

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

PELTON INTERACTIVE, INC.,
Petitioner,

v.

NEC CORPORATION,
Patent Owner.

IPR2023-01240
IPR2023-01241¹
Patent 9,769,427 B2

Before MICHAEL J. STRAUSS, CHARLES J. BOUDREAU, and
CHRISTOPHER L. OGDEN, *Administrative Patent Judges*.

OGDEN, *Administrative Patent Judge*.

ORDER

Dismissing Without Prejudice Patent Owner's Motion to Seal
37 C.F.R. §§ 42.14, 42.54

¹ This order addresses an issue common to the above cases. The parties may use this style caption for the briefing authorized in this Order, but not otherwise without the Board's approval.

I. INTRODUCTION

On May 1, 2024, Patent Owner NEC Corporation (“Patent Owner” or “NEC”) filed a Motion for Entry of Default Protective Order² and Motion to Seal (IPR2023-01240, Paper 21; IPR2023-01241, Paper 22; “Motion”) in each of the above proceedings. The Motion requests, in part,³ that Exhibits 2011–2019, 2022, and 2023⁴ be sealed under the Default Protective Order. Mot. 3–4. Petitioner Peloton Interactive, Inc. (“Peloton”) filed an Opposition to this part of the Motion (IPR2023-01240, Paper 24; IPR2023-01241, Paper 25; “Opp.”), and NEC filed a Reply (IPR2023-01240, Paper 25; IPR2023-01241, Paper 27; “Reply”). For the reasons below, NEC has not shown good cause for maintaining the exhibits under seal, so the Motion is *denied* without prejudice.

In an *inter partes* review, the moving party bears the burden of showing that the requested relief should be granted, which includes showing good cause. 37 C.F.R. §§ 42.20(c), 42.54(a). This requirement reflects the strong public policy for making all information in Board proceedings open to the public. *See Argentum Pharms. LLC v. Alcon Research, Ltd.*, IPR2017-01053, Paper 27 at 3 (PTAB Jan. 19, 2018) (informative). When assessing if

² Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,771 (App’x. B).

³ In a previous order, we granted Patent Owner’s uncontested request for entry of the Default Protective Order, (“Default Protective Order”). *See* IPR2023-01240, Paper 31; IPR2023-01241, Paper 33.

⁴ The relevant exhibit numbers are the same in both proceedings.

the good-cause standard has been met, we may consider (1) whether the information at issue is confidential, (2) whether harm would result upon public disclosure, (3) whether there exists a genuine need to rely in the trial on the specific information sought to be sealed, and (4) whether the interest in maintaining confidentiality as to the information outweighs the strong public interest in an open record. *Id.* at 4.

II. DISCUSSION

In general, NEC argues that Exhibits 2011–2019, 2022, and 2023 involve confidential technical and business information. Mot. 3. NEC argues that the public interest will not be harmed by sealing these exhibits because NEC’s Patent Owner Response and expert declarations are not under seal and NEC “will file a redacted version of the sealed Exhibits for the public record,” thus the public will have “sufficient access to the record in this case to understand the arguments and evidence presented to the Board.” Mot. 4; *see also* Reply 3 n.2 (pledging to file redacted versions of the exhibits “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”).

Peloton argues that NEC has failed to meet its burden of showing good cause to seal the documents because that burden requires showing not just the lack of public harm, but also that “concrete harm would result from public disclosure.” Opp. 1–2 (quoting *Argentum*, IPR2017-01053, Paper 27 at 4). According to Peloton, NEC has only made generic allegations of confidentiality, but has failed to show why its confidentiality interests

overcome the strong public interest in preserving an open record. Opp. 2. Peloton also argues that NEC “has not indicated what information would not be redacted in its proposed ‘redacted version for public records’” of each of the documents in question. Opp. 5 & n.2.

In reply, NEC argues that the lack of public harm is just one of the reasons there is good cause to seal the documents and that it has also shown that the material in question is confidential technical and business information that is entitled to protection. Reply 2–3. To the extent that any of the material in the exhibits is repeated publicly in the Patent Owner Response, NEC argues that “the proper remedy for such disclosure is not to deny sealing of the confidential information that remains, but rather to tailor the redactions . . . to exclude such publicly disclosed information. Reply 4–5.

We address each of the Exhibits below.

A. EXHIBIT 2011

Exhibit 2011 is a declaration by Kunihiro Tanaguchi, who is a named inventor on US 9,769,427 (the ‘427 patent). *See* Ex. 1001, code (75). NEC argues that this declaration “contain[s] confidential information about business and research and development activities of the inventor and NEC.” Mot. 3.

Peloton argues that much of Mr. Tanaguchi’s testimony concerns his background and research interests, what was known in the prior art, and

material that has been repeated publicly in the Patent Owner Response.

Opp. 3.

In reply, NEC argues that Mr. Tanaguchi's declaration includes material relating to internal research and development processes, which are entitled to protection. Reply 3 (citing *Snap-On Inc. v. Milwaukee Elec. Tool Corp.*, IPR2015-01242, Paper 75 at 2 (PTAB Sept. 23, 2016)).

It appears that at least some of the material in Mr. Tanaguchi's declaration, such as his education, his job descriptions, his standards-related and industry-association activities, his understanding of the prior art, and anything disclosed or cited to in a public filing, is not entitled to protection. To the extent that the declaration discusses non-public research and development activities that NEC does not discuss in the Patent Owner Response or other public filings, NEC has not specifically identified any such material and has not met its burden of showing good cause to maintain any part of the declaration under seal.

