

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

BLOOMBERG INC.; BLOOMBERG L.P.; BLOOMBERG FINANCE L.P.;
THE CHARLES SCHWAB CORPORATION;
CHARLES SCHWAB & CO., INC.;
E*TRADE FINANCIAL CORPORATION; E*TRADE SECURITIES LLC;
E*TRADE CLEARING LLC; OPTIONSXPRESS HOLDINGS INC.;
OPTIONSXPRESS, INC.; TD AMERITRADE HOLDING CORP.;
TD AMERITRADE, INC.; TD AMERITRADE IP COMPANY, INC.; and
THINKORSWIM GROUP INC.
Petitioner,

v.

MARKETS-ALERT PTY LTD.
Patent Owner.

Case CBM2013-00005 (JYC)
Patent 7,941,357

Before JAMESON LEE, SALLY C. MEDLEY, JONI Y. CHANG, *Administrative Patent Judges.*

CHANG, *Administrative Patent Judge.*

DECISION
Motion for Additional Discovery
37 C.F.R. §§ 42.51(b)(2) and 42.224

INTRODUCTION

Markets-Alert Pty. Ltd. (“Markets-Alert”) filed a motion for additional discovery seeking production of information considered by a declarant, prior art and information considered by Bloomberg et al. (collectively “Bloomberg”), and information related to licensing and commercial implementation.¹ (“Mot.” Paper 28; Ex. 2021.) Bloomberg opposes. (“Opp.” Paper 31.) We have considered each item in the request of Markets-Alert and Bloomberg’s opposition. For the reasons discussed below, Markets-Alert’s motion for additional discovery is *granted-in-part*.

DISCUSSION

The purpose of the Leahy-Smith America Invents Act (“AIA”) is to establish a more efficient and streamline patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs. To achieve that goal, the AIA created new administrative trial proceedings to be conducted by the Board, including covered business method patent reviews, as a cost-effective alternative to litigation. It is recognized that limited discovery lowers the cost, minimizes the complexity, and shortens the period required for dispute resolution. Consistent with the statutory provisions and legislative intent of the AIA, there is a strong public policy to limit discovery in administrative trial proceedings, as opposed to the practice in district court patent litigations that have broad discovery.

While an interests of justice standard is employed in granting additional discovery in *inter partes* reviews, a good cause standard is applied in post-grant reviews and covered business method patent reviews. 37 C.F.R. §§ 42.51(b)(2)(i)

¹ In its prior Order, the Board authorized Markets-Alert to file a motion for additional discovery and Bloomberg to file an opposition. (Paper 27.)

and 42.224.² On balance, the interests of justice standard is a slightly higher standard than the good cause standard, to reflect that the scope of issues which could be raised by a petitioner in an *inter partes* review is limited to grounds based on patents or printed publications. *Id.*

Notwithstanding the different standards, the legislative intent for those administrative trial proceedings shares the same principle that each review should be an efficient, streamlined, and cost-effective alternative to district court litigation. The statutory provisions for *inter partes* reviews, post-grant reviews, and covered-business method patent reviews caution against overly broad discovery³ and provide the same considerations, including efficient administration of the Office and the ability of the Office to complete the proceeding timely.⁴ Moreover, as stated in the legislative history, “[g]iven the time deadlines imposed on these proceedings, it is anticipated that, regardless of the standards imposed in [35 U.S.C. §§ 316 and 326], PTO will be conservative in its grants of discovery.” 154 Cong. Rec. S9988-89 (daily ed. Sept. 27, 2008) (statement of Sen. Kyl).

² See also *Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents*, 77 Fed. Reg. 48680, 48693 (Aug. 14, 2012) (final rule).

³ See 35 U.S.C. 316(a)(6) and 326(a)(6) (“The Director shall prescribe regulations. . . (6) prescribing sanctions for abuse of discovery, abuse of process, or any other improper use of the proceeding, such as to harass or *to cause unnecessary delay or an unnecessary increase in the cost of the proceeding.*” Emphasis added.)

