

Additional Discovery Before the PTAB

By Rick Neifeld, Neifeld IP Law, PC¹

INTRODUCTION

The Patent and Trademark Office (PTO) provided considerable guidance on discovery in Patent Trial and Appeal Board (PTAB or Board) trials when promulgating rules for PTAB trials.² However, the scope of discovery that the Board will authorize in PTAB trials remains of great interest, particularly since it differs dramatically from district court practice.³ The Board has now authorized, heard, and decided a motion for additional discovery in an Inter Partes Review (IPR) proceeding. The Board's pronouncements in that case, discussed below, provide significant guidance on discovery in PTAB trials.

APPLICABLE STATUTORY AND REGULATORY PROVISIONS

The following statutory section and rule govern additional discovery in PTAB Trials.

35 USC 316(a)(5) reads as follows:

REGULATIONS.—The Director shall prescribe regulations ... (5) setting forth standards and procedures for discovery of relevant evidence, including that such discovery shall be limited to - (A) the deposition of witnesses submitting affidavits or declarations; and (B) what is otherwise necessary in the interest of justice;

37 CFR 42.51(b)(2) reads in relevant part that:

42.51 Discovery ... (b) Limited discovery. A party is not entitled to discovery except as provided in paragraph (a) of this section, or as otherwise authorized in this subpart. ... (2)(i) ... Where the parties fail to agree, a party may move for *additional discovery*. The moving party must show that such *additional discovery* is in the interests of justice, except in post-grant reviews where *additional discovery* is limited to evidence directly related to factual assertions advanced by either party in the proceeding (see § 42.224). The Board may specify conditions for such additional discovery. (ii) When appropriate, a party may obtain production of documents and things during cross examination of an opponent's witness or during authorized compelled testimony under § 42.52. [Italics added for emphasis.]

PTAB GUIDANCE ON ADDITIONAL DISCOVERY

In Garmin International, Inc. v. Cuozzo Speed Technologies LLC, Notice 20, IPR-2012-00001 (PTAB 2/14/2013)(Decision by Lee, APJ, for a panel consisting of Lead APJ Tierney and APJs Lee and Cocks), the Board authorized a motion for additional discovery pursuant to 37 CFR 42.51(b)(2)(i).⁴ In this decision the Board specified five factors it considered important in deciding whether to grant a motion for additional discovery in an IPR proceeding:⁵

The statutory standard is “necessary in the interest of justice.” That standard is not a mathematical formula, but these factors are important:

1. More Than A Possibility And Mere Allegation -- 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.

2. Litigation Positions And Underlying Basis -- Asking for the other party's litigation

positions and the underlying basis for those positions is not necessary in the interest of justice. The Board has established rules for the presentation of arguments and evidence. There is a proper time and place for each party to make its presentation. A party may not attempt to alter the Board's trial procedures under the pretext of discovery.

3. Ability To Generate Equivalent Information By Other Means -- Information a party can reasonably figure out or assemble without a discovery request would not be in the interest of justice to have produced by the other party. In that connection, the Board would want to know the ability of the requesting party to generate the requested information without need of discovery.

4. Easily Understandable Instructions -- The questions should be easily understandable. For example, ten pages of complex instructions for answering questions is prima facie unclear. Such instructions are counter-productive and tend to undermine the responder's ability to answer efficiently, accurately, and confidently.

5. Requests Not Overly Burdensome To Answer -- The requests must not be overly burdensome to answer, given the expedited nature of Inter Partes Review. The burden includes financial burden, burden on human resources, and burden on meeting the time schedule of Inter Partes Review. Requests should be sensible and responsibly tailored according to a genuine need.

The Board also explained that a motion for additional discovery need not show the correctness of a claim construction upon which the motion relies. The motion merely needed to state the claim construction upon which the motion relies.

