



Patent Trial and Appeal Board

Precedential

Standard Operating Procedure 2

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Paper No. 26
Entered March 5, 2013

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GARMIN INTERNATIONAL, INC. ET AL.
Petitioner

v.

CUOZZO SPEED TECHNOLOGIES LLC
Patent Owner

Case IPR2012-00001
Patent 6,778,074

Before JAMESON LEE, MICHAEL P. TIERNEY, and JOSIAH C. COCKS,
Administrative Patent Judges.

LEE, *Administrative Patent Judge.*

DECISION
On Motion For Additional Discovery
37 C.F.R. §§ 42.20 and 42.51(b)(2)

INTRODUCTION

The patent owner (“Cuozzo”) has filed a motion for additional discovery. (Paper 21). Petitioner (“Garmin”) has opposed. (Paper 22). Cuozzo has replied. (Paper 25).

Prior to filing of the discovery motion, a conference call was held on February 14, 2013, during which time Cuozzo presented a proposed set of discovery requests and was advised by the Board of five (5) factors which are important in determining what constitutes discovery satisfying the “necessary in the interest of justice” standard under 35 U.S.C. § 316(a)(5). (Paper 20). The Board appreciates the effort expended by Cuozzo in:

1. reducing the number of interrogatories from nineteen to nine;
2. reducing the number of document requests from twenty to ten;
3. shortening instructions for answering interrogatories from nine pages in length to two pages; and
4. shortening the instructions for producing documents from eight pages to two.

Cuozzo’s motion also requests what amounts to the equivalent of a district court litigation deposition of a corporate entity under Fed. R. Civ. P. 30(b)(6) on topics covered by the interrogatories and document requests, for information “that may not be recorded in documents or revealed in interrogatory responses.” (Paper 21, 8:14 to 9:2).

We have considered every item of the discovery request. In its request, Cuozzo disagrees with the Board’s non-final interpretation of the term “integrally attached” in instituting this *inter partes* review. For purposes of this decision on Cuozzo’s motion for discovery, we employ Cuozzo’s interpretation, recognizing that all discussions below apply under either our non-final interpretation or Cuozzo’s proposed interpretation and that the outcome would be no different.

For reasons discussed below, Cuozzo's motion for additional discovery is *denied*.

DISCUSSION

A. Routine Discovery

First, we address Cuozzo's attempt to label all of its document requests and interrogatories as "Routine Discovery" under 37 C.F.R. §§ 41.51(b)(1)(i) and 41.51(b)(1)(iii). In that regard, it is noted that the Board's authorization is not required for Cuozzo to conduct routine discovery. *Office Patent Trial Practice Guide*, 77 Fed. Reg. 48756, 48761 (Aug. 14, 2012).

Under 37 C.F.R. § 41.51(b)(1)(i), "[u]nless previously served or otherwise by agreement of the parties, any exhibit cited in a paper or in testimony must be served with the citing paper or testimony." Under 37 C.F.R. § 41.51(b)(1)(iii), "[u]nless 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" [privileged information excepted].

Cuozzo construes 37 C.F.R. § 41.51(b)(1)(i) as including the file histories of prior art patents relied on by Garmin in its petition for review. That interpretation is unreasonably broad. It is sufficient that Garmin provides copies of the patents relied on in its petition since Garmin did not rely on the file histories of those patents. Cuozzo may independently obtain the file histories of the cited prior art patents if it so desires, through the Patent Application Information Retrieval (PAIR) System available on the USPTO Web site (www.uspto.gov/patents/ebc) or other commercial services.

Cuozzo construes 37 C.F.R. § 41.51(b)(1)(iii) as including discovery requests “tailored to target information inconsistent with positions Garmin has taken in its Petition.” (Paper 21, 7:5-6). The language appears to be in line with the applicable rule by use of narrow terms such as “tailored,” “target,” and “inconsistent with positions Garmin has taken.” In actuality, however, Cuozzo is not referencing information known to Garmin to be inconsistent with positions taken in the petition. Rather, Cuozzo casts a wide net directed to broad classes of information which may not include anything inconsistent with positions taken by Garmin.

Routine discovery under 37 C.F.R. § 41.51(b)(1)(iii) is narrowly directed to specific information known to the responding party to be inconsistent with a position advanced by that party in the proceeding, and not broadly directed to any subject area in general within which the requesting party hopes to discover such inconsistent information. Cuozzo’s attempt to label very broad discovery requests as narrowly tailored routine discovery is misplaced.

