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Paper 30
Entered: February 5, 2024

PUBLIC VERSION

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC,
Petitioner,

v.

GREENTHREAD, LLC,
Patent Owner.

IPR2023-01242 Patent 11,121,222 B2
IPR2023-01243 Patent 10,510,842 B2
IPR2023-01244 Patent 11,121,222 B2[1]

Before JON B. TORNQUIST, CHRISTOPHER M. KAISER, and ELIZABETH M. ROESEL, *Administrative Patent Judges.*

ROESEL, *Administrative Patent Judge.*

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

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[1] The same order is being filed in each of the referenced proceedings. The parties are not permitted to use this style heading in any subsequent papers.

I. INTRODUCTION

With the Board's prior authorization, Greenthread, LLC ("Patent Owner") filed a motion for additional discovery. Paper 8 ("PO Mot.").[2] Semiconductor Components Industries, LLC ("Petitioner") filed an opposition (Paper 11, "Pet. Opp."), and Patent Owner filed a reply (Paper 14, "PO Reply").

A. Background

Patent Owner seeks additional discovery to support its contention that Petitioner is in privity with [redacted] and, as a consequence, the Petition (Paper 2) is time-barred under 35 U.S.C. § 315(b).

These proceedings involve related U.S. Patent Nos. 11,121,222 and 10,510,842 (the '222 and '842 patents, respectively). Patent Owner asserts that it served [redacted] with a complaint for infringement of the '222 and '842 patents on February 1, 2022, and that it filed an amended complaint to add [redacted] as a party on January 23, 2023. PO Mot. 1–2. The infringement litigation and related *inter partes* review ("IPR") proceedings[3]

[2] We refer to the papers and exhibits filed in IPR2023-01242. Similar papers and exhibits were filed in IPR2023-01243 and IPR2023-01244.

[3] *Intel Corp. v. Greenthread, LLC*, IPR2023-00308; *Sony Group Corp. v. Greenthread, LLC*, IPR2023-00324; *Sony Group Corp. v. Greenthread, LLC*, IPR2023-00376; *Intel Corp. v. Greenthread, LLC*, IPR2023-00420; *Dell Techs. v. Greenthread, LLC*, IPR2023-00506; *Dell Techs. v. Greenthread, LLC*, IPR2023-00509; *Intel Corp. v. Greenthread, LLC*, IPR2023-00552.

were terminated [redacted] *Id.* at 3; Ex. 2022.[4] Patent Owner asserts that Petitioner's [redacted] PO Mot. 4; *see also* PO Reply 4 n.1 (Patent Owner "believes that Petitioner's [redacted]. In the Preliminary Response, Patent Owner states more definitively that "Petitioner's [redacted] Paper 18 ("Prelim. Resp."), 10.

B. Proposed Discovery Requests

Patent Owner seeks authorization to serve the following discovery requests on Petitioner.

Request for Production No. 1

All agreements between i) Petitioner and/or its affiliates and [redacted]

Request for Production No. 2

All communications between i) Petitioner and/or its affiliates [redacted] relating to the design of products Petitioner and/or its affiliates make for them.

Interrogatory No. 1

State whether Petitioner will assert in the district court litigation involving the patent challenged in this IPR proceeding, that [redacted]

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[4] The [redacted] Ex. 2022, 1, 2, 5, 16. We refer to Exhibit 2022 as the [redacted]

PO Mot., App'x A.

II. DISCUSSION

A. Legal Standards

Patent Owner, as the moving party, bears the burden of demonstrating that its additional discovery is "in the interests of justice." 37 C.F.R. § 42.51(b)(2); *Wi-Fi One, LLC v. Broadcom Corp.*, 887 F.3d 1329, 1339 (Fed. Cir. 2018) ("Under the Board's procedures, the burden is on the party seeking discovery to show that the requested discovery would be likely to produce favorable evidence.").

The scope of discovery in IPR proceedings is narrower than permitted under the Federal Rules of Civil Procedure. *Garmin Int'l, Inc. v. Cuozzo Speed Techs. LLC*, IPR2012-00001, Paper 26 at 5 (PTAB Mar. 5, 2013) (precedential) (hereafter "*Garmin*"). Additional discovery is not granted as a matter of course. To the contrary, such discovery is "limited" and reserved for "special circumstances" where warranted. *Google LLC v. CyWee Group Ltd.*, IPR2018-01258, Paper 30 at 8 (PTAB June 20, 2019).

Garmin lists five factors that are relevant to whether the requested additional discovery is in the interests of justice: (1) the request is based on more than a mere possibility of finding something useful; (2) the request does not seek the litigation positions of the other party; (3) the information is not reasonably available through other means; (4) the request is easily understandable; and (5) the request is not overly burdensome to answer. *Garmin*, Paper 26 at 6–7.

