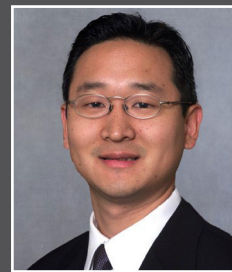


Discovery of Secondary Considerations Information at PTAB

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The Patent Trial and Appeal Board's rules allow parties to request discovery in *inter partes* review proceedings.[1] In light of the strict standard for authorizing "additional discovery," these requests are granted in very limited circumstances. Generally, the PTAB has been reluctant to grant motions for discovery on issues such as secondary considerations. This trend may be shifting. In several recent decisions discussed below, the PTAB has authorized additional discovery concerning secondary considerations issues.

The **Garmin Factors**

There are two types of discovery contemplated in the PTAB rules: "routine discovery" and "additional discovery." [2] Information that falls within the board's definition of "routine discovery" can be obtained without need for prior board authorization. Additional discovery can be requested for a variety of reasons. For example, parties have sought additional discovery of information relating to secondary considerations, real parties in interest, and to make evidence from a related litigation of record in a parallel IPR.

To obtain additional discovery, the moving party bears the burden of demonstrating that the discovery of the requested information is "necessary in the interest of justice." [3] In *Garmin*, the PTAB provided five factors for determining whether additional discovery is warranted:

1. whether the request establishes more than a possibility and mere allegation,
2. whether the request seeks the opposing party's litigation positions and underlying basis for such positions,
3. the moving party's ability to generate equivalent information by other means,
4. whether the moving party's instructions are easily understandable, and
5. whether the request is overly burdensome to answer.[4]

The PTAB has consistently applied the above *Garmin* factors

in deciding motions for additional discovery. Recent PTAB decisions provide guidance on what the PTAB looks for in motions for additional discovery to obtain information concerning secondary considerations.

Requested Information Need Not Be "Determinative of an Issue or Fact" to Be Discoverable

In *Polygroup Limited v. Willis Elec. Col. Ltd.*, IPR2016-00800 (PTAB Jan. 13, 2017), the patent owner requested additional discovery of information to support its commercial success assertions.[5] The patent owner requested discovery of information on the petitioner's sales of certain products including products accused of infringement in a related litigation.[6] The patent owner also sought to obtain various documents from the related litigation identified by Bates number.[7]

Walking through the *Garmin* factors one by one, the PTAB panel partially granted the patent owner's request for sales information.[8] Concerning the first factor, the panel distinguished "order quantity" data from other financial information requested by the patent owner.[9] The panel stressed that the requested information need not "be determinative of an issue or fact" but only needs to be "useful to Patent Owner in arguing its case." [10] Applying such standard, the panel determined that "order quantity" data was useful to "paint a picture of the marketplace before and after the introduction of products with the claimed features ... to show the marketplace's reaction to [the patent owner's] product." [11] The panel indicated that such information is "useful" to the specific commercial success argument made by the patent owner. By contrast, the panel considered that detailed revenue and profit information would not be useful to the specific argument made by patent owner, and thus denied the request for discovery of such information.[12] The panel indicated that while such information might have been useful if the patent owner had argued that aspects of the invention provided cost savings or justified a price premium over other

products, the patent owner did not make such an argument.

Turning to the second Garmin factor, the patent owner's motion requested information regarding the number of "infringing products."^[13] The patent owner later clarified that the request was directed to information regarding accused "Quick Set" products (i.e., the products alleged to be infringing). The PTAB determined that the discovery request did not seek an admission of infringement, and thus was not improper.^[14]

Concerning the third Garmin factor, the panel noted the patent owner's relatively small market share compared to the petitioner's share, and concluded that "the patent owner's information alone cannot show trends of the overall market."^[15] The PTAB also determined that, although the patent owner could have theoretically calculated market share information by contacting hundreds of vendors, such source of equivalent information was not a realistic alternative.^[16]

The fourth Garmin factor was not at issue in Polygroup.^[17] Concerning the fifth factor, the panel gave credit to the petitioner's assertion that the 200-300 man hours required to produce the requested information was burdensome.^[18] However, the panel determined that such burden was significantly mitigated due to the limited scope of the request.^[19]

Failure to Dispute Garmin Factor Allegations May Have Adverse Consequences

In [Baker Hughes Inc. v. Lubrizol Specialty Products Inc.](#), IPR2016-00734 (PTAB Jan. 16, 2017), a PTAB panel granted the patent owner's motion for additional discovery of documents produced in a parallel litigation. The documents related to the petitioner's alleged copying of products embodying the claims at issue in the IPR.

The petitioner argued that the patent owner's discovery request "failed to show beyond speculation that ... Petitioner made efforts to copy Patent Owner's product."^[20] The PTAB panel rejected such argument, noting that "we are not persuaded that it is necessary for Patent Owner to prove its arguments now" in order to authorize discovery.^[21] The PTAB determined that the patent owner had met its burden of showing "more than a possibility and mere allegation that something useful will be discovered" from the requested materials.^[22] Thus, like Polygroup, Baker Hughes makes clear that the moving party's motion for discovery need not prove its substantive argument in order to obtain discovery.^[23] Parties opposing discovery should keep this in mind when formulating responses to discovery requests.

