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PATENTS

A Sughrue Mion attorney reviews decisions by the Patent Trial and Appeal Board whether to grant parties' motions to seal sensitive or proprietary information.

Motions to Seal and Confidentiality in PTAB Trials



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A party to a Patent Trial and Appeal Board (PTAB) trial may be concerned about the potential public exposure of sensitive or proprietary information. However, there is a strong public policy preference for making information filed in any such proceeding open to the public. As a result, a party that desires to shield information from public exposure bears a significant burden of providing a compelling rationale to keep the information confidential.

The legal mechanism for protecting such public exposure is to file a motion to seal, as provided in 35 U.S.C. § 316(a)(1):

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"... the file of any proceeding under this chapter shall be made available to the public, except that any petition or document filed with the intent that it be sealed shall, if accompanied by a motion to seal, be treated as sealed pending the outcome of the ruling on the motion."

Although this statute provides a basis for requesting that information be sealed, parties should be cognizant that "there is a strong public policy in favor of making information filed in an inter partes review open to the public, especially because the proceeding determines the patentability of claims in an issued patent, and, therefore, affects the rights of the public. *See* 77 Fed. Reg. at 48,760." *CaptionCall, LLC v. Ultratec, Inc.*, IPR2013-00542, Paper 22 at 2-4 (P.T.A.B. May 15, 2014) (Order, Conduct of the Proceeding).

The following is a discussion of various situations and circumstances that are relevant with respect to a determination whether a motion to seal is likely to be granted or denied, and how the PTAB strikes a balance between public policy and sensitivity of information.

I. Examples of Motions to Seal Being Denied

In *Apple Inc. v. Achates Reference Publ'g, Inc.*, IPR2013-00080, Paper 90 at 45-48 (P.T.A.B. June 2, 2014) (Final Written Decision), the PTAB denied a motion to seal that was filed by the patent owner, Achates, with respect to email communications between two experts that Achates retained to prepare declarations regarding their respective opinions on the prior art that was being asserted in the proceeding.

In the motion to seal, Achates set forth three arguments as supporting rationales for determining whether the information merits protection from public exposure. First, Achates argued that the email communications at issue were a result of the "process" of producing expert declarations, and as such, that the parties had agreed not to permit discovery with respect to this category of materials. However, the board indicated that any such

agreement between the parties does not constitute a legitimate basis for overcoming the public policy favoring openness. See IPR2013-00080, Paper No. 90 at 46-47.

Second, Achates argued that attorney-client privilege and the doctrine of work-product immunity are applicable. However, the board indicated that for the emails at issue, the communications were “directly” between the two experts, neither of whom is an attorney representing Achates, and therefore, attorney-client privilege and the doctrine of work-product immunity are not applicable. See *id* at 47.

Third, Achates argued that “Apple’s observations are ‘rank speculation and offer no insights into the credibility’” of the two experts. However, the board replied that “whether an opposing party’s position regarding a document ultimately has merit, however, is not the test for determining whether the document should be sealed. The test is whether the material contains ‘confidential information.’” *Id* at 47-48.

In *Intri-Plex Techs. v. Saint-Gobain Performance Plastics Rencol*, IPR2014-00309, Paper 68 at 5 (P.T.A.B. Dec. 9, 2014) (Order, On Motion to Expunge and Motion to Seal), the PTAB denied Saint-Gobain’s motion to seal as to several numbered exhibits. In its motion, Saint-Gobain argued that two particular exhibits “contain non-public information concerning Saint-Gobain’s confidential research and development efforts in the field of tolerance ring design,” but the board found that there was no evidence or explanation provided as a rationale for the confidentiality of the material. In addition, the board stated that based on its own review of the material, “we are not able to ascertain any information that would be considered sufficiently sensitive or proprietary as to justify redaction.” *Id*. Conversely, in weighing the public interest side of the equation, the board found that “we discern a high level of public interest in this information as it relates directly to Saint-Gobain’s contention that Figure 2 of the ’640 Patent is not prior art,” and as a result, the board denied the motion to seal with respect to the two exhibits. *Id*.

With respect to two other exhibits, “Saint-Gobain argues in a conclusory manner that the redacted portions of Exhibits 2008 and 2009 are confidential design schematics that provide Saint-Gobain with a competitive advantage in the market,” but again, the board found that the redactions are directly relevant to the question of “whether or not Figure 2 of the ’640 Patent is prior art[, which] is one of the main disputes in this proceeding,” and as such, the board again denied the motion to seal with respect to these two exhibits. *Id*.

In *Polygroup Ltd. (MCO) v. Willis Electric Co.*, IPR2016-01610, Paper 47 at 2-3 (P.T.A.B. April 25, 2017) (Decision Denying Joint Motion to Seal), the PTAB denied a joint motion to seal, stating that “a single sentence description of 20 exhibits characterizing many of the documents as internal or external emails” is insufficient “to carry their burden,” and that “Petitioner has not explained why its designation of these documents as ‘HIGHLY CONFIDENTIAL’ in another proceeding pending in District Court is itself enough to demonstrate that good cause exists” to grant the motion.

