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## USPTO Trials: Understanding the Scope and Rules of Discovery

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*Discovery may perhaps be one of the most difficult items for clients, lawyers, and their adversaries alike to deal with, particularly in patent litigation. In its newly issued rules for trial proceedings before the Patent Trial & Appeal Board (“the PTAB”), the U.S. Patent and Trademark Office has attempted to strike a better balance between disclosure of the information needed to properly prepare for and litigate the proceeding, and the costs of obtaining and exchanging such information.*

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In traditional U.S. District Court litigation, it is difficult to predict the scope of discovery, the volume of documents/information to be dealt with, and the number of custodians/witnesses at the very outset of the case. This in turn injects a high degree of uncertainty into the case, particularly when setting early budget discussions and case estimates. The nature of a patent case only exacerbates this problem, as the issues touch upon many aspects of a company’s operations: product development, manufacturing, marketing and sales, finance, etc. Conversely, in the existing *inter partes* reexamination proceedings before the USPTO, no discovery was available at all. While this kept costs down, the level of information exchanged was at a bare minimum, and limited to whatever the parties themselves could find on their own and chose to include in their respective filings. Although the costs were dramatically lower, the fact that: (i) declarant testimony could be filed without the scrutiny of cross-examination; and (ii) documents revealing inconsistencies need not be produced, were viewed as significant shortcomings of *inter partes* reexamination proceedings.

The new discovery rules set forth in 37 CFR 42.51-41.65 are applicable to all four types of trial proceedings at the USPTO: *inter partes* review, post-grant review, covered business method post-grant review proceedings, and derivation proceedings. Concurrently with the new rules, the USPTO also issued its Office Patent Trial Practice Guide as a reference.

Rule 42.51 provides for three general categories of discovery: (a) mandatory initial disclosures, (b) routine discovery, and (c) additional discovery. The first two categories are relatively narrow, e.g., information similar to the initial disclosures served in litigation, production of cited exhibits, cross-examination of declarant testimony, and information that is inconsistent with a position advanced by a party. The third category covers any other type of information, but is not available as a matter of right and can only be sought by agreement, or by motion seeking leave from the PTAB. This third category is generally the

opposite of District Court litigation, where the party responding to discovery requests typically must object to the requested discovery, and may need to file a protective order to preclude such discovery. For all three categories, the documents or things must either be produced or made available for inspection and copying within the United States, unless the PTAB orders to the contrary. Rule 42.51(c).

### Mandatory Initial Disclosures

Rule 42.51(a) states:

(1) *With agreement.* Parties may agree to mandatory discovery requiring the initial disclosures set forth in the Office Patent Trial Practice Guide.

(i) The parties must submit any agreement reached on initial disclosures by no later than the filing of the patent owner preliminary response or the expiration of the time period for filing such a response. The initial disclosures of the parties shall be filed as exhibits.

(ii) Upon the institution of a trial, parties may automatically take discovery of the information identified in the initial disclosures.

(2) *Without agreement.* Where the parties fail to agree to the mandatory discovery set forth in paragraph (a)(1), a party may seek such discovery by motion.

This rule is quite straightforward, but requires reference to the Office Patent Trial Practice Guide for a complete understanding. The Guide sets forth two initial disclosure formats, either of which may be agreed upon, or a party may move for mandatory discovery. The term “mandatory” seems to imply that such a motion would almost certainly be granted, and the only issue would be which format from the Office Patent Trial Practice Guide would be used.

Of the two formats in the Office Patent Trial Practice Guide (called Option I and Option II), Option I is straightforward and seeks basic information similar to the initial disclosures under Rule 26 of the Federal Rules of Civil Procedure, i.e., identification of persons likely to have discoverable information and documents/things that may be used to support a claim or defense, unless solely used for impeachment. *Office Patent Trial Practice Guide at I.F.4.* The second format, Option II, calls for significantly more detailed information, and is targeted to petitions seeking cancellation of one or more claims “in whole or in part on the basis of the existence of an alleged prior non-published public disclosure”<sup>1</sup> or “in whole or in part on the basis of alleged obviousness.” *Id.* If a public disclosure is involved, the initial disclosures call for more details concerning the who, what, where and when of the alleged disclosure. *Id.* If obviousness is involved, these initial disclosures call for more details concerning secondary indicia of non-obviousness. *Id.*

Regardless of the scope, these mandatory disclosures are due at the time of the Patent Owner’s Preliminary Response or the expiration of its time period, which is three months after the filing date of the petition to institute the trial proceeding. Of importance to note is that this happens *before* the trial is instituted, whereas the other categories of discovery take place *afterwards*.

<sup>1</sup> Presumably, “non-published” means the disclosure was not contained in a publication. Hence, this type of initial disclosure would not be applicable to *inter partes* review.

## Routine Discovery

The category of routine discovery contains two straightforward items: (i) exhibits cited must be served with the citing testimony or paper, unless the parties otherwise agree, and (ii) cross-examination of any affidavit/declaration testimony. Rule 42.51(b)(1)(i) and (ii). Such cross-examination is by the way of deposition, and provides an opportunity for a party to test and challenge a declarant's testimony, which was lacking from the prior *inter partes* reexamination proceeding.

The rules for deposition testimony are set forth in Rule 42.53. A significant difference between the PTO rules and typical litigation practice is that the length of deposition testimony is 7 hours for the initial testimony (direct/cross), 4 hours for the following phase (cross/redirect) and 2 hours for the last phase (redirect/recross), Rule 42.53(c), as opposed to a general presumption of "1 day of 7 hours." Fed. R. Civ. Pro. R. 30(d)(1). Also, while video testimony may be taken, it may not be used without PTAB permission. Rule 42.53(a). Finally, the typical deposition in a PTO trial will be a cross-examination of an affidavit/declaration. Hence, the scope "is limited to the scope of the direct testimony," Rule 41.53(d)(5)(f). Such depositions thus should not be considered as a general discovery deposition.<sup>2</sup> The Office Patent Trial Practice Guide also includes Testimony Guidelines at Appendix D, which are recommended reading for anyone preparing to take or defend a deposition in such a proceeding.