Also, under 37 C.F.R. § 41.51(b)(1)(iii), the time for serving such routinely discoverable inconsistent information is concurrent with the filing of documents or things that contains the inconsistency. Nothing in Cuozzo’s motion persuades us that Garmin has failed to comply with “routine discovery” under 37 C.F.R. § 41.51(b)(1)(iii), under our construction of the rule provision as discussed above. However, to assist in alleviating any concern, we will in the order section of this decision ask each party to confirm that up to now in this *inter partes* review it has produced all information covered by 37 C.F.R. § 41.51(b)(1)(iii) as routine discovery.

B. Additional Discovery

Under the Leahy-Smith America Invents Act, discovery is available for the deposition of witnesses submitting affidavits or declarations and for “what is otherwise necessary in the interest of justice.” 35 U.S.C. § 316(a)(5); *see also* 37 C.F.R. § 42.51(b)(2)(“The moving party must show that such additional discovery is in the interests of justice”). That is significantly different from the scope of discovery generally available under the Federal Rules of Civil Procedure.

Congressional debate for the Leahy-Smith America Invents Act indicates that discovery standards under that legislation for *inter partes* review are identical to the standards in the original patent reform bill introduced by Senator Kyl in 2008. 157 Cong. Rec S1375-76 (daily ed. Mar. 8, 2011). During introduction of the 2008 bill, Senator Kyl commented on the discovery standard for *inter partes* review, noting that it “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.” 154 Cong. Rec. S9988 (daily ed. Sept. 27, 2008)(statement of Sen. Kyl). 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.” *Id.* at 9988-89.

Thus, in *inter partes* review, discovery is limited as compared to that available in district court litigation. 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. 35 U.S.C. § 316(a)(11); *see also* 37 C.F.R. § 42.100(c). What constitutes permissible discovery must be considered with that constraint in mind.

The statutory standard is “necessary in the interest of justice.” 35 U.S.C. § 316(a)(5). We have previously advised Cuozzo, in an order authorizing the filing of a motion for additional discovery, that the following factors are important (Paper 20, 2-3):

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.

Factor (1) – More Than a
Possibility and Mere Allegation

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.

In its motion, Cuozzo re-wrote Factor (1) as "Likely to Yield Relevant, Admissible Evidence." (Paper 21, 9-11). The rewritten factor is incorrect, is very similar to the standard of discovery applicable in district court litigation, and is in sharp contrast to what Factor (1) means. We reiterate that in the context of Factor (1), "useful" means favorable in substantive value to a contention of the party

moving for discovery. That notion is missing entirely from Cuozzo's rewritten factor.

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."

With regard to Cuozzo's potential assertion of commercial success as a secondary consideration of nonobviousness, there is an insufficient showing of nexus between the claimed invention and Cuozzo's discovery requests. Cuozzo has not made a sufficient threshold showing that the requested sales and pricing information are for units the sales of which are due to an inventive feature claimed by Cuozzo. Cuozzo has not accounted for the presence of other desirable features implemented on the same units for which sales and pricing information are

requested. Cuozzo has not even represented that the units for which sales and pricing information are requested do not embody significant and desirable features not recited in Cuozzo's claims under review. Garmin in its opposition represents that the "speed limit alert feature" is but only one out of numerous features provided in Garmin's navigational devices. (Paper 22, 12). We note, in particular, that although the claims under review require a global positioning system receiver, none requires that global positioning system receiver to provide assistance in vehicle navigation. Thus, if Garmin's devices are navigational devices and if navigational assistance is a substantial and desirable feature, Cuozzo's requests lack critical nexus with its claimed invention. At least Interrogatory Nos. 3-7 and Request for Document Nos. 3, 4, 6, and 8 are adversely affected thereby.

With regard to Cuozzo's potential assertion of failure by others as secondary consideration of nonobviousness, we note that an allegation of failure by others is not evidence of nonobviousness unless it is shown that widespread efforts of skilled workers having knowledge of the prior art had failed to find a solution to the problem. *In re Allen*, 324 F.2d 993, 997 (CCPA 1963). Any failure by Garmin alone does not establish widespread failure by skilled workers in the art attempting to solve the same problem. Absent in Cuozzo's motion is a threshold amount of evidence tending to show that any skilled artisan having knowledge of the pertinent prior art had tried but failed to solve a problem related to speed limit alert indication. And even assuming that there are others who have tried but failed to solve a speed limit alert indication problem, Cuozzo has not set forth a threshold amount of evidence tending to show that Garmin itself had also tried but failed to solve that problem. At least Interrogatory No. 9 is adversely affected thereby.

