Discovery Procedures Under the AIA

Colin G. Sandercock\(^2\) and Todd R. Samelman\(^3\)
Perkins Coie LLP

---

\(^1\) These materials have been prepared for the AIPLA 2012 Annual Meeting and reflect only the personal views of the authors and not necessarily the views of Perkins Coie LLP or any other lawyer of the firm, or any of its past, present and future clients.

\(^2\) Colin G. Sandercock is a partner in the Washington, DC office of Perkins Coie LLP, and has counseled clients for over twenty seven years in life science matters including district court litigation, interferences, licensing and management of patent portfolios. Mr. Sandercock has prosecuted hundreds of domestic and foreign patent applications in the chemical, pharmaceutical and biotechnology fields, and has served as counsel in numerous patent reexaminations and in litigations involving patent reexaminations. Mr. Sandercock served as an adjunct professor at the George Washington School of Law where he lectured on patent licensing. He is listed in the *Best Lawyers in America* in the fields of Biotechnology Law and Patent Law - Litigation, as a Washington DC *Super Lawyer* in the field of Intellectual Property Law, in *Chambers USA: America’s Leading Lawyers for Business*, and in LMG Life Sciences 2012.

\(^3\) Todd R. Samelman, JD, PhD is an associate at Perkins Coie LLP. Dr. Samelman has handled a range of prosecution, litigation and reexamination matters pertaining to biotechnology, pharmaceutical and industrial chemistries, medical systems, and telecommunication systems.
I. INTRODUCTION

The Leahy Smith America Invents Act (H.R. 1249), enacted September 16, 2011 (the “AIA”), is Congress’ most recent attempt to fashion administrative alternatives to district court patent litigation. Ex parte reexaminations have now been part of the Patent Laws for over thirty years. Promulgated in December 1980,4 ex parte reexaminations were envisioned as a relatively quick, efficient and inexpensive alternative to patent litigation.5

In 1999, to encourage greater use of the PTO by patent challengers, Congress created inter partes reexaminations for patents having filing dates on or after November 29, 1999.6 But in the ensuing thirteen years, inter partes reexaminations have proven to be more of an adjunct than an alternative to district court litigation. Indeed, PTO statistics through June 30, 2012 indicate that, of the 1659 requests for inter partes reexamination, fully two-thirds (1116 or 67%) of the challenged patents were known by the PTO to be involved in litigation.7

The reasons that reexams have not been used as an alternative to litigation are fairly straightforward. First, the inability to obtain meaningful discovery in inter partes reexams, including cross-examining opposing experts, has dissuaded many potential requesters from relying solely on a reexam proceeding when the stakes are even modestly high. Second, PTO delays and multiple levels of PTO and Federal appellate review can mean potentially very long timelines to a decision (see n.9, supra). Third, reexam challenges to patents are largely limited to issues of novelty and obviousness based on patents and printed publications, and thus requesters have limited ability to challenge patents on other grounds. Fourth, many courts have been willing to grant stays for newly instituted inter partes reexams—even after years of litigation have already taken place. Hence, challengers frequently have not had to choose between the two, but rather have been able to obtain the benefit of both by employing litigation to obtain meaningful discovery, and then provoking an inter partes reexam to obtain a stay of the litigation.

Recognizing these shortcomings, Congress has again modified the system in the hope of providing a true alternative to district court litigation. In particular, the AIA introduced several new inter partes “trial” proceedings for challenging granted patents, of which the Post-Grant Review (“PGR”) and Inter Partes Review (“IPR”) will be the most frequently used.8 In contrast to inter partes reexams, PGR and IPR trials will provide comparatively fast and finite PTO actions, the opportunity to cross-examine opposing affiants, and the right to obtain other, limited types of discovery from an opponent. Further, PGR proceedings will permit challenges on any statutory basis for invalidity that could be raised in district court. The AIA also limited the

---

4 Public Law 96-517, sec. 1, 94 Stat. 3015 (December 12, 1980).
5 An interesting historical note is that the law providing for reexaminations was enacted little more than a year before the 1982 creation of the Court of Appeals for the Federal Circuit. So even thirty years ago, patent litigation was of growing concern to members of Congress and their interested constituents.
8 The AIA also provides for challenges to issued patents through “Derivation” and “Covered Business Method” proceedings, which are not discussed in this paper.
ability of challengers to maintain litigation in both a district court and the PTO such that they will have to choose fairly quickly between one or the other.

