

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SCOUT ENERGY MANAGEMENT, LLC, and CHEVRON U.S.A. INC.,
Petitioner,

v.

PILOT INTELLECTUAL PROPERTY, LLC,
Patent Owner.

IPR2024-00385
Patent 8,505,332 B1

Before KEN B. BARRETT, WILLIAM V. SAINDON, and
MICHAEL L. WOODS, *Administrative Patent Judges*.

WOODS, *Administrative Patent Judge*.

ORDER
Conduct of the Proceeding
Denying Patent Owner's Motion for Additional Discovery
37 C.F.R. §§ 42.5, 42.51(b)(2)(i)

I. BACKGROUND

On August 9, 2024, we instituted trial in this *inter partes* review of U.S. Patent No. 8,505,332 B1 (Ex. 1001, “the ’332 patent”) involving petitioners, Scout Energy Management, LLC, (“Scout”) and Chevron U.S.A. Inc. (“Chevron”), and patent owner, Pilot Intellectual Property, LLC, (“Patent Owner”). Paper 11. We refer to Scout and Chevron collectively as “Petitioner.”

With our authorization, Patent Owner filed a Motion for Additional Discovery of Objective Evidence of Non-Obviousness (Paper 13, “Mot.” or “Motion”) along with Patent Owner’s Proposed Discovery Requests (Ex. 2014, “Requests”) and a Claim Chart of the ’332 patent (Ex. 2015, “Claim Chart”).

Petitioner filed an Opposition. Paper 15 (“Opp.” or “Opposition”).
For the reasons below, we *deny* Patent Owner’s Motion.

II. ANALYSIS

a. Discovery Sought

Patent Owner requests documents in support of objective evidence of non-obviousness of the ’332 patent, specifically, copying and commercial success. *See* Mot. 1. The Requests are identified as “Request for Production Nos. 1–4.” *See* Ex. 2014.

For *copying*, Patent Owner “requests documents including drawings showing the NGL Recovery unit that Chevron added to its Mabee gas plant after it gained access to Pilot’s then patent pending process, and the composition of four particular inlet/outlet stream identified on a flow diagram of the plant.” Mot. 1. Patent Owner’s “Requests for Production

Nos. 1–3” support its copying argument. *See* Ex. 2014, 3–4. For conciseness, we refer to the documents requested under “Requests for Production Nos. 1–3” as the “Plant Documents.”

For *commercial success*, Patent Owner “requests documents showing the value that [Petitioner] placed on the Chevron Mabee gas plant NGL Recovery unit when Chevron sold the plant to Petitioner Scout.” Mot. 1. Patent Owner’s “Request for Production No. 4” supports its commercial success argument. *See* Ex. 2014, 4. For conciseness, we refer to the documents requested under “Request for Production No. 4” as the “Sale Documents.”

b. The *Garmin* Factors

In *inter partes* reviews, “[t]he moving party has the burden of proof to establish that it is entitled to the requested relief.” *See* 37 C.F.R. § 42.20(c). To conduct additional discovery, a requesting party must demonstrate that “such additional discovery is in the interests of justice.” 37 C.F.R. § 42.51(b)(2)(i). To assess whether this standard has been met, we consider five factors provided in the Board’s precedential decision in *Garmin International, Inc. v. Cuozzo Speed Technologies LLC*, IPR2012-00001 (Mar. 5, 2013) (Paper 26) (“*Garmin*, Paper 26”):

- (1) whether there exists more than a possibility and mere allegation that something useful will be discovered;
- (2) whether the requests seek the other party’s litigation positions and the underlying basis for those positions;
- (3) whether the moving party has the ability to generate equivalent information by other means;

(4) whether the moving party has provided easily understandable instructions; and

(5) whether the requests are overly burdensome to answer.

Garmin, Paper 26 at 6–7. Below, we address Patent Owner’s Motion based on these five *Garmin* factors.

c. *Garmin* Factor 1: Whether There Exists More Than a Possibility and Mere Allegation That Something Useful Will be Discovered

Patent Owner “is convinced that Chevron copied [Patent Owner’s] Prim process, and [is] convinced that Chevron had huge commercial success with the process, including years of very profitable sales . . . , culminating in the sale of the NGL Recovery unit as part of its sale of the Mabee gas plant to Scout in 2021.” Mot. 3. Patent Owner “is firmly convinced based on the *evidence it has in hand*,” but is “also painfully aware that it needs the requested additional discovery to convince the Board.” *Id.* (emphasis added).