⁴ See 35 U.S.C. §§ 316(b) and 326(b) (“In prescribing regulations under this section, the Director shall consider the effect of any such regulation on the economy, the integrity of the patent system, the *efficient administration* of the Office, and *the ability of the Office to timely complete proceedings* instituted under this chapter.” Emphasis added.)

The Office promulgated the patent trial rules through rulemaking under the authority of the AIA (*e.g.*, 35 U.S.C. §§ 316 and 326). Consistent with the AIA, regulations set forth in Part 42, Title 37, Code of Federal Regulations, including the discovery rules for *inter partes* reviews, post-grant reviews, and covered-business method patent reviews, must be construed to secure the just, speedy, and inexpensive resolution of every proceeding. 37 C.F.R. § 42.1(b).

Markets-Alert as the moving party has the burden of proof in establishing entitlement to the requested relief. 37 C.F.R. §§ 42.20(c), 42.51(b)(2), and 42.224.⁵ In its prior Order, the Board advised Markets-Alert to keep the statutory and regulatory considerations in mind when filing a motion for additional discovery. (Paper 15, 4-5.) For further guidance, the Board directed the parties' attention to the factors set forth in "Decision – On Motion For Additional Discovery" entered in IPR2012-00001. *See Garmin International, Inc. et al. v. Cuozzo Speed Technologies LLC*, IPR2012-00001, Paper No. 26 at 6-7 (PTAB, Mar. 5, 2013).

Those same factors are helpful in determining whether discovery requests may be granted in covered business method patent reviews. As discussed previously, administrative trial proceedings share the same public policy, statutory, and regulatory considerations of discovery. For covered business method patent review, we slightly modify each of the five factors set forth in *Garmin*, for determining whether the requested discovery is necessary for good cause.

⁵ 37 C.F.R. § 42.224 Discovery.

Notwithstanding the discovery provisions of subpart A:

(a) Requests for additional discovery may be granted upon a showing of good cause as to why the discovery is needed; and

(b) Discovery is limited to evidence directly related to factual assertions advanced by either party in the proceeding.

Discovery Factors for Covered Business Method Patent 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.”
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 covered-business method patent 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.

Information Considered by Declarant

Markets-Alert requests the production of all documents and things considered by Dr. Steven R. Kursh, Bloomberg's expert, in conjunction with the preparation of his declaration filed in this proceeding (Request 3). (Mot. 2; Ex. 2021, 8.) Markets-Alert asserts that the evidence sought is necessary for cross-examining Dr. Kursh with respect to his testimony on claim construction and the state of the art at the time of filing. (Mot. 7.) In its opposition, Bloomberg argues that it has provided the necessary information, and to the extent that Markets-Alert's request goes beyond the provided information, the request is unduly broad. (Opp. 6-7.)

Applying the Factors to the facts related to Request 3, we determine that Markets-Alert sufficiently demonstrates specific factual reasons for expecting that there are other items which the declarant relied on in providing the declaration. We first note that Request 3 is specific and tailored narrowly, seeking information from one individual that is related to a single declaration on the issues raised by Bloomberg in its petition. As support, Markets-Alert provides two specific examples, which Markets-Alert believes that Dr. Kursh's testimony is relying upon evidence other than the cited prior art reference. (Mot. 7. "Kursh opines that 'real-time notification' includes the time period sufficiently long to accommodate the remote communication devices mentioned in [Patent 7,941,357 ('the '357 Patent')];" and "Kursh summarily opines that one of skill in the art would consider the matching of buy and sell orders in *Satow* to constitute technical analysis.")

In its submission of the declaration, Bloomberg provides a list of information considered by Dr. Kursh. (Ex. 1002, Appendix B, 45-46.) Bloomberg also implies that that list is complete. (Opp. 6-7.)

Given those facts, we determine that Request 3 is necessary for good cause. Accordingly, the Board grants Markets-Alert's motion for additional discovery as to the production of all documents and things reviewed or considered by Dr. Kursh in conjunction with preparation of his declaration, but only to the extent of Dr. Kursh's recollection. However, Markets-Alert's instructions (Ex. 2021, 4-5, ¶¶ 16-17) do not apply to that production of documents and things. *See* Order section of this decision below.

