2 (noting that "Patent Owner explained that its basis for seeking termination is that the discovery

² As noted above, the instant proceeding challenges claims 1–22 of the '794 patent. The '086 IPR challenged claims 1, 3, 5, 9, 12, 13, 15, 20, and 21 of U.S. Patent No. 8,605,794 B2 ("the '794 patent"). *See* '086 IPR, Paper 37.

shows that Petitioner was a real party in interest (‘RPI’). Therefore, we do not consider separately the question of alleged privity of Petitioner that Patent Owner raises in its Motion without authorization. Even if we were to consider the privity argument, which we do below for completeness, Patent Owner does not provide a separate analysis based on privity versus RPI. Therefore, the result for any privity issue is the same as it is for the RPI issue, as Petitioner argues and as we find below. *See* Opp. 4 n.1.

ANALYSIS

The issue here is whether Netflix was an RPI of Unified in the ’086 IPR. *See supra* note 2. If so, Netflix’s RPI status in the ’086 IPR estops Netflix from maintaining this proceeding with respect to the subset of claims (1, 3, 5, 9, 12, 13, 15, 20, 21) considered in the ’086 IPR and culminating in the final written decision there. 35 U.S.C. § 315(e)(1); *see also Unified Patents, LLC v. MemoryWeb, LLC*, IPR2021-01413, Paper 76 (Director’s decision vacating the Board’s RPI findings in its final written decision (“*Director’s MemoryWeb Decision*”), 5 (PTAB May 22, 2023)). As explained in the *Director’s MemoryWeb Decision*,

[t]he Board can and should make a determination of the real parties in-interest or privity in any proceeding in which that determination may impact the underlying proceeding, for example, but not limited to, a time bar under 35 U.S.C. § 315(b) or an estoppel under 35 U.S.C. § 315(e) that might apply.

Id.

Accordingly, we consider whether Netflix was an RPI to Unified in the ’086 IPR.

A. *RPI Status*

“Determining whether a non-party is a ‘real party in interest’ demands a flexible approach that takes into account both equitable and practical

considerations, with an eye toward determining whether the non-party is a clear beneficiary that has a preexisting, established relationship with the petitioner.” *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1351 (Fed. Cir. 2018) (“*AIT*”). *AIT* remanded to the Board to consider the RPI question in that case under its guidance in *AIT*. See *RPX Corp. v. Applications in Internet Time, LLC*, IPR2015-01750, Paper 128 (“*RPX*”) at 1, 8–9 (PTAB Oct. 2, 2020) (precedential), *rehearing denied*, Paper 142 (PTAB Dec. 4, 2020).

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.” Patent Trial and Appeal Board Consolidated Trial Practice Guide, Nov. 2019 (“CTPG”) 13 (citing *Taylor v. Sturgell*, 553 U.S. 880 (2008) (summarizing common law preclusion principles)); *Ventex Co. v. Columbia Sportswear N. Am., Inc.*, IPR2017-00651, Paper 152 at 6 (PTAB Jan. 24, 2019) (precedential).

“[A]t a general level, the ‘real party-in-interest’ is the party that desires review of the patent.” CTPG 14. Thus, the “real party-in-interest” may be the petitioner itself, and/or it may be the party or parties “at whose behest the petition has been filed.” *Id.*; accord *AIT*, 897 F.3d at 1351 (“Indeed, the Trial Practice Guide, on which the Board relied, suggests that the agency understands the ‘fact-dependent’ nature of this inquiry, explaining that the two questions lying at its heart are whether a non-party ‘desires review of the patent’ and whether a petition has been filed at a nonparty’s ‘behest.’”) (quoting Patent Office Trial Practice Guide, 77 Fed. Reg. 48,756, 48,759 (Aug. 14, 2012))

In *Uniloc 2017 LLC v. Facebook Inc.*, 989 F.3d 1018 (Fed. Cir. 2021), the court explains that “whether a . . . party exercises [or could exercise]

control over a petitioner’s participation in a proceeding, or whether a . . . party is *funding* the proceeding or *directing* the proceeding” are relevant factors. *Id.* at 1028 (emphases added) (quoting *AIT*, 897 F.3d at 1342).

“The concept of control generally means that ‘it should be enough that the nonparty has the actual measure of control or opportunity to control that might reasonably be expected between two formal coparties.’” CTPG 16 (quoting 18A CHARLES ALAN WRIGHT, ARTHUR R. MILLER & EDWARD H. COOPER, FEDERAL PRACTICE & PROCEDURE § 4451 (2d ed. 2011)).

