

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

CQV CO., LTD.,
Petitioner,

v.

MERCK PATENT GMBH,
Patent Owner.

PGR2021-00054
Patent 10,647,861 B2

Before ERICA A. FRANKLIN, JO-ANNE M. KOKOSKI, and
JON B. TORNQUIST, *Administrative Patent Judges*.

FRANKLIN, *Administrative Patent Judge*.

ORDER
Denying Petitioner's Motion for Additional Discovery
37 C.F.R. §§ 42.51(b)(2), 42.223(a)

I. INTRODUCTION

With our authorization, Paper 26, CQV Co., Ltd. (“Petitioner”) filed a motion for additional discovery, Paper 28 (“Mot.”). Petitioner provides a copy of its proposed discovery requests as Appendix A to the motion.¹ Petitioner, however, does not seek the additional discovery from Merck Patent GmbH (“Patent Owner”). Instead, Petitioner seeks to have the Board order Merck KGaA, which Patent Owner identified as a real party-in-interest (Paper 4, 1), to produce documents. Mot. 1. Petitioner characterizes the additional discovery that it seeks as “four narrowly tailored requests that are directly related to factual assertions made by Petitioner regarding Xirallic®,” a pearlescent pigment product manufactured and sold by Merck KGaA, the parent company of Patent Owner. *Id.* Patent Owner opposes the motion. Paper 30 (“Opp.”). For the reasons that follow, we deny Petitioner’s motion.

¹ We note that, contrary to the authorization sought by Petitioner, and the authorization we granted to Petitioner, *see* Paper 26, the title for Appendix A is “Petitioner’s Proposed Discovery Requests to Patent Owner” and the Petitioner states therein that Petitioner “requests Patent Owner Merck GmbH (‘Patent Owner’) produce the [itemized] documents.” Mot. App’x A, 1–2. In the conference call, Petitioner explicitly stated that it seeks to serve requests for production of documents on real party-in-interest Merck KGaA, and not the named Patent Owner, Merck GmbH. *Id.* at 1. As a result, we instructed the parties to address that matter as a threshold issue prior to addressing the discovery factors. *Id.* at 3. In its motion, Petitioner addresses only discovery that it seeks from Merck KGaA. Mot. 1–10. Thus, we view the title of Appendix A and the statement therein as inadvertently referring to Patent Owner Merck GmbH instead of Merck KGaA.

II. DISCUSSION

Petitioner asserts that discovery from Merck KGaA, a real party-in-interest, may be pursued under 37 C.F.R. 42.51(b)(2), subject to the satisfaction of the applicable discovery factors. Mot. 5. In particular, Petitioner asserts that such relief is available based on Petitioner's allegations that Merck KGaA is: (a) "participating in this proceeding, and indeed appears to have control or the opportunity for control over Patent Owner's side;" and (b) a closely related corporate entity with Patent Owner. *Id.* According to Petitioner, "Merck KGaA's measure of control and/or opportunity for control is comparable to that of a formal coparty, as contemplated by the Trial Practice Guide." *Id.* at 3–4 (referring to the Patent Trial and Appeal Board Consolidated Trial Practice Guide² discussion of the "concept of control" when determining whether the quantity or degree of participation by a nonparty qualifies them as a real party-in-interest).

In particular, Petitioner notes that Patent Owner has submitted the declaration of Hans-Peter Fritsch, the Commercial Director of Merck KGaA, and the declaration of Masuyuki Momose, an employee of Merck Performance Materials G.K, in this proceeding. *Id.* at 4 (citing Ex. 2007 and Ex. 2006). According to Petitioner, "[i]t is reasonable to infer that the parent Merck entity, i.e., Merck KGaA, was involved in these coordinated efforts among the various Merck entities." *Id.*

Further, citing to *Cox Communications, Inc. v. AT&T IP*, IPR2015-01187 ("*Cox Communications*") (Paper 26), Petitioner asserts that the Board ordered additional discovery from a nonparty, i.e., CoxCom, LLC, relating to whether the nonparty was a real party-in-interest. Mot. 4.

Patent Owner contends that the procedure for obtaining discovery from a nonparty is well-established and requires a subpoena. *Opp.* 1–2. Patent Owner refers to the statement in Rule 34(a) of the Federal Rules of Civil Procedure that “A party may serve on any other party a request within the scope of Rule 26(b).” *Id.* at 2. In contrast, Patent Owner notes that Rule 34(c) provides that “a nonparty may be compelled to produce documents and tangible things or to permit an inspection” and refers to Rule 45 addressing subpoenas. *Id.* Patent Owner asserts that the PTAB rules also bifurcate discovery between parties, i.e., 37 C.F.R. § 42.51(b)(2), and discovery from nonparties, 37 C.F.R. § 42.52 (addressing how a party may seek to compel testimony or production of documents or things). *Id.* at 2–3. Further, Patent Owner cites a number of Board decisions that have followed the practice of requiring a subpoena for discovery from nonparties. *See id.* at 3.