B. EXHIBITS 2012–2015

Exhibits 2012–2015 concern, according to NEC, “a confidential internal presentation containing confidential technical information including system design and information about business and research and development activities of the inventor and NEC.” Mot. 3.

Peloton argues that Exhibits 2012 and 2013 contain, at least according to NEC's argument in the Patent Owner Response, “substantially identical” information to the '427 patent disclosure, which is a publicly available document. Opp. 3 (quoting Paper 20 at 13). Peloton also argues that there are several pages in the presentation labeled as “PRIOR ART” and several

excerpts from the presentation are included in the Patent Owner Response. Opp. 3–4 & n.1. Peloton also argues that NEC has not explained how public disclosure of the metadata in Exhibits 2014 and 2015 would be harmful to NEC. Opp. 4.

NEC replies that the presentation is marked as confidential “and thus [was] clearly intended to be treated as confidential even at the time of creation and contain[s] confidential NEC information, including information related to the conception and development of certain research activities at NEC.” Reply 3.

Although NEC may have intended the presentation to be confidential at the time it was created, NEC has later disclosed much of the material to the public. In particular, anything that NEC disclosed during prosecution of the ’427 patent or discusses in its Patent Owner Response or other public filings is no longer confidential and is not entitled to be maintained under seal. If there are parts of these exhibits discussing confidential research activities that NEC has not ultimately disclosed to the public, NEC has not specifically identified those parts of the exhibits. NEC has therefore not met its burden to show good cause to seal Exhibits 2012–2015.

C. EXHIBITS 2016–2019

According to NEC, “Exhibits 2016 and 2017 are a provisional draft of a contemplated patent application that was not submitted, containing confidential technical information.” Mot. 3. NEC argues that “Exhibits 2018 and 2019 are a confidential work request from NEC and its patent attorneys.” *Id.*

Peloton argues that NEC has not explained, with sufficient particularity, why this material is confidential or why it should be protected from disclosure. Opp. 4 (citing *DISH Network L.L.C. v. Broadband iTV, Inc.*, IPR2020-01267, Paper 57 at 5 (PTAB Oct. 7. 2021)).

NEC replies that these exhibits “all relate to a provisional draft patent application” and are “*not* what was ultimately submitted as a patent application.” Reply 4. According to NEC, “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.” *Id.* (citing *Snap-On Inc.*, IPR2015-01242, Paper 75 at 2).

We note that NEC has not asserted attorney-client privilege or work-product protection as to these exhibits. Thus, the participation or involvement of attorneys in these documents does not, itself, justify maintaining them under seal. And although changes to a non-public draft of a patent application could, depending on the circumstances, reflect confidential business strategy, NEC has not specifically identified which parts of the draft application differ from the filed application or explained why the changes reflect confidential business strategy. NEC has therefore not met its burden to show good cause to seal Exhibits 2016–2019.

D. EXHIBITS 2022 AND 2023

According to NEC, “Exhibit 2022 is a declaration of an NEC employee concerning the exhibits, containing confidential information about NEC’s business operations.” Mot. 4. NEC argues that “Exhibit 2023 is a declaration of NEC’s patent attorney containing confidential information

about communications between NEC and the patent attorney and the work of the patent attorney.” *Id.*

Peloton argues that these declarations “contain[] generic assertions relating to NEC’s claims surrounding reduction to practice that are repeated publicly in its Patent Owner Response.” Opp. 4.

NEC replies that “both exhibits were written by attorneys . . . , and contain various information related to Patent Owner’s business and development strategies, and thus may properly [be] sealed,” and “also contain confidential information about NEC’s business operations and confidential communication related to communications between NEC and its patent attorney.” Reply 4.

Because NEC has not asserted attorney-client privilege or work-product protection as to Exhibits 2022 or 2023, the declarants’ status as attorneys does not, itself, justify maintaining the declarations under seal. And NEC has not indicated, with any specificity, which parts of these declarations it contends reflect confidential business information, or why the material should be protected from public disclosure.

III. CONCLUSION

For the above reasons, NEC has not shown good cause for maintaining Exhibits 2011–2019, 2022, and 2023 under seal. However, we authorize NEC to file a revised motion to seal, including redacted public versions of the exhibits and specific arguments as to why each of the redacted portions is entitled to protection under the Default Protective Order. This revised motion must be filed no later than October 10, 2024, or the

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exhibits in question will be made available to the public in their current form. Peloton may file an opposition no later than October 18, 2024, and NEC may file a reply no later than October 25, 2024.

IV. ORDER

For the above reasons, it is

ORDERED that Patent Owner's Motion to Seal is *denied* without prejudice;

FURTHER ORDERED that NEC is authorized to file a revised motion to seal Exhibits 2011–2019, 2022, and 2023, including redacted public versions of these exhibits and specific arguments as to why each of the redacted portions is entitled to protection under the Default Protective Order, no later than October 10, 2024, or Exhibits 2011–2019, 2022, and 2023 will be made available to the public in their current form;

FURTHER ORDERED that, should NEC elect to file a revised motion to seal under this Order, Peloton is authorized to file an opposition no later than October 18, 2024;

FURTHER ORDERED that, should Peloton elect to file an opposition under this Order, NEC is authorized to file a reply no later than October 25, 2024; and

FURTHER ORDERED that, should NEC elect to file a revised motion to seal under this Order, Exhibits 2011–2019, 2022, and 2023 will remain provisionally sealed until further order.

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