

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

PARAMOUNT HOME ENTERTAINMENT INC.,
TWENTIETH CENTURY FOX HOME ENTERTAINMENT LLC, and
UNIVERSAL STUDIOS HOME ENTERTAINMENT LLC,
Petitioners,

v.

NISSIM CORPORATION,
Patent Owner.

Cases

IPR2014-00961 (Patent 6,304,715 B1)
IPR2014-00962 (Patent 7,054,547 B1)¹

Before PATRICK R. SCANLON, MICHAEL J. FITZPATRICK, and
BRIAN P. MURPHY, *Administrative Patent Judges*.

SCANLON, *Administrative Patent Judge*.

DECISION
Request for Rehearing
37 C.F.R. §§ 42.71

¹ This Decision addresses issues that are identical in both cases. Therefore, we exercise our discretion to issue one Decision to be filed in each case. The parties are not authorized to use this style heading in subsequent papers.

I. INTRODUCTION

Petitioners, Paramount Home Entertainment Inc., Twentieth Century Fox Home Entertainment LLC, and Universal Studios Home Entertainment LLC, filed a Request for Rehearing (Paper 12, “Req. Reh’g”)² of the Decision mailed December 29, 2014 (Paper 11, “Decision”), which denied institution of *inter partes* review of U.S. Patent 6,304,715 (Ex. 1001, “the ’715 patent”). For the reasons that follow, the Request for Rehearing is *denied*.

II. STANDARD OF REVIEW

When rehearing a decision on petition, the Board will review the decision for an abuse of discretion. 37 C.F.R. § 42.71(c). The party requesting rehearing bears the burden of showing an abuse of discretion, and “[t]he request must specifically identify all matters the party believes the Board misapprehended or overlooked.” 37 C.F.R. § 42.71(d).

III. ANALYSIS

A. *Paramount Pictures Corporation as a Real Party-in-Interest*

According to Petitioners, the Board’s determination that Paramount Pictures Corporation is an unidentified real party-in-interest “was clearly erroneous.” Req. Reh’g 1, 2. Petitioners’ first argument in support of this assertion is that “[t]he record contains no evidence rebutting the presumption of corporate separateness for Paramount Pictures Corporation and Paramount Home Entertainment Inc.” *Id.* at 2. We disagree with this argument because, as outlined in the Decision, Patent Owner presented substantial evidence—namely, four actions taken by a vice president of Paramount Pictures Corporation in connection with the dispute with

² For clarity and convenience, all citations refer to papers filed in IPR2014-00961 unless otherwise noted.

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Patent Owner—showing Paramount Pictures Corporation to be an involved and controlling parent corporation. *See* Decision 9. We found this evidence sufficient to overcome the presumption of corporate separateness.

Next, Petitioners argue that “[t]he Board repeatedly mistook Paramount Pictures Corporation’s *interest* in invalidating the ’715 patent and its participation as a plaintiff in a related declaratory judgment action as an ability to control *these* proceedings.” Req. Reh’g 3. To support this position, Petitioners address the above-mentioned four actions fact-by-fact and argue that each fact *individually* is not evidence of Paramount Pictures Corporation having control over the proceeding. *Id.* at 3–4. There is, however, “no ‘bright-line test’ for determining the necessary quantity or degree of participation to qualify as a ‘real party-in-interest’ . . . based on the control concept.” 77 Fed. Reg. 48,756, 48,759 (Aug. 14, 2012) (citing *Gonzalez v. Banco Cent. Corp.*, 27 F.3d 751, 759 (1st Cir. 1994)). Moreover, the inquiry is not based on isolated facts, but rather on consideration of the totality of the circumstances. *Gonzalez*, 27 F.3d at 759. By addressing each fact individually, Petitioners’ arguments fail to consider the totality of the circumstances and, consequently, are not persuasive. As explained in the Decision, we were persuaded that the evidence before us, *as a whole*, indicates Paramount Pictures Corporation is an involved parent corporation that has exercised control on behalf of itself and Petitioner Paramount Home Entertainment Inc. in the parties’ dispute. Decision 7–11.

Furthermore, Petitioners argue that the Decision “directly conflicts” with prior Board decisions. Req. Reh’g 5. None of the cited decisions is binding precedent, and each contained facts materially different than present here.

Petitioners most heavily rely on *Butamax Advanced Biofuels LLC v. Gevo, Inc.*, Case IPR2013-00215 (PTAB Sept. 23, 2014) (Paper 47) as an example of a

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Board decision with which our Decision is in conflict. Req. Reh’g 5. Petitioners argue that

in *Butamax*, the Board ruled that an entity’s interest in invalidating a patent through *inter partes* review proceedings did not make the entity a real party-in-interest to the proceedings, even though the entity was affiliated with the petitioner and had joined the petitioner as plaintiff in a declaratory judgment lawsuit against the patent owner.

