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Paper 20
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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
Petitioner,
v.

KOSS CORPORATION,
Patent Owner.

IPR2021-00592
Patent 10,469, 934 B2

Before PATRICK R. SCANLON, DAVID C. McKONE, and GREGG I. ANDERSON, *Administrative Patent Judges*.

ANDERSON, *Administrative Patent Judge*.

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

I. INTRODUCTION

On September 9, 2021, we authorized Koss Corporation ("Patent Owner") to file a motion for additional discovery ("Motion"), pursuant to 37 CFR § 42.51(b)(2)(i). *See* Ex. 3001. Apple Inc. ("Petitioner")[1] was authorized to file an Opposition and Patent Owner was authorized to file a reply. *Id.* Patent Owner filed the Motion ("Mot.," Paper 12), Petitioner filed its Opposition ("Opp.," Paper 13), and Patent Owner filed its Reply ("Reply," Paper 16).

The Motion seeks "[s]ales revenue and quantity of units sold, by calendar quarter, for AirPods (1st & 2nd gen) and AirPods Pro since the commercial introduction of those products." Mot. 1 (citing Ex. 2033, 2[2]).

II. LEGAL PRINCIPLES

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

[1] The Petition challenges US Patent No. 10,469,934 B2, issued Nov. 5, 2019 ('934 patent, Ex. 1001).
[2] Patent Owner's Request for Additional Discovery.

> constitutes permissible discovery must be considered with that constraint in mind.

The party requesting discovery "should already be in possession of a threshold amount of evidence or reasoning tending to show beyond speculation that something useful will be uncovered." *Id.* at 7. 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).

III. DISCUSSION

Patent Owner lists the five factors identified in *Garmin* that are relevant to whether the requested discovery is in the interests of judgement. Mot. 6. The *Garmin* factors include: (1) the request is based on more than a mere possibility of finding something useful; (2) the request does not seek the litigation positions of the other party; (3) the information is not reasonably available through other means; (4) the request is easily understandable; and (5) the request is not overly burdensome to answer. *Id.* (citing *Garmin*, Paper 26 at 6–7).

For the required nexus between commercial success and the claimed invention, Patent Owner alleges "publicly available information provides more than a threshold showing that Petitioner's 'AirPods Products' have been commercially successful." Mot. 2. According to Patent Owner, the public information likewise demonstrates that the AirPods Products embody the challenged claims. *Id.* Patent Owner argues generally that the additional discovery seeks evidence for proving commercial success, which is relevant for assessing obviousness. *Id.* at 6 (citing *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966)). Patent Owner cites publicly available information it has collected which shows that between 2017 and 2020 Petitioner's AirPods Products sold 224

million units and generated 35 billion dollars. Mot. 9 (citing Ex. 2034[3]). According to Patent Owner, these sales represent almost fifty percent of the total market. *Id.* (citing Ex. 2040,[4] 2).

Petitioner's sales are alleged to have a nexus with the '934 patent because the sales "were a direct result of the unique characteristics of the claimed invention -- as opposed to other economic and commercial factors unrelated to the quality of the patented subject matter." Mot. 7 (citing *In re Huang*, 100 F.3d 135, 140 (Fed. Cir. 1996)). Patent Owner alleges it is entitled to a rebuttable presumption of nexus upon a showing that the commercially successful product "is the invention disclosed and claimed." *Id*. (citing *Demaco Corp. v. F. Von Langsdorff Licensing Ltd*., 851 F.2d 1387, 1392 (Fed. Cir. 1998)). Patent Owner alleges that, even without the presumption, it is still entitled to show "that the evidence of secondary considerations is the direct result of the unique characteristics of the claimed invention." *Id*. at 8 (citing *Fox Factory, Inc. v. SRAM, LLC,* 994 F.3d 1366, 1373–1374 (Fed. Cir. 2019)).

For reasons discussed below in our analysis of the *Garmin* factors, we are persuaded that Patent Owner has, for purposes of this motion, sufficiently shown the required nexus between the additional discovery requested and the claimed invention. Patent Owner has provided publicly available information of annual sales between 2017 and 2020. We agree with Patent Owner that this "information provides more than a threshold showing that Petitioner's AirPods Products have been commercially successful." Mot. 2.

[3] Apple Statistics (2021) - Business of Apps, "Apple AirPods sales."
[4] *9TO5Mac*, January 27, 2021.

Factor 1: more than a mere possibility of finding something useful

Patent Owner's showing of nexus consists, in part, of a summary of claim 1 and a citation to its infringement contentions filed in the co-pending district court litigation. Mot. 9–10 (claim 1 summary), 5 (citing Ex. 1014,[5] 525–563, 597–607). The infringement contentions map Petitioner's promotional and advertising literature to the claims of the '934 patent. *Id*. at 9–10 (citing Ex. 2030–2032[6]); Reply 1; Ex. 1014.

The claims of the '934 patent are broad, as are the promotional and advertising material describing the AirPods Products. On this record, we find that the claim chart shows the AirPods Products may meet the limitations of at least claim 1 of the '934 patent. *See* Ex. 1014, Ex. C-1, 1–11. Thus, Patent Owner has shown more than a mere possibility that it is entitled to a rebuttable presumption of nexus upon its showing that the AirPods Products are "the invention disclosed and claimed." Mot. 7 (citing *Demaco Corp.*, 851 F.2d at 1392).

We disagree with Petitioner that the infringement contentions are not proof of the correspondence between the challenged claims and Petitioner's products, and are instead conclusory allegations lacking evidentiary support. *See* Opp. 5–6 (citing IPR2020-01405, Paper 30 at 5 (PTAB Apr. 23, 2021) (denying motions for additional discover because "assertions of infringement and coextensiveness do not go far enough")). Patent Owner's contentions cite specific evidence from Petitioner's own advertising and promotional materials showing features of the products accused therein and mapping those features to the limitations of the challenged claims of the '934 patent. Although we do not make a finding that

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[5] Plaintiff Koss Corporation's Preliminary Infringement Contentions, Case No. 6:20-cv-00655 (W.D. Tex.).
[6] Petitioner's "Newsroom" press releases dated December 13, 2016 (Ex. 2030), March 20, 2019 (Ex. 2031), and October 28, 2019 (Ex. 2032).

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