Although factors such as “control” and “funding” are relevant, they are *not* the sole, or dispositive, factors. *See* CTPG 17 (noting that “whether something less than complete funding and control suffices to justify similarly treating the party [as a real party-in-interest] requires consideration of the pertinent facts” (citing *Cal. Physicians Serv. v. Aoki Diabetes Research Inst.*, 163 Cal. App. 4th 1506, 1523–25 (“discussing the role of control in the ‘privy’ analysis, and observing that ‘preclusion can apply even in the absence of such control’”))).

Additional relevant factors to those discussed above include the following: the non-party’s relationship with the petitioner; the non-party’s relationship to the petition itself, including the nature and/or degree of involvement in the filing; and the nature of the entity filing the petition. CTPG 17–18. A party is not considered a real party-in-interest in an inter partes review solely because it is a joint defendant with a petitioner in a patent infringement suit or is part of a joint defense group with a petitioner in the suit. *Id.* Joint defendants sued for patent infringement have common interests in establishing that their products do not infringe and/or the asserted patent or patents are invalid. That common interest, however, does not, by itself, automatically establish a real party-interest or privy relationship. *Id.*

The parties do not argue in their briefs the framework we should use to allocate the burden as to RPI. In *AIT*, the court stated that “[a] petition is presumed to identify accurately all RPIs.” *AIT*, 897 F.3d at 1343 (citing *Zerto, Inc. v. EMC Corp.*, Case IPR2014-01295, Paper 34 at 6–7 (PTAB Mar. 3, 2015)). Implicitly referring to § 312(a)(2) (“the petition identifies all real parties in interest”) via the Board’s *Zerto* citation, the court held that “[w]hen a patent owner provides sufficient evidence prior to institution that reasonably brings into question the accuracy of a petitioner’s identification of RPIs, the overall burden remains with the petitioner to establish that it has complied with the statutory requirement to identify all RPIs.”³ *Id.*

In *Worlds Inc. v. Bungie, Inc.*, 903 F.3d 1237, 1242–1243 (Fed. Cir. 2018), although the court similarly held that petitioners have the burden of persuasion with respect to RPI issues in IPRs under §§ 312(a)(2), 315(b), the court noted that an “affirmative defense[]” is an exception. *Id.* at 1242 n.7 (quoting *Schaffer ex rel. Schaffer v. Weast*, 546 U.S. 49, 57 (2005)). And *Ironburg Inventions Ltd. v. Valve Corp.* 64 F.4th 1274, 1299 (Fed. Cir. 2023) held that asserting estoppel under § 315(e)(2) in district court is an affirmative defense, and a patent owner “holds that burden.” *See id.* “(We agree with Valve and now hold that the burden of proving, by a preponderance of the evidence, that a skilled searcher exercising reasonable diligence would have identified an invalidity ground rests on the patent holder, as the party asserting and seeking to benefit from the affirmative defense of IPR estoppel.”).

³ The issue under § 312(a)(2) as stated in *Bungie* logically pertains to whether the ’086 IPR petition is accurate as to “petitioner’s identification of RPIs” in *that IPR*, so that the rubric of *Bungie* is not clear guidance here.

We determine that even if Petitioner has the burden of persuasion here as to the RPI issue, on this record, Petitioner shows persuasively that Netflix was not an RPI in the '086 IPR, for the reasons outlined below.

1. Business Relationship between Unified and Netflix, and Benefits Flowing Therefrom

Patent Owner submits that “Netflix and Unified have a preexisting, established relationship defined by membership agreements” and technology Zones, such as Unified’s “Video Codec Zone to which Netflix is subscribed.” Mot. 1–2, 4 (citing Exs. 2006, 2007, 2021). Based on discovery obtained from Netflix, Patent Owner argues that, as a Unified member, Netflix has paid Unified large fees as part of its annual subscription since at least 2020, including fees for being “part of Unified’s ‘Video Codec Zone.’” *Id.* at 2 (citing Ex. 2020 (listing fees paid per year); Ex. 2022 (Video Codec Zone agreement)). Patent Owner explains that the membership agreements between Netflix and Unified obligate Unified to (i)

[REDACTED]

[REDACTED] (ii) [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] and (iii) [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] *Id.* at 1–2, 5 (citing Ex. 2007; Ex. 2009; Ex. 2021; Ex. 2022, 1–2); Reply 1–2.

Patent Owner reasons that “Unified’s business model demonstrates that it exists (and files IPRs) to benefit its members” such as Netflix, for

whom “Unified’s specific contractual relationship . . . requires Unified to file IPRs both to deter ‘NPE patent litigation’ *and* to ‘reduce assertion[s]’ against members.” Mot. 4. Patent Owner submits that Unified filed and conducted the ’086 IPR as part of Unified’s contractual relationship with Netflix, and to benefit Netflix specifically. *Id.* at 5–6 (citing Ex. 2007; Ex. 2009; Ex. 2023; *AIT*, 897 F.3d at 1348, 1353). Patent Owner concludes that Netflix is a clear beneficiary of the ’086 IPR and has a preexisting, established relationship with Unified, and the “fact that Unified filed the ’086 IPR to reduce assertions against Netflix makes Netflix an RPI and privy [of Unified].” *Id.* at 4–5 (citing *AIT*, 897 F.3d at 1346–47, 1351–53); *see also* Reply 1–2.

