

PUBLIC REDACTED VERSION

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

HYUNDAI MOBIS CO., LTD. and MOBIS ALABAMA, L.L.C.,
Petitioner,

v.

AUTOLIV ASP, INC.,
Patent Owner.

Case IPR2014-01005
Patent 7,347,450 B2

Before JONI Y. CHANG, WILLIAM V. SAINDON, and
TRENTON A. WARD, *Administrative Patent Judges*.

CHANG, *Administrative Patent Judge*.

DECISION

Granting Motion for Additional Discovery, Motion to Seal, and
Joint Motion to Entry Protective Order
37 C.F.R. §§ 42.51(b)(2) and 42.54

PUBLIC REDACTED VERSION

INTRODUCTION

Patent Owner Autoliv ASP, Inc. (“Autoliv”) filed a Motion for Additional Discovery (Paper 23, “Mot.”) and Petitioner Hyundai Mobis Co., Ltd. and Mobis Alabama, LLC (collectively “Mobis”) filed an Opposition (Paper 29, “Opp.”). Autoliv seeks additional discovery pertaining to its assertions of secondary consideration of nonobviousness. Mot. 1. In particular, Autoliv requests the following discovery from Mobis, to support the contention of copying presented in its Patent Owner Response:

[REDACTED]

Id.; Ex. 2015; Paper 27, n.4 (“PO Resp.”).

Autoliv also filed a Motion to Seal the Motion for Additional Discovery and supporting evidence. Paper 25, “Mot. to Seal.” The parties filed a Joint Motion to Enter Protective Order, accompanied by the Board’s Default Protective Order, requesting the Board to enter the Default Protective Order. Paper 21. The Motion for Additional Discovery, the Opposition to the Motion for Additional Discovery, and related Exhibits were filed by the parties under seal. Papers 23, 29; Exs. 1022–1025, 2016, 2018, 2019, 2020.

For the reasons discussed below, Autoliv’s Motion for Additional Discovery, Autoliv’s Motion to Seal, and the Joint Motion to Enter Protective Order are *granted*.

PUBLIC REDACTED VERSION

DISCUSSION

1. Motion for Additional Discovery

Principle of Law

Discovery in an *inter partes* review 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). The legislative history of the Leahy-Smith America Invents Act (“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. S9933-89 (daily ed. Sept. 27, 2008) (statement of Sen. Kyl). In light of this, and given the time deadlines imposed by Congress for an *inter partes* review, the Broad will be conservative in authorizing discovery. *Id.*

In an *inter partes* review proceeding, a party seeking discovery beyond what is permitted expressly by rule must show “that such additional discovery is necessary in the interests of justice.” 37 C.F.R. § 42.51(b)(2)(i); *see also* 35 U.S.C. § 316(a)(5) (“discovery shall be limited to . . . what is otherwise necessary in the interest of justice”). In the instant proceeding, Autoliv, as the movant, bears the burden to demonstrate that it is entitled to the requested relief. *See* 37 C.F.R. §§ 42.20(c) and 42.51(b)(2). To meet its burden, Autoliv must explain with specificity the discovery requested and why each item requested is necessary in the interest of justice.

We generally consider various factors in determining whether additional discovery in an *inter partes* review is in the interest of justice. The factors include: (1) more than a possibility and mere allegation that

PUBLIC REDACTED VERSION

something useful will be discovered; (2) requests that do not seek other party's litigation positions and the underlying basis for those positions; (3) ability to generate equivalent information by other means; (4) easily understandable instructions; (5) requests that are not overly burdensome to answer. *Garmin Int'l, Inc. v. Cuozzo Speed Techs. LLC*, Case No. IPR2012-00001, slip op. at 6–7 (PTAB, Mar. 5, 2013) (Paper 26). We decide each addition discovery request on a case-by-case basis taking into account the particular facts of the proceeding, in light of the totality of the circumstances. *Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions; Final Rule*, 77 Fed. Reg. 48,612, 48,622, 48,637 (Aug. 14, 2012).

The Requested Drawing Is Not Protected From Discovery

Autoliv seeks merely a clean copy of Mobis's design drawing in order to submit and use the drawing in the instant proceeding before us. Mot. 1. At the outset, we determine whether the original or clean copy of Mobis's design drawing is protected from discovery in the instant proceeding.

[REDACTED]

[REDACTED] The Federal Rules of Evidence ("FED. R. EVID.") generally apply to *inter partes* reviews. See 37 C.F.R. § 42.62(a).

PUBLIC REDACTED VERSION

Autoliv argues that Mobis’s drawing is not protected from discovery by FED. R. EVID. 408.¹ Mot. 7–8. [REDACTED]

[REDACTED] the Advisory Committee Notes to FED. R. EVID. 408 clearly explain:

evidence, such as documents, is not rendered inadmissible merely because it is presented in the course of compromise negotiations if the evidence is otherwise discoverable. A party should not be able to immunize from admissibility documents otherwise discoverable merely by offering them in a compromise negotiation.

