

WORLDS INC. v. BUNGIE, INC., Appeal No. 2017-1481 (Fed. Cir. September 7, 2018).
Before Prost, O'Malley and Taranto. Appealed from Patent Trial and Appeal Board.

Background:

In a prior action, Worlds filed a complaint against Activision Publishing, Inc. ("Activision"), alleging infringement of Worlds' patents. Activision develops, publishes, licenses and distributes videogames, including a series of products developed by Bungie, which are known as the *Destiny* products. After filing suit against Activision, Worlds notified Activision that it intended to add Bungie's product, *Destiny*, as an alleged infringing product. About six months after Worlds provided notice to Activision of its intent to add *Destiny*, Bungie filed several IPR petitions before the Patent Trial and Appeal Board ("Board") challenging Worlds' patents, which Worlds alleged to be infringed by Activision. Bungie represented itself as being the real party in interest in the IPRs, which were filed more than a year after Worlds served Activision with the complaint alleging infringement of the patents.

Worlds moved for discovery on the issue of whether Activision should have been named as a real party in interest, thereby making the petitions filed by Bungie time barred under 35 U.S.C. §315(b). Worlds cited as evidence a publishing and development agreement between Bungie and Activision. However, based on Bungie's express denial of any control or funding of the IPR proceedings by Activision, the Board concluded that Worlds had not met its burden to establish that the petitions were time barred. Thus, the Board proceeded to address the patentability of the claims. Worlds appealed the Board's decisions.

Issue/Holding:

Did the Board err in placing the ultimate burden of persuasion on Worlds to show that the IPR petitions filed by Bungie were time barred in view of a complaint served on Activision, the alleged real party in interest? Yes, vacated and remanded.

Discussion:

Although the Federal Circuit agreed that an IPR petitioner's initial identification of the real parties in interest should be accepted unless disputed by the patent owner, the Federal Circuit did not consider such identification by the petitioner as a rebuttable presumption. Instead, after considering the burden framework used in *Atlanta Gas Light*, the Federal Circuit held that an IPR petitioner bears the ultimate burden of persuasion to show that its petitions are not time-barred.

Here, Bungie merely denied that Activision controlled or funded the IPR proceedings. Upon review of the Board's analysis, the Federal Circuit concluded that the Board allowed Bungie's mere denial of any control or funding of the IPR proceedings by Activision to outweigh the actual evidence provided by Worlds of an agreement between Bungie and Activision. Thus, the Federal Circuit found that the Board appeared to have improperly shifted the burden of persuasion to Worlds by failing to require that Bungie provide actual evidence that Activision is not a real party in interest. Accordingly, the Federal Circuit vacated the decisions and remanded for reevaluation of the real party in interest issue.