Petitioner responds that Netflix’s Unified membership does not make it an RPI in the ’086 IPR where “[n]one of PO’s evidence demonstrates that the ’086 IPR was filed at the behest of Netflix” and “the Board has ruled repeatedly that the same precise relationship is insufficient to confer RPI status.” Opp. 1. Petitioner contends persuasively that “[t]he obligation PO refers to in the Membership Agreement (Mot. at 2) is one of several activities that Unified may take ‘to reduce NPE patent litigation’ (*see* Ex. 2021 § 3.1) and is no different from what Unified does for its other members.” *Id.* at 2–3. Petitioner also argues persuasively that “the Board has [previously] held that Unified’s members are not ‘clear beneficiar[ies]’ under *AIT* but are instead ‘general non-specific beneficiar[ies]’ whose interests ‘would apply to any entity seeking review of the [] patent.’” *Id.* at 6 (quoting *Unified Patents Inc. v. Bradium Techs. LLC*, IPR2018-00952, Paper 31 at 10 (PTAB Dec. 20, 2018)); *see also* Ex. 2007 (noting two other defendants sued for infringing the ’794 patent); *Unified Patents, Inc. v. American Patents, LLC*, IPR2019-00482, Paper 36 at 14–15 (PTAB Aug. 6,

2019) (institution decision) (“any entity accused of infringing a Challenged Claim also derives these same benefits from the Petition”); *Samsung Electronics Co., Ltd. v. MemoryWeb, LLC*, IPR2022-00222, Paper 63 at 34–53 (PTAB Dec. 8, 2023) (confidential final written decision), Ex. 2121 at 34–53 (public version of final written decision) (“*Samsung*” or “*Samsung IPR*”) (finding that a member of Unified is not an RPI); *WesternGeco LLC v. ION Geophysical Corp.*, 889 F.3d 1308, 1321 (Fed. Cir. 2018) (“As a general proposition, we agree with the Board that a common desire among multiple parties to see a patent invalidated, without more, does not establish privity”).

As Petitioner argues, the record evidence and the numerous Board decisions cited by Petitioner show that Unified operates as a membership organization in which mere membership status does not confer an RPI status on members. Generally, companies, such as Netflix, enter into a “Membership Agreement” with Unified. *See* Ex. 2021, 1; *Bradium Techs.*, Paper 31 at 5 nn. 1, 2 (citing four Board decisions indicating members of Unified are not RPIs), 7–14 (analyzing Unified’s members for RPI status and finding none); *American Patents*, Paper 36 at 11–21 (same); *Samsung IPR*, Paper 63, 34–53 (same), Ex. 2121, 34–53 (same).

Entities such as Unified may pay [REDACTED] which is a technology sector. *See* Ex. 2021, 1–5. In exchange for these membership fees, Unified performs a number of activities, including reducing NPE patent litigation in the technology sectors, [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] *See id.* at 4–5. Similarly, members may also pay for and subscribe to technology Zones, such as the Standard Essential Patent Video Codec Zone (“SEP Video Codec Zone”), which Netflix did. *See Ex. 2022*, 1–3. Activities that Unified performs in such zones are similar to those for Micro Pools. *Id.* at 1–2.

In other words, these activities show that Members pay for services over and above the filing of IPRs. Contrary to the thrust of Patent Owner’s arguments, there is nothing in a Membership, Micro Pool, or Zone agreement that requires Unified to file a specific IPR on behalf of any specific member, including Netflix. *See Ex. 2021*, 4–5; *Ex. 2022*, 1–3. Patent Owner does not argue that Netflix is the only member of the Zone, and no evidence of record shows that it is. Rather, the evidence entered by Patent Owner indicates that there are at least two other members in the zone. *See Ex. 2007* (stating an “IPR filing [for the ’794 patent] [i]s part of Unified’s efforts in its SEP Video Codec Zone” where the ’794 patent “has been asserted against Starz Entertainment and Amazon”).

In view of the way Unified structures its Membership and Zone agreements, we agree with the findings of the Board involving the same material issue in the *Samsung IPR*

Unified’s business model, finances, and operations are structured to support Unified’s patent validity challenges, including patent reexamination and the filing of petitions for *inter partes* review. These activities act to protect Unified’s members, including

Petitioner, from the threat of patent litigation and are important components of Unified's core subscription business. This is substantial evidence that Unified has a strong financial incentive to serve its members' needs—expressed or not—and those of its other current and potential future clients.