The AIA and the new rules to implement IPR and PGR thus provide challengers with a more realistic alternative to district court litigation, and patent owners with some relief from litigating on multiple fronts. But these new proceedings must be approached with due care. Although they provide access to the types of discovery tools employed in district court litigation, the PTO is clear that the amount of discovery in these very fast proceedings will be much more limited, especially in IPR proceedings. Moreover, the Board may, based on a very amorphous “interest of justice” standard, permit only limited discovery and even exclude relevant evidence when—in the Board’s view—it was not diligently obtained through discovery.

The bottom line is that even a diligent party risks having its fate decided by the PTO, and thereafter the Federal Circuit, on a record that is much less complete than the record it could create in a district court action. That risk, combined with the potentially onerous estoppel that befalls a losing party, means that at a minimum (i) any challenger must thoroughly prepare its case before provoking an IPR or PGR, and (ii) both parties must vigorously pursue their cases once a trial is instituted. Moreover, the failure of either party to timely review its own files for relevant information that is inconsistent with a position it advances in the proceeding (including in the petition itself) can potentially subject that party to sanctions from the Board.

II. INTER PARTES PROCEEDINGS UNDER THE AIA

A. The New Rules

Pursuant to the AIA, on July 16, 2012 the PTO promulgated 37 CFR Part 42, Subparts A, B and C, which will govern all trials, including those for IPR and PGR. Subpart A provides Rules 42.1 to 42.80, which are “umbrella rules” that apply to all trial practice and procedure. Subpart B provides Rules 42.100 to 42.123 that are specific to IPR proceedings, and Subpart C provides Rules 42.200 to 42.224 that are specific to PGR proceedings. The PTO also issued trial practice guidelines that include helpful explanations and appendices to aid in streamlining trial practice and discovery. The new rules and guidelines can be found in the following documents:

- **Rules of Practice for Trials before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions**, (“Subpart A Rules Package”), which adds Subpart A governing the nuts and bolts of trial practice;9

- **Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents**, (“Subparts B and C Rules Package”), which adds new Subparts B and C providing specifics for IPR and PGR, respectively,10 and

---


Sandercock & Samelman, Discovery Procedures Under the AIA

- Office Patent Trial Practice Guide,\(^{11}\) ("PTO Trial Practice Guide"), which includes an exemplary timeline for PGR and IPR trials, a sample scheduling order (Appendix A-1), a sample protective order (Appendix B), a model e-discovery order (Appendix C) based on the model e-discovery order recently published by the court of Appeals for the Federal Circuit E-Discovery committee,\(^{12}\) and importantly, the PTO’s guidelines for taking testimony in trials (Appendix D).

B. The PTO’s Exemplary Timeline for Trials

The PTO Trial Practice Guide at pp. 8-9 discusses and illustrates how a Scheduling Order for an IPR or PGR may provide for both the periods and sequence for taking discovery. As seen from the PTO’s illustration below, the Scheduling Order likely will provide staged discovery proceedings (shown circled) that initially permit the patent owner to take discovery to facilitate its response to the petitioner’s arguments for invalidity and a possible motion to amend its claims. Thereafter, staged discovery periods facilitate (i) the petitioner’s reply to the opposition and motion to amend, and (ii) the owner’s reply to the petitioner’s motion to amend.

In reality, however, as seen from the PTO Trial Practice Guide and the Subpart A, B and C Rules Packages discussed below, each of the discovery periods may well include at least some amount of two-way discovery.

C. The Subpart A “Umbrella Rules” Pertaining to All Trials

As noted above, the Subpart A Rules Package provides rules for all new trial proceedings at the PTO. A few of the more noteworthy provisions relating to discovery are discussed below.

