

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

PELOTON INTERACTIVE, INC.,
Petitioner,

v.

NEC CORPORATION,
Patent Owner.

Case No. IPR2023-01240

Patent No. 9,769,427

**PATENT OWNER'S REPLY IN SUPPORT OF
MOTION TO SEAL**

Submitted Electronically

In response to Petitioner’s Opposition to Patent Owner’s Motion to Seal (Paper 24), Patent Owner NEC Corporation (“NEC” or “Patent Owner”) hereby submits this Reply in Support of Patent Owner’s Motion to Seal.¹

As noted in Patent Owner’s Motion to Seal, “[t]he Board may, for good cause, issue an order to protect a party or person from disclosing confidential information . . .” 37 C.F.R. § 42.54; *see also* Paper 21 at 1. As explained below, good cause exists to enter the proposed Protective Order, and to seal Exhibits 2011 to 2019, and 2022 to 2023.

Petitioner’s suggestion that Patent Owner *only* argues that its request be granted “because the public interest will not be harmed by sealing these Exhibits” is erroneous. Paper 24 at 1 (internal quotations removed). Rather Patent Owner argues that good cause exists because the documents which are to be filed under seal contain confidential technical and business information which is entitled to protection during the *inter partes* review proceedings. As part of this standard, Patent Owner may show that “the information is truly confidential, and that such confidentiality outweighs the strong public interest in having an open record.” *Guardant Health, Inc. v. Found. Med., Inc.*, No. IPR2017-01170, 2018 WL 1666181, at *1 (P.T.A.B. Apr. 4, 2018).

¹ Petitioner has not opposed Patent Owner’s Motion for Entry of Default Protective Order. *See* Paper 24 at 2 (“The parties have conferred and agreed to entry of the Default Protective Order”).

Further, as explained below, since the exhibits which have been proposed to be sealed contain highly confidential and technical information, protecting the confidentiality of this information outweighs the public interest in having an open record, including for the reason that the public interest will not be harmed by sealing these exhibits.²

Exhibit 2011 is a declaration of Mr. Kunihiro Taniguchi which includes significant details of Patent Owner NEC's internal research and development processes, which have been previously recognized as information entitled to protection. *See Snap-On Inc. v. Milwaukee Elec. Tool Corp.*, IPR2015-01242, Paper 75, at 2 (PTAB Sept. 23, 2016) (sealing exhibits which included "information related to Petitioner's research [and] development"); *see also* Paper 21 at 3.

Exhibits 2012-2015 each relate to a confidential NEC presentation, which is marked in various places as "Confidential" (in Japanese "秘") or "NEC Confidential" at various points and thus were clearly intended to be treated as confidential even at the time of creation and contain confidential NEC information, including information related to the conception and development of certain research activities at NEC. *See, e.g.*, Exhibit 2012 at 1, 2, 4, 5, 8, 10-17, 19-26, 28-30.

² As noted in its opening Motion, Patent Owner will file a redacted version of the sealed exhibits "for the public record" when the proposed Protective Order is entered, with such proposed redactions not to include any information that was disclosed in the (non-sealed) Patent Owner Response and corresponding expert declarations. *See* Paper 21 at 4.

Exhibits 2016-2019 all relate to a provisional draft patent application, created by NEC in concert with its legal department and foreign patent practitioners (in this case, a Japanese patent practitioner) in preparation for filing of a patent application. Patent Owner notes that this draft is *not* what was ultimately submitted as a patent application, and to the extent the exhibits contain information regarding strategy or requests for creating a patent application, the exhibits constitute “confidential business information” and thus may properly be sealed. *Snap-On Inc.*, No. IPR2015-01242, Paper 75, at 2 (granting motion to seal exhibits which relate to “confidential business information”).

Finally, with respect to Exhibits 2022 and 2023, both exhibits are written by attorneys, in the case of Exhibit 2022, in-house counsel at NEC, and in the case of Exhibit 2023, outside patent counsel, and contain various information related to Patent Owner’s business and development strategies, and thus may be properly sealed. *Id.* These exhibits also contain confidential information about NEC’s business operations and confidential information related to communications between NEC and its patent attorney.

To the extent any of the content of these exhibits is “repeated publicly in [the] Patent Owner Response” as Petitioner alleges, Paper 24 at 4, the proper remedy for such disclosure is not to deny sealing of the confidential information that remains, but rather to tailor the redactions, as noted above, to exclude such publicly disclosed

information. Upon entry of the Protective Order, Patent Owner intends to submit such redactions.

CONCLUSION

For the reasons set forth above, Patent Owner respectfully submits that good cause exists for entering the proposed Default Protective Order in this proceeding, and sealing Exhibits 2011 to 2019 and 2022 to 2023.

Dated: July 3, 2024

/Eliot D. Williams/

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CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. §§ 42.6(e) and 42.105(a), this is to certify that I caused to be served a true and correct copy of the foregoing **“PATENT OWNER’S REPLY IN SUPPORT OF MOTION TO SEAL”** via the PTAB’s E2E system and sent via email as detailed below.

Date of service: July 3, 2024

Document served: PATENT OWNER’S REPLY IN SUPPORT OF MOTION TO SEAL

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