

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,

Petitioner,

v.

KOSS CORPORATION,

Patent Owner.

IPR2021-00255, IPR2021-00305, and IPR2021-00381¹
Patents 10,298,451 B1, 10,506,325 B1, and 10,491,982 B2

Before DAVID C. MCKONE, GREGG I. ANDERSON,
and NORMAN H. BEAMER, *Administrative Patent Judges*.

BEAMER, *Administrative Patent Judge*.

ORDER
Conduct of the Proceedings
37 C.F.R. § 42.5

¹ This Order addresses issues that are common to these cases. We exercise our discretion to issue the Order to be filed in each case. The parties are not authorized to use this style heading for any subsequent papers.

On August 26, 2021, a conference call was held with the parties at Patent Owner’s request. Patent Owner requested the call to seek authorization to file a motion for additional discovery, pursuant to 37 CFR § 42.51(b)(2)(i). Patent Owner seeks sales data for specific products of Petitioner whose commercial success is alleged to be relevant to the nonobviousness of the challenged claims in the subject IPRs.² Petitioner opposes Patent Owner’s request for authorization to file a motion for additional discovery.

In an *inter partes* review, the moving party bears the burden of showing that the relief requested should be granted. 37 C.F.R. § 42.20(c). Under the Leahy-Smith America Invents Act, additional discovery, such as that requested here, is available for “what is otherwise necessary in the interest of justice.” 35 U.S.C. § 316(a)(5); *see also* 37 C.F.R. § 42.51(b)(2)(i) (“The moving party must show that such additional discovery is in the interests of justice . . .”). As stated in *Garmin International, Inc. v. Cuozzo Speed Techs. LLC*, Case IPR2012-00001 (PTAB Mar. 5, 2013) (Paper 26, 5–6) (precedential):

[I]n inter partes review, discovery is limited as compared to that available in district court litigation. Limited discovery lowers the cost, minimizes the complexity, and shortens the period required for dispute resolution. There is a one-year statutory deadline for completion of inter partes review, subject to limited exceptions. 35 U.S.C. § 316(a)(11); *see also* 37 C.F.R. § 42.100(c). What constitutes permissible discovery must be considered with that constraint in mind.

² Patent Owner specifically seeks sales revenue and quantity of units sold, by calendar quarter, since the commercial introduction of various Apple products — *viz.*, for IPR2021-00255, the HomePod and HomePod Mini; for IPR2021-00305, the Powerbeats Pro; and for IPR2021-00381, the AirPods (1st and 2nd generations) and AirPods Pro.

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Also, “[a] party should seek relief *promptly* after the need for relief is identified. Delay in seeking relief may justify a denial of relief sought.” 37 C.F.R. § 42.25(b) (emphasis added).

We determine that Patent Owner’s request is untimely. On November 6, 2020, in the co-pending related litigation, *Koss Corporation v. Apple Inc.*, Case No. 6:20-cv-00665 (W.D. Tex.), Patent Owner provided its contentions that the patents challenged in these IPRs were infringed by the sale of the same Apple products that are covered by the proposed discovery requests. IPR2021-00255, Ex. 1014. Patent Owner stated at the telephone conference that it based its infringement contentions, and intends to base its allegations of nexus (that the Apple products use the inventions of the challenged patents), on publically available information. Shortly after the infringement contentions were served, Petitioner filed its IPR Petitions (November 25, 2020, for IPR2021-00255 (Paper 2); December 15, 2020, for IPR2021-00305, (Paper 2); January 4, 2021 for IPR2021-00381 (Paper 2)). Patent Owner then knew that the validity of its patents were challenged as obvious pursuant to 35 U.S.C. § 103, raising the issue of commercial success attributable to the subject inventions based on the sale of the Apple products then accused of infringement, and the subject of the present discovery requests. *Graham v. John Deere Co.*, 383 U.S. 1, 17–18 (1966). Therefore, after these proceedings were instituted (IPR2021-00255 and IPR2021-00305 were instituted June 3, 2021, and IPR2021-00381 on July 2, 2021 (Papers 22, 14, 15, respectively)), Patent Owner should have promptly sought the discovery at issue.

Instead, according to the representations made at the August 26 conference, Patent Owner requested Petitioner to voluntarily provide the subject discovery

approximately a month prior to raising the issue with the Panel.³ According to Petitioner, it denied Patent Owner's request shortly after it was made. Patent Owner then waited almost a month before seeking to file a motion for additional discovery.

At this point, permitting a motion would unduly disrupt the schedule set forth in the Scheduling Orders entered in these proceedings. Papers 23, 15, 16, respectively. It already is too late for Patent Owner to include such information in its Patent Owner Responses in IPR2021-00255 and IPR2021-00305. Were we to grant Patent Owner's request to file its motion for supplemental discovery, given the default times for briefing the motion⁴, any decision on a motion would at best come down shortly before Patent Owner's Sur-Reply briefs are due (January 3, 2022, for IPR2021-00255 and IPR2021-00305 (Papers 23, 15), and February 1, 2022, for IPR2021-00381 (Paper 16)). Further post-decision delay is likely, at least given Petitioner's representations regarding the confidentiality of the product sales information requested, requiring entry of a Protective Order with additional protections beyond those of the Default Protective Order promulgated in the Trial Practice Guide.⁵

Even if the discovery were ultimately provided, any forthcoming information would not be usable under the current schedule. As stated above, Patent Owner's Responses to the Petitions would have been long past. Patent

³ Patent Owner raised the issue to the Panel by email on August 20, 2021.

⁴ The default filing time for an opposition is one month after service of a motion; and for a reply, one month after service of the opposition. 37 C.F.R. § 42.25(a). Petitioner indicated at the conference that it would not agree to an expedited hearing schedule, and therefore the default schedule would likely apply.

⁵ Patent Trial and Appeal Board, Consolidated Trial Practice Guide, 117–122 (Nov. 2019) ("Trial Practice Guide"), available at <https://www.uspto.gov/sites/default/files/documents/tpgnov.pdf>.

Owner stated at the August 26 conference that it would seek to submit such information with its Sur-Replies. However, even if the information became available shortly before the due dates of the Sur-Replies, it would not normally be appropriate to include anything reflecting that information in those papers:

The sur-reply may not be accompanied by new evidence other than deposition transcripts of the cross-examination of any reply witness. Sur-replies should only respond to arguments made in reply briefs, comment on reply declaration testimony, or point to cross-examination testimony.

Trial Practice Guide, 73–74; *see also* 37 C.F.R. § 42.23(b).

We are not persuaded that it would be in the interest of justice to authorize the discovery motion sought by Patent Owner, which, even if granted, would then require us to schedule additional briefing towards the end of the normal schedule in order to take into account new allegations of commercial success, the significance of which is at most speculative at this stage.

ORDER

Accordingly, it is hereby:

ORDERED that Patent Owner's request for authorization to file a motion for additional discovery is DENIED.

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