. . . Unified's business model was designed to comply with RPI rules and to maintain its independence from its membership.

Samsung IPR, Paper 63, 44–45 (emphasis added); *Samsung IPR*, Ex. 2121, 44–45 (same); *accord American Patents, LLC*, IPR2019-00482, Paper 36 (institution decision) at 17–18 (“On this record, we are sufficiently persuaded that Petitioner [Unified] has legitimately operated under applicable RPI case law to keep its members from becoming real parties in interest for inter partes review petitions, rather than improperly circumvented what the law requires.”).

Nevertheless, Patent Owner asserts that the current facts are distinguishable from those in *Samsung*, because “[t]he ’794 patent falls within the Video Codec Zone to which Netflix is subscribed,” and Unified’s Video Codec Zone agreement with Netflix (Ex. 2022) evidences that, in exchange for the Zone Subscription Fee, “Unified is expressly obligated to file IPRs both to deter NPEs generally *and* to ‘reduce assertions’ against Netflix.”⁴ Mot. 2, 7; *see also* Reply 1–2. Patent Owner asserts that the current facts are distinguishable from those in *Samsung* because the evidence in *Samsung* showed that “Unified’s business model is focused on

[REDACTED]

deterrence,” while evidence in the present proceeding shows that “Unified is expressly obligated to file IPRs both to deter NPEs generally *and* to ‘reduce assertions’ against Netflix.” Mot. 7; *see also* Reply 1–2.

Notwithstanding these arguments, as indicated above, Patent Owner points to insufficient, if any, evidence, to support its argument that Unified, per any agreement, must file a specific IPR on behalf of each of its members, including here, on behalf of Netflix. As Petitioner argues, no evidence shows that Unified filed its IPR petition at the behest of Netflix. Opp. 1.

In addition, the ’794 patent’s grouping in the SEP Video Codec Zone does not materially distinguish over similar groupings in *Samsung*. The *Samsung* decision also reviewed membership in *zones* (in particular, Content and Mobile Zones). *See Samsung IPR*, Paper 63, 48–49; *Samsung IPR*, Ex. 2121, 48–49. *Samsung* held that “[c]onsidering all of the evidence regarding the extent to which Unified took Petitioner’s interest into account in filing the *Unified* proceeding, the evidence leads to the inference that Petitioner is not a[n] RPI in the *Unified* proceeding.” *Id.*; *Samsung*, Ex. 2121, 48–49; *see also* Opp. 1, 3 (“the Board has consistently found that Unified’s members are not RPIs in its IPRs, and vice versa”), 5 (“the Board has repeatedly found that Unified’s members are not RPIs even where the challenged patent was in one of Unified’s subscription zones”). We agree with Petitioner and adopt the findings and rationale in *Samsung* that show members of United who are in zones are not RPIs. In essence, working on behalf of a zone in a technology area does not render a zone member an RPI of Unified even if, *inter alia*, Unified files an IPR challenging a patent asserted against more than one of its zone members, as it did here. *See*

Ex. 2007 (indicating that Patent Owner sued two other zone members for infringing the '794 patent).

As indicated above, supporting Petitioner's arguments, the evidence of record shows that Unified filed the petition in the '086 IPR in accordance with its business model to maintain its independence from its members (including Netflix), thereby indicating that Netflix was not a RPI in the '086 IPR. *See Samsung IPR*, Paper 63, 46 (materially similar finding); Opp. 3 (same argument, citing *Samsung IPR*, Ex. 2121, 46).

Patent Owner's *AIT* arguments with respect to Unified's business model and members (*see* Mot. 4–5) do not undermine this finding, as the arguments fail to acknowledge the substantive differences between RPX's business relationship with its clients (in the *AIT* case), and Unified's business model and relationship with its members. *See AIT*, 897 F.3d at 1339, 1353–55, 1357, 1362–64. For example, unlike the members of RPX Corp. in *AIT*, Netflix did not need Unified to file an IPR on its behalf. That is, Netflix was not time-barred on June 7, 2022, when Unified filed its petition in the '086 IPR, and Netflix was not time-barred on May 5, 2023, when it filed the instant Petition. *See* Opp. 4–5 (citing Ex. 1023); *AIT*, 897 F.3d at 1338–39 (discussing time bar allegations against RPX Corp.'s client Salesforce 35 U.S.C. § 315(b) (2012)), 1353 (faulting the Board for not considering, *inter alia*, that “Salesforce was time-barred from challenging [two] patents before the PTO” and reasoning “that [because] any IPR petitions Salesforce might have wanted to file would have been time-barred, this evidence at least suggests that RPX may have filed the three IPR petitions, in part, to benefit Salesforce”).

