

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.

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