Interestingly, the panel focused its analysis on the first Garmin

factor because the petitioner did not dispute the patent owner's showing with respect to the second, third, fourth and fifth Garmin factors. The panel stated "the first Garmin factor has primary relevance, as Petitioner does not dispute Patent Owner's showing with respect to the remaining Garmin factors."^[24] Thus, to avoid adverse inferences, parties may wish to consider disputing the Garmin factor allegations made by opposing parties, if appropriate.

The Garmin Factors Are Considered as "a Whole," Not as Individual Requirements

In [Seadrill Americas et al. v. Transocean Offshore Deepwater Drilling Inc.](#), IPR2015-01929 (PTAB Oct. 27, 2016), the petitioner requested additional discovery of deposition testimony of a corporate representative from a related litigation concerning a long-felt need.^[25]

The PTAB panel considered each Garmin factor in turn. Concerning the first factor, the petitioner asserted that the deposition testimony was inconsistent with the patent owner's assertions made in the IPR.^[26] In response, the patent owner argued that the corporate representative did not qualify as a fact witness under Fed. R. Evid. 602, and that the testimony would not be useful because the petitioner did not identify alleged inconsistencies with sufficient specificity.^[27] The panel disagreed and determined that information on "the official corporate positions of the patent owner on the subject of secondary considerations of the challenged patents in district court ... will be useful" in this case.^[28]

Concerning the second Garmin factor, the patent owner argued that the corporate representative's testimony concerning secondary considerations were litigation positions, and thus could not be the subject of additional discovery.^[29] The panel disagreed, stating that the second Garmin factor seeks to protect positions taken before the party is ready to present them in litigation.^[30] The panel reasoned that since the corporate representative's testimony was already of record in district court, the second Garmin factor did not prevent discovery.^[31]

The panel determined that the petitioner's showing concerning the third Garmin factor was insufficient because the petitioner incorrectly focused on whether the "same" information — rather than "equivalent" information — could be obtained.^[32] The panel determined that the fourth Garmin factor was met by the petitioner's request for a "single, readily identifiable document," and the fifth factor did not weigh against discovery.^[33]

Thus, despite the moving party's failure to check all five of the Garmin boxes, the panel granted additional discovery. The first

Garmin factor weighed heavily into the panel's decision. The panel explained that the Garmin factors are not assigned equal weight, and that the contribution of each factor "to a whole" is considered.[34]

Conclusion

The above PTAB decisions demonstrate the highly fact-dependent nature of the Garmin analysis. While the PTAB considers the "totality of the circumstances," the first Garmin factor figured prominently in the above decisions. As noted in *Polygroup* and *Baker Hughes*, a motion for additional discovery need not establish that the requested information would result in success on the merits. Rather, the requested information needs to be "useful" in supporting a substantive argument advanced by the moving party. As in *Polygroup*, the PTAB may treat each discovery request on an individual basis, assessing whether the scope of the requested information is sufficiently tied to a specific argument of record made by the moving party.

The fact that other discovery requests in *Polygroup* were denied solely for failure to satisfy the first factor, further highlights the importance of this factor in the overall analysis. [35] As seen from *Baker Hughes*, failure to dispute Garmin factor allegations may have adverse consequences. *Seadrill Americas* demonstrates that the third Garmin factor is not limited to whether the "same" information can be obtained, but rather whether "equivalent" information is available to the moving party.

In the constantly evolving world of PTAB practice and procedure, motions for additional discovery appear to be gaining traction at the PTAB, particularly when it comes to secondary considerations information. The above decisions provide valuable guidance on the PTAB's approach to the Garmin analysis in such context.

[1] 37 C.F.R. § 42.51.

[2] *Id.*

[3] *Id.*

[4] *Garmin Int'l, Inc. v. Cuozzo Speed Techs. LLC*, IPR2012-00001, Paper 26, 6-7 (PTAB Mar. 5, 2013) (precedential).

[5] *Polygroup Limited v. Willis Elec. Col., Ltd.*, IPR2016-00800, Paper 28, at 2 (PTAB Jan. 13, 2017).

[6] *Id.* at 3.

[7] *Id.*

[8] *Id.* at 8-10.

[9] *Id.*

[10] *Id.* at 8-9.

[11] *Id.*

[12] *Id.*

[13] *Id.* at 10.

[14] *Id.*

[15] *Id.* at 11.

[16] *Id.*

[17] *Id.*

[18] *Id.*

[19] *Id.*

[20] *Baker Hughes Inc. v. Lubrizol Specialty Products, Inc.*, IPR2016-00734, Paper 44, at 5 (PTAB Jan. 16, 2017).

[21] *Id.*

[22] *Id.* at 5-6.

[23] *Id.*

[24] *Id.* at 4.

[25] *Seadrill Americas et al. v. Transocean Offshore Deepwater Drilling, Inc.*, IPR2015-01929, Paper 67, at 2 (PTAB Oct. 27, 2016).

[26] *Id.* at 2-4.

[27] *Id.*

[28] *Id.*

[29] *Id.* at 4.

[30] *Id.*

[31] *Id.*

[32] *Id.* at 5.

[33] *Id.*

[34] *Id.*

[35] *Polygroup Limited*, IPR2016-00800, Paper 28, at 13.3.