\(^{11}\) http://www.uspto.gov/aia_implementation/trial_practice_guide.pdf
Rule 42.2 of Subpart A defines the term “Trial” as a contested case that includes both IPR and PGR proceedings (boldface italics added):

Trial means a contested case instituted by the Board based upon a petition. A trial begins with a written decision notifying the petitioner and patent owner of the institution of the trial. The term trial specifically includes a derivation proceeding under 35 U.S.C. 135; an inter partes review under Chapter 31 of title 35, United States Code; a post-grant review under Chapter 32 of title 35, United States Code; and a transitional business-method review under section 18 of the Leahy-Smith America Invents Act. Patent interferences are administered under part 41 and not under part 42 of this title, and therefore are not trials.

Rules 42.51 to 42.65 of Subpart A then provide specific rules pertaining to discovery and evidence to be obtained and used in trials. In at least a few instances, the term “trial” will be apropos because the Board is authorized to require that testimony and cross-examination be presented live “where the Board considered the demeanor of a witness critical to assessing credibility.”13 It is expected, however, that the Board will rarely exercise its discretion to hear live testimony.

1. Rule 42.51 Discovery

Rule 42.51(c), which provides the basic umbrella rule for discovery, defines only two types of discovery, i.e., “routine discovery” and “additional discovery.” Routine discovery comprises:

(i) any exhibit cited in a paper or in testimony (must be served with the citing paper or testimony);
(ii) cross-examination of any person providing an affidavit; and
(iii) relevant information that is inconsistent with a position advanced by the party during the proceeding (must be served concurrently with the filing of the documents or things that contains the inconsistency).

Routine discovery must be produced, or in the case of cross-examination permitted, without a separate order from the Board. All other discovery that a party may seek will qualify as additional discovery.

a. Routine discovery

Routine discovery imposes, in part, very limited obligations, and in part, very broad obligations. The PTO implemented routine discovery to “place the parties on a level playing field and streamlining the process.” Subpart A Rules Package at 117. A few points concerning routine discovery should be mentioned.

13 Subpart A Rules Package at 50.
(i) Cross examination

Perhaps the most important enhancement to *inter partes* patent challenges at the PTO is the provision for cross-examining an opponent’s declarants. Until now, cross-examination in PTO proceedings has been confined to interference proceedings, where it has enabled parties to effectively poke holes in their opponent’s declaration evidence. Like interferences, direct testimony in IPR and PGR proceedings will be submitted by way of affidavits, and any such affiant or declarant *must* be made available for cross-examination, i.e., the testimony is “uncompelled.” The Subpart A Rules Package and the PTO Trial Practice Guide provide extensive discussions concerning cross-examination, and a few highlights are worth mentioning here.

- Very long deposition time limits: The rules provide for up to two days of deposition testimony for each deponent, i.e., seven hours for cross-examination, four hours for redirect examination, and two hours for re-cross examination for uncompelled direct deposition testimony (§ 42.53(c)(2)). Because uncompelled direct testimony comes into evidence only through affidavit, a witness will have limited opportunities to provide direct testimony (e.g., a reply witness for either the petitioner or patent owner). Hence, the scope of redirect testimony potentially extends beyond the scope of redirect in district court litigation. The rule provides the proponent of the direct testimony four hours of redirect testimony, which can be used not only to rehabilitate the witness and/or otherwise counter testimony elicited on cross, but also to make an affirmative record that can be used to support that party’s case. This means that the proponent of the direct testimony will have to be prepared to follow up with redirect testimony and the opponent will have to be prepared to follow up with re-cross.

- Trials will employ deposition rules similar to those imposed by some district courts and the ITC. “Once the cross-examination of a witness has commenced, and until cross-examination of the witness has concluded, counsel offering the witness on direct examination shall not: (a) consult or confer with the witness regarding the substance of the witness’ testimony already given, or anticipated to be given, except for the purpose of conferring on whether to assert a privilege against testifying or on how to comply with a Board order; or (b) suggest to the witness the manner in which any questions should be answered.” PTO Trial Practice Guide at 85.