Cuozzo speculates that Garmin charged an unusual premium for its navigation units on the basis of the “speed limit alert feature.” (Paper 21, 11). Cuozzo requests information to substantiate that speculation. For instance, Request for Production No. 3 states: “License, settlement, co-development, or technology transfer agreements directly related to the speed limit alert feature.” Request for Production No. 4 states: “To the extent the speed limit alert feature is discussed or addressed in them, Agreements between You and any customer, supplier, reseller, or distributor (including JVC Kenwood and Chrysler and excluding End-User License Agreements).” Request for Production No. 6 states: “Market analysis, market projections, projections, or roadmap Documents discussing Your decision to develop and commercialize the speed limit alert feature in Garmin products.” Request for Production No. 8 states: “Documents sufficient to show the incremental commercial value of the speed limit alert feature included in Garmin’s Personal Navigation Devices” Interrogatory Nos. 3-5 are similar.

However, Cuozzo has not presented a threshold amount of evidence or reasoning tending to show beyond speculation that Garmin was able to charge or demand a premium in the sense of unusual high price specifically for or on account of the “speed limit alert feature.”

Request for Production No. 9 states: “Documents relating to the ‘074 patent, the inventor Guiseppe [sic] Cuozzo, or discussions YOU had with Mr. Cuozzo about his invention.” Request for Production No. 10 states: “The file history for U.S. Patent No. 8,258,878 [Garmin’s own patent on a navigation device], any agreements relating to it, and Documents discussing the ’074 [Cuozzo’s patent

under review] or Guiseppe [sic] Cuozzo in connection with the '978 patent.” Interrogatory Nos. 1, 7, and 8 are directed to Garmin’s own technical development and introduction of a “speed alert/warning feature.”

Presumably, Request for Production Nos. 9 and 10 and Interrogatory Nos. 1, 7, and 8 pertain to Cuozzo’s potential assertion of copying by Garmin as a secondary consideration of nonobviousness. However, Cuozzo failed to present a threshold amount of evidence or reasoning tending to show beyond speculation that Garmin copied from Cuozzo. Accompanying the motion is a declaration of Cuozzo’s sole inventor Giuseppe A. Cuozzo. (Ex. 2006). Paragraphs 3 and 4 of that declaration are reproduced below:

3. After my patent issued, I contacted Garmin by telephone because I noticed Garmin was selling a navigation device with a speed limit warning function. I asked to speak to someone in Garmin product development and eventually was contacted by a Garmin lawyer. I gave the number of my patent to the Garmin representative.

4. The Garmin lawyer told me that my claims did not cover Garmin’s navigation devices because, according to the Garmin lawyer, my patent covered a system built in to the vehicle and their devices did not have a gauge cluster.

The above-quoted testimony establishes, at best, only that a Garmin lawyer had evaluated Cuozzo’s patent and determined that Garmin’s devices did not infringe. It does not even establish that Garmin was aware of Cuozzo’s patent prior to making its navigation devices having a “speed limit alert feature.” Even assuming infringement of Cuozzo’s claims under review by Garmin’s devices,

which is a matter we do not determine, that is not evidence of copying. Garmin might well have independently conceived of and developed the invention.

Under Federal Circuit jurisprudence, not every competing product that arguably falls within the scope of a patent is evidence of copying, because otherwise every infringement suit would automatically confirm the nonobviousness of the patent. *Wyers v. Master Lock Co.*, 616 F.3d 1231 (Fed. Cir. 2010); *Iron Grip Barbell Co. v. USA Sports, Inc.*, 392 F.3d 1317, 1325 (Fed. Cir. 2004). Copying as objective evidence of nonobviousness requires evidence of effort to replicate a specific product. *Wyers*, 616 F.3d at 1246; *Iron Grip Barbell Co.*, 392 F.3d at 1325. As we have stated above, Cuozzo failed to present a threshold amount of evidence or reasoning tending to show beyond speculation that Garmin copied from Cuozzo.

With regard to Cuozzo's potential assertion of long-felt but unresolved need as secondary consideration of nonobviousness, Cuozzo has not set forth a threshold amount of evidence or reasoning tending to show that Garmin recognized that there had been a long-felt but unresolved need with regard to a speed limit alert indicator. At least Interrogatory Nos. 1, 2, 5, and 7-9, and Request for Document Nos. 3, 4, and 6 are adversely affected thereby.