Prior Art Known to Bloomberg and Information Considered by Bloomberg

Markets-Alert requests the production of prior art known to Bloomberg that was not submitted in the petition (Request 1), and documents and things reviewed or considered by Bloomberg in conjunction with the preparation of the petition (Request 2). (Mot. 2; Ex. 2021, 8.) Upon consideration of Markets-Alert's requested items and arguments, we determine that Markets-Alert has not met its burden to show that the requested discovery is necessary for good cause.

In support of Requests 1-2, Markets-Alert contends that "the undisclosed prior art would be highly probative and favorable in substantive value to Markets-Alert." (Mot. 4) In particular, Markets-Alert argues that the prior art known to Bloomberg is "highly relevant to this proceeding as they inform the level of ordinary skill and the state of the relevant art at the time of filing." (*Id.*) Markets-Alert also alleges that if the requested prior art is disclosed, it would be "able to avoid unnecessary arguments and amendments." (Mot. 5.) According to Markets-Alert, the requested prior art is "unfavorable to Petitioners' position" and therefore it "will likely be favorable to Markets-Alert and useful in this proceeding." (Mot. 5-6.) Markets-Alert further asserts that the requested information is "crucial to fully analyzing the positions advanced by Petitioners." (Mot. 6.)

We are not persuaded by Markets-Alert's arguments, as they are highly speculative and do not provide sufficient factual reason to demonstrate that something "useful" will be uncovered (*see* Factor 1). As Bloomberg points out, Markets-Alert is seeking prior art and information that are irrelevant to the instituted grounds of unpatentability. (Opp. 3.) While those prior art and information sought by Markets-Alert were considered by Bloomberg, they are not relied upon to support the asserted grounds of unpatentability.

On this record, we also observe that the prior art and information sought by Markets-Alert, at best, is merely cumulative to the prior art already submitted by Bloomberg on the record. To the extent that the requested prior art and information are inconsistent with Bloomberg's position, Bloomberg already confirmed that it has produced all information covered by 37 C.F.R. § 42.51(b)(1)(iii) as routine discovery. (Paper 27, 3.) Further, Bloomberg is not required to cite cumulative prior art. Indeed, redundant grounds based on cumulative prior art are not warranted. *See* Order denying redundant grounds, *Liberty Mutual Ins. Co. v. Progressive Casulty Ins. Co.*, CBM2012-00003, Paper 7 (PTAB, Oct. 25, 2012). Moreover, as noted by Bloomberg, reasons behind why Bloomberg disclosed some prior art, but not others, do not present a genuine need for the items sought, as the requests seek Bloomberg's litigation positions and the underlying basis for those positions (*see* Factor 2). (Opp. 5-6.)

In its motion, Markets-Alert does not provide any explanation as to why its own prior art search or expert opinion could not have identified prior art or information necessary to inform Markets-Alert on the state of the art and claim construction (*see* Factor 3). Markets-Alert also fails to explain why it could not avoid unnecessary arguments and amendments using the result of its own prior art search or expert opinion.

As to Markets-Alert's argument that the requests pose no burden, Markets-Alert's argument is not commensurate with the scope of the requests. That argument narrowly focuses on the information possessed by Petitioners' counsel. (Mot. 4 "what is likely already sitting in a computer file of Petitioners' counsel.") In fact, Markets-Alert's requests broadly cover information actually or constructively possessed by every present and former employee and any other persons acting or purporting to act on behalf of Bloomberg. (Ex. 2021, 4-5, ¶¶ 16-17 "These requests for production seek all information that is known to you, your representatives, agents or investigators, and unless otherwise privileged, their counsel, employees, representatives, agents, servants, investigators or consultants;" and "[t]hese requests for production seek all [d]ocuments and things that are in the actual or constructive possession, custody, or control of the responding party and/or the responding party's present and former employees, officers, directors, agents, representatives, attorneys, accountants, underwriters, investigators, or other persons acting or purporting to act on behalf of the responding party.") Such instructions that include numerous individuals are unduly broad and burdensome (*see* Factor 5). Additionally, these broad instructions would cause unnecessary substantial delays, as the instructions would place an obligation on Bloomberg to identify numerous individuals and require each individual to make a diligent search for information.

