

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SWM INTERNATIONAL, LLC and
NEXTIER COMPLETION SOLUTIONS INC.,
Petitioner,

v.

DYNAENERGETICS EUROPE GMBH,
Patent Owner.

PGR2021-00097
Patent 10,844,697 B2

Before ERIC C. JESCHKE, RICHARD H. MARSCHALL, and,
JASON W. MELVIN, *Administrative Patent Judges*.

JESCHKE, *Administrative Patent Judge*.

ORDER
Granting Petitioner's Motion for Additional Discovery
37 C.F.R. § 42.51(b)(2)

BACKGROUND

On January 6, 2022, we instituted trial in this post-grant review involving SWM International, LLC and NexTier Completion Solutions Inc. (collectively, “Petitioner”) and Patent Owner, DynaEnergetics Europe GmbH. *See* Paper 20 (Decision on Institution). With our authorization (Ex. 3010), Petitioner filed a Motion to Compel Routine Discovery or Additional Discovery (both in a confidential version (Paper 50) and in a public version (Paper 51) (“the Motion” or “Mot.”)) as well as Exhibits 1053–1058. Patent Owner timely filed an Opposition. Paper 53 (“Opp.”). We previously *granted* Petitioner’s Motion via email (*see* Ex. 3012), in order to avoid delaying discovery with the time required to draft an order in support of the decision. With this Order, we now provide the reasoning for the prior decision to grant Petitioner’s request for discovery. *See id.* (stating that “[a] written decision on Petitioner’s Motion will issue in due course”).

DISCUSSION

In post-grant 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(b) (2021). Here, Petitioner requests certain documents “as either routine discovery or as additional discovery.” Mot. 1. Because we find that Petitioner’s requests satisfy the standard for additional discovery (under 37 C.F.R. § 42.51(b)(2); 37 C.F.R. § 42.224), we do not address the alternative request for the same documents as routine discovery (under 37 C.F.R. § 42.51(b)(1)).

To conduct additional discovery in a post grant review, a requesting party must show “good cause as to why the discovery is needed.” 37 C.F.R. § 42.224(a). Additional discovery in post grant review “is limited to

evidence directly related to factual assertions advanced by either party in the proceeding.” 37 C.F.R. § 42.224(b); 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 *Bloomberg, Inc. v. Markets-Alert Pty. Ltd.*, CBM2013-00005, Paper 32 (May 29, 2013) (“*Bloomberg*, Paper 32”), discussed in detail below. *See Bloomberg*, Paper 32 at 5; Consolidated Trial Practice Guide 25 (Nov. 2019), <https://www.uspto.gov/TrialPracticeGuideConsolidated> (“TPG”) (discussing how parties in PGR proceedings should also refer to the *Bloomberg* decision). Although Petitioner applies the “*Garmin* factors” (from *inter partes* reviews) in determining whether additional discovery is proper (*see, e.g.*, Mot. 6 (citing *Garmin Int’l, Inc. v. Cuozzo Speed Techs. LLC*, IPR2012-00001, Paper 26 (Mar. 5, 2013) (precedential) (“*Garmin*, Paper 26”))), we analyze Petitioner’s request for additional discovery under the five *Bloomberg* factors, which are similar to the *Garmin* factors, but reflect the “slightly” lower “good cause” standard applied in post-grant reviews. *See Bloomberg*, Paper 32 at 3 (“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.”); Opp. 7–8 (discussing *Bloomberg* and *Garmin*).

We turn now to the materials sought by Petitioner. As noted above, with the Motion, Petitioner filed Exhibits 1054, 1057, and 1058, among others. Exhibits 1054 and 1058 are *excerpts* of the transcripts, dated March 1, 2022, and December 22, 2021, respectively, of the deposition of Thilo Scharf in *DynaEnergetics Europe GmbH v. Hunting Titan, Inc.*, No. 4:20-cv-

02123 (S.D. Tex.), which was *not* listed as a related proceeding in the Decision on Institution in this proceeding. See Paper 20 (“Dec. Inst.”) at 3–4. Exhibit 1057 is an *excerpt* of the transcript, dated March 8, 2022, of the deposition of Frank Preiss in the same proceeding. Petitioner seeks the *complete* deposition transcripts for these three depositions, as well as the exhibits referenced in those transcripts, including, specifically, files in a USB drive referenced at Exhibit 1054 (page 8, lines 16–18).¹ Mot. 3–4. Below, we analyze Petitioner’s Request under the five *Bloomberg* factors.

