

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SCHOTT GEMTRON CORP.,
Petitioner,

v.

SSW HOLDING CO., INC.,
Patent Owner.

Case IPR2014-00367
Patent 8,286,561 B2

Before JUSTIN T. ARBES, PHILIP J. HOFFMANN, and
GEORGIANNA W. BRADEN, *Administrative Patent Judges*.

BRADEN, *Administrative Patent Judge*.

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

I. INTRODUCTION

Patent Owner SSW Holding Company, Inc. filed a motion for additional discovery in the instant proceeding (Paper 14, “Mot.”), and Petitioner SCHOTT Gemtron Corporation filed an opposition (“Opp.”) (Paper 16, non-public, unredacted version; Paper 17, public, redacted version). For the reasons stated below, Patent Owner’s motion is *denied*.

Patent Owner seeks additional discovery pertaining to its assertion of commercial success and copying as secondary considerations of nonobviousness. Mot. 1. In particular, Patent Owner requests the following discovery from Petitioner:

REQUEST NO. 1: For the time period January 1, 2012 through present, documents sufficient to identify Gemtron’s total annual sales (in both units and dollar amount) for each of the following [Whirlpool Corporation (“Whirlpool”)] part numbers: W10570181, W10590947, W10493529, W10467454, W10387804, W10467468, W10387827, W10467453, W10467425, W10467426, W10676490, W10467424, W10470655, W10467392, W10445735, W10387807, W10387805, W10447576, W10467466, W10487646, W10447575, W10493521, W10493522, W10564571, W10564629, W10673457, W10673458, W10696668, W10669153N, W10564571N, W10493521N, W10570181N, W10590947N, W10493529N, W10467454N, W10467425N, W10467426N, W10467424N, and W10470655N.

REQUEST NO. 2: For the time period May 21, 2009 through August 1, 2012, all Gemtron documents or communications, internal or external, comprising, including, or attaching any version of the following Whirlpool drawing numbers: W10269109, W10269108, W10260993, and W10387806.

Petitioner filed a motion to seal conditionally Exhibit 1111 and Petitioner's Opposition. Paper 19. As explained below, we are able to decide Patent Owner's motion without referencing Exhibit 1111 and, therefore, need not reach the merits of Petitioner's motion to seal.

II. ANALYSIS

Pursuant to the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) ("AIA"), certain discovery is available in *inter partes* review proceedings. 35 U.S.C. § 316(a)(5); *see* 37 C.F.R. §§ 42.51-53. Discovery in an *inter partes* review proceeding, however, is less than what is normally available in district court patent litigation, as Congress intended *inter partes* review to be a quick and cost effective alternative to litigation. *See* H. Rep. No. 112-98 at 45-48 (2011). A party seeking discovery beyond what is expressly permitted by rule must do so by motion, and must show that such additional discovery is "necessary in the interest of justice." 35 U.S.C. § 316(a)(5); *see* 37 C.F.R. § 42.51(b)(2)(i). The legislative history of the AIA makes clear that additional discovery should be confined 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. S9988-89 (daily ed. Sept. 27, 2008) (statement of Sen. Kyl). In light of this, and given the statutory deadlines required by Congress for *inter partes* review proceedings, we are conservative in authorizing additional discovery. *See id.*

We consider various factors in determining whether additional discovery in an *inter partes* review proceeding is necessary in the interest of justice, including the following:

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.

...

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.

...

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.

Garmin Int'l, Inc. v. Cuozzo Speed Techs. LLC, IPR2012-00001, Paper 26 at 6-7 (Mar. 5, 2013). “Useful” in the context of the first factor above means “favorable in substantive value to a contention of the party moving for discovery,” not just “relevant” or “admissible.” *Id.* at 7.

On this record, regarding Patent Owner’s first request, we conclude Patent Owner has not met its burden to demonstrate that discovery of the requested financial information is necessary in the interest of justice. Patent Owner has not provided a threshold amount of evidence to show (1) sales allegedly amounting to commercial success, or (2) an alleged nexus between the claimed inventions and any commercial success of Petitioner’s products.

While a conclusive showing of either is not necessary at this stage, *some* evidence is needed to establish that there is more than a mere possibility that Patent Owner’s request would uncover something useful. Patent Owner also has not demonstrated sufficiently that the requested information is not available through other means or that the requests are not overly burdensome to answer.

First, commercial success typically is shown with evidence of “significant sales in a relevant market.” *Ormco Corp. v. Align Tech., Inc.*, 463 F.3d 1299, 1312 (Fed. Cir. 2006) (citation omitted). Patent Owner argues that its “patented hydrophobic shelves have experienced significant commercial success,” and, “[Petitioner] also enjoyed similar commercial success.” Mot. 2. As support, Patent Owner cites testimony from Bradley M. Nall, an employee of Patent Owner, that, since 2010, Patent Owner’s shelf has experienced growth in sales and market share due to Patent Owner’s patented technology. Mot. 2 (citing Ex. 2020 ¶¶ 13–22, 29–39). Mr. Nall further testifies that Patent Owner’s sales of hydrophobic shelves grew to approximately \$3.2 million dollars in 2013 (Ex. 2020 ¶ 17), while Petitioner’s sales amounted to \$11.9 million dollars in 2013 (*id.* ¶ 27, citing Ex. 2037). Patent Owner, however, does not cite sufficient evidence indicating that those sales would be considered significant in the relevant market. Although \$11.9 million in sales by the Petitioner may appear to be significant, the burden is on Patent Owner to provide sufficient evidence to show, beyond mere speculation or a mere possibility, that Petitioner’s sales were significant enough in the relevant market to constitute commercial success and that the requested discovery would, therefore, return useful

information. Patent Owner has not provided sufficient evidence to meet its burden.