Patent Owner submits that in columns 2 and 3 of its Claim Chart (Ex. 2015) this information is “*sufficient to show several steps* of its process in Petitioners’ NGL Recovery unit” and column 5 “specifies the corresponding request.” Mot. 4 (emphasis added). Patent Owner submits that the Plant Documents will establish Petitioner’s copying and that the Sale Documents will establish commercial success. *See id.*

In the Opposition, Petitioner responds that Patent Owner’s “copying allegation is principally based on an alleged, decade-old, third-party hearsay statement (of which there is no evidence).” Opp. 1. Petitioner further responds that Patent Owner’s “copying argument revolves around the idea

that the Mabee Plant was not based on the design of a prior-art plant built by Chevron[, which] is pure speculation.” *Id.* at 2 (citing Mot. 2). Petitioner also responds that the sought-after evidence cannot establish copying, as the Mabee’s treatment of propane and hydrogen sulfide were well known in the art. *See id.* (citing Mot. 2–3).

Petitioner further submits that Patent Owner “provides zero basis for its speculation that ‘Chevron had huge commercial success’ with the Mabee NGL Recovery unit.” Opp. 4 (citing Mot. 1, 3). Petitioner characterizes Patent Owner’s request as “a wild goose chase for potential damages in district court.” *Id.*

We agree with Petitioner that Patent Owner’s “copying and commercial success allegations are merely speculative.” Opp. 1. While addressing *Garmin* factor 1, Patent Owner cites only to its Claim Chart, Exhibit 2015. *See* Mot. 3–4. Most of Patent Owner’s assertions are without any factual support. *See id.* Even though Patent Owner references “evidence it has in hand” (*id.* at 3), Patent Owner fails to cite any evidence to support its many assertions, including:

- a. “Chevron copied its Prim process”;
- b. “Chevron had huge commercial success with the process, including years of very profitable sales”; and that
- c. “[Chevron’s success] culminat[ed] in a sale of the NGL Recovery unit as part of its sale of the Mabee gas plant to Scout in 2021.”

See id.

Regarding Patent Owner’s position that columns 2 and 3 of Exhibit 2015 establish that “*several steps* of its process [are present] in Petitioners’ NGL Recovery unit” (Mot. 4 (emphasis added)), we disagree. For example,

regarding independent claim 1, which is the only independent claim challenged, Patent Owner submits evidence to address a portion of *Limitation [1.4] only*, and seeks discovery to address the remainder of Limitation 1.4 and remaining Limitations [1.P], [1.1], [1.2], [1.3], [1.5], and [1.6]. *See* Ex. 2015, 1–6; *id.* at 4 (Patent Owner’s claim chart identifying purported evidence regarding “the sweet NGL rich stream” but not “the acid gas stream”). Patent Owner’s own Exhibit 2015 supports Petitioner’s characterization of the discovery request as a “wild goose chase.” Opp. 4.

Under *Garmin* factor 1, we find that Patent Owner fails to establish that there is more than a possibility or mere allegation that something useful will be discovered. *Garmin*, Paper 26 at 6.

d. *Garmin* Factor 2: Whether the Requests Seek the Other Party’s Litigation Positions and the Underlying Basis for Those Positions

Patent Owner submits that its requests “seek only factual information regarding [Petitioner’s] NGL Recovery unit (process steps and value/sales) to support [Patent Owner’s] assertions of copying and commercial success,” and “not to obtain any litigation theories for a case on hold.” Mot. 4.

In the Opposition, Petitioner notes that the related district court litigation is “on hold,” which “highlight[s] the fact that [Patent Owner] is investigating its litigation positions and underlying bases with its current discovery requests because it cannot obtain that discovery in district court.” Opp. 4 (citing Mot. 4).

We infer from the parties’ arguments, papers, and the Related Litigation that Patent Owner has accused the Mabee plant of infringing the ’332 patent. *See, e.g.*, Paper 11, 3 (identifying the “Related Litigation” as

Pilot Energy Solutions, LLC et al. v. Chevron U.S.A. Inc. et al., Case No. 4:23-cv-02505-AHB (S.D. Tex) (citing Pet. 1; Paper 5, 1)). Indeed, Patent Owner has submitted a partially-completed claim chart mapping Chevron’s Mabee plant to the claims of the ’332 patent. *See* Ex. 2015. We further note that Patent Owner seeks “documents evidencing that Chevron designed, built, and/or operated the Mabee gas plant NGL Recovery unit based on the NGL recovery process that Pilot Energy Solutions, LLC and Hoffman Corporation disclosed to Chevron.” Ex. 2014, 4.

Because the Plant Documents that Patent Owner seeks appear to be more directed to helping Patent Owner establish infringement of the ’332 patent and the Sale Documents appear to be more directed to helping Patent Owner establish damages, if infringement was determined, neither of which are at issue in this proceeding, we find that Patent Owner’s requests are largely directed to seeking Petitioner’s litigation positions on the question of infringement. Notably, objective indicia of copying requires more than a mere showing of similar products, and Patent Owner has not alleged it possesses, nor is it seeking, evidence that tends to show this something “more.” *See, e.g., Cable Elec. Prods., Inc. v. Genmark, Inc.*, 770 F.2d 1015, 1028 (Fed. Cir. 1985) (“more than the mere fact of copying ... is needed to make that action significant to a determination of the obviousness issue.”) (overruled on other grounds by *Midwest Indus., Inc. v. Karavan Trailers, Inc.*, 175 F.3d 1356, 1358-61 (Fed. Cir. 1999) (en banc)).

