

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

CHONGQING YANMEI TECHNOLOGY CO., LTD.,
Petitioner,

v.

TERVES, LLC,
Patent Owner.

IPR2023-00521
Patent 10,689,740 B2

Before JO-ANNE M. KOKOSKI, JON B. TORNQUIST, and
JANE E. INGLESE, *Administrative Patent Judges*.

TORNQUIST, *Administrative Patent Judge*.

ORDER
Conduct of the Proceeding
Withdrawing Exhibit 2007 and Denying Petitioner's Motion to Compel
37 C.F.R. §§ 42.5, 42.7, 42.52

I. BACKGROUND

In support of its Preliminary Response, Patent Owner filed a declaration from Andrew Sherman, the founder and president of Terves, LLC. Paper 7, 2 (citing Exhibit 2007 ¶¶ 1–2, 4). In this declaration, Mr. Sherman discusses the number of people employed by Patent Owner, the types of products it produces, and asserts that Patent Owner makes and sells products that practice at least claim 19 of the '740 patent. Ex. 2007 ¶¶ 1–2, 4. In Patent Owner's Response, Patent Owner continues to rely upon Exhibit 2007 for this type of background information. Paper 18, 2–4.

On December 28, 2023, Petitioner informed Patent Owner that it seeks to depose Mr. Sherman. Ex. 1022, 3. On January 3, 2024, Patent Owner inquired as to why Petitioner sought the deposition testimony of Mr. Sherman, as Mr. Sherman's testimony was directed only to background information. *Id.* at 1. Petitioner responded that it is entitled to cross-examine Mr. Sherman pursuant to 37 C.F.R § 42.51(b)(1)(ii). *Id.*

With authorization, Patent Owner filed a Motion to Withdraw Exhibit 2007, in lieu of producing the declarant for deposition. Paper 20 ("Motion" or "Mot."). Petitioner opposes the motion and requests that if the motion is granted that Mr. Sherman still be compelled to appear for deposition. Paper 21 ("Opposition" or "Opp."). Patent Owner filed a Reply to Petitioner's Opposition, addressing Patent Owner's motion to compel. Paper 22.

II. ANALYSIS

A. Motion to Withdraw

Patent Owner contends Exhibit 2007 was cited in the Preliminary Response in support of its "arguments for discretionary denial related to

financial hardship of institution, which are no longer relevant once this proceeding was instituted.” Mot. 1. Patent Owner further contends that the Patent Owner Response only cited Exhibit 2007 three times and only in the Background section, and none of the testimony cited in its Response pertains to the patent at issue or any substantive arguments related to patentability. *Id.* at 2. Patent Owner argues that the deposition of Mr. Sherman “would be costly” and “time consuming” and “could not reasonably provide any information that would have bearing on the institution proceedings.” *Id.* at 9.

Petitioner contends that because Patent Owner relied on Exhibit 2007 in both the Preliminary Response and Patent Owner’s Response it is entitled to cross-examine Mr. Sherman. Opp. 2–3. Petitioner explains that it “wants to depose Mr. Sherman regarding when exactly Patent Owner began manufacturing the invention and how long it has been selling the product.” *Id.* at 5.

Generally, a party has the right to cross-examine any individual that submits declaration testimony. 37 C.F.R. § 42.51(b)(1)(ii). That said, our rules are also to “be construed to secure the just, speedy, and inexpensive resolution of every proceeding.” 37 C.F.R. § 42.1(b). Under the facts of this case, allowing Patent Owner to withdraw a declaration addressing only background information furthers the goal of an inexpensive resolution of this proceeding. Accordingly, we grant Patent Owner’s Motion to Withdraw Exhibit 2007. Having been withdrawn, Patent Owner may not rely on Exhibit 2007 to support its arguments, and any Final Written Decision in this case will not consider any material included in Exhibit 2007.

B. Motion to Compel

To the extent the Board permits Patent Owner to withdraw Exhibit 2007, “Petitioner seeks authorization from the Board to compel Patent Owner to produce Mr. Sherman for cross-examination or direct examination.” Opp. 6. Petitioner contends Mr. Sherman should be compelled to testify as it “believes Patent Owner may have publicly disclosed or offered for sale the invention more than one year before filing for patent protection,” and Mr. Sherman “will have knowledge of when the invention was first publicly disclosed or sold and what was sold.” *Id.* at 7.