In addition, Rule 42.51(b)(1)(iii) also requires:

"[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 or documents things that contain the inconsistency. This requirement does not make discoverable anything otherwise protected by legally recognized privileges such as attorney-client or attorney work product. This requirement extends to inventors, corporate officers, and persons involved in the preparation or filing of the documents or things."

This provision is broader than the typical duty of disclosure obligation, as it expressly extends to corporate officers, and does not limit itself to just those involved in the proceeding. Thus, this provision creates an obligation to ensure that certain personnel must disclose any facts or information inconsistent with the position advanced by that party. Again, this is a departure from the prior *inter partes* reexamination, where the closest obligation was the general duty of disclosure under 37 CFR 1.56, limited to the inventors, attorney/agent, and other persons involved in the preparation or prosecution of an application. Hence, Rule 42.51 will require disclosure of information from a broader range of people. However, the scope of information required is slightly narrower, as it is limited to "information that is inconsistent with a position advanced by a party," rather than information that is merely material to patentability. This is slightly more favorable to the petitioner, as the patent owner still has the general duty of disclosure for "material" information in addition to this duty to serve "inconsistent" information, while the petitioner is only limited to the "inconsistent" information.

## Additional Discovery

Additional discovery is basically anything above and beyond mandatory and routine discovery, as discussed above. Presumptively, neither party is entitled to additional discovery. It can only be obtained by agreement of the parties, or by motion to the PTAB. Such a motion must show that the discovery sought

<sup>2</sup> A deposition seeking direct testimony is allowed, but would be regarded as additional discovery. Rule 42.53 also requires a description of the scope and nature of the testimony to be elicited and a list of the exhibits to be used.

“is in the interests of justice.” Rule 42.51(b)(2)(i). The exception to this standard is in post-grant reviews, where “additional discovery is limited to evidence directly related to factual assertions advanced by either party in the proceeding.” *Id.*

To obtain additional discovery by way of a motion, the motion must (i) “describe the general relevance of the testimony, document, or thing,” (ii) identify a witness for testimony by name or title, and (iii) for any document or thing sought, its “general nature” must be provided. Rule 42.52. Thus, a motion for broad-ranging categories of information a petitioner might hope to find is unlikely to meet this criteria. However, if, for example, a petitioner recalled a potential prior art disclosure of the invention at a specific trade show but cannot find copies of any literature that was distributed at the show, it may be appropriate to seek copies of such literature since its “general nature” can be described. Careful crafting of any requests for additional discovery to make the “general nature” as specific as possible without being overly limiting will be an important part of discovery motion practice.

The rules for seeking compelled additional discovery outside the United States also contains further requirements. The party seeking such discovery must explain why it believes the discovery can be compelled, what efforts have been made to seek the discovery voluntarily, including offering to pay the costs for travel/production in the United States, and an estimate of time it will take to obtain the discovery. Rule 42.52(b)(1) and (2). Because of the anticipated speed at which PTO trial proceedings will move, and the inordinate lengths of time obtaining foreign discovery can take, any anticipated need for foreign discovery should be addressed very early in the proceeding (and for the petitioner, it may want to plan for this before the proceeding starts, if possible).

## E-Discovery

Perhaps the one word companies like to hear less from their counsel than “discovery” is “e-discovery.” The new rules and the Office Patent Trial Practice Guide explicitly recognize the burden of e-discovery costs and the fact that those costs often outweigh the relevance of any information. To address this concern, the Practice Guide contains a Model Order at Appendix C, which is expected to be used and issued as part of or together with the Scheduling Order. This Order calls for cost-shifting for disproportionate requests for Electronic Stored Information (ESI), or non-responsiveness or dilatory tactics, and no production of metadata, except the date, time, and distribution list, if any. Most importantly, discovery of emails is presumptively *prohibited*, absent permission from the PTAB. Even if permitted, the Model Order limits the email search to five custodians using five search terms, and may permit five additional terms. While these limitations may be modified, the burden will be on the party seeking discovery to establish a need, and the existence of a well-thought-out Model Order should make production of emails the exception, rather than the rule.

## Expert Testimony

The new PTO rules also contain explicit rules about the use of expert testimony. As a threshold matter, “[t]estimony on United States patent law or patent examination practice will not be admitted.” Also, “[e]xpert testimony that does not disclose the underlying facts or data on which the opinion is based is entitled to little or no weight.” Rule 42.65(a). If testing data is used, an affidavit must be provided explaining the following: “(1) Why the test or data is being used; (2) How the test was performed and the data was generated; (3) How the data is used to determine a value; (4) How the test is regarded in the relevant art; and (5) any other information necessary for the Board to evaluate the test and data.” Rule 42.65(b). Because an expert presents his testimony by affidavit or declaration, any deficiency in meeting this standard may be fatal and expanding upon the initial affidavit/declaration is unlikely to be permitted.

**Conclusion**

Overall, the balance struck by the new PTO trial rule provides an exchange of information that is broader and more robust than under prior post-grant proceedings. However, shifting the burden to the party seeking additional discovery beyond the “mandatory” and “routine” categories, if managed correctly, should serve to limit the scope of discovery to the information genuinely required to properly prepare the case, in turn keeping costs manageable and more predictable.

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If you have any questions about the content of this alert, please contact the Pillsbury attorney with whom you regularly work, or the author below.

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