According to Patent Owner, Petitioner mischaracterized *Cox Communications* when it asserted that the Board “ordered discovery from non-party CoxCom, LLC.” *Id.* at 5 (citing Mot. 4). Patent Owner argues that in *Cox Communications*, “the discovery was ordered from a party to the proceeding, not nonparty CoxCom, LLC.” *Id.* (citing *Cox Communications*, Exhibit 2038, 2).

Patent Owner asserts that “to the extent Petitioner seeks discovery from Merck KGaA, it provides no reason the Board should forge a new procedure that is ungrounded in any rule or law.” *Id.* at 5–6. Thus, Patent Owner’s position is that Petitioner’s motion should be denied, or Petitioner

² Patent Trial and Appeal Board Consolidated Trial Practice Guide November 2019 (“Trial Practice Guide” or “CTPG”), 12–17 (available at <https://www.uspto.gov/sites/default/files/documents/tpgnov.pdf>).

should be required to follow established procedures and seek a subpoena to compel the requested production of documents from real party-in-interest, Merck KGaA. *Id.* at 6.

As the moving party, Petitioner bears the burden of proving that it is entitled to the requested relief. 37 C.F.R. § 42.20(c). Based on our consideration of the arguments and evidence, we determine that Petitioner has not met that burden. Petitioner has not identified any precedent for treating a real party-in-interest as a “party” for purposes of additional discovery in an AIA proceeding at the Board. Insofar as Petitioner alleges that *Cox Communications* provided such an example, we disagree. As Patent Owner correctly asserts, the requests for production in that case were directed to and served upon the named petitioner, Cox Communications, Inc., and not to the nonparty or alleged real parties-in-interest. *See Cox Communications*, Paper 26, Exhibit 2038, 2.

Additionally, Petitioner has not argued persuasively why we should, in this first instance, treat a real party-in-interest as a party from whom additional discovery may be obtained without a subpoena. Instead, Petitioner discusses factors relevant to the question of whether a nonparty may be recognized as a real party-in-interest or privy, and refers to the Trial Practice Guide’s discussion of those factors. Mot. 3–5; CTPG 15–16. Yet, Petitioner has not persuasively explained how that analysis addresses whether a real party-in-interest that is not a named party in a proceeding should be treated like one for purposes of discovery. Nor do we find that it does. Indeed, as the Trial Practice Guide explains, “The core functions of the ‘real party-in-interest’ and ‘privies’ requirements are to assist members of the Board in identifying potential conflicts, and to assure proper application of the statutory estoppel provisions.” CTPG 12. There is no

provision in our Rules or in the Trial Practice Guide that suggests that assessment of such status as a real party-in-interest is meant to subject the nonparty to discovery requests without a subpoena.

Accordingly, we determine that any additional discovery sought from a real party-in-interest that is not a named party in the proceeding must be pursued in the same manner provided for seeking discovery from any other nonparty, i.e., by compelling such discovery pursuant to a subpoena issued by a United States District Court. *See* 35 U.S.C. § 24.

A party seeking to compel such discovery must first obtain authorization from the Board, as set forth in 37 C.F.R. § 42.52(a):

- (a) **Authorization required.** A party seeking to compel testimony or production of documents or things must file a motion for authorization. The motion must describe the general relevance of the testimony, document, or thing, and must:
- (1) In the case of testimony, identify the witness by name or title; and
 - (2) In the case of a document or thing, the general nature of the document or thing.

Insofar as we may treat Petitioner's motion as one that alternatively seeks such authorization to apply for a subpoena to compel production of documents from Merck KGaA, we deny that authorization. Discovery in Board trial proceedings is more limited than in district court patent litigation, as Congress intended our proceedings to provide a more efficient and cost-effective alternative to such litigation. H. Rep. No. 112-98 at 45–48 (2011). Thus, we take a conservative approach to granting additional discovery. 154 Cong. Rec. S9988-89 (daily ed. Sept. 27, 2008) (statement of Sen. Kyl).

In particular, we consider whether the requested additional discovery is “limited to evidence directly related to factual assertions advanced by either party in the proceeding.” 35 U.S.C. § 326(a)(5); *see also* 37 C.F.R. §§ 42.51(b)(2), 42.224. In furtherance of that goal, we review a request for additional discovery in a post-grant review guided by the same factors set forth in *Garmin Int’l, Inc. v. Cuozzo Speed Techs. LLC*, IPR2012-00001, Paper 26 (PTAB Mar. 5, 2013) (precedential) (“*Garmin*”), except that those factors are modified to reflect the “good cause” standard in *Bloomberg Inc. v. Markets-Alert Pty Ltd.*, CBM2013-00005, Paper 32, 5 (PTAB May 29, 2013) (precedential). *See* 37 C.F.R. § 42.224(a) (In a post-grant review, “[r]equests for additional discovery may be granted upon a showing of good cause as to why the discovery is needed.”).³

We set forth those modified discovery factors below, in the context of a post-grant review.