Also in contrast to *AIT*, there is little or no evidence in the current proceeding or in the '086 IPR that Unified's interests completely align with

those of its members, or that Unified's members employ Unified as an extension of a member's in-house legal team. *See AIT*, 897 F.3d at 1357 (RPX Corp. advertises itself as an "extension of a client's in-house legal team"). There is also no evidence showing that Netflix communicated with Unified concerning any IPR filing shortly before Unified filed its petition in the '086 IPR. *See RPX*, Paper 128 at 22 ("RPX's own arguments and evidence show that Salesforce and RPX communicated regularly regarding matters involving the patents challenged in these IPRs," including "right up until RPX filed its IPR petitions.").

In addition, *AIT* reasoned that "[g]iven that one of RPX's publicly stated business solutions is to file IPRs where its clients have been sued by non-practicing entities to 'reduce expenses for [its] clients,'" coupled with the fact that "any IPR petitions Salesforce might have wanted to file would have been time-barred, this evidence at least suggests that RPX may have filed the three IPR petitions, in part, to benefit Salesforce." *AIT*, 897 F.3d at 1353. In contrast to this scenario in *AIT*, as Petitioner argues, "Netflix received no 'benefit,'" because "Unified filed its IPR *after* PO sued Netflix, thus neither deterring nor reducing litigation against Netflix." Opp. 2.

In summary, considering the evidence of record pertaining to Unified's business model, the evidence indicates Unified specifically structured its business model to prevent its members from becoming RPIs in Unified's *inter partes* review proceedings, including by providing other benefits to all its members. The business model and record evidence show, and persuasive authority with similar issues involving Unified show, that Netflix was not an RPI in the '086 IPR. *See, e.g., Samsung*, Paper 63, 46 (similar finding); *Samsung*, Ex. 2121 (same).

2. *Unified's Interest in the '086 IPR*

Patent Owner contends that Unified filed and conducted the '086 IPR specifically to benefit Netflix. Mot. 1–4; Reply 3. In particular, Patent Owner contends that, given the timing of Unified's filing following Patent Owner's infringement action against Netflix, Unified filed the '086 IPR to address Patent Owner's infringement assertions against Netflix. Mot. 1–2; Reply 3. Patent Owner reasons that Unified is not the target of its infringement assertions; thus, the “filing the '086 IPR *was motivated in part by benefit to Netflix.*” Mot. 2, 5. Patent Owner also contends that Unified's actions during the '086 IPR show that “Unified also ‘*conduct[ed]*’ the '086 IPR specifically to benefit Netflix.” Mot. 6; Reply 3.

That is, according to Patent Owner, “[s]hortly before its hearing, Unified requested to terminate the '086 IPR.” Mot. 3 (citing '086 IPR, Ex. 3001. Patent Owner states that “after the Board indicated that termination would be construed as an ‘adverse judgment,’ Unified dropped its motion to terminate.” *Id.* (citing Paper 30, 2). Patent Owner further explains that “Unified's attempt to terminate came shortly after the Board identified Unified members as RPIs in a different Unified IPR.” *Id.* (citing *Unified Patents, LLC v. MemoryWeb, LLC*, IPR2021-01413, Paper 56, 2 (March 8, 2023) (“*MemoryWeb FWD*”), Paper 76 (“*Director's MemoryWeb Decision*”), 2 (Director vacating the Board's RPI discussion and holding in the *MemoryWeb FWD*). Even though the PTO Director vacated the *MemoryWeb FWD*, Patent Owner contends that

[t]he *MemoryWeb [FWD]* decision had an immediate impact on Unified's IPRs. After the decision, Unified had twenty-five pending IPRs. Of those, it requested to terminate one due to settlement and nine due to alleged “budgetary” reasons (as in the '086 IPR). It did not request to terminate the

other fifteen IPRs, thirteen of which were instituted. EX2023. The majority (eleven of thirteen) of the non-terminated instituted IPRs had no other IPRs on the challenged patents, and thus no risk of estoppel. *Id.*

Mot. 3 (omitted internal footnote characterizing *Director's MemoryWeb Decision* as vacating the “*MemoryWeb* [FWD decision]... for reasons irrelevant here”).⁵ Patent Owner also argues that

Unified attempted to terminate the '086 IPR without estoppel effect to benefit Netflix, and then reversed course when it became clear that estoppel might apply. Moreover, the vast majority of IPRs that Unified did *not* terminate had no co-pending IPRs (and thus no risk of estoppel effects). EX2023. The evidence thus shows that Unified requested to terminate the '086 IPR (i.e., it conducted its IPRs) with an eye towards the potential estoppel effect on its members.