- Speaking objections and other witness coaching during the testimony are strictly prohibited. Appendix D of the PTO Trial Practice Guide sets for the permissible and impermissible forms of objections at depositions.14 “An objection must be stated concisely in a non-argumentative and non-suggestive manner. Counsel must not make objections or statements that suggest an answer to a witness. Objections should be limited to a single word or term. Examples of objections that would be properly stated are: “Objection, form”; “Objection, hearsay”; “Objection, relevance”; and “Objection, foundation.” Examples of objections that would not be proper are: “Objection, I don’t

---

understand the question”; “Objection, vague”; “Objection, take your time answering the question”; and “Objection, look at the document before you answer.” PTO Trial Practice Guide at 84. Sanctions, including reasonable expenses and attorney’s fees, can be imposed on a party who does not follow the PTO’s rules or otherwise “impedes, delays, or frustrates the fair examination of the witness.” PTO Trial Practice Guide at 86.

- Relatedly, however, admissibility must be established at the time of the deposition. “An objection to the admissibility of deposition evidence must be made during the deposition. Evidence to cure the objection must be provided during the deposition, unless the parties to the deposition stipulate otherwise on the deposition record.” Rule 42.64(a).

- Importantly, “[a]n objecting party must give a clear and concise explanation of an objection if requested by the party taking the testimony or the objection is waived.” PTO Trial Practice Guide at 84. This means that it will be critical for the questioner to (i) be facile with the Federal Rules of Evidence (“FRE”), which govern IPR and PGR (§ 42.62), (ii) establish the full basis of any objection on the record, and (ii) remedy any deficiencies in deposition testimony on the spot. This will be especially important for redirect testimony.

- Similar to the practice in some district courts, a party taking direct deposition testimony must provide all exhibits to be relied upon at the deposition ten days in advance, and must provide a “general description of the scope and nature of the testimony to be elicited.” Rule 42.53(d)(5)(i)(C)-(D).

- The scope of any cross-examination is limited to the scope of the direct testimony. Rule 42.53(d)(5)(ii). Unlike in district court litigation, therefore, a party thus will not be able to use a deposition to obtain evidence to support a portion of its case that is outside of the scope of the deponent’s affidavit.

- The proponent of the testimony will be responsible for all costs of the cross-examination deposition, including the cost of the deposition transcript. Upon agreement of the parties, or authorization by the Board if no agreement, video depositions may be taken. Subpart A Rules Package at 295-6.

(ii) Inconsistent information

In district court discovery, a party has the responsibility to discover information that is inconsistent with its opponent’s case. Except for depositions, discovering such inconsistent information is typically accomplished through document requests, and to a lesser extent interrogatories and requests for admission. In order to facilitate the tight timelines for IPR and PGR, however, the new rules require a party to produce information that is inconsistent with any position it advances concurrently with the document or thing that contains the inconsistency:

* * * Board experience has shown that the information covered by § 42.51(b)(1)(iii) is typically sought through additional discovery and that such information leads to the production of relevant evidence. However, the practice of authorizing additional discovery for such information risks significant delay to the
proceeding and increased burdens on both the parties and the Office. To avoid these issues, and to reduce costs and insure the integrity and timeliness of the proceeding, the rule makes the production of such information routine. . .

Subpart A Rules Package at 47-48. At the same time, the PTO has made clear that this obligation extends only to inventors, corporate officers, and persons involved in the preparation or filing of the documents, and does not require production of information that is subject to attorney-client privilege or attorney work product. Id.

The PTO has provided the following examples of the types of inconsistent information that would fall within this provision of routine discovery:

The following situations exemplify instances where disclosures are to be made. Example 1: where a petitioner relies upon an expert affidavit alleging that a method described in a patent cannot be carried out, the petitioner would be required to provide any non-privileged work undertaken by, or on behalf of, the petitioner that is inconsistent with the contentions in the expert’s affidavit. Example 2: where a patent owner relies upon surprising and unexpected results to rebut an allegation of obviousness, the patent owner should provide the petitioner with non-privileged evidence that is inconsistent with the contention of unexpected properties.

Subpart A Rules Package at 131.