IPR petitions are subject to a time bar. "An *inter partes* review may not be instituted if the petition . . . is filed more than 1 year after the date on which the petitioner, real party in interest, or *privy of the petitioner* is served

with a complaint alleging infringement of the patent." 35 U.S.C. § 315(b) (emphasis added). To determine whether a nonparty is a privy of the petitioner, the Board must determine "whether the relationship between the purported 'privy' and the relevant other party is sufficiently close such that both should be bound by the trial outcome and related estoppels." Consolidated Trial Practice Guide November 2019 ("CTPG")[5] at 14–15.

"Privity is essentially a shorthand statement that collateral estoppel is to be applied in a given case." *WesternGeco LLC v. ION Geophysical Corp.*, 889 F.3d 1308, 1318 (Fed. Cir. 2018) (citing CTPG at 15). "Common law preclusion principles" apply when determining whether a nonparty is a privy under § 315(b). *Power Integrations, Inc. v. Semiconductor Components Indus., LLC*, 926 F.3d 1306, 1315 (Fed. Cir. 2019). The privity inquiry

> has a dual-focus on preventing the petitioner from now lodging a successive attack for which it already had a first bite, thus, protecting the defending party from an unwarranted second attack, while also ensuring that the petitioner is not unfairly limited in its ability to lodge its challenges if it has not had a full and fair opportunity to do so already.

Uniloc 2017 LLC v. Facebook Inc., 989 F.3d 1018, 1028 (Fed. Cir. 2021).

In determining whether a nonparty is a privy of the petitioner under § 315(b), we consider the Supreme Court's list of exceptions to the rule against nonparty preclusion. *Taylor v. Sturgell*, 553 U.S. 880, 893–95 (2008); *WesternGeco*, 889 F.3d at 1319 (listing *Taylor* considerations); *see also Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1360 (Fed. Cir. 2018) ("*AIT*") (Reyna, J., concurring); *RPX Corp. v. Applications*

[5] *Available at* https://www.uspto.gov/TrialPracticeGuideConsolidated.

in Internet Time, LLC, IPR2015-01750, Paper 128 at 36–37 (PTAB Oct. 2, 2020) ("*RPX*") (precedential). Patent Owner invokes one of those considerations, namely "pre-existing substantive legal relationships between the person to be bound and a party to the judgment." *WesternGeco*, 889 F.3d at 1319; *see also Taylor*, 553 U.S. at 894; *AIT*, 897 F.3d at 1360 (Reyna, J., concurring); *RPX*, Paper 128 at 36; PO Mot. 9.

B. Analysis

Consideration of *Garmin* factors 1 and 2 is sufficient for purposes of resolving Patent Owner's motion for additional discovery.

1. Garmin Factor 1: More than a mere possibility of finding something useful

Patent Owner argues that Petitioner has a [redacted] because Petitioner [redacted] PO Mot. 9 (citing Ex. 2022, 2–3, 5). According to Patent Owner, the requested documents will "show the extent of Petitioner's collaboration with the time-barred parties" and "shed light on whether Petitioner's products were components of products accused in the prior litigation and [redacted] *Id.* at 11. Patent Owner argues that its interrogatory goes to "whether Petitioner will be [redacted] which would likely establish a privy relationship." *Id.*

Patent Owner loses sight of the rationale behind the privity provision of § 315(b), which is "to prevent successive challenges to a patent by those who previously have had the opportunity to make such challenges in prior

litigation." *WesternGeco*, 889 F.3d at 1319; *see also AIT*, 897 F.3d at 1360 (Reyna, J., concurring; quoting *WesternGeco*). The Federal Circuit illustrates this rationale with two relevant inquiries: First, "it is important to determine whether the petitioner and the prior litigant's relationship—as it relates to the lawsuit—is sufficiently close that it can be fairly said that the petitioner had a full and fair opportunity to litigate the validity of the patent in that lawsuit." *WesternGeco*, 889 F.3d at 1319. Second, "[i]n other cases, it may be more relevant to determine whether the petitioner is simply serving as a proxy to allow another party to litigate the patent validity question that the other party raised in an earlier-filed litigation." *Id.*

Under the applicable rationale, Patent Owner fails to show that its proposed discovery requests seek information that would be useful in determining [redacted] As stated in *Garmin*,

> The mere possibility of finding something useful, and mere allegation that something useful will be found, are insufficient to demonstrate that the requested discovery is necessary in the interest of justice. The party requesting discovery should already be in possession of evidence tending to show beyond speculation that in fact something useful will be uncovered.