We may authorize additional discovery, including compelled deposition testimony, when “such additional discovery is in the interests of justice.” 37 C.F.R. §§ 42.51(b)(2), 42.52(a). We analyze five factors in determining if additional discovery is in the interest of justice: (1) whether there is a more than a mere possibility of finding something useful, (2) whether a party seeks litigation positions and the underlying basis for those positions, (3) the ability of the moving party to generate equivalent information by other means, (4) whether the discovery requests are easily understandable, and (5) whether the discovery requests are overly burdensome to answer. *Garmin Int’l, Inc. v. Cuozzo Speed Techs. LLC*, IPR2021-00001, Paper 26 at 6–7 (PTAB March 5, 2013) (precedential) (“*Garmin*”). As the moving party, Petitioner bears the burden to prove it is entitled to the requested discovery. 37 C.F.R. § 42.20(c).

In this proceeding, Petitioner filed a Petition addressing the challenged claims of the ’740 patent and Patent Owner filed a contingent motion to amend seeking to add proposed substitute claims. Opp. 7. Because the analysis of whether additional discovery is “in the interests of

justice” differs between the issued claims of the ’740 patent and the proposed substitute claims, we address them separately.

1. Original Claims

A petition may only request to cancel claims of a patent “on the basis of prior art consisting of patents or printed publications.” 35 U.S.C. § 311(b). Testimony of Mr. Sherman regarding when the claimed inventions “were first publicly disclosed, offered for sale, or sold” is not likely to produce evidence that is useful in determining whether the challenged claims of the ’740 patent are anticipated or rendered obvious by “prior art consisting of patents or printed publications.” Opp. 7. Accordingly, we deny Petitioner’s Motion to compel testimony from Mr. Sherman as to these claims.

2. Proposed Amended Claims

Patent Owner filed a contingent motion to amend, seeking to substitute claims 19–30, 32–49, 51–61, and 63–81 of the ’740 patent with proposed substitute claims 104–163. Paper 19, 1. In contrast to existing claims of a patent, the requirements of § 311(b) do not extend to our review of proposed substitute claims. *Uniloc 2017 LLC v. Hulu, LLC*, 966 F.3d 1295, 1304–05 (Fed. Cir. 2020) (“Section 311 is confined to the review of existing patent claims, not proposed ones”). Thus, the question of whether the invention recited in the proposed substitute claims was publicly disclosed, offered for sale, or sold before the effective filing date of the proposed substitute claims may be relevant in this proceeding. *See* 35 U.S.C. § 102(a).

Petitioner contends Mr. Sherman testified that “the invention has been manufactured at the first secondary magnesium processing plant in 50

years,” and “Petitioner wants to depose Mr. Sherman regarding when exactly Patent Owner began manufacturing the invention and how long it has been selling the product.” Opp. 5, 7. Petitioner identifies no statements from Mr. Sherman, or any other evidence, however, to suggest that Patent Owner publicly disclosed, offered for sale, or sold embodiments of the proposed substitute claims *prior to* the effective filing date of those claims. At most, Petitioner presents a mere possibility of uncovering information that might be relevant to the unpatentability analysis for the substitute claims. *Id.* A mere possibility of uncovering relevant information is not sufficient to demonstrate that additional discovery is in the interests of justice.¹ See *Garmin*, Paper 26 at 6 (“The party requesting discovery should already be in possession of evidence tending to show beyond speculation that in fact something useful will be uncovered.”).

In view of the foregoing, Petitioner has not carried its burden to show that additional discovery, in the form of a compelled deposition of Mr. Sherman, is in the interests of justice.

III. ORDER

For the foregoing reasons, it is:

ORDERED that Patent Owner’s Motion to Withdraw Exhibit 2007 is granted;

FURTHER ORDERED that Exhibit 2007 will not be considered in this proceeding; and

FURTHER ORDERED that Petitioner’s Motion to Compel testimony of Mr. Sherman is denied.

¹ Petitioner does not address the remaining four *Garmin* factors.

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