Notably, inconsistent information must be provided concurrently with any petition to institute an IPR or PGR proceeding. Hence, attorneys representing a party seeking to institute such a proceeding must inquire prior to filing the petition whether the corporate officers and persons involved in the preparation or filing of the documents or things are aware of any inconsistent information. In this regard, see the Subpart A Rules Package at 135:

For example, absent § 42.51(b)(1)(iii), a petitioner could allege that the claims are unpatentable based upon an intervening prior art where 35 U.S.C. 120 benefit is allegedly lacking due to an enablement problem based on selected petitioner test data showing

---

15 The final rules clarified/amended a number of provisions in the proposed rules regarding inconsistent information, including eliminating a requirement to explain the relevance of the inconsistent information and eliminating the requirement that the information be noncumulative. The final rule further limited the obligation to only information that is inconsistent with a position advanced by the party during the IPR or PGR proceeding. The final rule also limited the requirement to only inventors, corporate officers, and persons involved in the preparation or filing of the documents. Subpart A Rules Package at 131.

16 The filing of the petition to institute an IPR or PGR trial starts what the PTO has defined as a “Preliminary Proceeding,” which by definition is also part of the “Proceeding” referred to in the rules. See, §42.2, definitions of “Preliminary Proceeding” and “Proceeding.” Hence, a party is clearly obligated to provide inconsistent information concurrent with the filing of its petition.
Sandercock & Samelman, Discovery Procedures Under the AIA

a lack of enablement. While a patent owner could obtain evidence of a petitioner’s contrary test data through additional discovery once the trial is instituted, the Office believes that the better course of action is to have the petitioner provide any inconsistent test data earlier in the process, such that the patent owner could potentially address the inconsistency in its preliminary patent owner response.

The PTO also has made clear that the failure to disclose a prior relevant inconsistent statement is sanctionable. See, e.g., Subpart A Rules Package at 30.

b. Additional discovery

“Additional discovery is that discovery that goes beyond the routine and, unless the parties agree to the additional discovery, would require a joint conference call with the Board to discuss a party’s request for the additional discovery.” Subpart A Rules Package at 117. Any type of discovery available under the Federal Rules of Civil Procedure can be sought. PTO Trial Practice Guide at 26. Section 42.51 allows parties to agree among themselves to additional discovery at any time. When agreement cannot be reached, however, the Board may permit certain types of additional discovery when the movant provides a sufficient showing.

For example, additional discovery may be authorized—even prior to institution of the trial—when a “patent owner raises sufficient concerns regarding the petitioner’s certification of standing.” Subpart A Rules Package at 122.17 A request for the production of documents and things referred to during cross-examination is also considered additional discovery, and the board will decide such requests “on a case-by-case basis, taking into account the various factors, including whether a specific document was identified, or a broad category of documents was referred to during cross-examination.” Subpart A Rules Package at 141.

Likewise, § 42.51 permits the parties to agree to certain types of “mandatory initial disclosures” similar to those provided in district court actions. The term “mandatory initial disclosures” is a misnomer, however, because the rules require no initial disclosures beyond the “mandatory notices” under § 42.8 and the “routine discovery” disclosures provided by § 42.51. Rather, the PTO Trial Practice Guide set out optional types of initial disclosures that the parties can agree to provide upon institution of a trial. See the PTO Trial Practice Guide at 27-28:

Option 1
This first option is modeled after Rule 26(a)(1)(A) of the Federal Rules of Civil Procedure, and requires disclosure of the following information: (1) the name and, if known, the address and telephone number of each individual likely to have discoverable information – along with the subjects of that information -- that the disclosing

17 New §42.8 requires a party requesting institution of a trial to identify the real parties in interest and related matters. For example, a real party-in-interest has no standing to institute an IPR if it (i) previously filed a civil action challenging validity of a claim of the patent, or (ii) was served with a complaint alleging infringement more than a year before the date of the petition.
party may use to support its claims or defenses, unless the use would be solely for impeachment; and (2) a copy -- or a description by category and location -- of all documents, electronically stored information, and tangible things that the disclosing party has in its possession, custody, or control and may use to support its claims or defenses, unless the use would be solely for impeachment.

Option 2
This second option is more extensive, and includes the following disclosures listed under both items I and II:

I. If the petition seeks cancellation of one or more claims in whole or part on the basis of the existence of an alleged prior non-published public disclosure, the petitioner will provide a statement:
[identifying detailed information relating to the petitioner’s case concerning the non-published public disclosure].

II. If the petition seeks cancellation of one or more claims in whole or in part on the basis of the alleged obviousness of one or more of the claims, the petitioner will provide a statement:
[identifying detailed information relating to the petitioner’s case concerning the obviousness].