A. Factor 1

Under *Bloomberg* factor 1, “[a] good cause showing requires the moving party to provide a specific factual reason for expecting reasonably that the discovery will be ‘useful.’” *Bloomberg*, Paper 32 at 5. “Useful” in this context means “favorable in substantive value to a contention of the party moving for discovery.” *Id.* For this analysis, “[t]he mere possibility of finding something useful, and mere allegation that something useful will be found, are insufficient to establish a good cause showing.” *Id.*

Petitioner argues that “the Documents directly relate to the primary prior art reference in this action, the SafeJet System.” Mot. 7. In support, Petitioner argues that (1) the excerpted deposition transcript of Mr. Scharf from March 1, 2022 (Ex. 1054) cuts off as Mr. Scharf begins discussing structural aspects of the SafeJet system (Mot. 1–2 (citing Ex. 1054, 44:19–22)), (2) the excerpted deposition transcript of Mr. Scharf from December 22, 2021 (Ex. 1058) discusses SafeJet, but multiple pages from the full transcript are missing (Mot. 2 (citing Ex. 1058, 32:17–36:5)), and (3) the

¹ Like Petitioner, we refer to these materials collectively as the “Documents.” Mot. 3–4.

excerpted deposition transcript of Mr. Preiss (Ex. 1057) discusses a photo Mr. Preiss received, but multiple pages from the full transcript are missing (Mot. 2–3 (citing Ex. 1057, 25:3–26:1)). According to Petitioner, the Documents address a disputed characteristic of a structure in the SafeJet System. *See* Mot. 7.

Patent Owner responds that, “[t]o show more than a mere possibility, Petitioner[] ‘should already be in possession of evidence tending to show beyond speculation that in fact something useful will be uncovered.’” Opp. 9 (quoting *Garmin*, Paper 26 at 6 (emphasis added by Patent Owner)). According to Patent Owner, “[a]t most, Petitioner[] ha[s] demonstrated only that they are already in possession of statements from the depositions and a SafeJet presentation that may be relevant to this proceeding.” *Id.* Patent Owner also argues that the Documents are “from an unrelated litigation regarding different patents, and necessarily involving different issues such as infringement and damages (not to mention validity of different claims).” *Id.* Further, Patent Owner contends that Petitioner has failed to provide “a specific factual reason” explaining why the discovery will support their position in that “the relationship between the information [Petitioner] seek[s] and the ’697 Patent is ‘less than clear.’” *Id.* at 10 (quoting Mot. 3).

As an initial matter, Patent Owner’s discussion of how Petitioner “should already be in possession of evidence” (Opp. 9) is a requirement of *Garmin* factor 1—applied in *inter partes* reviews—but is not a requirement of *Bloomberg* factor 1—applied in post-grant reviews. *Compare Garmin*, Paper 26 at 6, *with Bloomberg*, Paper 32 at 5.

Turning to the merits, we find that Petitioner has provided a “specific factual reason for expecting reasonably” that the requested Documents will

be useful in supporting its positions as to the characteristics of the SafeJet system at issue in this proceeding. *See Bloomberg*, Paper 32 at 5.

Specifically, Petitioner adequately explains that the SafeJet System is part of the asserted prior art at issue in this proceeding, and that the sealing capability of the alleged o-rings in the SafeJet System is a disputed issue.

Mot. 7. Whether the o-rings in the SafeJet System provide a seal between the inner surface of the gun carrier and the outer surface of the disposable bulkhead, and whether that alleged functionality satisfies the “connected to” limitation in independent claim 1 was addressed in the Decision on Institution (Dec. Inst. 52–54) and also in the portion of the Response cited by Petitioner (*see* PO Resp. 53–56 (section with the heading “The O-Rings on the SafeJet Bulkhead Do Not Form a Connection Between the Bulkhead and the Outer Gun Carrier”)); Mot. 7 (citing PO Resp. at 54). Because the issue here is the relevant characteristics *of the prior art*, the fact that the district court litigation involves other patents and potentially other issues (Opp. 9) does not undermine Petitioner’s request.

Petitioner also provides a sufficient showing that the characteristics of the SafeJet System discussed above are reasonably likely to be discussed in the Documents. For example, in the portion of Mr. Scharf’s testimony shown in the Motion, the four pages immediately following *only four lines after* the highlighted testimony are missing. *See* Mot. 2. On the facts here, discussion of the relevant characteristics of the SafeJet System in the excerpted transcripts in Exhibits 1054, 1057, and 1058, represent a “specific factual reason” that the missing portions of those transcripts, and the exhibits referenced in those transcripts, reasonably contain additional information

that will be “useful.” Thus, Petitioner has adequately shown that *Bloomberg* factor 1 weighs in favor of the requested additional discovery.