Second, to establish a proper nexus between a claimed invention and the commercial success of a product, a patent owner must offer “proof that the sales [of the product] were a direct result of the unique characteristics of the claimed invention—as opposed to other economic and commercial factors unrelated to the quality of the patented subject matter.” *In re Huang*, 100 F.3d 135, 140 (Fed. Cir. 1996). In addition, “if the commercial success is due to an unclaimed feature of the device,” or “if the feature that creates the commercial success was known in the prior art, the success is not pertinent.” *Ormco*, 463 F.3d at 1312; *see also In re Kao*, 639 F.3d 1057, 1070 (Fed. Cir. 2011) (requiring a determination of “whether the commercial success of the embodying product resulted from the merits of the claimed invention as opposed to the prior art or other extrinsic factors”).

As evidence of nexus, Patent Owner provides the declaration of John Driver, another employee of Patent Owner. Mot. 2; Ex. 2103 ¶¶ 13-21. Mr. Driver states that he reviewed royalty reports from Whirlpool showing Whirlpool’s purchases of hydrophobic spill proof shelves from Petitioner. Ex. 2103 ¶ 9 (citing Exs. 2101, 2102). Mr. Driver further states that he inspected one of Petitioner’s hydrophobic spill proof shelves that had been purchased by Mr. Nall. *Id.* ¶ 16. According to Mr. Driver, Petitioner’s shelf meets the limitations of at least claim 3 of the ’561 patent. *Id.* ¶ 15. Although Mr. Driver provides some explanation as to why he believes the shelf to meet the limitations of the claims, *see id.* ¶¶ 13–18, Patent Owner does not point out sufficient evidence of nexus between the claimed invention and Petitioner’s product *with respect to Petitioner’s sales*. Mr.

Driver's testimony does not sufficiently tie the claimed elements in Petitioner's product to Petitioner's sales.

As further evidence of nexus, Patent Owner provides the declaration of Richard Bruce Mills, a former Whirlpool employee. Mot. 3; Ex. 2005 ¶¶ 5-7. Mr. Mills states that in 2008, Patent Owner approached Whirlpool regarding a new shelf design with a hydrophobic spill containment feature, and that he believes that Patent Owner's design was the reason Whirlpool bought shelves from Patent Owner. *Id.* Mr. Mills's testimony regarding Whirlpool's purchases from *Patent Owner*, however, is not indicative of Whirlpool's reasons for buying from *Petitioner*. Indeed, Mr. Mills lacks any personal knowledge of Whirlpool's purchases from Petitioner during the relevant time period because he left Whirlpool in 2011, before the 2012-2014 sales for which Patent Owner seeks discovery. *See* Ex. 2005 ¶ 3. Other evidence submitted by Patent Owner—Whirlpool literature and news articles—also does not amount to a threshold level of proof of nexus, as it also is not tied to Petitioner's sales and mentions numerous features of Whirlpool appliances. *See* Exs. 2006-13; Mot. 3. Absent some evidence of nexus with respect to Petitioner's sales, Patent Owner cannot demonstrate that its discovery request is likely to uncover something useful.

Patent Owner also has not addressed its ability to generate the requested information without need of discovery. Patent Owner's evidence of Petitioner's actual sales was gathered allegedly from an account manager at Whirlpool and then used to create the graphs found in Ex. 2037, which were relied upon by Mr. Nall. *See* Ex. 2020 ¶ 27. Additionally, Patent Owner has possession of royalty reports from Whirlpool showing Whirlpool's purchases of hydrophobic spill proof shelves from Petitioner.

See Exs. 2101, 2102. Thus, at least some sales information for Petitioner appears to be readily available already from Whirlpool. Therefore, Patent Owner has not demonstrated that its discovery requests cannot be fulfilled by other means.

Regarding Patent Owner's second request, we agree with Petitioner that Patent Owner's request is unduly broad and would be overly burdensome to answer. *See* Opp. 5. Patent Owner's request lists only four certain Whirlpool drawing numbers, but expressly seeks "all Gemtron documents or communications, internal or external," that "includ[e]" or "attach[]" any of the four drawings. Patent Owner asserts that Petitioner "no doubt has a computer-based accounting system that may be queried to obtain the requested sales information," and "a 'keyword' search of [Petitioner's] electronic data using the [four] drawing numbers" will yield responsive documents. Mot. 5. Patent Owner's unfounded assertion belies the difficulty associated with electronic discovery. Patent Owner provides no reason to believe that Petitioner has a single electronic system that can be searched by keyword. Moreover, documents responsive to Patent Owner's second request likely could not be found in an expansive search of Petitioner's "electronic data," but would have to be found in the email accounts of individuals employed by Petitioner. Patent Owner's request, for instance, is not limited to specific employees of Petitioner who would have been likely to have sent or received the drawings (e.g., the employees who sent and received the emails in Exs. 2030, 2031). Thus, the request would put the burden on Petitioner to (1) identify all employees that could have sent or received drawings related to hydrophobic shelves, (2) copy the emails from the employees' computers, (3) review the emails for

responsiveness and privilege, and then (4) redact non-responsive and/or privileged portions of the emails before producing them to Patent Owner. The unbounded and overly burdensome nature of the request weighs against permitting discovery.

III. ORDER

Accordingly, it is

ORDERED that Patent Owner's motion for additional discovery is *denied* with respect to Requests for Production Nos. 1 and 2;

FURTHER ORDERED that, because additional discovery is no longer an issue in this proceeding, the unredacted version of Petitioner's opposition (Paper 16) and Exhibit 1111, both filed on August 4, 2014, are expunged from the record of this proceeding; and

FURTHER ORDERED that Petitioner's motion to seal (Paper 19) the unredacted version of the opposition and Exhibit 1111 is *denied* as moot.

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