If the parties agree to provide these initial disclosures, then they must do so well before the institution of the trial, i.e., “no later than the filing of the patent owner’s preliminary response, or by the expiration of the time period for filing such a response” and must file their initial disclosures as exhibits to the agreement. Rule 42.51(a)(1)(i). If agreement is reached, then “[u]pon institution of the trial, parties may automatically take discovery on the information identified in the initial disclosures.” Rule 42.51(a)(1)(ii). Requiring parties to provide this information to their opponent before the PTO even decides to institute a trial may well cause parties to forgo “mandatory” initial disclosures at the pre-trial stage, especially since there is no prohibition to agreeing to the same disclosures and discovery once a trial is instituted.

c. Discovery outside of the United States

The parties can agree among themselves to provide documents from parties located outside of the U.S., either as part of the Mandatory Initial Disclosure discovery provisions (§ 42.51(a)(1)) or as part of additional discovery (§ 42.51(b)(2)). Likewise, the parties can agree, without prior approval from the Board, to take un compelled deposition testimony outside of the U.S. Rule 42.53(b)(3). The Board also may compel testimony and production of documents and things outside of the U.S., provided that the requirements of § 42.52(b)(1) and/or (2) are met.

d. Additional discovery in IPR and PGR proceedings

Additional discovery in IPR proceedings will be under the interests-of-justice standard. In PGR proceedings, additional discovery will be under the more liberal good-cause standard,
but “limited to evidence directly related to factual assertions advanced by either party in the proceeding (see § 42.224).” Subpart A Rules Package at 294. “An additional discovery request could be granted under either standard, for example, when a party raises an issue where the evidence on that issue is uniquely in the possession of the party that raised it.” PTO Trial Practice Guide at 26. The Subparts B and C Rules Package (p. 63) provides the following guidance concerning the two standards:

* * * Good cause and interests-of-justice are closely related standards, but on balance, the interests-of-justice standard is a slightly higher standard than good cause. While a good cause standard requires a party to show a specific factual reason to justify the needed discovery, interests-of-justice would mean that the Board would look at all relevant factors. The interests-of-justice standard covers considerably more than the good cause standard, and in using such a standard the Board will attempt to consider whether the additional discovery is necessary in light of “the totality of the relevant circumstances.” U.S. v. Roberts, 978 F.2d 17, 22 (1st Cir. 1992).

The Rules Package further explains that “to show good cause, a party would be required to make a particular and specific demonstration of fact. Under the interests-of-justice standard, the moving party would also be required to show that it was fully diligent in seeking discovery and that there is no undue prejudice to the non-moving party.” Id. at 186.

e. The interest-of-justice standard

The interest-of-justice standard has long been part of PTO practice, primarily in the context of interference actions. See, e.g., McKelvey, Discovery Before the Board of Patent Interferences, 58 J. Pat. Off. Soc’y, 186, 193-9 (1976), and Purcell and Voight, The Scope of Discovery in Patent Interference Proceedings (Part II – Conclusion), 62 J. Pat. Off. Soc’y 188, 194-206 (1980). Although the PTO Trial Practice Guide and Rules Packages intimate that additional discovery will be reasonably forthcoming, the PTO’s proposed rules package provided in early 2012 stated that, based on its prior experiences with interferences, “additional discovery is expected to be rare.” Moreover, it appears that a showing to justify additional discovery will have to be particularly strong when the requested discovery might cause the trial to exceed the twelve-month timeline and/or foist economic hardship on a small entity:

Additional discovery increases trial costs and increases the expenditures of time by the parties and the Board. To promote effective discovery, the proposed rule would require a showing that additional requested discovery is in the interests of justice, placing an affirmative burden upon a party seeking the discovery to show how the proposed discovery would be productive. The Board’s interference experience, however, is that such showings are often lacking and authorization for additional discovery is expected to be rare.
The proposed interest of justice standard for additional discovery is consistent with considerations identified in 35 U.S.C. 316(b), as amended, including the efficient administration of the Board and the Board’s ability to complete timely trials. . .

The Office has proposed a default scheduling order to provide limited discovery as a matter of right and also the ability to seek additional discovery on a case-by-case basis. In weighing the need for additional discovery, should a request be made, the economic impact on the opposing party would be considered which would tend to limit additional discovery where a party is a small entity.

