

Parallel District Court Proceedings Against Petitioner's Customers Do Not Bar Institution Under *Fintiv*

MAY 11, 2021

[Dolby Labs., Inc. v. Intertrust Technologies Corp., Case IPR2020-00662, Paper 13 \(PTAB Oct. 15, 2020\).](#)
Before: Zecher, Mcgraw, Ogden.

Dolby sought IPR review of an Intertrust patent. Intertrust was concurrently asserting that Dolby and several of its customers infringed the patent. The infringement assertion against Dolby was in a declaratory judgment action that Dolby had brought in California. The infringement assertion against Dolby's customers were in three infringement actions that Intertrust had brought in Texas. The Texas actions had a trial date seven months prior to the PTAB's final written decision deadline, whereas the California action had no trial date set, although the parties had requested trial around the time of the PTAB's final written decision deadline.

In its petition, Dolby named its customers as real parties in interest "out of an abundance of caution." Yet the record showed they were not related. The customers purchased Dolby's products in arms-length business transactions. Dolby was only one of several different suppliers of the accused products to the customers. There was no evidence of an indemnification agreement. There was no evidence that anyone but Dolby controlled the IPR petition. Dolby and the customers had retained separate counsel in their respective actions. And in defending against a motion to transfer the Texas actions to California (to ease third party discovery from suppliers), Intertrust had stated, "These cases are *not* about Dolby."

Applying the *Fintiv* factors to these facts, the Board decided to institute. Factor 1 (stay) did not weigh for or against institution because a stay had not yet been considered or requested in the California action. Factors 2 (proximity of trial date) and 5 (identity of parties) weighed in favor of institution. Because Dolby was not a party to the Texas actions, the early trial date of those actions did not affect the *Fintiv* analysis. And although both parties had asked for a trial date in the California action around the time of the final written decision deadline, the Court had not yet granted the request, so that did not weigh against institution either. The fact that Dolby had named the customers as real parties in interest did not change the analysis because there was no evidence that anyone other than Dolby controlled the IPR petition. Factor 3 (investment in parallel proceedings) weighed in favor of institution because further effort remained in both the California and Texas actions. For this factor, the Board also considered that Dolby was diligent in filing the petition because it was filed within one month after Intertrust served infringement contentions. Factor 4 (overlap of issues) weighed against institution. Although the Board acknowledged that the

overlap of issues was only hypothetical until the trials occurred. And factor 6 (other) weighed in favor of institution due to the strength of Dolby's petition. Weighing these factors together, the Board decided to institute.

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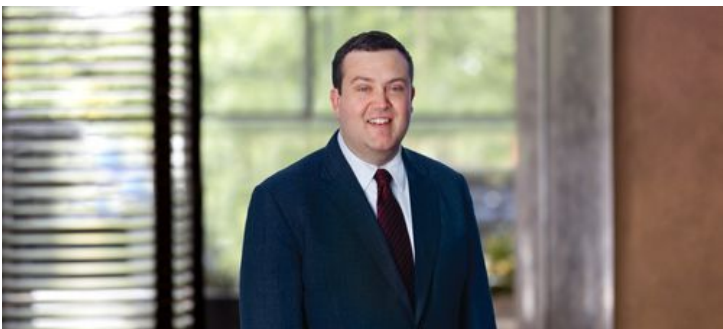
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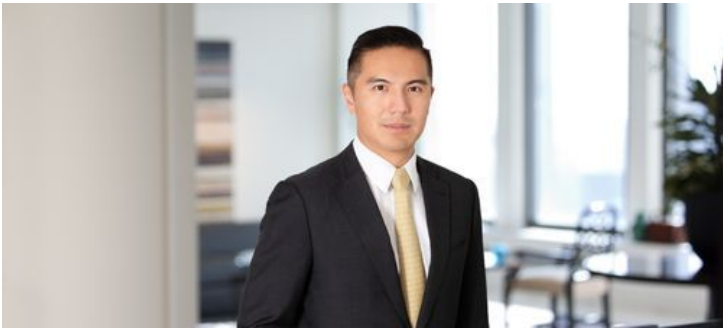
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