As a separate matter, *Garmin* factor 2 is not focused solely on the disclosure of an opponent’s litigation positions. “[T]he Board has established rules for the presentation of arguments and evidence and . . . there is a proper time and place for each party to make its presentation,

and . . . a party may not attempt to alter the Board’s trial procedures under the pretext of discovery.” *Garmin*, Paper 26 at 13. Here, Patent Owner, for example, requests documents that it characterizes as “‘routine discovery’ Petitioners are already obligated to produce when denying copying.”

Mot. 5. Thus, Patent Owner appears to be seeking the production now of documents upon which Petitioner may rely if and when it denies copying in its Reply to Patent Owner’s Response to the Petition. Patent Owner has not yet filed such a Response alleging copying. Accordingly, we understand Patent Owner to improperly attempt to alter the order of presentation of arguments and evidence as set out in the Board’s rules and the Scheduling Order, in this case, by requesting documents forming the basis of Petitioner’s prospective contentions in reply to a copying argument in a not-yet filed Patent Owner Response.

e. *Garmin* Factor 3: Whether the Moving Party has the Ability to Generate Equivalent Information by Other Means

Patent Owner submits that the Plant Documents and Sale Documents are not public and are solely in the possession of Petitioner. Mot. 4. Patent Owner further submits that discovery has been stayed in the Related Litigation and that the requested documents cannot be obtained in that case. *See id.*

In the Opposition, Petitioner responds that Patent Owner’s analysis is “off base,” and Patent Owner “gives no basis why it cannot obtain equivalent information, for instance, its own commercial success with the technology.” Opp. 4–5.

We agree with Patent Owner that the Plant Documents and the Sale Documents are likely in the sole possession of Petitioner. *See* Mot. 4. Petitioner does not dispute this point. *See* Opp. 4–5.

f. *Garmin* Factors 4 and 5: Whether the Moving Party has Provided Easily Understandable Instructions and Whether the Requests are Overly Burdensome to Answer

We address *Garmin* factors 4 and 5 collectively, as Patent Owner and Petitioner have done. *See* Mot. 5; *see also* Opp. 5.

Patent Owner requests the following four documents:

- a. Request for Production No. 1: “the most recent version of the Piping and Instrumentation Diagrams . . . and Plot Plan for the Mabee gas plant”;
- b. Request for Production No. 2: “documents sufficient to show the composition of the inlet and outlet streams for each of the following components of the Mabee gas plant”;
- c. Request for Production No. 3: “documents evidencing that Chevron designed, built, and/or operated the Mabee gas plant NGL Recovery unit based on the NGL recovery process that Pilot Energy Solutions, LLC and Hoffman Corporation disclosed to Chevron”; and
- d. Request for Production No. 4: “documents sufficient to show the value that Chevron and/or Scout placed on the Mabee gas plant NGL Recovery unit for Scout’s purchase of the Mabee gas plant from Chevron.”

Ex. 2014, 3–4; *see* Mot. 5 (referencing the same).

Patent Owner submits that it “narrows the requests to a relatively small subset of” Petitioner’s Piping and Instrumentation Diagrams and limited to those for the NGL Recovery unit added to the Mabee gas plant. Mot. 5.

In the Opposition, Petitioner submits that the “requests are overly and unfairly burdensome” because, *inter alia*, the requests are speculative. Opp. 5. Petitioner does not assert that the instructions are not easily understandable or that any particular individual request is overly burdensome. *See id.*

g. Summary

After considering the parties’ arguments and evidence regarding the *Garmin* factors, we determine that Patent Owner has not met its burden to show that the requested additional discovery is in the interests of justice. In particular, the first *Garmin* factor weighs heavily against granting Patent Owner’s Motion due to the speculative nature of the requests. Although factor 1 is not a threshold inquiry, as is clear from our review of the other *Garmin* factors above, none of the other showings for the remaining factors in this case are strong enough in Patent Owner’s favor to meet the interests-of-justice standard. In particular, *Garmin* factor 2 (litigation positions), favors Petitioner. Factors 4 and 5 (request clarity/burden) appear largely uncontested, and we consider them neutral in that they do not favor a decision either way. Factor 3 (other means to acquire) favors Patent Owner, but the fact that Patent Owner needs discovery to obtain this information is overshadowed significantly by the fact that Patent Owner has not established that anything useful for this proceeding would be found if the information

was obtained. In view of the above, we deny Patent Owner's Motion in the entirety.

III. ORDER

Accordingly, it is

ORDERED that Patent Owner's Motion is denied.

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