Id. at 8 (citing FED. R. EVID. 408, Advisory Committees Notes, 1974 Enactment). Indeed, the legislative history of FED. R. EVID. 408 also indicates that “[t]his rule does not require the exclusion of any evidence otherwise discoverable merely because it is presented in the course of compromise negotiations.” Pub. L. No. 93-595 (Jan. 2, 1975). Moreover,

¹ FED. R. OF EVID. 408. Compromise Offers and Negotiations

(a) Prohibited Uses. Evidence of the following is not admissible — on behalf of any party — either to prove or disprove the validity or amount of a disputed claim or to impeach by a prior inconsistent statement or a contradiction:

- (1) furnishing, promising, or offering — or accepting, promising to accept, or offering to accept — a valuable consideration in compromising or attempting to compromise the claim; and
- (2) conduct or a statement made during compromise negotiations about the claim — except when offered in a criminal case and when the negotiations related to a claim by a public office in the exercise of its regulatory, investigative, or enforcement authority.

(b) Exceptions. The court may admit this evidence for another purpose, such as proving a witness’s bias or prejudice, negating a contention of undue delay, or proving an effort to obstruct a criminal investigation or prosecution.

PUBLIC REDACTED VERSION

FED. R. EVID. 408 prohibits the use of settlement evidence only when it is offered either: (1) to prove or disprove the validity or amount of a disputed claim; or (2) to impeach by a prior inconsistent statement or a contradiction. However, FED. R. EVID. 408(b) expressly allows the courts to admit settlement-related evidence for other purposes.

[REDACTED]

[REDACTED] As noted in FED. R. EVID. 408, Advisory Committee Notes, 2006 Amendment, “the Rule cannot be read to protect pre-existing information simply because it was presented to the adversary in compromise negotiations.”

For the forgoing reasons, we determine that the original or clean copy of the drawing is not protected from discovery in this proceeding.

The Additional Discovery Requested Is Necessary In The Interest Of Justice

In its Motion, Autoliv contends that the design drawing “shows the assembly specification for a Mobis airbag that mimics the patented

PUBLIC REDACTED VERSION

invention,” and identifies the airbag’s tubular fabric nozzle as a “cinch tube,” the same terminology used in the U.S. Patent No. 7,347,450 B2 (“the ’450 patent”). *Id.* at 1, 4–5. Autoliv argues that the requested discovery here is narrowly tailored and is not speculative, as a copy of the drawing is already in the possession of Autoliv, showing beyond speculation that in fact something useful will be uncovered. *Id.* at 4–5. Autoliv further explains that its request is not an attempt to discover prematurely Mobis’s litigation positions or underlying basis, nor does Autoliv have the ability to generate or obtain equivalent information, as the clean copy of the drawing is in the sole possession of Mobis. *Id.* at 6. Autoliv also maintains that its request for a single document is easily understandable and not overly burdensome to answer. *Id.* at 7.

In its Opposition, Mobis advances two contentions: (1) the information being sought by Autoliv does not contain useful information (Opp. 6–9); and (2) the information may be obtained through other means (Opp. 9–13). We address below each of Mobis’s arguments in turn.

Mobis first argues that Autoliv fails to show that there is more than a mere possibility that what it seeks will uncover something useful that shows acts of copying by Mobis. Opp. 6–9. In particular, Mobis contends that the design drawing does not have a sufficient nexus to the patent claims at issue. *Id.* at 6–7.

A conclusive showing of nexus, however, is not required, in order to establish that additional discovery is necessary in the interest of justice.

██
██

no speculation and conjecture is involved in the context of the Motion for

PUBLIC REDACTED VERSION

Additional Discovery seeking merely a clean copy of the same drawing. Therefore, *Garmin* Factor 1 has little application in this particular circumstance. To the extent that Mobis argues that the drawing would not be useful to Autoliv because of an insufficient showing of nexus, Mobis may address the issue of nexus on the merits in its Reply to Autoliv’s Patent Owner Response.

Mobis also argues that Autoliv could have obtained the information through other means, in that Autoliv could have stipulated that “Mobis possesses a schematic drawing of a passenger airbag in which certain structures in the figures are labeled with the term ‘cinch tube,’” as proposed by Mobis. Opp. 9–12. Mobis also believes that it would be very difficult to redact the drawing and file it publicly without disclosing Mobis’s confidential information. *Id.* at 13.

Mobis’s argument, however, is predicated on the premise that Autoliv’s request should be denied solely because it is seeking confidential information. Such an argument is more appropriate for a motion to seal the drawing, and not a sufficient reason to deny the additional discovery request here. Mobis does not dispute that Autoliv could not have obtained a clean copy of the drawing through other means, as the clean copy of the drawing is in the sole possession of Mobis.

