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Paper 31
Date: August 27, 2013

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

REDLINE DETECTION, LLC
Petitioner

v.

STAR ENVIROTECH, INC.
Patent Owner

Case IPR2013-00106
Patent 6,526,808 B1

Before SALLY C. MEDLEY, JENNIFER S. BISK, and JAMES B. ARPIN, *Administrative Patent Judges.*

ARPIN, *Administrative Patent Judge*.

DECISION

Motion for Additional Discovery

37 C.F.R. § 42.51

INTRODUCTION

Star Envirotech, Inc. ("Patent Owner") filed a motion for additional discovery. Paper 25 ("Motion"). Redline Detection, LLC ("Petitioner") filed an opposition. Paper 28 ("Opposition"). The motion is *denied*.

BACKGROUND

Patent Owner seeks additional discovery relating to Patent Owner's defense of assignor estoppel to the institution of a trial in connection with Petitioner's filing of the petition for *inter partes* review. Motion 1. In particular, Patent Owner seeks from Petitioner:

(1) documents responsive to two categories of information:

(a) Executed ownership and/or stock agreements between Kenneth Pieroni and Redline Detection, LLC, and

(b) Executed employment and/or consultant agreements between Kenneth Pieroni and Redline Detection, LLC; and

(2) depositions from Mr. Pieroni and a corporate representative of Petitioner with respect to:

(a) Kenneth Pieroni's, a named inventor of the challenged patent, ownership interest in Redline Detection, LLC, including any executed ownership and/or stock agreements between Kenneth Pieroni and Redline Detection, LLC, and

(b) Kenneth Pieroni's employment and/or consulting status with Redline Detection, LLC, including any executed employment and/or consultant agreements between Kenneth Pieroni and Redline Detection, LLC.

Id. at 3-4.

As described above, Patent Owner seeks to take the deposition of Mr. Pieroni, possibly a third party not directly related to this proceeding.[1]

ANALYSIS

Under the Leahy-Smith America Invents Act ("AIA"), discovery is available for the deposition of witnesses submitting affidavits or declarations and for "what is otherwise necessary in the interest of justice." 35 U.S.C. § 316(a)(5)(B); *see also* 37 C.F.R. § 42.51(b)(2)("The moving party must show that such additional discovery is in the interests of justice …."). It is clear from the legislative history that discovery should be limited and that the Board should be conservative in its grant of additional discovery in order to meet time imposed deadlines. 154 Cong. Rec. S9988-89 (daily ed. Sept. 27, 2008) (statement of Sen. Kyl).

As explained in the order authorizing Patent Owner's motion for additional discovery,

> [Patent Owner] should prepare its motion for additional discovery *with the statutory and regulatory considerations and the relevant precedent regarding the defense of assignor estoppel in mind* when explaining specifically what discovery is being requested *and including a showing of why each item is necessary in the interests of justice*. In particular, the "'Decision on Motion for Additional Discovery" entered in IPR2012-00001, Paper 26 can be used as guidance. A discovery request will not be granted if the request is unduly broad or burdensome or if the showing consists of a mere allegation that something useful will be found.

Order (Paper 24) 5-6 (emphases added). Similarly, Petitioner was authorized to file an opposition to this motion. *Id.* at 6.

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[1] In our Order, we instructed Petitioner that "[i]n its opposition, Redline should inform the Board of the extent to which, if any, they have control over Mr. Pieroni (i.e. Redline should inform the Board if Mr. Pieroni is an officer or employee that they can require to attend a deposition)." Order 6. Petitioner failed to comply with this instruction.

Patent Owner and Petitioner disagree whether a party may raise assignor estoppel as a defense in an *inter partes* review. Motion 2-3; Opposition 2-7. In our decision to institute, we explained that:

> *To the extent that the Board has the authority to act in equity to deny a trial based on assignor estoppel*, application of assignor estoppel requires a balancing of equities among the parties. . . .
>
> We are not persuaded that Patent Owner's contentions alone support a finding of assignor estoppel. . . . Thus, even accepting the contentions presented by Patent Owner as true, Patent Owner has not shown sufficient grounds for barring the institution of a trial on the basis of assignor estoppel.

Decision (Paper 17) 15-16 (emphasis added). To date, the Board has not had occasion to decide whether assignor estoppel may be raised successfully as a defense in an *inter partes* review. *See* IPR2012-00042 (Paper 24) 2, n.1. We conclude that it cannot.

Under the AIA, "a person *who is not the owner of a patent* may file with the Office a petition to institute an inter partes review of the patent." 35 U.S.C. § 311(a) (emphasis added). Consequently, under the statute, an assignor of a patent, who is no longer an owner of the patent at the time of filing a petition, may file a petition requesting *inter partes* review. We are not persuaded that assignor estoppel, an equitable doctrine, provides an exception to this statutory mandate.

Moreover, as the Federal Circuit has explained,

> assignor estoppel is an equitable doctrine that prohibits an assignor of a patent or patent application, or one in privity with him, from attacking the validity of that patent *when he is sued for infringement by the assignee. . . . Assignor estoppel is thus a defense to certain claims of patent infringement.*

Semiconductor Energy Laboratory Co., Ltd. v. Nagata, 706 F.3d 1365, 1369 (Fed. Cir. 2013) (emphases added; citations omitted). Thus, assignor estoppel is a defense to a claim of invalidity raised by an assignor accused in an infringement

suit by the assignee. *See, e.g., Diamond Scientific Co. v. Ambico, Inc.*, 848 F.2d 1220, 1225 (Fed. Cir. 1988) ("[W]e believe that the primary consideration in now applying the doctrine [of assignor estoppel] is the measure of unfairness and injustice that would be suffered by the assignee if the assignor were allowed *to raise defenses of patent invalidity*."; emphasis added). Patent Owner notes that the International Trade Commission ("ITC") has recognized the equitable defense of assignor estoppel. Motion 2 (citing *Intel Corp. v. U.S. Int'l Trade Comm'n*, 946 F.2d 821, 838-39 (Fed. Cir. 1991)). We note, however, that, like the U.S. district courts, and unlike the Board, the ITC hears actions alleging infringement. Thus, the ITC's recognition of the defense of assignor estoppel to a claim of invalidity in a patent infringement suit by an assignee is consistent with the guidance provided by the Federal Circuit, our shared, reviewing court. Because an *inter partes* review does not involve the resolution of the question of infringement, assignor estoppel is not available as a defense to the petition for the institution of a trial before the Board. It follows that even the limited, additional discovery proposed by Patent Owner to determine facts necessary to demonstrate assignor estoppel is not relevant to any issue in this proceeding and cannot meet the first *Garmin* Factor. *See* IPR2012-00001 (Paper 26) 7-13.

Patent Owner addresses the other factors set forth in the IPR2012-00001 Decision to show that the additional discovery should be granted. Motion 4-8. Nevertheless, even assuming those factors weigh in Patent Owner's favor, for reasons provided above, Patent Owner has not met its burden to show that the additional discovery to demonstrate the existence of or the extent of privity between Petitioner and Mr. Pieroni is necessary in the interest of justice.

CONCLUSION

For the reasons discussed above, we conclude that Patent Owner has not met its burden to show that the additional discovery is necessary in the interest of justice.

ORDER

It is ORDERED that Patent Owner's motion for additional discovery is *denied*.

PETITIONER

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