Cuozzo indicated that it disputes the Board's claim interpretation with regard to the requirements of claim 10. We indicated that a motion for additional discovery is not the place to argue about and resolve disputes in claim interpretation. Cuozzo should reserve those arguments for its patent owner response. In a motion for additional discovery, for any claim interpretation issues that matter, Cuozzo need only indicate its own claim construction and how its discovery request is necessary in light of that construction. Similarly, in an opposition to additional discovery, Garmin should not argue and present evidence on claim interpretation; Garmin's simply indicating its position on claim construction would be sufficient.

The Board also explained that a motion for discovery of secondary considerations evidence that relied upon a market and a nexus to that market needed to specify both the market and the nexus.

Cuozzo's original requests are attached to this communication. During the conference call, after being advised of the above-noted factors of consideration, Cuozzo voluntarily withdrew many of the listed items. However, many remain. The only secondary consideration of unobviousness mentioned by Cuozzo during the conference call was long-felt and unresolved need in the industry. We stated that any reference to "market" should be specific as to which "market" and that with regard to secondary considerations and objective evidence of unobviousness, Cuozzo must address the issue of nexus in a motion for additional discovery.

Subsequently, Cuozzo filed a motion for additional discovery, Garmin opposed, and Cuozzo replied. The Board then decided Cuozzo's motion in Garmin International, Inc. v. Cuozzo Speed Technologies LLC, Notice 26, IPR-2012-00001 (PTAB 3/5/2013)(Decision by Lee, APJ, for a panel consisting of Lead APJ Tierney and APJs Lee and Cocks). Not surprisingly, the Board denied Cuozzo's motion. In denying the motion, the Board clarified the meaning and application of its five factors.

Regarding factor 1, the Board stated that:

Critically undermining all aspects of the discovery motion is Cuozzo's misunderstanding of above-identified Factor (1). The essence of Factor (1) is unambiguously expressed by its language, i.e., the requester of information should already be in possession of a threshold amount of evidence or reasoning tending to show beyond speculation that something useful will be

uncovered. "Useful" in that context does not mean merely "relevant" and/or "admissible." In the context of Factor (1), "useful" means favorable in substantive value to a contention of the party moving for discovery. In the conference call held on February 14, 2013, we explained that meaning, in contrast to "relevant" and "admissible" to counsel for each party.

A point the Board attempted to drive home to the Bar in this decision is that the standard for additional discovery in a PTAB trial are not equivalent to what is required to justify discovery in district court litigation. The Board specifically noted that Cuozzo's motion incorrectly rewrote factor 1 to reflect "the standard of discovery applicable in district court litigation" and the Board reiterated that "in the context of Factor (1), 'useful' means favorable in substantive value to a contention of the party moving for discovery."

The Board then identified why Cuozzo's motion failed to meet the "evidence" requirement of factor 1, stating that:

The vast majority of Cuozzo's requested items relate to its potential assertion of secondary considerations of nonobviousness such as long-felt but unresolved need, failure of others, commercial success, and copying by others. Yet, conspicuously absent from Cuozzo's motion is a threshold amount of evidence or reasoning tending to show beyond speculation that the information to be discovered will be "useful" to Cuozzo. For instance, Cuozzo offered no evidence or sufficient reasoning tending to show beyond speculation that Garmin copied Cuozzo's invention, that Garmin had attempted but failed to develop a device having the features of Cuozzo's claimed invention, that Garmin achieved commercial success "because of" any inventive feature recited in Cuozzo's claims under review, or that Garmin recognized that there was a long-felt but unresolved need in the art for a feature implemented by Cuozzo's claimed invention. Note this language in Factor (1) above: "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."

This statement reflects a bit of back pedaling by the Board, compared to its original specification of factor 1. Significantly, the Board originally stated that factor 1 required "evidence tending to show beyond speculation that... something useful will be uncovered" whereas the Board decision refers to "evidence *or reasoning* tending to show beyond speculation" This suggests that the Board now believes that "reasoning" may be sufficient to show that "something useful will be uncovered."

