

Case No. IPR2019-00514
Patent No. 5,904,172

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

AMERICAN NATIONAL MANUFACTURING INC.,
Petitioner,

v.

SLEEP NUMBER CORPORATION
f/k/a SELECT COMFORT CORPORATION,
Patent Owner.

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PETITIONER'S MOTION FOR ADDITIONAL DISCOVERY

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Petitioner (“ANM”) requests the Board require Patent Owner (“PO”) produce certain financial information rebut PO’s assertion of commercial success. (*See Ex. 1057*).

I. Background.

PO asserts several theories of secondary considerations of non-obviousness in its Response, in particular, commercial success of its products that incorporate the technology of the challenged patent. (*See Paper 46 at 66*) Additionally, PO submitted declarations asserting a nexus between nearly all its products and the claims of the challenged patent. (*See e.g. Ex. 2041, 2056, 2057*) The Board granted PO’s discovery requests aimed at these theories. Although in its initial objections on this issue PO inexplicably declined to use its own products in support of commercial success, it is clear from their Response that they rely on their own products’ success in support of their commercial success arguments. ANM intends to rebut this assertion by showing that any commercial success in the air adjustable mattress industry, including PO’s claims of success, is due to advertising expenditures for marketing, sales staff, and retail stores, and that the alleged success is not due their product’s incorporation of the claimed features of the challenged patent.

II. Advertising and Marketing Is Relevant to Rebut Commercial Success.

The Board may grant additional discovery if it “is in the interests of justice,” and meets each factor of *Garmin Int’l, Inc. v. Cuozzo Speed Techs. LLC*, IPR2012-

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00001, Paper 26 at 6–7 (PTAB March 5, 2013). When commercial success is asserted, other factors that may be responsible for a product’s success become relevant in rebutting such contentions. *See e.g. WBIP, LLC v. Kohler Co.*, 829 F.3d 1317, 1329-30 (Fed. Cir. 2016). Commercial success due to business acumen and clever marketing must be considered when assessing non-obviousness. *See Seadrill Americas, Inc., et al. v. Transocean Offshore Deepwater Drilling, Inc.*, IPR2015-01929, Paper 102 at 37-38 (PTAB May 18, 2017). ANM bears the burden of adducing evidence of advertising to rebut commercial success. *See Demaco Corp. v. F. Von Langsdorff Licensing Ltd.*, 851 F.2d 1387, 1393 (Fed. Cir. 1988). ANM’s requests are in the interests of justice as evidence rebutting commercial success is relevant to an analysis of non-obviousness.

A. There Is More Than a Mere Possibility of Useful Information.

ANM has evidence tending to show something useful will be uncovered, and the proposed discovery will demonstrate that PO devotes significant resources to its marketing. The latest SEC form 10K from PO states that approximately 30-45% of its revenue is expended on “sales and marketing” and has grown from \$512 million in 2014 to \$687 million in 2018. (Ex. 1040 ¶ 2; Ex. 1059 at 33) Additionally, as PO has increased its “sales and marketing” budget, its overall revenue has increased each year in a correlated fashion. (Ex. 1059 at 33) PO is explicit in their own materials regarding the causation between this success “*Marketing drives growth in*

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