



Additional discovery

Michael K. O'Neill at FITZPATRICK, CELLA, HARPER & SCINTO examines additional discovery in *inter partes* review proceedings. Part one looks at the *Garmin* factor one.

One of the intriguing aspects of *inter partes* review (IPR) is the availability of discovery. Discovery in the IPR context contemplates those forms of discovery familiar in the context of civil litigation, such as deposition discovery, production of documents and things, interrogatories, admissions and so forth.

Rules applicable to discovery in IPR proceedings differentiate between routine discovery (sometimes called “mandatory” discovery) and additional discovery. In general, routine discovery requires each party to serve exhibits cited in any paper, to make its declarants available for cross examination, and to serve “relevant information that is inconsistent with a position advanced by the party.” Additional discovery, on the other hand, is available only upon motion, and only upon a showing that such additional discovery is “in the interests of justice.”

This article explores the various motions that have been filed for additional discovery in IPR proceedings, and the US Patent Trial and Appeal Board’s (PTAB) treatment of these motions.

Statutory background

Statutory basis for the relevant standard of “in the interest of justice” is found at 35 U.S.C. § 316, as implemented by the America Invents Act (AIA):

35 U.S.C. § 316 Conduct of *inter partes* review.

(a) 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—

(B) what is otherwise necessary in the interest of justice;

As implemented by the USPTO, the “interest of justice” standard is enacted at 37 C.F.R. § 42.51(b)(2), which provides in relevant part as follows:

37 CFR § 42.51 Discovery.

(b)(1) Routine discovery. Except as the Board may otherwise order:

(iii) Unless previously served, a party must serve relevant information that is inconsistent with a position advanced by the party during the proceeding concurrent with the filing of the documents or things that contains the inconsistency....

(b)(2) Additional discovery.

(i) The parties may agree to additional discovery between themselves. 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...”

Congressional debate for AIA suggests that because of the “interests of justice” standard, additional discovery during IPR proceedings will be granted only sparingly. During introduction of the original 2008 patent reform bill, Senator Kyl commented that the discovery standard for *inter partes* review “restricts additional discovery to particular limited situations, such as minor discovery that PTO finds to be routinely useful, or to discovery that is justified by the special circumstances of the case.”¹ Senator Kyl further commented that “[g]iven the time deadlines imposed on these proceedings, it is anticipated that, regardless of the standards imposed in [sections 316 and 326], PTO will be conservative in its grants of discovery.”² The view of PTAB is that the discovery standard in AIA, as enacted in 2011, is identical to that of the original 2008 bill, and that Senator Kyl’s comments are equally applicable.

Thus, in *inter partes* review, discovery is limited as compared to that available in district court litigation.

The five-factor test

In determining the “interest of justice” standard, PTAB has developed a five-factor test, which found its first explicit formulation in an IPR proceeding between Garmin International (as Petitioner), and Cuozzo Speed Technologies (as patent owner). As set out in Paper

Résumé

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number 26 for that case, the so-called “Garmin factors” are as follows:

- 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.³

At this point, it is worthwhile to point out that the “interest of justice” standard reflected by the Garmin factors applies only to *inter partes* review, and not to other post-grant proceedings implemented under AIA. Specifically, post grant review (PGR) and covered business method patent reviews (CBM) both allow for additional discovery, but under a “good cause standard” which PTAB has interpreted as a slightly lower standard than the higher standard of “interest of justice”.⁴ Nevertheless, PTAB has determined that the same Garmin factors useful in IPR proceedings are also useful in PGR and CBM proceedings, with modifications that PTAB itself describes as “slight”.⁵

In IPR proceedings to date, there have been a few dozen motions for additional discovery under the Garmin factors. Most of these motions are filed by the patent owner, seeking evidence of secondary considerations from the files of the Petitioner, and most have been denied. PTAB’s reasons for denial, and its analysis of the five Garmin factors, provide helpful information in determining whether future motions will or will not be successful.

It is also worth noting that PTAB considers the five Garmin factors to be “important”. PTAB has not stated that all five factors must be satisfied; neither has it stated that there is some sort of a balancing test, with factors favoring one party stacked up against factors favoring the other. PTAB’s decisions on motions, however, strongly suggest that in order to obtain additional discovery, there must be full compliance with factor one (in other words, more than a mere possibility that something useful will be found) and substantial compliance with the remaining four factors. More about that later.