The Board also provided guidance on factors (2)-(5), as noted below.
Regarding factor 2, the Board stated that:

Consideration of Factor (2) weighs against granting Cuozzo's Request for Production No. 5, which reads: "Documents You intend to rely upon at trial or have provided or intend to provide to an expert witness or declarant." ... Garmin is not obligated to keep Cuozzo informed of its positions on substantive issues before Garmin is ready to present them in this review.

This passage indicates that the Board will not authorize discovery of litigation position information.
Regarding factor 3, the Board stated that:

With regard to Cuozzo's potential assertion of long-felt but unresolved need as secondary consideration of nonobviousness, and whether Garmin charged an unusual premium for the "speed limit alert feature," the discovery requests also fail Factor (3) - Ability to Generate Equivalent Information by Other Means. Cuozzo has not adequately explained why it needs Garmin's views to establish what Cuozzo believes had been a long-felt but unresolved need with regard to speed limit indicators. Cuozzo can rely on its own analysis of the state of the art or on the opinions of independent analysts. With regard to the price differential between Garmin products with and without the "speed limit alert feature," Cuozzo can conduct its own market survey and make its own comparison.

This passage indicates that the Board will not authorize additional discovery of information otherwise available to the movant.

Regarding factor 4, the Board stated that:

Factor (4) - Easily Understandable Instructions Factor (4) concerns easily understandable instructions. We have considered the two-page instructions for interrogatories and the two-page instructions for document requests and conclude that the instructions are easily understandable.

Significantly, Cuozzo's original discovery request document was seventeen pages long. The requests in that seventeen page document were whittled down during the hearing on Cuozzo request to file the discovery motion.⁶ Apparently, Cuozzo could not justify to the APJ during the hearing the basis for many of the discovery requests. A party requesting the right to file a motion for additional discovery should be prepared to justify its discovery requests, in view the five factors identified by the Board, during the hearing on the request. One can also infer that the number of pages of the discovery request, in addition to whether the request is understandable, is a significant factor.

Regarding factor 5, the Board stated that:

Factor (5) ... As is explained with sufficient specificity in Garmin's opposition, compliance with the discovery request (except for production of several file histories) requires a very significant expenditure of human and financial resources. Even if Garmin suspects that no document meets a particular request, it is legally obligated to make a diligent search for information. The opposition notes that Garmin has millions of pages of engineering documents that potentially have to be searched to determine if any contain a reference to the "speed limit alert feature."

It is instructive to realize that, in considering factor 5, the Board cited the specific estimates of: the number of documents that would have to be reviewed to comply with the discovery request; the labor hours that would be needed for compliance; and the resulting cost ranges for compliance, as provided in the opposition. The "sufficient specificity" in the opposition allowed the Board to conclude that compliance with the request required "very significant expenditure." Clearly, "sufficient specificity" is beneficial in this situation because it allows the Board to find in favor of the proponent of sufficiently specific assertions.

CONCLUSION

The PTAB has identified five factors that it considers in determining if additional discovery is warranted. Counsel should expect that additional discovery requests will be denied unless they have a very strong showing under the five factors that additional discovery is warranted.

1. I can be reached via telephone at 1-703-415-0012 or via Neifeld.com. I thank Bruce Margulies for helpful comments.
2. See "Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions," 77 FR 48612 (2012), at 48613; 48621-23; and 48636-41.
3. "Unlike in proceedings under the Federal Rules of Civil Procedure, the burden of justifying discovery in Board proceedings would lie with the party seeking discovery." *Id.*, at 48621.
4. The filing of a motion in a PTAB trial requires prior authorization by the Board. 37 CFR 42.20(b).
5. 35 USC 316(a)(5)(B) sets an "in the interest of justice" standard for granting additional discovery in IPR proceedings. 37 CFR 42.224(a) sets a "good cause" standard for granting additional discovery in Post Grant Review (PGR) proceedings. 37 CFR 42.300(a) applies 37 CFR 42.224(a) to Covered Business Method (CBM) proceedings.

6. The mechanism for obtaining authorization to file a motion is via a conference call with the APJ and counsels for the parties. See Office Patent Trial Practice Guide, Section II.A.2 at 77 FR 48763-64.