Discovery Factors for Post-Grant Review

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 establish a good cause showing. “Useful” means favorable in substantive value to a contention of the party moving for discovery. A good cause showing requires the moving party to provide a specific factual reason for expecting reasonably that the discovery will be “useful.”

³ *See also* *Boehringer Ingelheim Animal Health USA INC. v. Kansas State Univ. Research Found.*, IPR2020-00076, Paper 11, 2–4 (PTAB March 12, 2021) (explaining the rationale for applying the slightly more liberal “good cause” standard for additional discovery in post-grant reviews instead of the “interests of justice” standard applied in *inter partes* reviews).

2. *Litigation Positions And Underlying Basis*—
Asking for the other party’s litigation positions and the underlying basis for those positions is insufficient to demonstrate that the additional discovery is necessary for good cause. 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*—
A party should not seek information that reasonably can be generated without a discovery request.
4. *Easily Understandable Instructions*—
Instructions and 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*—
Requests must not be overly burdensome to answer, given the expedited nature of a post-grant review. The burden includes financial burden, burden on human resources, and burden on meeting the time schedule of the trial. Requests should be sensible and responsibly tailored according to a genuine need.

Petitioner and Patent Owner address each of the five discovery factors discussed above. *See* Mot. 5–10; Opp. 6–8. We have considered those arguments and determine that Petitioner has not shown persuasively “good cause as to why the discovery is needed.” 37 C.F.R. § 42.224(a); 37 C.F.R. § 42.52(a). In particular, we address Petitioner’s contention that discovery factor three favors the proposed additional discovery. Mot. 8–9.

According to Petitioner, information equivalent to what it seeks in its proposed discovery requests cannot be generated by other means. *Id.* at 8. Petitioner contends that each of its proposed requests “seek information uniquely in the possession of Merck KGaA.” *Id.* For Request No. 1, which seeks “[a]n invoice or other document sufficient to show the date of first sale of Xirallic® product” from each of the four listed lots, Petitioner admits that it has “some ability to track down dates of sale of the actual Xirallic® samples in its possession,” but asserts that the production request is needed because it “has no ability to ascertain Merck’s *first* date of sale of product from each of the identified Lots.” *Id.*

Petitioner has not explained sufficiently why that first date of sale is relevant to its case as required by 37 C.F.R. § 42.52(a). To the extent that Petitioner seeks evidence to establish that the date of sale occurred prior to the critical date, Petitioner explicitly states, when discussing discovery factor 1, that “Petitioner has already submitted evidence that product from the identified Lots was manufactured and commercially available prior to the critical date.” Mot. 7. After noting that, Petitioner asserts that “the requested discovery will corroborate evidence that already exists.” *Id.* Based on that explanation, it appears that equivalent information has already been obtained by other sources.

For Requests Nos. 2–4, which seek documents showing results of analyses performed on Xirallic® flakes for particle thickness (Request No. 2), D10, D50, and D90 (Request No. 3), and to show whether the flakes comprise α -Al₂O₃ (Request No. 4) for each of the four lots, Petitioner asserts that it has generated relevant test data on its own, but that “this is not the same as having access to Merck’s own test results.” *Id.* at 8–9. Petitioner asserts that because Patent Owner did not rely on the requested test results

from Merck KGaA when challenging Petitioner's generated test data, there is a "reasonable inference that Merck's test results would corroborate Petitioner's data." *Id.* at 9.

Based on the particular unique facts and circumstances involved in this case, and in view of how the parties have specifically addressed discovery factor 3, discovery factor 3 does not support good cause to grant additional discovery. First, Petitioner merely seeks to corroborate information that it contends is already within its possession. Second, the inference that Petitioner alleges exists regarding the data it seeks tends to suggest that even Petitioner (and perhaps Patent Owner) believes that the test data that it has generated is correct and equivalent.

Thus, having considered the arguments and evidence, we agree with Patent Owner that Petitioner has not met its burden for discovery factor three because it has failed to provide sufficient evidence or reasoning tending to establish that the information that the proposed discovery requests seek could not be reasonably generated without a discovery request. Instead, Petitioner asserts the proposed discovery requests are intended to merely corroborate or duplicate information already in its possession.

Petitioner and Patent Owner also address the remaining four discovery factors. *See* Mot. 5–10; Opp. 6–8. However, even if we considered those factors in favor of Petitioner, for the reasons provided above, Petitioner has not met its burden of showing good cause as to why the additional discovery is needed.

III. CONCLUSIONS

For the reasons discussed above, and in consideration of our conservative approach to granting additional discovery, we conclude that discovery from a real party-in-interest who is not a named party in the case must be pursuant to a subpoena from the United States District Court. Additionally, we conclude that Petitioner has not sufficiently demonstrated a basis for granting authorization to apply for such a subpoena because Petitioner has not met its burden to show good cause for the additional discovery requested.

IV. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that Petitioner's Motion for Additional Discovery is *denied*.

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