Garmin, Paper 26 at 6. Patent Owner alleges no facts and provides no evidence that would tend to show that [redacted] that it can be fairly said that Petitioner had a full and fair opportunity to litigate the validity of the '222 and '842 patents in the prior infringement litigation or IPRs. *WesternGeco*, 889 F.3d at 1319 (affirming Board's determination of no privity under § 315(b)). Patent Owner does not allege that Petitioner had sufficient control over the

prior district court litigation [redacted] to justify treating Petitioner "as a virtual party to that proceeding." *Wi-Fi One*, 887 F.3d at 1340 (affirming Board's determination of no privity). Notably, Patent Owner has not pleaded the affirmative defense of *res judicata* or collateral estoppel in answer to Petitioner's invalidity counterclaims in district court. Ex. 3001, 37–39, ¶¶ 18, 19, 29, 30 (Petitioner's invalidity counterclaims); Ex. 3002, 3–5 (Patent Owner's answer and affirmative defenses to Petitioner's counterclaims). *See Blonder-Tongue Lab'ys, Inc. v. Univ. of Illinois Found.,* 402 U.S. 313, 350 (1971) ("Res judicata and collateral estoppel are affirmative defenses that must be pleaded.").

On this record, there is no suggestion that Petitioner had any role whatsoever in the prior infringement litigation or IPRs. For example, Patent Owner does not assert that Petitioner [redacted] or that Patent Owner sought third party discovery from Petitioner. There is no suggestion that Petitioner was even aware of the '842 or '222 patents or Patent Owner's infringement claim until Petitioner was served with a complaint in April 2023. Ex. 2020. The complaint does not allege that Petitioner had prior notice of the patents. *Id.* In a second amended complaint filed November 22, 2023, Patent Owner admits that Petitioner became aware of Patent Owner's infringement allegations "since the filing of the original Complaint on April 24, 2023." Ex. 2054 ¶ 40.

Patent Owner does not suggest that Petitioner is serving as a proxy to allow [redacted] to challenge the validity of the '222 and '842 patents. *WesternGeco*, 889 F.3d at 1319. Under the circumstances described by Patent Owner (PO Mot. 1, 3–4), [redacted] have no reason or incentive to challenge the '222 and '842 patents because they have

[redacted] Ex. 2022, 1, 2, 4, 5, 16.

On this record, there is no suggestion that Petitioner has anything other than a standard manufacturer-customer relationship with [redacted] Under controlling Federal Circuit precedent,

> [A] contractual and fairly standard customer-manufacturer relationship regarding the accused product . . . does not necessarily suggest that the relationship is sufficiently close that both [parties] should be bound by the trial outcome and related estoppels, nor does it suggest, without more, that the parties were litigating either the district court action or the IPRs as proxies for the other.

WesternGeco, 889 F.3d at 1321; *see also Wi-Fi One*, 887 F.3d at 1341 (affirming Board's determination of no privity where the evidence did not show petitioner had "the right to control" the prior litigation or "otherwise participated in that litigation to the extent that it should be bound by the results"). Patent Owner's discovery requests seek documents, such as sales agreements, design agreements, and communications about product design, that are characteristic of a standard customer-manufacturer relationship. The requests are not aimed at discovering evidence that would be useful in determining whether Petitioner has [redacted] *WesternGeco*, 889 F.3d at 1319.

Patent Owner argues that "[i]ndemnification is a factor favoring finding of an RPI or privity relationship" and directs us to the indemnification provision of Petitioner's standard purchase agreement. PO Mot. 10 n.4 (citing Ex. 2010, 3). Under that agreement, Petitioner's obligation to indemnify the buyer is conditioned upon Petitioner's receiving

prompt notice of an infringement claim and being tendered "sole control" over its defense. Ex. 2010, 3. The provision gives Petitioner several options, including replacing or modifying the accused products or accepting a return and refunding the purchase price. *Id.* Patent Owner does not allege that Petitioner received notice of its infringement claim [redacted] or assumed control of the defense. *See* Ex. 2020. Patent Owner also does not dispute Petitioner's statement [redacted] Pet. Opp. 10 n.2.