In *Curt G. Joa, Inc. v. Fameccancica Data S.P.A.*, IPR2016-00906, Paper 74 at 3-4 (P.T.A.B. Aug. 29, 2017) (Order Denying Petitioner’s Motion to Seal), the PTAB denied the petitioner’s joint motion to seal. In its order, the board reproduced “the entirety of Petitioner’s argu-

ment regarding the confidentiality of the information to be sealed” and then characterized the argument as “a broad brush statement referring to all redactions generally.” The board offered an opportunity for the filing of a revised motion to seal, pointing out the “the revised motion should specify reasons” regarding the purported confidentiality of “each redacted portion,” which in turn should be identified “by page and line number.” Further, the board stated that a grantable motion “should include a detailed discussion that explains why good cause exists to place such ‘confidential information’ under seal.”

In *Skechers U.S.A., Inc. v. Nike, Inc.*, IPR2017-00620, Paper No. 31 at 2 (P.T.A.B. Sept. 25, 2017) (Order Denying Patent Owner’s Motion to Seal and Denying Without Prejudice Entry of Proposed Protective Order), the PTAB denied a patent owner’s motion to seal. In particular, the board indicated that “Patent Owner’s stated reason for sealing—that the documents contain information previously sealed by a district court—is insufficient,” and also stated that the petitioner “has made no showing to establish that the material sought to be sealed is, in fact confidential, or to justify that sealing outweighs the public’s interest in an open file history.”

II. Considerations in Granting Motion to Seal: Financial Data

In some instances, the PTAB has found that certain types of information are sufficiently sensitive and/or proprietary to warrant protection from the public.

For example, in *Permobil Inc. v. Pride Mobility Prod. Corp.*, IPR2013-00411, Paper 40 at 2 (P.T.A.B. July 2, 2014) (Order Granting Motion to Seal), the board opined:

“The Motion to Seal states that Patent Owner’s confidential information concerns licensing terms with a competitor, production cost information, internal company procedures on market data, personal compensation, company confidential marketing information, and design trade secrets. In view of the nature of the information Patent Owner seeks to protect and Petitioner’s reliance on that data, Petitioner has shown good cause why the information should be treated as confidential.”

In *Endo Pharm, Inc. v. Depomed, Inc.*, IPR2014-00656, Paper 59 at 2 (P.T.A.B. June 3, 2015) (Order, Granting Patent Owner’s Motion to Seal), the board granted a motion to seal with respect to “R&D and NDA documents, test results and product images, data on R&D costs and product sales, financial reports, internal presentations, and confidential business agreements.”

In *Athena Automation Ltd. v. Husky Injection Molding Sys, Ltd.*, IPR2013-00167, Paper 32 at 2-3 (P.T.A.B. Jan. 8, 2014) (Decision, Motion to Seal and Motion for Protective Order), a motion to seal was filed to protect “a sale and purchase agreement relating to the private sale of Patent Owner containing non-public information related to ownership, assets, and valuation,” and the PTAB agreed that this document “appears, on its face, to contain confidential business information” and that “[t]he redactions, while significant, do not affect the small portion of the document relied upon by Husky in its Patent Owner Response,” and therefore granted the motion to seal.

In *Arista Networks, Inc. v. Cisco Sys., Inc.*, IPR2016-00309, Paper 51 at 2-3 (P.T.A.B. May 8, 2017) (Decision, Petitioner’s Motion to Seal and Petitioner’s Motion to

Seal), regarding a motion to seal for exhibits which “reveal highly confidential details regarding its legal procedures and financial commitments”; “declarations referencing its confidential business information”; and “confidential testimony regarding how Patent Owner maintains its billing records, guidelines, and technical documents,” the PTAB granted the motion, based on “considering the contents of the confidential Exhibits . . . along with Patent Owner’s representations as to the confidentiality of the information.”

III. Considerations in Granting Motions to Seal: Technical Information

In *Intelligent Bio-Sys v. Illumina Cambridge*, IPR2013-00517, Paper 83 at 5-6 (P.T.A.B. Jan. 29, 2015) (Decision, Motion to Seal), the movant argued that “the redacted portions contain sensitive, proprietary technical and product development information,” and in addition, that “the information has not been published, or otherwise made public.” The PTAB found that the parties had conferred and agreed on an amended protective order, and also that the redactions were “narrowly tailored,” and as a result, the board “provisionally” granted the motion to seal.

In *Baker Hughes Inc. v. Liquidpower Specialty Prods., Inc.*, IPR2016-00734, Paper No. 83 at 4 (P.T.A.B. Nov. 1, 2017) (Order Granting Joint Motion to Seal), the board stated that “the parties demonstrate that the information they seek to seal consists of trade secrets regarding the chemical structure, composition, and prop-

erties of Petitioner’s, Patent Owner’s, and [third-party] Flowchem’s polymer products.” On this basis, the board granted the motion to seal.

IV. Takeaways

The board has consistently balanced concerns regarding the potential public exposure of sensitive or proprietary information with the strong public policy favoring the public availability of information filed in a board proceeding. The following are general guidelines with respect to a board determination with respect to granting or denying a motion to seal:

1. A movant must provide a detailed explanation as to the reasons why a given document should be sealed.
2. A movant must also be specific regarding which information needs to be protected, including pages and line numbers.
3. Vague and overly general statements will likely be deemed insufficient to grant a motion to seal.
4. The mere fact that a particular document or information is sealed in a different proceeding will be deemed insufficient—the board requires a specific showing for the instant proceeding.
5. When a movant provides a detailed rationale for each proposed item of information to be sealed, and when that rationale indicates that the information is sensitive or proprietary with respect to business operations, there is a relatively high likelihood that the board will grant the motion to seal.