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Paper 21
Entered: August 8, 2024

PUBLIC VERSION

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MONOLITHIC POWER SYSTEMS, INC.,
Petitioner,

v.

GREENTHREAD, LLC,
Patent Owner.

IPR2024-00468 Patent 8,421,195 B2

IPR2024-00469 Patent 9,190,502 B2

IPR2024-00470 Patent 11,121,222 B2[1]

Before DONNA M. PRAISS, KRISTINA M. KALAN, JON B. TORNQUIST, MONICA S. ULLAGADDI, and JULIA HEANEY, *Administrative Patent Judges.*

HEANEY, *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] This Order addresses similar motions filed in each of the above-captioned proceedings. We issue one Order to be filed in each proceeding. The listing of Judges here does not expand any of the panels. 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 12, "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 its third-party customers, [redacted] and, as a consequence, the Petition (Paper 1) is time-barred under 35 U.S.C. § 315(b). PO Mot. 1.

These proceedings involve related U.S. Patent Nos. 8,421,195, 9,190,502, and 11,121,222 (the '195, '502, and '222 patents, respectively). Patent Owner asserts that it served [redacted] and [redacted] with a complaint for infringement of the '195, '502, and '222 patents on February 1, 2022, and later added [redacted] as a party on January 23, 2023. PO Mot. 2–3. The parties terminated the infringement litigation and related *inter partes* review

[2] We refer to the papers and exhibits filed in IPR2024-00468. Similar papers and exhibits were filed in IPR2024-00469 and IPR2024-00470.

("IPR") proceedings[3] with a license agreement. *Id.* at 3; Ex. 2011.[4] Patent Owner asserts that if Petitioner claims the benefit of [redacted] and [redacted] license agreement, then it is their sublicensee and exercising their rights. PO Mot. 1. In the Preliminary Response, Patent Owner states "Petitioner operates under and is a beneficiary of Licensees' agreement with Greenthread" and "[t]hat agreement is 'directly related to' the accused products, because it licenses some of them." Paper 10 ("Prelim. Resp."), 26.

B. Proposed Discovery Requests

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

<u>Request for Production No. 1</u>

All agreements between i) Petitioner and/or its affiliates and ii) any Licensee or [redacted] (or their affiliates), relating to the products that Petitioner and/or its affiliates sells, makes, or designs to, for, or with any Licensee or [redacted] including sales contracts, purchase orders, and design agreements.

<u>Request for Production No. 2</u>

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[3] [redacted]

[4] The patent license agreement is between Patent Owner and RPX Corporation and identifies [redacted] and [redacted] as Initial Licensees that may receive a sublicense from RPX. Ex. 2011, 1, 2, 5, 16. We refer to Exhibit 2011 as the "RPX license." Patent Owner refers [redacted] and [redacted] collectively as "Licensees" (PO Mot. 1), which we also do herein.

All communications between i) Petitioner and/or its affiliates and ii) any Licensee or [redacted] (or their affiliates), relating to Patent Owner or the products that Petitioner and/or its affiliates sells, makes, or designs to, for, or with any Licensee or [redacted] including specifications, plans, drawings, (including drafts of the forgoing), test results, documents identifying the finished product into which Petitioner's product is incorporated and any documents showing the involvement and/or role of Petitioner and/or Licensee or [redacted] with respect to the product, such as communications between engineers working for a Petitioner and engineers working for a Licensee.

Interrogatory No. 1

State whether any Petitioner contends that any of its activities are licensed to or exhaust Patent Owner's rights in a Challenged Patent.[5] PO Mot., App'x A.

[5] Patent Owner defines "Challenged Patents" as "any patent challenged in these proceedings, including U.S. Patent Nos. 8,421,195, 9,190,502, 10,510,842, 10,734,481, 11,121,222, and 11,316,014." 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")[6] 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 in Internet Time, LLC*, IPR2015-01750, Paper 128 at 36–37 (PTAB Oct. 2,

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

2020) ("*RPX*") (precedential). Patent Owner invokes one of those considerations, namely "agreements directly related to the product accused of infringing the patent at issue in this proceeding" constitute a "pre-existing substantive legal relationship." *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. 7.

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 "pre-existing substantive legal relationship" with Licensees by "selling, making, and designing products with, or for" them. PO Mot. 7. Patent Owner relies on Petitioner's statement that its products "typically require a highly technical sales and applications engineering effort" and it "maintains a staff of 'applications engineers who work directly with customers' engineers'" (*id.*, quoting Ex. 2022), to assert that Petitioner may have an exclusive manufacturing agreement or jointly design some products with the Licensees. *Id.* Patent Owner further asserts that if Petitioner makes custom products for Licensees, its agreements may include IP "clearance" provisions that may be relevant, and if it assembles equipment based on information and instructions provided by Licensees, it may suggest an agency relationship. *Id.* at 8.

