

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SATCO PRODUCTS, INC.,
Petitioner,

v.

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA,
Patent Owner.

IPR2021-00662
Patent 10,644,213 B1

Before JENNIFER S. BISK, CHRISTOPHER L. CRUMBLEY, and
STEVEN M. AMUNDSON, *Administrative Patent Judges*.

BISK, *Administrative Patent Judge*.

ORDER
Denying Patent Owner's Motion for Additional Discovery
37 C.F.R. § 42.51(b)(2)

Following a conference call with the parties on January 27, 2022, we authorized Patent Owner to file a Motion for Additional Discovery (“Motion,” or “Mot.”) and Petitioner to file an Opposition (“Opposition,” or “Opp.”) to the Motion in each of the above captioned proceedings. Paper 22.

With its Motion (Paper 23), Patent Owner presents one proposed Request for Production (Ex. 2008, “Request”). Mot. 1. Petitioner filed an Opposition (Paper 24).

After considering the arguments and evidence before us, we determine that it is not in the interests of justice to grant Patent Owner’s Motion.

A. Background

Patent Owner seeks “information sufficient to show Petitioner’s sales revenue for certain of its filament light emitting diode (‘LED’) products” (“the accused products”), as is “relevant to objective indicia of non-obviousness, and more particularly, the commercial success of products that embody the claimed inventions in the ’213 patent.” Mot. 1. Relevant to this request is an ITC dispute between the parties involving four patents related to the ’213 patent. *See Certain Filament Light-Emitting Diodes and Products Containing Same (II)*, Investigation No. 337-TA-1220, before the United States International Trade Commission (hereinafter, “the ITC Litigation”). Although Petitioner produced information in the ITC Litigation regarding its inventory of the accused products, no information was produced that shows the revenues generated by those products. *Id.* at 2. Patent Owner now seeks that revenue information.

The ITC issued an Initial Determination that the accused products do not meet the “sapphire plate” and “molding” limitations of the claims at

issue in that proceeding. Ex. 2009. Both parties appear to agree that the claims of the '213 patent, at issue here, also encompass the “sapphire plate” and “molding” limitations, although those terms have not been specifically addressed at this point in this proceeding. *See* Mot. 5–8 (noting that the ITC’s claim constructions are not binding on the PTAB and that even if those constructions are adopted, Patent Owner intends to show that the accused products meet the limitations under the doctrine of equivalents); Opp. 1. Patent Owner notes that the ITC’s Initial Determination is non-final and asserts that upon completion of the ITC litigation, it may appeal that decision. Mot. 2.

Petitioner opposes the Motion and Request, arguing that “allowing new discovery into this issue is not ‘likely to be favorable in substantive value’ to Patentee’s contentions” because both infringement and commercial success were litigated at the ITC. Opp. 2–3.

B. Patent Owner’s Request

Patent Owner’s request is as follows:

Documents sufficient to show Petitioner’s gross revenue derived from sales of the Accused Products throughout the entire period during which the Accused Products have been sold, up to an including the most recent date such information is available.

Ex. 2008, 2. Patent Owner defined “Accused Products” to mean an unknown number of products listed in a spreadsheet produced in the ITC Litigation, which Patent Owner identified by production number.¹ *Id.*

¹ Patent Owner defines Accused Products as all but 10 products in a spreadsheet that is not a part of the record.

C. Analysis

To conduct additional discovery, a requesting party must demonstrate that “such additional discovery is in the interests of justice.” 37 C.F.R. § 42.51(b)(2)(i). We consider the five *Garmin* factors in assessing whether this standard has been met: (1) whether there exists more than a possibility and mere allegation that something useful will be discovered; (2) whether the requests seek the other party’s litigation positions and the underlying basis for those positions; (3) whether the moving party has the ability to generate equivalent information by other means; (4) whether the moving party has provided easily understandable instructions; and (5) whether the requests are overly burdensome to answer. *Garmin Int’l, Inc. v. Cuozzo Speed Techs. LLC*, IPR2012-00001, Paper 26 at 6–7 (PTAB Mar. 5, 2013) (precedential) (“*Garmin*”).

1. Garmin Factor 1—Useful Information

The main issue between the parties in this discovery dispute is whether the information requested will show that the Accused Products are commercially successful. To demonstrate nonobviousness based on commercial success, a patent owner must provide evidence of both commercial success and a nexus between that success and the merits of the claimed invention. *See Fox Factory Inc. v. SRAM, LLC*, 944 F.3d 1366, 1373 (Fed. Cir. 2019).

According to Patent Owner, “sales revenue for Petitioner’s filament LED products is ‘favorable in substantive value’ to Patent Owner’s contention that their commercial success demonstrates non-obviousness” and that such information “is the type of information businesses generally keep, so it is not at all speculative that the discovery request will uncover

useful information.” Mot. 3–4. In addition, Patent Owner asserts that there is no requirement to prove nexus as prerequisite to discovery, and that it intends to make such a showing in its forthcoming Patent Owner Response. *Id.* at 4. Patent Owner provides “a preliminary exemplary claim chart showing where each limitation in claims 1-2 of the ’213 patent can be found in one of Petitioner’s products.” *Id.* at 5 (citing Ex. 2013). Finally, Patent Owner asserts that the Initial Determination’s findings and claim constructions are not binding on the Board. *Id.* at 6.