Mot. 6; *see also* Reply 3.

Little or no evidence supports these arguments, which amount to “speculation.” *See* Opp. 7 (“[A]t that time, there was no live RPI issue in that IPR.” (citing '086 IPR, Paper 30, 2)).” Although Patent Owner argues that “PTAB made clear that estoppel could still apply” if Unified terminated, Patent Owner cites no evidence or Order by the Board to support the argument that the Board mentioned any estoppel effects. *See* Mot. 1; '086

⁵ Patent Owner's characterization of the *Director's MemoryWeb Decision* as “irrelevant” is unavailing. As indicated above, the *Director's MemoryWeb Decision* vacates the whole RPI discussion in the *MemoryWeb FWD* that Patent Owner relies upon. On the same page vacating the RPI reasoning, the Director noted petitioner's argument in that case that binding future petitioners who are not parties to, and do not participate in, the underlying trial, “prejudices [future petitioners] Apple and Samsung by ‘prejudg[ing] the RPI issue without their participation.’” IPR2021-01413, Paper 76 (*Director's MemoryWeb Decision*), 8.

IPR, Paper 30 (Board’s order discussing possible adverse judgment for termination).

And even if estoppel may apply to an adverse judgment, it also may apply to a final written decision, but in both cases, it would apply only if Netflix was an RPI of Unified. And as outlined above, numerous cases show that Unified’s members were not RPIs.

In addition, contrary to Patent Owner’s argument that “[o]n February 23, 2022, Patent Owner filed suit against Netflix, alleging it infringed at least claim 1 of U.S. Patent No. 8,605,794 (’794 patent),” Patent Owner did not do so. *See* Mot. 2. Rather, as Petitioner argues, this lawsuit did not initially assert the ’794 patent. *See* Opp. 4–5; Ex. 1022 (Complaint). On May 6, 2022, Patent Owner asserted the ’794 patent against Netflix in an amended complaint. *See* Opp. 4–5; Ex. 1023 (First Amended Complaint).

Then, Unified filed the ’086 IPR on June 7, 2022, about a month after Patent Owner asserted the ’794 patent against Netflix. *See* Ex. 1023 (*VideoLabs, et al. v. Netflix, Inc.*, No. 22-cv-229-CFC (D. Del. May 6, 2022) (first amended complaint); Opp. 4–5. As Petitioner argues, this timing of one month along with a LinkedIn post (which lists other defendants, not Netflix, i.e., Amazon and Starz Entertainment) does not show that Unified filed the ’086 IPR petition to exclusively benefit Netflix or to file the petition at Netflix’s behest. Opp. 4–5 (listing Ex. 2007; Paper 22, 4).

Patent Owner further argues that “Unified’s strategy to challenge a subset of important claims [in the ’086 IPR] benefited Netflix” because “[i]f Unified prevailed in the ’086 IPR then the assertion against Netflix would be largely addressed” and “[i]f not, there is less risk of discretionary denial for Netflix’s future IPR.” Reply 3. Patent Owner’s arguments are unavailing. There was no guarantee that United would prevail on all challenged claims

either when Unified filed its petition or near the end of trial. In fact, the Board held that Unified did not show that two claims are unpatentable, which presumably does not benefit Netflix. *See* '086 IPR, Paper 37 (final written decision), Paper 42 (denying Unified's rehearing request as to the two claims). There is no notice of appeal by Unified in the '086 IPR record, which suggests Unified is not pursuing these claims at the behest of anyone. And if Patent Owner prevails on its appeal to the Federal Circuit, there will be no benefit to Netflix as to the remaining challenged claims.

As indicated above, to support its arguments related to alleged control, Patent Owner asserts that "Unified's attempt to terminate [the '086 IPR] came shortly after the Board identified Unified members as RPIs in a different Unified IPR [, i.e., IPR2021-01413, Paper 56, the *MemoryWeb FWD*]." Mot. 3. However, the record shows that Unified requested to file termination papers in the '086 IPR on August 25, 2023, well after the *Director's MemoryWeb Decision* on May 16, 2023 (Paper 78) vacating the *MemoryWeb FWD* (Paper 56) with respect to its holding conferring RPI status on certain members of Unified. *See* Opp. 7–8; '086 IPR, Ex. 3001 (requesting leave to terminate); IPR2021-01413, Papers 56, 78. Patent Owner fails to point to any non-vacated Board decision wherein the Board found Unified's members were RPIs of Unified at the time that Unified sought leave to file its termination papers. On the other hand, as noted above, several Board decisions found that Unified's members were not RPIs of Unified in IPRs filed by Unified. Accordingly, Patent Owner's argument that Unified considered terminating the '086 IPR and then changed its course due to RPI estoppel concerns based on a vacated Board decision is speculative.