The first factor

Most motions were won or lost based on the first factor, which requires more than a mere possibility that something useful will be found. There are two elements of this factor: establishing more than a mere possibility, and establishing that something useful will be found. As explained in the *Garmin* case:

“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.”⁶

In the *Garmin* case, patent owner Cuozzo sought additional discovery in the nature of objective evidence of non-obviousness such as commercial success (information on sales and price differentiation), failed attempts by Garmin, and Garmin’s assessment of the need for the speed alert feature found in Cuozzo’s patent. In its motion, Cuozzo characterized this information as “relevant and admissible”, which is similar to the standard for discovery in civil litigation. In denying Cuozzo’s motion, PTAB took pains to point out, that additional discovery would be granted only for information that rises to the level of “useful”, and not for information that is merely “relevant” or “admissible”:

“We reiterate that in the context of Factor (1), “useful means favorable and substantive value to a contention of the party moving for discovery.”⁷

PTAB also criticized Cuozzo’s motion as failing to show a threshold amount of evidence or reasoning tending to show, beyond speculation, that the information to be discovered even exists. This portion of factor one apparently requires the moving party to come forward with evidence showing that the information sought is not only useful, but is also likely to be in the possession of the other party. Specifically, in the *Garmin* case, PTAB explained:

“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.”⁸

The notion of “usefulness” was also illustrated in the *Garmin* decision. With respect to commercial success, PTAB stated that there was an insufficient showing of nexus between the claimed invention and Cuozzo’s requests for additional discovery. Garmin was thus able to defeat Cuozzo’s motion at least in part by explaining that the Garmin navigational devices include numerous desirable features, of which only one is potentially pertinent, and that Cuozzo had not accounted for the presence of other desirable features as contributing to overall commercial success.

With regard to the secondary factor of failure by others, PTAB stated that even if there was evidence of failure by Garmin, such evidence was irrelevant since failure by others requires evidence that unsuccessful efforts were widespread. Thus, according to PTAB, any failure by Garmin alone is not helpful to a showing of failure by

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others, as it is not sufficiently widespread, and thus is not “useful” as defined by the first Garmin factor.

In the cases surveyed, most motions for the purpose of obtaining evidence of secondary consideration from the files of the Petitioner were similarly unsuccessful. Generally speaking, most motions fail on factor one, with PTAB taking the view that even if there is some evidence of secondary considerations in the files of the Petitioner, such evidence is not “useful” as defined by the first Garmin factor, for the reason that evidence of secondary considerations must be widespread or industry-wide. In addition, PTAB typically determines that the patent owner has failed to show beyond mere speculation that such evidence even exists in the Petitioner’s files. Finally, and skipping ahead for a moment to factor three (ability to



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generate equivalent information by other means), PTAB seems to be telegraphing the patent owner that evidence of secondary considerations, if it exists, is best developed by the patent owner itself through other means which are more closely aligned with the PTAB's view that evidence of secondary considerations must be widespread.

Another example of a situation in which the requested information was determined not to be "useful" is found in *Redline Detection, LLC v Star EnviroTech, Inc.*, IPR 2013-00106. In that case, patent owner Star EnviroTech sought additional discovery on Star's belief that Petitioner Redline was barred from challenging validity of the patent under the doctrine of Assignor Estoppel. As part of their burden under Garmin factor one, Star produced screen shots tending to show that there was a privity relationship that implicated the doctrine of Assignor Estoppel, and further argued that the information sought was "useful" in the sense that it would preclude Redline's challenge to validity.

In its decision, PTAB determined that the doctrine of Assignor Estoppel is not available as a defense in an IPR proceeding.⁹ As a consequence, PTAB also determined that the information sought by STAR could not, as a matter of law, be "useful".

Interestingly, PTAB also commented on the remaining four Garmin factors, in a way that leaves open the question of whether the five Garmin factors are applied in a balancing test, or whether all five factors must together be met. According to PTAB, because of Star's failure to satisfy the first Garmin factor, then even if the remaining four factors weigh in their favor, additional discovery still would not have been granted:

"Patent Owner [Star] addresses the other factors set forth in the [Garmin case] to show that the additional discovery should be granted. Motion 4-8. Nevertheless, even assuming those factors weigh in Patent Owner's favor, for reasons provided above, Patent Owner has not met its burden to show that the additional discovery to demonstrate the existence of or the extent of privity between Petitioner and Mr. Pieroni is necessary in the interest of justice."¹⁰

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Thus, it appears that failure to satisfy the first Garmin factor is determinative and would result in denial of a motion for additional discovery. On the other hand, PTAB has left open the question of whether, having satisfied the first Garmin factors, all four remaining factors must be satisfied, or if the four remaining factors are balanced against each other.

One example of the showing needed to establish "beyond speculation" that evidence exists is found in *Apple v Achates*. In the *Apple* case, patent owner Achates sought additional discovery from Apple to determine whether Apple was late in filing its Petition for *inter partes* review, in view of a related litigation instituted by Achates against various co-defendants that did not include Apple. Achates believed that Apple was nevertheless in a privity relation with these co-defendants, and sought to obtain evidence of the privity relation in its motion for additional discovery. In an effort to show beyond speculation that Apple was in possession of the information, Achates provided an agreement concerning a software development kit (SDK) that Apple allegedly entered into with other iPhone application developers similar to the co-defendants in the related litigation. According to Achates, the indemnification clause of the agreement tended to show that the co-defendants were privies of Apple, such that Apple instituted the IPR proceedings too late.

PTAB rejected this argument, on two independent grounds. First, PTAB faulted Achates for its failure to provide proof that the co-defendants in the related litigation actually signed the SDK Agreement. Second, and even assuming that they did, PTAB found that the indemnification clause does not give rise to a privity relationship, such that nothing in the indemnification clause could prove that Apple instituted IPR proceedings too late.