In short, Patent Owner does not allege facts or produce evidence that would suggest that [redacted] against Patent Owner's infringement claim. The indemnification provision of Petitioner's standard purchase agreement does not show a sufficiently close relationship between Petitioner and its customers to show they are privies of Petitioner. *See WesternGeco*, 889 F.3d at 1321–22 ("[A] circumscribed indemnity provision" that gives seller options such as replacing or modifying the accused product "does not amount to a sufficiently-close relationship to warrant finding [the buyer and seller] in privity."); *see also Wi-Fi One*, 887 F.3d at 1340 (agreeing with the Board that "[p]aying for trial expenses pursuant to indemnity normally does not establish privity or control."). Moreover, Petitioner's discovery requests are not narrowly tailored to discover any indemnification agreement that relates to [redacted]

Patent Owner argues that, [redacted] PO

Mot. 1 (emphasis omitted). Petitioner's proposed interrogatory asks whether Petitioner intends to claim in district court [redacted] *Id.* at 2, App'x A. Patent Owner does not persuade us that Petitioner's proposed interrogatory seeks useful information. Patent Owner admits [redacted] Prelim. Resp. 10. Patent Owner provides no legal authority that Petitioner's [redacted] in the related infringement litigation would make [redacted] Ex. 2022, 1, 2, 5, 16. [redacted] Even if Petitioner were considered a third-party beneficiary of [redacted] (Prelim. Resp. 16–17), Patent Owner provides no legal authority supporting that a third-party beneficiary is a privy under § 315(b).[6]

Patent Owner argues that "Petitioner is [redacted] PO Reply 2 (citing *Taylor*, 553 U.S. at 895). Patent Owner's

[6] In contract law, a third-party beneficiary is not a privy. *See, e.g., Pac. Gas & Elec. Co. v. United States*, 838 F.3d 1341, 1350–51 (Fed. Cir. 2016) ("Limited exceptions to the privity requirement have been recognized when a 'party standing outside of privity by contractual obligation stands in the shoes of a party within privity,' such as when a party can demonstrate that it was an intended third-party beneficiary under the contract."); *Prime Finish, LLC v. Cameo, LLC*, 487 F. App'x 956, 959 (6th Cir. 2012) ("Ordinarily, the obligations arising out of a contract are due only to those with whom it is made; a contract cannot be enforced by a person who is not a party to it or in privity with it, except . . . under certain circumstances, [such as] by a third-party beneficiary.") (citation omitted).

agency argument is not based on the applicable legal standard. For purposes of privity under § 315(b), the relevant question is whether Petitioner is [redacted] in filing a petition for *inter partes* review. *Taylor*, 553 U.S. at 895 (stating that "preclusion is appropriate when a nonparty later brings suit as an agent for a party who is bound by a judgment"); *WesternGeco*, 889 F.3d at 1319 (the relevant question is "whether the petitioner is simply serving as a proxy to allow another party to litigate the patent validity question that the other party raised in an earlier-filed litigation."). Patent Owner presents no argument or evidence that would support such an agency relationship here.

Patent Owner argues that [redacted] and "Petitioner's use and sale of those articles is what gives rise to liability." PO Reply 2 (citing *Taylor*, 553 U.S. at 894). Patent Owner's argument is self-contradictory and does not show that its interrogatory will uncover useful information. [redacted] are by definition non-infringing, and Petitioner's manufacture, use, and sale of [redacted] cannot give rise to infringement liability. Petitioner's [redacted] do not support privity because Patent Owner asserts unequivocally that [redacted] Prelim. Resp. 10.

Patent Owner argues that the products [redacted] PO Reply 5 (citing Ex. 2030). Patent Owner's assertion is speculative and does not show more than a mere possibility that its discovery requests will uncover useful information. Even if Petitioner sells the same products to other customers, there is no assertion [redacted] has anything to do

with those sales. For example, Patent Owner does not assert Petitioner has [redacted] with respect to Petitioner's sales to other customers.

2. Garmin Factor 2: Whether the request seeks the litigation positions of the other party

Patent Owner concedes that its proposed interrogatory seeks Petitioner's litigation position, but argues that such discovery is necessary "to prevent the unfairness of Petitioner changing its position later in district court." PO Mot. 11 (emphasis omitted). We are not persuaded. Patent Owner concedes [redacted] Prelim. Resp. 10. As discussed above, whether Petitioner takes the same position in the district court litigation has no bearing on whether [redacted] is a privy of Petitioner under § 315(b). We see no unfairness in denying Patent Owner discovery of Petitioner's district court litigation position. *See Garmin*, Paper 26 at 6 ("Asking for the other party's litigation positions and the underlying basis for those positions is not necessary in the interest of justice.").

III. CONCLUSION

For the foregoing reasons, Patent Owner does not meet its burden to show that the requested discovery would be in the interest of justice.

IV. ORDER

It is

ORDERED that Patent Owner's motion for additional discovery is *denied*;

FURTHER ORDERED that, in view of the pending motion to seal, this Order is being filed "Board and Parties Only;" and

FURTHER ORDERED that after conferring with Petitioner, Patent Owner shall, within one week of entry of this Order, submit to the Board via email to Trials@uspto.gov, a version of this Order to be filed on the public record, with any redactions proposed by either party.

IPR2023-01242 Patent 11,121,222 B2
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