As Petitioner argues, no record evidence shows any coordination or communication between Netflix and Unified that involves terminating the '086 proceeding or anything indicating control or direction by Netflix with respect to the '086 proceeding. *See* Opp. 2–4. More specifically, the record does not show that Unified attempted to terminate the '086 IPR (or reversed course on the intention to terminate) because of the risk of estoppel attaching to Netflix (as Patent Owner contends). *See* Mot. 1, 3, 6, 7; Reply 3. Unified stated on August 25, 2023, that it sought to “terminate [the '086 IPR] proceeding so that it can reallocate its resources in light of budget constraints.” *See* IPR2022-01086, Ex. 3001. Although we do not accept Unified’s email statement about budget constraints as evidence on its face, the fact that Unified terminated about 40% of its IPRs a few months before and after it made that statement (according to Patent Owner’s evidence) is consistent with Unified’s statement. *See* Mot. 3 (“Unified had twenty-five pending IPRs. Of those, it requested to terminate one due to settlement and nine due to alleged ‘budgetary’ reasons (as in the '086 IPR”); Ex. 3001 (Unified’s Aug. 25, 2023 email stating it seeks to terminate for budgetary reasons); Ex. 2023 (Patent Owner’s data listing nine Unified IPR terminations and one settlement before final written decisions spanning from April 2023 to March 2024 for budget reallocation reasons).

Although Patent Owner submits that “[t]he most reasonable explanation for Unified’s behavior is that Unified sought to mitigate estoppel effects for its members” (*see* Reply 3), as discussed above, Patent Owner does not offer persuasive evidence or argument to support this submission. Therefore, Patent Owner’s argument that Unified considered terminating the '086 IPR and subsequently reversed course because of potential estoppel effects on its member is unsupported “speculation.” *See*

Opp. 8. Finally, even if Unified considered estoppel effects on behalf of its clients in considering terminations, Patent Owner does not direct attention to case law indicating that this is sufficient or effective control to confer RPI status on Netflix in the '086 IPR, where no evidence shows that Netflix had control over the filing of the petition, and Netflix was not time-barred. *See* CTPG 17–18 (indicating factors of control to include the non-party's relationship to the petition itself, including the nature and/or degree of involvement in the filing; and the nature of the entity filing the petition).

3. Whether Netflix Funded, Directed, Influenced, or Exercised Control Over the '086 IPR

Patent Owner contends that “Petitioner Effectively Funded and Controlled The '086 IPR.” Mot. 6–7 (emphasis omitted); *see also* Reply 2. Patent Owner contends that is so because (i) “Unified regularly communicated information regarding the '794 patent and its IPRs to Netflix” (Mot. 7 (citing Ex. 2025–2033)), (ii) “Netflix’s Video Codec Zone fees were used to fund IPRs only against patents in the Video Codec Zone, like the '794 Patent” and “Netflix’s Video Codec Zone fees went, in large part, to funding the '086 IPR” (Mot. 7 (citing Ex. 2034), Reply 2), and (iii) “[t]he most reasonable inference” of Unified’s request to terminate the '086 IPR weeks before the oral argument “is that Unified took this action to benefit Netflix, as estoppel could apply to Netflix’s co-pending IPR—the only other IPR on the '794 patent—and in Netflix’s litigation” (Mot. 7; Reply 3).

With respect to Patent Owner’s argument regarding “[t]he most reasonable inference” for Unified’s request to terminate the '086 IPR (*see* Mot. 7), as discussed *supra*, the evidence of record does not support Patent

Owner's inference that estoppel considerations are "[t]he most reasonable explanation for Unified's behavior" (*see* Reply 3, Mot. 7).

Patent Owner's arguments that Exhibits 2025–2033 show that "Unified regularly communicated information regarding the '794 patent and its IPRs to Netflix" are also unavailing. *See* Mot. 7. These exhibits are printouts of various litigation email alerts and other general news updates that Unified sends its members. These Exhibits do not show that Netflix funded or controlled a particular IPR (such as the '086 IPR). *See* Opp. 2, 4, 6. They also do not show that Netflix communicated or coordinated with Unified regarding the instant proceeding or the '086 IPR. *See id.* at 2, 7. The record also does not support Patent Owner's contention that "Netflix effectively funded the '086 IPR." *See* Mot. 2, 7; Reply Br. 2.

Patent Owner also argues that Netflix's Video Codec Zone fees were used to fund IPRs only against patents in the Video Codec Zone, and that Patent Owner has been able to identify only one other Unified IPR filed since the '086 IPR corresponding to a Video Codec Zone patent. Mot. 6–7 (citing Ex. 2034); *see also* Reply 2.