B. *Factor 2*

Under *Bloomberg* factor 2, we assess whether the requests seek the other party’s litigation positions and the underlying basis for those positions. *See Bloomberg*, Paper 32 at 5 (“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.”).

Petitioner states that the Documents “do not contain underlying litigation positions, but simply the testimony of Patent Owner’s former Vice President and employee.” Mot. 7. Patent Owner responds that Petitioner “attempt[s] to unjustly obtain information from [Patent Owner] that is outside the scope of this proceeding.” Opp. 12. According to Patent Owner, “Petitioner[] seek[s] underlying factual information from an unrelated litigation regarding different patents through documents that lack information relevant to this proceeding.” Opp. 11.

We do not view the request for additional discovery as improper as it does not attempt to “alter the Board’s trial procedures under the pretext of discovery.” *Bloomberg*, Paper 32 at 5. Instead, the request seeks information about relevant aspects of the SafeJet system that are reasonably expected to be in the Documents. Mot. 7. Petitioner has adequately explained why the testimony of these *fact witnesses* will not contain Patent Owner’s litigation positions. *See* Mot. 7–8; Opp. 11–12 (“The transcripts Petitioners seek contain testimony of fact witnesses (inventors) deposed on a number of issues . . .”). Petitioner has adequately shown factor 2 weighs in favor of the requested additional discovery.

C. Factor 3

Under *Bloomberg* factor 3, we assess whether the moving party has the ability to generate by other means information equivalent to that sought. *See Bloomberg*, Paper 32 at 5 (“A party should not seek information that reasonably can be generated without a discovery request.”).

Petitioner asserts that the Documents “are sealed deposition transcripts of Patent Owner’s former Vice President and employee (both inventors on the challenged ’697 patent at issue here) taken in litigation with a third party, thus Petitioners cannot generate the equivalent information by other means.” Mot. 7.

Patent Owner responds that “Petitioner[] could have and should have generated equivalent information regarding SafeJet by other means, including other sources, and in a timelier fashion.” Opp. 12. According to Patent Owner, “Petitioner[] ha[s] submitted declarations from former Schlumberger employees regarding the SafeJet System,” which “demonstrates that Petitioner[] ha[s] access to and possession of materials regarding the SafeJet System.” Opp. 12–13 (citing Exs. 1006–1007).

Although Petitioner may be able to obtain *some other* information regarding the SafeJet System, the record does not support that the potential other information is truly “[e]quivalent” to the specific information sought in the Documents. *Bloomberg*, Paper 32 at 5 (emphasis omitted). Thus, we find this factor to weigh in favor of the requested additional discovery.

D. Factors 4 and 5

Under *Bloomberg* factor 4, we assess whether the moving party has provided easily understandable instructions. *See Bloomberg*, Paper 32 at 5. And under *Bloomberg* factor 5, we determine whether the requests are

overly burdensome to answer. *Id.* (“The burden includes financial burden, burden on human resources, and burden on meeting the time schedule of the trial.”).

Petitioner states that the “discovery requests are specific, narrowly tailored, and easily understandable” and that “Patent Owner already knows of and possesses the Documents.” Mot. 8.

Patent Owner argues that the request is not easily understandable because it is unclear if Petitioner wants “only the documents used as exhibits in the depositions” or wants “all documents ‘referenced in those deposition transcripts.’” Opp. 13. We do not agree with Patent Owner. In a numbered list, Petitioner clearly requests the Documents, as defined above. Mot. 3–4. Moreover, Patent Owner did not seek further guidance following the Board’s email listing the documents that must be produced. *See* Ex. 3012. We find factor 4 to weigh in favor of the requested additional discovery.

As to factor 5, Patent Owner argues that the requested discovery may delay this proceeding and risks putting Patent Owner’s “highly confidential information in the hands of Petitioner[.]” Opp. 14. As an initial matter, Patent Owner does not dispute that it had the Documents *in its possession* as of the time of Petitioner’s Motion. Patent Owner has not adequately explained why producing documents *already in its possession* would impact the overall schedule of this proceeding (which we now know it did not). Further, the Protective Order in place in this proceeding addresses any concerns about Patent Owner’s confidential information. Thus, we find factor 5 to weigh in favor of the requested additional discovery.

E. *Conclusion*

For the reasons above, we find that all five *Bloomberg* factors weigh in favor of the requested additional discovery. Thus, Petitioner has adequately shown “good cause as to why the discovery is needed.” 37 C.F.R. § 42.224(a).

ORDER

It is hereby:

ORDERED that, for the reasons above, Petitioner’s Motion for additional discovery was previously *granted* as to the Documents (*see* Ex. 3012).

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