We are cognizant that the design drawing purportedly contains highly confidential information. As we noted in our prior Order, we aim to strike the right balance, under our motion to seal practice, between the public’s interest in maintaining a complete and understandable file history and the parties’ interest in protecting truly sensitive information. Paper 12, 4–5. We appreciate the parties’ effort toward providing sufficient information open to

PUBLIC REDACTED VERSION

the public so that a complete and understandable file history is maintained in the instant proceeding. The parties will have the opportunity to submit a motion to seal the confidential information, should either party submit the design drawing, under seal, into the record of this proceeding.

Having considered the facts before us, we agree with Autoliv that other *Garmin* Factors are satisfied. Notably, the mere request for a clean copy of the drawing is not unduly burdensome, and the instruction of seeking a single particular document is easily understandable. Mobis does not argue that the drawing reveals its litigation positions or underlying basis for those positions.

Under these particular circumstances, we are persuaded that Autoliv has demonstrated that the additional discovery requested is necessary in the interest of justice.

2. Motion to Seal and Motion to Enter Protective Order

There is a strong public policy for making all information filed in an *inter partes* review open to the public. As explained in 37 C.F.R. § 42.14, the record of a proceeding shall be made available to the public, except as otherwise ordered. The Board may, for good cause, issue an order to protect a party from disclosing confidential information. 37 C.F.R. § 42.54(a). Our rules identify confidential information in a manner consistent with Federal Rule of Civil Procedure 26(c)(1)(G), which provides for protective orders for trade secret or other confidential research, development, or commercial information. *Office Patent Trial Practice Guide*, 77 Fed. Reg. 48,756, 48,760 (Aug. 14, 2012).

PUBLIC REDACTED VERSION

Autoliv, as the moving party filing the documents under seal, bears the burden to show good cause for the relief requested. 37 C.F.R. §§ 42.14, 42.20(c), 42.54. To meet its burden, Autoliv must explain why the information is appropriate to be filed under seal.

In its Motion to Seal, Autoliv indicates that the Motion for Additional Discovery and related Exhibits reflect certain confidential relationships between the parties. Mot. to Seal 2–3. Autoliv argues that the Motion for Additional Discovery and related Exhibits are directed toward the discoverability and admissibility of the information being sought through discovery, and have no bearing on the patentability issues. *Id.* at 3.

We agree with Autoliv’s argument. The public’s interest in a complete and understandable file history in the instant proceeding does not outweigh the parties’ interest in protecting their sensitive business information. In consideration of the foregoing, we determine that Autoliv has shown good cause, and, therefore, the Motion to Seal is *granted*. Furthermore, the parties’ Joint Motion to Enter Protective Order (Paper 21) accompanied by the Board’s Default Protective Order is *granted*. As a consequence, the Default Protective Order governs the treatment and filing of confidential information of the instant proceeding.

We note that Mobis did not file a motion to seal its Opposition and supporting evidence, but these documents address the issues raised in Autoliv’s Motion for Additional Discovery. We also observe that portions of Autoliv’s Motion for Additional Discovery and supporting evidence do not contain confidential information. For efficiency, however, the parties’ documents (Papers 23, 29; Exs. 1022–1025, 2016, 2018, 2019, 2020) will be maintained under seal, in their entirety. We enter concurrently a redacted

PUBLIC REDACTED VERSION

public version of this Decision to provide sufficient information for the public to understand the procedural posture and file history of the instant proceeding.

ORDER

In consideration of the foregoing, it is hereby:

ORDERED that Autoliv's Motion for Additional Discovery, Motion to Seal, and Joint Motion to Enter Protective Order are *granted*;

FURTHER ORDERED that, within **3 business days** from the entry of this Decision, Mobis shall serve on Autoliv a clean copy of the design drawing identified in Ex. 2015;

FURTHER ORDERED that, should Autoliv wish to introduce the drawing to support its Patent Owner Response, Autoliv must submit the drawing under seal, accompanied by a motion to seal, and Autoliv is authorized to file a revised Patent Owner Response by **April 3, 2015**; any publicly-open paper that refers to the confidential information on the drawing should be redacted appropriately;

FURTHER ORDERED that the Scheduling Order of the instant proceeding is revised as follows: (1) Due Date 2 is changed to **June 12, 2015**; and (2) Due Date 3 is eliminated, as Autoliv did not file a motion to amend claims; Due Dates 4–7 remain the same; and

FURTHER ORDERED that Autoliv's Motion for Additional Discovery, Mobis's Opposition, and the parties' related Exhibits (Papers 23, 29; Exs. 1022–1025, 2016, 2018, 2019, 2020) will remain under seal; the

PUBLIC REDACTED VERSION

Default Protective Order (Paper 25) is entered and governs the treatment and filing of the confidential information in the instant proceeding.

For PETITIONERS:

Roger W. Parkhurst
Houda Morad
Stephanie L. Schonewald

STEPTOE & JOHNSON LLP

rparkhurst@steptoe.com

autolivIPR@steptoe.com

For PATENT OWNER:

Keith E. Broyles
Wesley C. Achey

ALSTON & BIRD LLP

keith.broyles@alston.com

wes.achey@alston.com