Id. Petitioners further argue that, with respect to our reliance on Paramount Pictures Corporation being a co-plaintiff in a declaratory judgment action, the panel in *Butamax* took a position “exactly the opposite when addressing the *same* fact” in stating “DuPont being co-plaintiff with Butamax in a civil action does not demonstrate that DuPont does or is able to exercise control over Butamax in this *inter partes* review proceeding.” *Id.* at 5–6 (quoting *Butamax*, slip op. at 6).

The determination of whether an unnamed entity is a real party-in-interest to a proceeding, however, “is a highly fact-dependent question.” 77 Fed. Reg. at 48,759. As such, “slight alterations in the facts [from case-to-case], as well as consideration of other facts, might result in a different conclusion.” *Id.* at 48,760. In this case, the facts bearing on the real party-in-interest determination differ meaningfully from those of *Butamax*.

In *Butamax*, the petitioner, Butamax Advanced Biofuels LLC (“Butamax”), was a joint venture of E.I. Dupont de Nemours and Co. (“DuPont”) and BP Biofuels North America LLC (“BP”). *Butamax*, slip op. at 5. In asserting that DuPont should have been identified as a real party-in-interest, the patent owner argued that Butamax “is wholly owned by DuPont and BP, and thus, funding for the present proceeding necessarily originated from the parent entities.” *Id.* at 6 (quoting PO Resp. 32). The panel in *Butamax* found this argument unpersuasive because the patent owner did not contend that BP was a real party-in-interest and

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did not present credible evidence to demonstrate that funding for the proceeding necessarily came from DuPont rather than BP. *Id.* The present facts differ from these facts because Patent Owner argues Paramount Home Entertainment Inc. is a wholly-owned subsidiary of Paramount Pictures Corporation rather than a joint venture (*see* Decision 5), and Patent Owner does not rely on this corporate relationship to assert that funding for this proceeding necessarily originated from the parent entity.

Petitioners also argue that “whereas the Board in *Butamax* correctly analyzed the issue as one of control ‘in this *inter partes* review proceeding,’ the Board here erroneously relied on a conclusion regarding control over something much broader, *i.e.*, ‘over *the dispute involving the ’715 patent.*” Req. Reh’g 6 (quoting Decision 9 (emphasis added)). This argument is not persuasive. Our determination that Paramount Pictures Corporation is a real party-in-interest in this proceeding is based on the finding that Patent Owner presented evidence sufficient to persuade us that Paramount Pictures Corporation represented the “unified interests” of itself and Petitioner Paramount Home Entertainment Inc. in the parties’ dispute, including this proceeding. Decision 9 (citing *Zoll Lifecor Corp. v. Philips Elecs. N. Am. Corp.*, Case IPR2013-00607, slip op. at 10 (PTAB Mar. 20, 2014) (Paper 13)).

In view of the above, we are not persuaded by Petitioners’ arguments that the holding of *Butamax* applies in this case.

Petitioners also direct our attention to *TRW Auto. US LLC v. Magna Elecs., Inc.*, Case IPR2014-00293 (PTAB June 27, 2014) (Paper 18) and *Intellectual Ventures Mgmt., LLC v. Xilinx, Inc.*, Case IPR2012-00018 (PTAB Jan. 24, 2013) (Paper 12) as further examples of Board decisions purportedly in conflict with our

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Decision. Req. Reh’g 6. These cases are not controlling here because the facts in each case are sufficiently different from the present facts.

For the foregoing reasons, Petitioners have not shown that the Board’s determination that Paramount Pictures Corporation is an unidentified real party-in-interest is clearly erroneous.

B. Due Process

Petitioners argue that the alleged error in the Decision “was heightened by the Board’s failure to afford Petitioners the right to submit any evidence” and the “unilateral foreclosure of Petitioner’s right to submit evidence after the real party-in-interest issue was raised was inconsistent with basic due process requirements.” Req. Reh’g 7, 8.

Petitioners, however, were not prohibited from submitting *any* evidence. Rather, as noted by Petitioners, the email by which Petitioners were authorized to file a reply to Patent Owner’s Preliminary Response stated “Petitioner may not support its replies with any testimonial evidence not already of record in these proceedings.” *See id.* at 7–8. As such, Petitioners were not prohibited from submitting non-testimonial evidence in support of their reply. In addition, Board rules do not provide express authorization for replying to a preliminary response. *See* 37 C.F.R. § 42.107. Nevertheless, the Board exercised its discretion and authorized Petitioners to file a reply to Patent Owner’s Preliminary Response. The Board further exercised its discretion by not allowing Petitioners to submit new testimonial evidence. This limitation is consistent with the evidentiary limitations placed on preliminary responses by 37 C.F.R. § 42.107(c).

For these reasons, we are not persuaded that the evidentiary limitation placed on Petitioners violated their due process rights.

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IV. ORDER

Accordingly, it is hereby ORDERED that Petitioners' Requests for Rehearing in IPR2014-00961 (Paper 12) and IPR2014-00962 (Paper 12) are *denied*.

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