According to Patent Owner, the requested documents will "show the precise nature" of Petitioner's relationships with the Licensees (*id.* at 7) and that "sales of products to Licensees are 'have made' under the Licenses,"

which would "make Petitioner the beneficiary of an agreement 'directly related' to the accused products." *Id.* at 8. Patent Owner argues that its interrogatory goes to "the heart of the privity inquiry -- whether Petitioner intends to claim in district court the benefit of the Licenses." *Id.* at 2.

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 whether [redacted] or [redacted] is a privy of Petitioner pursuant to § 315(b). 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 Petitioner has a sufficiently close relationship with [redacted] or [redacted] that it can be fairly said that Petitioner had a full and fair opportunity to litigate the validity of the Challenged 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 against [redacted] and [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).

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 funded or assisted in the defense of [redacted] or [redacted] or that Patent Owner sought third party discovery from Petitioner. There is no suggestion that Petitioner was even aware of the '195, '502, or '222 patents or Patent Owner's infringement claim until Petitioner was served with a complaint in May 2023. Ex. 2026. The complaint does not allege that Petitioner had prior notice of the patents. *Id.*

Patent Owner does not suggest that Petitioner is serving as a proxy to allow [redacted] or [redacted] to challenge the validity of the '195, '502, and '222 patents. *WesternGeco*, 889 F.3d at 1319. Under the circumstances described by Patent Owner (PO Mot. 1, 3–4), [redacted] and [redacted] have no reason or incentive to challenge the '195, '502, and '222 patents because they have a paid-up irrevocable license and release from Patent Owner. Ex. 2011, 3, 4, 5, 16.

Patent Owner argues that, "[i]f Petitioner claims the benefit of the Licenses," then "[t]hat puts Petitioner in privity." PO Mot. 1. Patent Owner's proposed interrogatory asks whether Petitioner contends any of its activities are licensed, or exhaust Patent Owner's rights in a Challenged Patent. *Id.*, App'x A. Patent Owner does not persuade us that its proposed interrogatory seeks useful information. Patent Owner admits that Petitioner is a limited sublicensee of the Licensees under the RPX license. Prelim. Resp. 27. Patent Owner provides no legal authority that Petitioner's assertion of a license defense in the related infringement litigation would make [redacted] and [redacted] privies of Petitioner. The license agreement is between Patent Owner and RPX and names [redacted] and [redacted] as "Initial Licensees" that may receive a sublicense from RPX. Ex. 2011, 1, 2, 5, 16. The RPX license does not establish privity between Petitioner and [redacted] or [redacted] Even if Petitioner were considered a third-party beneficiary of RPX's sublicenses to [redacted] and [redacted] Patent Owner provides no legal authority supporting that a third-party beneficiary is a privy under § 315(b).[7]

[7] 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.") (quoting *Presnell Constr. Managers, Inc. v. EH Constr.*, LLC, 134 S.W.3d 575, 579 (Ky. 2004).

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

> [A] contractual and fairly standard manufacturer-customer 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 relating to Petitioner's products such as sales agreements, purchase orders, and design agreements (RFP No. 1), and (2) communications with any Licensee including specifications, plans, test results, and any document showing the roles of Petitioner and any Licensee such as communications between their respective engineering employees (RFP No. 2). These requests seek documents characteristic of a standard manufacturer-customer relationship (RFP No. 1) or are based on speculation that Petitioner makes custom products for or jointly designs products with the Licensees (RFP No. 2). Such speculation does not show more than a mere possibility that the discovery will uncover useful information.

Further, Patent Owner's assertion that Petitioner may have an agency relationship with the Licensees if it does make custom products for or jointly design products with them (PO Mot. 7–8) is not a legally sufficient basis for

discovery because is not based on the applicable legal standard for determining privity. For purposes of privity under § 315(b), the relevant question is whether Petitioner is acting as [redacted] or [redacted] agent 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's reliance on *Ventex Co. v. Columbia Sportswear N. Am., Inc.* is inapposite because in that case, the petitioner was the exclusive supplier for the accused product and acted as a proxy for its customer in the *inter partes* review. *Ventex*, IPR2017-00789, Paper 148 at 9, 15 (PTAB Jan. 24, 2019).

Patent Owner argues that Petitioner and Licensees are "'preceding and succeeding owners of property,' specifically accused or licensed or infringing goods," and "Petitioner's use and sale of those articles is what gives rise to liability." PO Reply 1 (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. Licensed articles are by definition non-infringing, and Petitioner's manufacture, use, and sale of licensed articles cannot give rise to infringement liability. Petitioner's sales to [redacted] and [redacted] do not support privity because, as discussed above, Patent Owner asserts that Petitioner's sales are licensed. Prelim. Resp. 27–28.

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

Patent Owner argues that to the extent Petitioner contends Patent Owner's proposed interrogatory seeks Petitioner's litigation position, it is nonetheless essential "to prevent the manifest unfairness of Petitioner taking directly contrary positions" as to privity, here and in district court. PO Mot. 9. We are not persuaded. Patent Owner already knows Petitioner contends its activities are licensed or exhaust Patent Owner's rights. Prelim. Resp. 27–28. As discussed above, whether Petitioner takes the same position in the district court litigation has no bearing on whether [redacted] or [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.

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