Importantly, the interest-of-justice standard is found throughout the new rules as the standard for various Board decisions, especially relating to the belated correction or submission of papers, supplemental evidence or other information. But as Judge McKelvey observed over thirty five years ago:

The burning question of course is: “what is meant by ‘interest of justice’?” One federal judge has indicated that interest of justice possibly embodies a good cause requirement.

The simple, albeit perhaps unsatisfactory, answer is that “interest of justice” means what the Board determines it to mean in light of the facts in a given case. It should be manifest, therefore, that the meaning of “interest of justice” depends on the facts in a given case and its full meaning, if there is to be one, must be developed over the years on a case-by-case basis.

McKelvey, 58 J. Pat. Off. Soc’y at 194 (footnotes omitted). Although there are no decisions applying this standard in IPR and PGR, some guidance may be gleaned from interference practice. Perhaps first and foremost, “fishing expeditions” and overly-broad discovery requests will not be ordered by the Board. Id. at 195. Rather, in order to obtain the discovery, a party seeking additional discovery on any issue or fact should submit with its motion a narrowly tailored discovery request (e.g., document request, interrogatory and/or deposition request) and a statement of facts known to it as well as those it believes may be discovered. Id. The Board’s standing order in interferences\(^\text{18}\) is instructive on this point (see p.40; emphasis added):

150.2 Requesting additional discovery

Discovery before the Board is significantly different than discovery under the Federal Rules of Civil Procedure. A request

for additional discovery must be in the form of a miscellaneous motion. Bd.R. 121(a)(3); SO ¶ 123. The standard for granting such requests is high and requires specific bases for expecting that the discovery will be productive. Bd.R. 150(a) & (c)(1). Additional discovery is rarely authorized because in contested cases, the party usually has equal or better access to relevant information compared to any other source. Other situations in which additional discovery might be required include proving an on-sale or public-use bar and proving inequitable conduct intent, but these situations require a solid basis for believing the discovery will be productive.

f. E-discovery

As noted above, the PTO Trial Practice Guide includes as Appendix C (pp. 80-82) a model e-discovery order based on the Federal Circuit’s model e-discovery order. The Board expects substantially all e-discovery in trials will be carried out pursuant to the model order. PTO Trial Practice Guide at 30-31 (“[e]xcept for routine discovery under the provisions of § 42.51(b)(1), it is expected that the default Model Order will be entered in a proceeding whenever discovery of Electronically Stored Information (ESI) is sought by the parties, whether under the other discovery provisions of § 42.51, or the compelled discovery provisions of § 42.52.”)

2. Rule 42.52 Compelling testimony and production

Rule 42.52 provides the basis for compelling the testimony and production of documents or things from a third party. The Subpart A Rules Package (pp. 49-50) notes that compelled testimony from a third party may be obtained by subpoena issued pursuant to 35 U.S.C. § 24, but only after the Board has authorized the compelled testimony. Otherwise, the testimony will not be admitted. As mentioned above, Rule 42.52 also specifies the procedure for compelling testimony or production outside of the U.S.

As also noted above, if compelled direct testimony is being taken, then at least ten days in advance of the deposition, the party seeking to cross-examine an opposing witness must provide all exhibits to be relied upon at the deposition, as well as a “general description of the scope and nature of the testimony to be elicited.” Rule 42.53(d)(5)(i)(C)-(D). The very long time limits for compelled deposition testimony would then apply, i.e., seven hours for direct examination, four hours for cross-examination, and two hours for redirect examination. Rule 42.53(c). If another party wishes to take direct testimony of the same third party witness, then that party must provide a counter-notice that “lists the exhibits to be relied upon in the deposition and a general description of the scope and nature of the testimony to be elicited.” Rule 42.53(d)(5)(iv). Otherwise, that party is entitled only to cross-examine the witness within the scope of the direct examination. Rule 42.53(d)(5)(ii).
3. **Rule 42.54 Protective order**

Rule 42.54 provides that, upon a motion to seal containing a proposed protective order, the Board may issue protective orders to prevent or prescribe the disclosure of certain types of confidential information during a trial. The orders may include one or more of the following:

