

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MICROSOFT CORPORATION,
Petitioner,

v.

GLOBAL TECHNOLOGIES, INC.,
Patent Owner.

Case IPR2016-00663 (Patent 7,215,752 B2)
Case IPR2016-00669 (Patent 7,844,041 B2)

Before KALYAN K. DESHPANDE, DAVID C. McKONE, and
JOHN A. HUDALLA, *Administrative Patent Judges*.

HUDALLA, *Administrative Patent Judge*.

JUDGMENT AND FINAL WRITTEN DECISION

Abandonment of the Contest

35 U.S.C. § 318(a) and 37 C.F.R. § 42.73(b)(4)

In these two proceedings, Microsoft Corporation (“Petitioner”) filed Petitions for *Inter Partes* Review in which it named Global Technologies, Inc. (“GTI”) as Patent Owner based on “the Patent Office’s records.”

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Paper 2¹ (“Pet.”), 1. By “records,” Petitioner appears to have been referring to an assignment (“the 1995 assignment”) in which the named inventors assigned their rights in the challenged patents to GTI. *See* Reel 33805, Frame 65; Reel 33805, Frame 259. Accordingly, Petitioner served the Petitions on GTI’s correspondence address of record (*see* 37 C.F.R. § 42.105(a)) and on Keith A. Raniere (“Mr. Raniere”), the plaintiff in the underlying district court litigation involving the challenged patents from these proceedings. Pet. 1; Paper 19, 6–7. After the Petitions were filed, Mr. Raniere recorded an earlier-executed assignment from December 26, 2014 (“the 2014 assignment”) that purported to transfer ownership from GTI to Mr. Raniere. *See* Reel 38012, Frame 898; Reel 38013, Frame 90. In our Decisions on Institution, we instituted trials in these proceedings and accepted the 2014 assignment to Mr. Raniere as prima facie evidence of Mr. Raniere’s ownership of the patents. *See* Paper 7, 2 n.1.

The underlying district court litigation is *Raniere v. Microsoft Corp.*, No. 3:15-cv-00540-M (N.D. Tex., filed Feb. 16, 2015). *See* Pet. 1; Paper 5, 2. The issue of patent ownership, as it related to standing to bring suit, was a main focus of the district court case. On February 11, 2016, the defendants brought a motion to dismiss for lack of standing. *See* Defs.’ Mot. to Dismiss for Lack of Standing, *Raniere v. Microsoft Corp.*, No. 3:15-CV-0540-M (N.D. Tex. Feb. 11, 2016) (ECF No. 131). The court held a hearing on the motion on March 1, 2016, where it considered several exhibits and heard testimony from Mr. Raniere. Petitioner filed a transcript of the district court

¹ Because the citations relevant to this Decision are nearly identical in each proceeding, we only will refer to those filed in Case IPR2016-00663 for convenience.

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hearing as Exhibit 1019. The district court granted the motion to dismiss on the same day. *See* Order of Dismissal With Prejudice, *Raniere v. Microsoft Corp.*, No. 3:15-CV-0540-M (N.D. Tex. Mar. 1, 2016) (ECF No. 147). The dismissal order stated: “For the reasons stated on the record at the conclusion of the hearing, the Court GRANTS Defendants’ Motion and DISMISSES WITH PREJUDICE all of Plaintiff’s claims and causes of action.” *Id.*

GTI was a corporation of the State of Washington that was incorporated on February 10, 1995. Ex. 3001, 6. The Articles of Incorporation for GTI list Toni Natalie, Thomas Delaney, and Steve Danzig as directors; Toni Natalie as incorporator; and Alan L. Rubens as registered agent. *See id.* at 7–11. The initial annual report for GTI listed Toni Natalie as President, Secretary, and Chairman of the Board of Directors; Thomas Danzig as Vice President and Director; and Steve Danzig as Treasurer and Director. *Id.* at 4. The district court established that Toni Natalie initially owned 75% of GTI, whereas Thomas Delaney and Steve Danzig each initially owned 12.5% of GTI. *See* Ex. 1019, 129:20–24.

GTI was administratively dissolved on May 20, 1996. Ex. 3001, 5; *see also* Ex. 1019, 128:20–23. According to Washington law, “[a] dissolved corporation continues its corporate existence but may not carry on any business except that appropriate to wind up and liquidate its business and affairs.” Wash. Rev. Code § 23B.14.050(1). Despite its dissolved status, GTI continued to prosecute patents under the direction and alleged authority of Mr. Raniere. *See* Paper 16, 1–2 (citing, *inter alia*, Exs. 2016–2018).