Petitioner argues that Patent Owner should not be allowed to relitigate the infringement findings of the ITC. Opp. 4–5. According to Petitioner, a reversal of the Initial Decision by the Commission is unlikely. *Id.* at 7. In addition, Petitioner asserts that Patentee has not shown that “Satco’s sales are ‘significant’ in the relevant context” of “more than 3000 products sold by 15 different companies.” *Id.* at 6. Finally, Petitioner asserts that Patent Owner should be restricted to evidence from the ITC Litigation because “it cannot be ‘necessary in the interest of justice’ to allow Patentee to take discovery here that it could have obtained in the ITC but did not.” *Id.* at 8.

Patent Owner has not sufficiently shown a nexus between the Accused Products and the claims. Petitioner points out that at the ITC, more than 3000 products, sold by at least 15 different companies, were accused of practicing the patents at issue. Opp. 5–7. As discussed above, the ITC found that none of these products embody the patents related to the ’231 patent. *See* Ex. 2009. Patent Owner does not indicate how many of those 3000 products are at issue in this Request and only provides a claim chart for

one product.² Therefore, even if we were to accept Patent Owner’s claim chart as a threshold showing of nexus, we have no way of knowing if this showing of nexus on one product is a large or negligible percentage of the total number of products on which they are requesting discovery.

Moreover, even if we assume that the number of products in this Request is small, this leads to another issue unaddressed by Patent Owner: How will it be able to show that sales of the small number of products covered by the Request is significant, given the presumably large number of products in the market that do not embody the claims of the ’231 patent?

We are, therefore, not persuaded that Patent Owner has made the requisite showing that useful information will be uncovered, and we find that this factor weighs heavily towards denying Patent Owner’s motion.

2. Garmin Factor 2—Litigation Positions

The parties agree that Patent Owner’s Request does not seek Petitioner’s underlying litigation positions. Mot. 8; Opp. 9.

3. Garmin Factor 3—Equivalent Information

Patent Owner asserts that Patent Owner does not have access to the information requested and there is no alternative means to obtain this information since discovery has closed in the ITC Litigation and the related district court proceeding is currently stayed. Mot. 8–9. Patent Owner notes that “Petitioner expressly declined to stipulate that the information currently available to Patent Owner (inventory numbers and sales price for each product) is equivalent to sales revenue.” *Id.* at 9.

² We know only that Patent Owner’s Request covers 10 fewer (or at most 2990) products than were at issue in the ITC Litigation.

Petitioner asserts that “Patentee has not explained why is unable to simply rely on the evidence of record in the ITC” because in that proceeding “Patentee has the opportunity to take discovery is a setting where discovery is encouraged, not limited.” Opp. 9.

We agree with Patent Owner that it does not have access to the information requested and, therefore, this factor weighs in favor of granting Patent Owner’s Motion.

4. Garmin Factors 4 and 5—Burden

Patent Owner asserts the Request is easily understandable. Mot. 9. In addition, Patent Owner asserts that on the January 27, 2022, conference call Petitioner represented “it would only take Petitioner a matter of hours to collect the information.” *Id.*

Petitioner agrees that it understands Patent Owner’s request. Opp. 10. Petitioner also agrees that “it is not burdensome to Petitioner to produce sales information for its own products.” *Id.* However, Petitioner argues that “the burden required to contextualize that sales information is likely significant, because as explained above there are more than 3000 products from fifteen different companies that Patentee has accused of infringement” and “Petitioner may need to obtain additional discovery of its own to rebut Patentee’s arguments” and such third party information “is likely to be considered confidential and sensitive.” *Id.*

We agree with Patent Owner that responding to the Request would be minimally burdensome to Petitioner. We are not persuaded otherwise by Petitioner’s speculation that it may need to request further discovery that, itself, may be difficult to obtain. Accordingly, we find that this factor weighs in favor of granting Patent Owner’s Motion.

5. Conclusion

Patent Owner, as the moving party, bears the burden to establish that additional discovery is warranted. Upon consideration of the *Garmin* Factors, Patent Owner has not persuaded us that the additional discovery is necessary in the interest of justice. Accordingly, we deny Patent Owner's Motion to Compel Additional Discovery. Accordingly, it is

ORDERED that Patent Owner's request for additional discovery is DENIED.

PETITIONER:

Heath Briggs
Barry Schindler
Andrew Sommer
Julie Bookbinder
Joshua Raskin
GREENBERG TRAURIG, LLP
briggsh@gtlaw.com
schindlerb@gtlaw.com
sommera@gtlaw.com
bookbinderj@gtlaw.com
raskinj@gtlaw.com

PATENT OWNER:

Jennifer Haynes
Shawn Hansen
Seth Levy
Evan Langdon
NIXON PEABODY LLP
jenhaynes@nixonpeabody.com
shansen@nixonpeabody.com
langdon@adducci.com
slevy@nixonpeabody.com