

## How PTAB Applies 'Interests Of Justice' Discovery Standard

*Law360, New York (September 09, 2013, 12:15 PM ET)* -- This is the second article in our series of Expert Analysis pieces looking at different aspects of inter partes reviews — the first, “The Intersection Of District Court And Inter Partes Review,” was published on Aug. 26.

Among the changes to the U.S. patent law from the 2011 America Invents Act is the inter partes review proceeding. An IPR allows a third party, who has not previously filed a civil action challenging the validity of a claim of the patent, to petition for a review of the patentability of claims under 35 U.S.C. §§ 102, 103 on the basis of prior art patents or printed publications. The IPR is conducted before a panel of three administrative patent judges on the Patent Trial and Appeal Board.[1]

The rules governing IPR proceedings provide for discovery by the parties. The discovery provided for IPRs, however, is much less than is allowed in district court. The AIA distinguishes between “routine” discovery and “additional” discovery. Routine discovery includes:

- 1) production of exhibits cited in a paper or testimony;
- 2) cross-examination of opposing declarants; and
- 3) “non-cumulative information that is inconsistent with a position advanced during the proceeding.” (See 37 CFR 42.51(b)(1)(i)-(iii).)

All other discovery is considered “additional discovery.” The parties may agree to provide any requested additional discovery. If the parties cannot agree, however, the party seeking discovery may file a motion seeking additional discovery by showing that its requests are “in the interests of justice.” See Rule 41.51(b)(2)(i). Thus, when evaluating the ability to take additional discovery, it is important to understand how the PTAB applies the “interests of justice” standard.

### Application of The “Interests of Justice” Standard in Pre-AIA USPTO Proceedings

The “interests of justice” standard is not new to USPTO proceedings. The Board of Patent Appeals and Interference, the predecessor to the PTAB, has addressed requests for additional discovery under the “interests of justice” standard since the USPTO’s Rules of Practice were amended to provide for discovery in 1971 in certain USPTO proceedings.[2]

One pre-AIA decision that addressed a request for discovery under the interests of justice standard is *Sernyk v. DeBonte*, 72 USPQ2d 1355 (BPAI 2004), in which Sernyk sought additional discovery in an interference proceeding to support its position that a disputed plant line had a prior public use.[3]

The board reviewed the request for additional discovery under the standard of whether granting the request was in the “interests of justice.”[4] The board indicated that “the more speculative the case, the less likely discovery is to be authorized.”[5] The board noted that “if a party can reasonably establish that its opponent or some third-party can supply a missing link to make out a prima facie case, then discovery or testimony may be appropriate.”[6]

In support of its request for additional discovery, Sernyk submitted documents that included statements that the relevant plant line had been “extensively tested in public trials”[7] Based on these submissions, the Board determined that “Sernyk has given [the board] enough in the form of evidence and argument to justify exercising discretion to permit additional discovery and testimony on the issue of whether the ‘public trials’ and associated activities constitute a public use.”[8] Thus, while the standard is high, there are circumstances where the standard can be met.

### **Recent Applications of the “Interests of Justice” Standard in IPR Determinations**

During the first year of the IPR process, the PTAB addressed the standard for additional discovery in several decisions that provide guidance on what discovery the PTAB may allow under the standard.[9]

#### ***Garmin v. Cuozzo***

The first decision is *Garmin International Inc. et al. v. Cuozzo Speed Technologies LLC*, IPR2012-00001, March 5, 2013, Paper No. 26. In *Garmin*, the patent owner Cuozzo filed a motion for additional discovery related to its potential assertion of secondary considerations of nonobviousness.[10] The board listed five factors that it considers in authorizing a motion for additional discovery under the “interests of justice” standard. The five factors the PTAB identified were:

- 1) The request is based on more than a possibility and mere allegation;
- 2) The request does not seek litigation positions and underlying basis;
- 3) The information must be not reasonably available through other means;
- 4) The request is easily understandable; and
- 5) The request is not overly burdensome to answer.[11]

In *Garmin*, the board focused on the first factor: “The mere possibility of finding something useful, and the mere allegation that something useful will be found, are insufficient” to satisfy the “interests of justice” standard. Significantly, the PTAB indicated that “[t]he party requesting discovery should already be in possession of evidence tending to show beyond speculation that in fact something useful will be uncovered.”[12]

The PTAB noted that “useful” in this context does not mean merely relevant and/or admissible, but rather “favorable in substantive value to a contention of the party moving for the discovery.”[13] The PTAB rejected the patent owner’s requests, finding that Cuozzo’s motion lacked a threshold amount of evidence or reasoning required under an “interests of justice” standard.[14]

### ***Microsoft v. Proxyconn***

The second decision is *Microsoft v. Proxyconn*, IPR2012-00026 & IPR2013-00109, March 8, 2013, Paper No. 32. In *Microsoft*, the PTAB denied the patent owner Proxyconn's request for additional discovery on the issue of secondary considerations. The PTAB began their analysis by citing the portion of the AIA legislative history to show that the "interests of justice" were "limited to minor discovery and special circumstances."<sup>[15]</sup>