On page 1 of the motion, Cuozzo states generally that it seeks to discover the identity of Garmin's privies. In that regard, Interrogatory No. 6 states: "If any non-Garmin entity owns or has an interest in the speed limit alert technology or intellectual property, please identify the entities and Describe their respective interest." The motion does not explain for what purpose Cuozzo seeks the identity of Garmin's privies and a description of their respective interests. It is thus

unknown in what manner Cuozzo expects the answer to the interrogatory to be “useful” in this review. During the telephone conference conducted on February 14, 2013, we already advised counsel for Cuozzo that the Federal Rules of Civil Procedure do not apply in inter parte review and that Cuozzo must apply the rules for *inter partes* review regarding joinder of another party including a privy.

Factor (2) -- Litigation
Positions and Underlying Basis

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.” In Factor (2), we indicate that asking for the other party’s litigation positions and the underlying basis for those positions is not necessary in the interest of justice. Also in Factor (2), we indicate that the Board has established rules for the presentation of arguments and evidence and that there is a proper time and place for each party to make its presentation, and that a party may not attempt to alter the Board’s trial procedures under the pretext of discovery. If and when Garmin presents affidavit or declaration testimony to support any position it maintains, Cuozzo has an opportunity to cross-examine the affiant or declarant with regard to the basis of the testimony. Garmin is not obligated to keep Cuozzo informed of its positions on substantive issues before Garmin is ready to present them in this review.

Factor (3) -- Ability to Generate
Equivalent Information by Other Means

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. Further applying Factor (3), we note that Garmin need not produce the file histories of prior art references relied upon by Garmin in its petition, which is the subject of Request for Production No. 7, or the file history for Patent 8,258,978, which is the subject of Request for Production No. 10.

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.

Factor (5) – Not Overly Burdensome to Answer

In Factor (5), we consider whether the requests are overly burdensome to answer, given the one-year statutory deadline for *inter partes* review. The burden includes financial burden, burden on human resources, and burden on meeting the time schedule of this review. Requests should be sensible and responsibly tailored according to a genuine need.

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." The opposition also notes that responding to Interrogatories 3 and 4 will likely require 20-30 hours of time to compute the information on a product-by-product basis because of the manner in which Garmin maintains its financial data. (Paper 22, 8).

Garmin's estimate is that responding to the document requests could require approximately 75-125 labor hours and cost \$22,500-\$37,500 dollars, that responding to the interrogatories could require approximately 50-75 labor hours and cost \$15,000-\$22,500 dollars, and that the cost of producing one or more persons to testify at a deposition could require approximately 50-75 labor hours and cost \$15,000-\$22,500 dollars. (*Id.* at 8-9). The total cost estimate is \$52,500 to \$82,500.

The burden imposed on all parties for meeting the time schedule of this *inter partes* review is also a consideration under Factor (5). Garmin filed its petition on September 16, 2012. Cuozzo waived its right to file a preliminary response. We instituted review on January 9, 2013. Cuozzo first requested authorization to file a

motion for discovery on February 14, 2013. We cannot conclude on these facts that Cuozzo unduly delayed its request for additional discovery.

In considering whether the requests are responsibly tailored according to a genuine need under Factor (5), however, we identify Document Request No. 1 as failing in that regard. It reads as follows: “Documents and Things You considered in preparing Your responses to patent owner’s Interrogatories.” The undue breadth of such a request is self-evident. It suffices to say only that the documents and things need not contain anything useful or even relevant. The more thoughtful and diligent the respondent is in answering the interrogatories by considering the “potential” relevance of more items, the more items need to be produced regardless of usefulness and relevance. There is no valid reason for such an all-encompassing demand.

The Request for Deposition in the
Manner of Fed R. Civ. P. 30(b)(6)

Cuozzo requests deposing a representative of Garmin under Fed. R. Civ. P. 30(b)(6), on many of the same topics addressed by its Interrogatory Nos. 1-9 and request for Documents 1-10. Thus, all of the problems and deficiencies discussed above with respect to interrogatories and document production requests equally apply to the deposition request where the subject areas overlap.

CONCLUSION

For reasons discussed above, we conclude that Cuozzo’s motion has not met the “necessary in the interest of justice” standard for any one of the requested items of discovery in its proposed Interrogatory Nos. 1-9, proposed Request for

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Document Production Nos. 1-10, and proposed deposition of a Garmin representative pursuant to Federal Rule of Civil Procedure 30(b)(6).

ORDER

It is

ORDERED that Cuozzo's motion for additional discovery is *denied*; and
FURTHER ORDERED that each party shall, within five days of the date of this communication file a paper to confirm whether it has, up to March 4, 2013, complied with the requirements of routine discovery under 37 C.F.R. § 41.51(b)(1)(iii).

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