Petitioner responds that no evidence shows that it funded, controlled, directed, or made direct payments to fund the '086 IPR. Opp. 2, 6. Petitioner's arguments are persuasive. First, no evidence shows that Netflix directly funded the '086 IPR under the circumstances similar to those in *AIT*. As another Board panel reasoned,

[i]n *AIT*, Salesforce, the purported RPI, made a payment to RPX shortly before the filing of the IPR, Salesforce discussed the patent and related litigation with RPX and a shared board member, RPX negotiated a license on behalf of Salesforce, and more importantly, Salesforce was time barred from filing its own IPR.

Bradium Techs., IPR2018-00952, Paper 31 at 10 (citing *AIT*, 897 F.3d at 1340–42). In contrast to the facts of *AIT*, Patent Owner does not assert that the timing of Netflix’s annual fees, which it paid around the same time every year, signify that Netflix paid Unified to file ’086 IPR petition. *See* Mot. 6–7; Ex. 2020 (fees paid by Netflix to Unified from 2020–2023 in May or June each year). In addition, as determined above, Netflix did not face a time bar and no evidence shows that Netflix discussed anything with Unified specifically relevant to the ’086 IPR.

Second, Patent Owner’s argument that Netflix’s Video Codec Zone fees largely funded the ’086 IPR because only one other Unified IPR proceeding against a Video Codec Zone patent is publicly identifiable is unavailing for similar reasons. Exhibit 2020 shows that Netflix paid two “Annual Subscription” fees in 2022 and two more in 2023, with the latter occurring during the ’086 IPR. Patent Owner fails to quantify how all four of these fees amount to solely funding the ’086 IPR, and Patent Owner’s evidence does not show if these “Annual Subscription” fees were for general membership or for membership in any Zone. *See id.*

In any event, as discussed above, Unified performs numerous other types of activities for its fees. *See* Ex. 2022, 1–2. The Video Codec Zone Subscription Form signed by Netflix in March of 2018 shows that Unified’s [REDACTED] include [REDACTED] other types of activities pertinent to the SEP Video Codec Zone (in addition to [REDACTED] [REDACTED]). *See* Ex. 2022, 1–2. Therefore, the current record does not show that Unified used these typical

Zone subscription fees paid by Netflix exclusively “to fund IPRs” (as Patent Owner contends, *see* Mot. 7).

With respect to Patent Owner’s discussion of “Unified’s co-founder, Shawn Ambwani[] describ[ing] the ’794 patent as a ‘bad patent’ and Patent Owner’s ’794 patent litigations against, among others, Netflix as ‘bad assertions’” (*see* Mot. 5 (citing Ex. 2007 (printout of a LinkedIn post))), as Petitioner notes, Mr. Ambwani’s post does not mention Netflix, and does not show that Netflix controlled or funded the ’086 IPR. *See* Opp. 4–5.

Considering the record, which lacks evidence of direct communication or coordination between Netflix and Unified and evidence of Zone subscription fees being used to directly fund the ’086 IPR, we determine that the evidence shows that Netflix did not control or directly fund the ’086 IPR.

As indicated above, Patent Owner’s arguments regarding privity are generic and rely on the same arguments it relies upon to show that Netflix was an RPI of the ’086 IPR. *See* Mot. 1–6. For the same reasons discussed *supra*, we determine that the evidence shows that Netflix was not a privy of Unified in the ’086 IPR.

4. Conclusion re: Real Party in Interest

Having considered the evidence of record and the parties’ arguments, we determine that the evidence shows that Netflix was not an RPI of Unified in the ’086 IPR.

B. Estoppel

Because the evidence shows that Netflix was not an RPI of Unified in the ’086 IPR, the estoppel provisions of 35 U.S.C. § 315(e)(1) do not apply to the current proceeding.

C. Motion to Terminate

We deny Patent Owner's Motion to Terminate this proceeding because we determine that Netflix was not an RPI of Unified in the '086 IPR. Given that our holding is in agreement with numerous, if not all, prior Board decisions holding that Unified's members are not RPIs based on similar evidence, and after considering the parties' briefing, discovery, and evidence, we deny Patent Owner's request for further argument via an oral argument on its Motion. *See* Mot. 1.

ORDER

It is

ORDERED that Patent Owner's Motion to Terminate is *denied*; and

FURTHER ORDERED that the parties confer and file redacted public copies of this Order as an Exhibit, and also file as public documents redacted copies of Papers 33 and 37, and Exhibits 2020–2022; and,

FURTHER ORDERED that Patent Owner's request for an oral argument on the Motion to Terminate is *denied*.

IPR2023-00891
Patent 8,605,794 B2

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