For the foregoing reasons, Markets-Alert's motion for additional discovery as to Requests 1 and 2 is *denied*.

Items Related to Licensing and Commercial Implementation

Markets-Alert requests additional discovery for the following items:

- (4) Documents and things relating to any communication, discussion, evaluation, consideration or decision regarding licensing from Markets-Alert or commercial implementation or adoption of any specific embodiment of the '357 Patent in the 2000 to 2011 time frame; and
- (5) Documents and things relating to any commercial or technical review, analysis or decision regarding licensing or commercial implementation or adoption of any technology similar to the invention of the '357 Patent in the 2000 to 2011 time frame.

(Mot. 2; Ex. 2021, 8, Requests 4-5.)

In its motion, Markets-Alert essentially contends that the items to be discovered would be probative to its potential assertion of secondary considerations of nonobviousness including copy by others, failure of others, commercial success, and long-felt but unresolved need. (Mot. 8-10.) We have considered Markets-Alert's requests for additional discovery and arguments. On this record, we however determine that Markets-Alert has not met its burden to demonstrate that the requested additional discovery is necessary for good cause.

Markets-Alert's arguments with respect to why Requests 4-5 are necessary for good cause are highly speculative and not meaningful. Although Markets-Alert alleges that the requested information would have potential probative value, Markets-Alert fails to provide a specific factual reason or evidence for expecting that the discovery will be "useful." Markets-Alert's contentions are merely allegations that something useful will be found, which are insufficient to demonstrate that the requested additional discovery is necessary for good cause (*see* Factor 1). For instance, as Bloomberg points out, rather than identify any specific licensing proposals, communications, or commercial implementations, the

requests are directed vaguely to anything relating to a long list of hypothetical and unspecified activities over an eleven-year time period. (Opp. 8-9.) Markets-Alert also fails to provide any specific factual reason or credible evidence to show that Bloomberg or anyone had tried but failed to develop a method having the claim features of the '357 patent.

Markets-Alert does not direct our attention to any evidence that Bloomberg sought to license from or copied the claimed subject matter of the '357 Patent. Even if there is a licensing agreement involving the '357 patent, Markets-Alert fails to provide adequate explanation or evidence to establish nexus between the merits of the invention and such a licensing agreement. Without a showing of nexus, the mere existence of licenses is insufficient to overcome the conclusion of obviousness. *Iron Grip Barbell Co. v. USA Sports, Inc.*, 392 F.3d 1317, 1324 (Fed. Cir. 2004); *SIBIA Neurosciences, Inc. v. Cadus Pharm. Corp.*, 225 F.3d 1349, 1358 (Fed. Cir. 2000).

With respect to Markets-Alert's potential assertion of long-felt but unresolved need as secondary consideration of nonobviousness, Markets-Alert fails to explain why it could not rely on its own analysis of the state of the art or the opinions of independent analysts without a discovery request (*see* Factor 3).

As discussed previously, Markets-Alert's instructions set forth in its request for additional discovery (Ex. 2021, 4-5) are overly broad, which would require numerous individuals to search and produce the requested information. Those instructions would place an undue burden and cause unnecessary substantial delays (Factor 5).

For the foregoing reasons, Markets-Alert's motion for additional discovery as to Requests 4 and 5 is *denied*.

ORDER

In consideration of the foregoing, it is hereby:

ORDERED that Markets-Alert's motion for additional discovery is *granted* as to the request for production of all documents and things reviewed or considered by Steven R. Kursh in conjunction with the preparation of his declaration, but only to the extent of Dr. Kursh's recollection; and Markets-Alert's instructions (Ex. 2021, 4-5) shall not apply to that production of documents and things;

FURTHER ORDERED that, unless previously served, Bloomberg must serve Markets-Alert, by June 4, 2013, a copy of all documents and things reviewed or considered by Dr. Kursh in conjunction with the preparation of his declaration (Ex. 1002), to the extent of Dr. Kursh's recollection; and

FURTHER ORDERED that Markets-Alert's motion for additional discovery is *denied* as to all other requests for additional discovery (Requests 1-2 and 4-5).

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