In denying the request, the PTAB noted that the law for establishing secondary considerations was well established and required the patentee to demonstrate "that the sales were a direct result of the unique characteristic of the claimed invention."<sup>[16]</sup> Despite Proxyconn's arguments that requiring such proof of such a nexus was "premature," the PTAB explained that "a showing of relevance [must] be made by the party seeking additional discovery before the request is granted."<sup>[17]</sup>

### ***Corning v. DSM IP Assets***

The third decision is *Corning Inc. v. DSM IP Assets B.V.*, IPR2013-0043-50, 52 and 53, July 16, 2013, Paper No. 34. In *Corning*, the PTAB reviewed three separate requests by the patent owner for additional discovery: (1) laboratory notebooks containing information and test results relied upon in the proceeding, which was granted, (2) samples of compositions prepared by petitioner and (3) "any test results inconsistent" with petitioner's positions about the properties of the compositions, both of which were denied.<sup>[18]</sup>

In granting the request for additional discovery on the laboratory notebooks, the PTAB was persuaded that the information was "per se useful" under the guidance of *Garman* because the petitioner proffered expert testimony which relied on the details in the laboratory notebooks. The PTAB didn't identify any of the other factors used in *Garmin* as being a basis to deny the request for discovery.

The PTAB denied DSM's remaining requests for additional discovery.<sup>[19]</sup> The PTAB noted that it limited the additional discovery to data underlying the compositions that were relied upon in the petition, and DSM failed to explain "why it needed the information" and "provide[d] no indication that it is in possession of information tending to show beyond speculation that in fact something useful will be uncovered by the request."<sup>[20]</sup>

### **Concluding Observations**

Based on a review of these PTAB decisions, it is apparent that the "interests of justice" standard places a high bar for patent practitioners to obtain additional discovery in inter partes review proceedings. Indeed, the PTAB's additional discovery decisions should be viewed in the context of the statutory deadline imposed on the PTAB to complete patent trials within one year of a decision on an IPR petition:

Limited discovery lowers the cost, minimizes the complexity, and shortens the period required for dispute resolution. There is a one-year statutory deadline for completion of inter partes review, subject to limited exceptions. What constitutes permissible discovery must be considered with that constraint in mind.<sup>[21]</sup>

In view of the PTAB's determinations thus far, discovery in IPR proceedings will likely include "routine discovery" and such "additional discovery" that the parties agree upon. Only in rare circumstances will the parties have sufficient facts to meet the "interests of justice" standard for non-agreed-upon additional discovery. However, as demonstrated by the *Corning* case, there will likely be some circumstances, perhaps rare, where the PTAB will find that the "interests of justice" standard is met and will allow additional discovery.

The next article in this series will discuss decision on institution of IPR.

--By Vic Souto, WilmerHale

*Vic Souto is a special counsel in WilmerHale's New York office.*

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[1] The PTAB is the new name for the Board of Patent Appeals and Interferences.

[2] A full discussion of these early decisions is beyond the scope of this article. Additional discussion can be found in McKelvey, "Discovery Before the Board of Patent Interferences," 58 J.P.O.S. 186 (1976), where former Chief Administrative Patent Judge McKelvey provides examples of requests for additional discovery in patent interference proceedings where the Board determined whether a request satisfied the "in the interest of justice" standard.

[3] 72 USPQ2d at 1357.

[4] Id.

[5] Id. at 1361

[6] Id. at 1361.

[7] Id.

[8] Id.

[9] It is important to note that PTAB panel decisions are not binding on other PTAB panels.

[10] IPR2012-00001, March 5, 2013, Paper No. 26 at 8. Note that Cuozzo first argued that all of its requests were routine, because they merely sought discovery about inconsistent positions. The Board rejected that argument because the requests were not narrowly directed to information known to the petitioner to be inconsistent with positions taken in the petition. They were instead broadly directed at general categories of information that could include, but were not limited to, discovery about inconsistent positions.

[11] IPR2012-00001, March 5, 2013, Paper No. 26 at 6-7.

[12] IPR2012-00001, March 5, 2013, Paper No. 26 at 6.

[13] IPR2012-00001, March 5, 2013, Paper No. 26 at 7.

[14] IPR2012-00001, March 5, 2013, Paper No. 26 at 8.

[15] IPR2012-00026 & IPR2013-00109, March 8, 2013, Paper No. 32 at 4.

[16] Id.

[17] IPR2012-00026 & IPR2013-00109, March 8, 2013, Paper No. 32 at 5.

[18] IPR2013-0043-50, 52 and 53, June 21, 2013, Paper No. 25 at 2.

[19] Id. at 5-7.

[20] Id. at 7.

[21] IPR2012-00001, March 5, 2013, Paper No. 26 at 5-6.

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