Prior to instituting the underlying lawsuit, and on the same day Mr. Raniere signed the 2014 assignment, Mr. Raniere executed two

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documents purporting to give himself authority to execute the 2014 assignment. The first of these documents is a “Unanimous Consent Resolution of the Sole Shareholder of Global Technologies, Inc.” *See* Ex. 3001, 1 (hereinafter “Shareholder Consent Resolution”). In that document, Mr. Ranieri declared that “at all times prior to dissolution, upon dissolution, and at all times subsequent to dissolution I was the sole shareholder of all stock in [GTI].” *Id.* Mr. Ranieri also purported to elect himself as the sole director of GTI. *Id.* In his testimony before the district court, Mr. Ranieri admitted that representations in the Shareholder Consent Resolution were false. Ex. 1019, 78:6–15, 85:1–19. The second document is entitled “Unanimous Consent Resolution of the Sole Director of Global Technologies, Inc.” *See* Ex. 3001, 2 (hereinafter “Director Consent Resolution”). In that document, Mr. Ranieri purported to elect himself as President of GTI “in order to facilitate the winding down of the affairs of [GTI].” *Id.* Mr. Ranieri also purported to give himself authority to assign the challenged patents from GTI to himself. *Id.*

Mr. Ranieri then “executed the 2014 assignment in his alleged capacity as president and sole shareholder of GTI.” Ex. 1019, 129:4–5; *see* Ex. 3001, 3 (copy of 2014 assignment). As noted by the district court, however, the “effectiveness of this assignment depends on the validity of two other documents executed by Mr. Ranieri contemporaneously with the 2014 assignment.” Ex. 1019, 129:6–8. As to the Shareholder Consent Resolution, the district court found that Mr. Ranieri was not the sole shareholder of GTI, so he did not establish he had the authority to elect himself sole director. *Id.* at 129:15–19. Furthermore, the court found that “[t]here is no written document evidencing any transfer from any of the

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original owners of GTI to Mr. Raniere. There's no credible evidence that Mr. Raniere had an interest in GTI that would allow him to transfer the patents to himself." *Id.* at 132:5–9. Regarding the 2014 assignment, the district court found that "[Mr.] Raniere has produced an . . . assignment to himself dated December 26, 2014, purporting to assign the [challenged patents] from GTI to him[self], but the Court finds that this assignment is not effective to transfer ownership of the patents to Mr. Raniere." Ex. 1019, 128:24–129:1. In the process, the court found that Mr. Raniere's testimony was "wholly incredible" and "untruthful." *Id.* at 131:15–17. The court also found that, "[d]espite . . . repeated opportunities, Mr. Raniere has failed to establish that he owns the [challenged patents]." *Id.* at 128:17–19.

The district court's dismissal with prejudice was affirmed by the Court of Appeals for the Federal Circuit under Federal Circuit Rule 36 on January 18, 2017. *See Raniere v. Microsoft Corp.*, Nos. 2016-1698, 2016-1699, 2017 WL 192966, at *1 (Fed. Cir. Jan. 18, 2017). After receiving briefing from Petitioner and Mr. Raniere regarding the impact on these proceedings of the Federal Circuit's affirmance of the district court's dismissal of the underlying district court case, we determined that Mr. Raniere did not have authority to act as Patent Owner in these proceedings, and we recognized GTI as Patent Owner based on the 1995 assignment. Paper 22, 11. Accordingly, we expunged Mr. Raniere's papers from these proceedings. Paper 28, 3–4.

Notwithstanding, Mr. Raniere's attorneys from Schmeiser, Olsen & Watts LLP (SOW) contended that they were authorized representatives for GTI. *See* Paper 16, 1–2; Paper 18, 2, 7; Paper 20, 6. We expressed our concerns about the propriety of Powers of Attorney to SOW signed by

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Mr. Raniere during the prosecution of the challenged patents. Paper 22, 12–14. Accordingly, we asked SOW “to produce a new Power of Attorney, executed by an authorized representative of GTI, should SOW seek to participate in these proceedings as counsel for GTI.” *Id.* at 14. We stated that, “for purposes of these proceedings, we will not recognize any Power of Attorney arising from the prosecution of the challenged patents.” *Id.* We also stated that “we will not accept any Power of Attorney signed only by Mr. Raniere.” *Id.* When SOW failed to produce a new Power of Attorney, we determined SOW’s attorneys were not authorized representatives for GTI. Paper 28, 4.