1. Forbidding the disclosure or discovery;
2. Specifying terms, including time and place, for the disclosure or discovery;
3. Prescribing a discovery method other than the one selected by the party seeking discovery;
4. Forbidding inquiry into certain matters, or limiting the scope of disclosure or discovery to certain matters;
5. Designating the persons who may be present while the discovery is conducted;
6. Requiring that a deposition be sealed and opened only by order of the Board;
7. Requiring that a trade secret or other confidential research, development, or commercial information not be revealed or be revealed only in a specified way; and
8. Requiring that the parties simultaneously file specified documents or information in sealed envelopes, to be opened as the Board directs.

See Rule 42.54(a)(1)-(8). The Board’s default guidelines and provisions for a protective order are provided in Appendix B to the PTO Trial Practice Guide at 67-74. Notably, the default provisions permit parties and party representatives to see an opponent’s confidential information. The default provisions also require any person receiving confidential information to first sign an acknowledgment that he or she has read the protective order and understands its terms, and agreed to use the confidential information only in connection with that proceeding and for no other purpose. As with district court proceedings, where the inclusion of prosecution bars are sometimes hotly contested, parties may balk at providing confidential information to the prosecution counsel of direct competitors that are involved in PTO trial proceedings.

4. **Rule 42.55 Confidential information in a petition**

The new rules require a petitioner to make its best and complete challenge to a patent in the petition itself. Indeed, a petitioner who desires to submit supplemental information must meet the interests-of-justice standard for any belated submission. Hence, a petitioner must file under seal, but need not serve, any confidential information needed to support the petition. The information will remain sealed until the patent owner and petitioner agree to a protective order or until the Board enters a protective order that permits the owner to access the information.

5. **42.12 Sanctions**

In the event of an abuse of discovery or some other discovery-related misconduct, the Board may impose a sanction, including:

1. An order holding facts to have been established in the proceeding;
2. An order expunging or precluding a party from filing a paper;
3. An order precluding a party from presenting or contesting a particular issue;
(4) An order precluding a party from requesting, obtaining, or opposing discovery;
(5) An order excluding evidence;
(6) An order providing for compensatory expenses, including attorney fees;
(7) An order requiring terminal disclaimer of patent term; or
(8) Judgment in the trial or dismissal of the petition.

6. § 42.10 Counsel

As with interferences, Rule 42.10 requires parties to designate a lead counsel, and also a back-up counsel who can conduct business on behalf of the lead counsel. This new rule also authorizes the Board to recognize non-registered litigators pro hac vice during a trial, subject to the condition that lead counsel be a registered practitioner and to any other conditions as the Board may impose. For example, where the lead counsel is a registered practitioner, a motion to appear pro hac vice by counsel who is not a registered practitioner may be granted upon showing that counsel is an experienced litigating attorney and has an established familiarity with the subject matter at issue in the proceeding.

III. CONCLUSION

The AIA and the new IPR and PGR proceedings clearly provide patent challengers with a more realistic alternative to district court litigation. The ability to cross-examine opposing experts and obtain some limited discovery are major steps forward for challengers and owners alike, and should materially aid the PTO in its role of discerning the truth among competing declarants. And the strict timelines and rules will bring added certainty to the proceedings.

For reasons discussed above, however, IPR and PGR are very different in most respects from district court actions and thus must be approached with due care. The time from institution of the trial until its conclusion will ordinarily be so short that the amount of discovery will be far less and far more restricted in scope than in district court actions, especially for IPR proceedings. And unlike in district court actions, the new rules largely limit a patent challenger to litigating the invalidity positions identified in its original petition. Supplementing those grounds based on information learned from discovery will be severely limited and subject to Board discretion under the heightened interest-of-justice standard.

Finally, a party involved in either IPR or PGR must be ready to vigorously pursue from the outset of trial what discovery is agreed upon or otherwise available from the Board. Practitioners must be intimately familiar with the FRE and able to quickly address objections and issues of evidence admissibility so as to maximize their record before the Board. And a party involved in IPR and PGR must diligently review its own files for information that may be inconsistent with any position it intends to advance in the proceeding, or risk sanctions if such information is later discovered by its opponent.