Successful motions

Successful motions exist; one example, which satisfies factor one, is found in *Corning v DSM*, IPR 2013-00047.¹¹ In this case, Corning had petitioned for invalidity of DSM's patents, asserting that oligomers described in the prior art possessed all characteristics claimed in the DSM patents, even though the prior art documents did not themselves describe these characteristics. In support of their Petition, Corning synthesized certain oligomers described in the prior art, and tested them to show that they intrinsically and inherently possessed the claimed characteristics. Corning's findings were described in a Declaration that accompanied its Petition.

DSM filed a Motion for additional discovery, seeking three categories of evidence: notebooks showing protocols and underlying data concerning the synthesis and testing of the oligomers; actual samples of the oligomers synthesized by Corning; and all testing data inconsistent with the samples relied on by Corning.

PTAB granted the Motion for the first category, namely, notebooks showing the protocols for fabrication of the oligomers and the underlying test data. Corning had argued that the request did not satisfy factor one of the Garmin factors (more than the mere possibility of finding something useful) because, per Corning, its Declarations already provided everything that DSM needed. DSM argued that the Declarations were missing certain critical information necessary to confirm that the oligomers had been fabricated according to protocols described in the prior art, and the PTAB agreed.

The specificity of DSM's motion is instructive. In its opposition, Corning had argued that DSM's request failed to satisfy factor one (more than the mere possibility of something useful) because the Corning Declarations provide everything that DSM would need. DSM, for its part, cited to specific paragraphs of the Declaration, and argued that the Declaration itself showed that the Declaration had

omitted critical information necessary to confirm the composition of the oligomers, and to confirm whether the oligomers had been synthesized according to instructions in the prior art. For example, the prior art from which Corning fabricated its oligomers required a step of verifying completion of a reaction after maintaining a temperature of 70°C for six hours; Corning's Declarations, on the other hand, omitted any reference to a reaction time, and omitted any confirmation that the reaction had been completed according to instructions of the prior art.¹²

PTAB focused strongly on this type of specificity, and it seems that this type of specificity is needed for a successful motion.

Pointedly, PTAB denied DSM's motion for the second category (actual samples of the fabricated oligomers) and the third category (inconsistent testing data). With respect to DSM's request for actual samples of the fabricated oligomers, DSM had argued hardship, asserting that it could take weeks if DSM were forced to synthesize the oligomers by itself. Corning argued that DSM failed factor one of the Garmin factors, asserting at least three different reasons: that DSM did not say how or why it would use the samples; that DSM could create its own samples; and that DSM had not specified how much it needs and Corning has but little which is destroyed during testing.

PTAB agreed with these reasons. Again underscoring PTAB's focus on specificity, PTAB seized on DSM's general statement that "some" of the samples would take several weeks to create, and denied the motion at least partly because DSM had not specified which of the samples were particularly troublesome. Also a factor in PTAB's analysis was its observation that DSM did not specify the quantity required of each sample, and did not persuasively argue that such a sample size would not be unduly burdensome to Corning.¹³

Part two of this article will focus on Garmin factors two through five. It should be clear, however, even from part one's discussion of factor one, that PTAB authorizes additional discovery only sparingly, and only if the motion justifies the very existence of the information sought, and only if it is specific enough to convince PTAB that the requested discovery is specifically limited to a genuine need that is somehow issue-determinative in the IPR proceeding.

The second part of this article, which will appear in the next issue, will focus on Garmin factors two through five.

¹ 154 Cong. Rec. S9988 (daily ed. Sept. 27, 2008)(statement of Sen. Kyl).

² *Id.* at 9988-89.

³ See *Garmin International, Inc. v Cuozzo Speed Technologies, LLC*, IPR 2012-00001, Paper number 26, March 5, 2013. All cases cited in this article can be found at the USPTO's Patent Review Processing System (PRPS), which is PTAB's e-filing (EF) and case management (CM) system for trial proceedings. The direct link for PRPS is <https://ptabtrials.uspto.gov/>

⁴ See *Bloomberg Inc. v Markets-Alert, Pty Ltd.*, CBM 2013-00005, Paper 32, May 29, 2013.

⁵ See *Id.* at pages 4 and 5.

⁶ See *Garmin, id.* at page 7.

⁷ See *Garmin, id.* at page 7.

⁸ See *Garmin, id.* at page 8.

⁹ See *id.*, Paper 31, August 27, 2013 at page 4.

¹⁰ See *Redline, id.* at page 5.

¹¹ The cited *Corning* case is one of ten closely related cases, all between the same two parties, Corning and DSM, with case numbers IPR 2013-00043 through IPR 2013-00050, together with IPR 2013-00052 and IPR 2013-00053. The cited case is representative of similar issues found in the other nine cases.

¹² See Motion by DSM filed June 5, 2013, at pages 10 to 11.

¹³ See *Corning v DSM*, IPR 2013-00047, Paper 24 (June 21, 2013) at 6.

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