We recognize the importance of providing patent owners an opportunity to appear and be heard in our proceedings. As noted above, Petitioner served the entity, GTI, reflected in Patent Office records as the patent owner, at the address for service listed in those records. Nevertheless, the developments in the district court, and subsequently in these proceedings, detailed above, revealed some uncertainty in the status of GTI and those who represent or control it. Out of an abundance of caution, we required Petitioner to serve copies of the documents specified in 35 U.S.C. § 312(a)(5) from these proceedings and our March 21, 2017, Order (Paper 22) on the following individuals and entities who the record reflects once had an interest in or were otherwise associated with GTI: Toni Natalie, Thomas Delaney, Steve Danzig, Saul Miodownik, Alan Rubens, and

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Hamilton, Brook, Smith & Reynolds, P.C.² Paper 22, 17. We also required these individuals and entities to “appear in these proceedings within 10 days of service” if “they contend they have an ownership interest in the challenged patents.” *Id.* We warned that failure to make an appearance might result in “an adverse judgment for abandonment of the contest under 37 C.F.R. § 42.73(b)(4).” *Id.* at 16.

Petitioner completed service on all of these individuals or entities except for Saul Miodownik, who Petitioner indicates is deceased.³ Papers 23, 26, 30. The only individual who responded to the served papers was Toni Natalie, who “also goes by the name Toni Foley.” Paper 30, 1. Through emails to the Board dated April 17 and 30, 2017, Ms. Foley requested extensions of time in which to make an appearance. *See* Paper 31, 2; Paper 32, 2. We granted both requests for extensions, but, in consideration of our statutory deadlines, we indicated that no further extensions would be granted beyond the deadline for the second extension, which was May 12, 2017. Paper 31, 2–3; Paper 32, 2–3. Ms. Foley neither made an appearance by the deadline nor made any further contact with the Board.⁴

² Hamilton, Brook, Smith & Reynolds, P.C., represented GTI before the Patent Office at the time the named inventors assigned the challenged patents to GTI and at the time GTI became administratively dissolved. *See, e.g.,* Exs. 2010, 2011, 2012.

³ We were dissatisfied with Petitioner’s first two attempts to serve Toni Natalie (a.k.a. Toni Foley), so we required Petitioner to make further attempts at service. *See* Papers 25, 29. Eventually, Petitioner served Ms. Foley using a process server. *See* Paper 30.

⁴ We make no determination as to whether Ms. Foley is an authorized representative for GTI.

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Under 37 C.F.R. § 42.73(b)(4), a party may request judgment against itself at any time during a proceeding, and “abandonment of the contest” is construed to be a request for adverse judgment. In these cases, Petitioner properly served the patent owner of record, GTI, according to the address in Patent Office records. Nevertheless, we permitted an individual, Mr. Raniere, purporting to control GTI’s interests, to participate in these proceedings until the Federal Circuit affirmed a district court order determining that Mr. Raniere had no such interests. To ensure that no other person asserts an interest in the challenged patents via a connection with GTI, we required Petitioner to serve papers on several entities and individuals associated with GTI. Despite Petitioner’s efforts to serve the Petitions on all known entities and individuals who might have an interest in GTI, no one with a credible interest in GTI has made an appearance in these proceedings. Therefore, under the unique circumstances of these cases, we determine that GTI has abandoned these proceedings, and we construe GTI’s inaction as a request for adverse judgment. Accordingly, we enter adverse judgment against GTI under 37 C.F.R. § 42.73(b)(4) in both proceedings.

Accordingly, it is:

ORDERED that adverse judgment is entered against Patent Owner in Case IPR2016-00663 as to claims 1, 5, 7, 9, 12, and 21 of U.S. Patent No. 7,215,752 B2;

FURTHER ORDERED that claims 1, 5, 7, 9, 12, and 21 of U.S. Patent No. 7,215,752 B2 are cancelled;

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FURTHER ORDERED that adverse judgment is entered against Patent Owner in Case IPR2016-00669 as to claims 1, 4, 5, and 7 of U.S. Patent No. 7,844,041 B2;

FURTHER ORDERED that claims 1, 4, 5, and 7 of U.S. Patent No. 7,844,041 B2 are cancelled; and

FURTHER ORDERED that this constitutes a Final Written Decision under 35 U.S.C. § 318(a) in Case IPR2016-00663 and Case IPR2016-00669.

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