

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

KAPSCH TRAFFICCOM IVHS INC., KAPSCH TRAFFICCOM IVHS
HOLDING CORP., KAPSCH TRAFFICCOM IVHS TECHNOLOGIES
HOLDING CORP., KAPSCH TRAFFICCOM U.S. CORP., and
KAPSCH TRAFFICCOM HOLDING CORP.,
Petitioner,

v.

NEOLOGY, INC.,
Patent Owner.

Case IPR2015-00814 (Patent 6,690,264 B2)
Case IPR2015-00818 (Patent 8,237,568 B2)
Case IPR2015-00819 (Patent 8,325,044 B2)¹

Before JUSTIN T. ARBES, GLENN J. PERRY, and
TREVOR M. JEFFERSON, *Administrative Patent Judges*.

ARBES, *Administrative Patent Judge*.

DECISION

Patent Owner's Motions to Seal and
Motions to Deem Response and Exhibits as Timely Filed
37 C.F.R. §§ 42.5, 42.14, and 42.54

¹ This Decision addresses issues pertaining to all three cases. We exercise our discretion to issue a single Decision to be filed in each case. The parties are not authorized to use this style heading for any subsequent papers.

Motions to Seal

In each of the instant proceedings, Patent Owner filed a Motion to Seal two exhibits: (1) a confidential settlement agreement between Patent Owner and a third party, and (2) a declaration from Jack Goldberg that discusses the settlement agreement and other issues regarding the challenged patent in the respective proceeding.² Patent Owner provides a proposed protective order with its Motions. Ex. 2049. Petitioner did not file an opposition to any of the Motions.

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. Under 35 U.S.C. § 316(a)(1) and 37 C.F.R. § 42.14, the default rule is that all papers filed in an *inter partes* review are open and available for access by the public; a party, however, may file a concurrent motion to seal and the information at issue is sealed pending the outcome of the motion. It is, however, only “confidential information” that is protected from disclosure. 35 U.S.C. § 316(a)(7). In that regard, the Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,760 (Aug. 14, 2012) provides:

The rules aim to strike a balance between the public’s interest in maintaining a complete and understandable file history and the parties’ interest in protecting truly sensitive information.

...

² See IPR2015-00814, Paper 19 (“Mot. To Seal”), Exs. 2030, 2044; IPR2015-00818, Paper 20, Exs. 2032, 2049; IPR2015-00819, Paper 22, Exs. 2032, 2049. Patent Owner filed similar documents in each proceeding. Unless otherwise noted, references to papers and exhibits herein are to those filed in Case IPR2015-00814.

Confidential Information: The rules identify confidential information in a manner consistent with Federal Rule of Civil Procedure 26(c)(1)(G), which provides for protective orders for trade secret or other confidential research, development, or commercial information. § 42.54.

The standard for granting a motion to seal is “for good cause.” 37 C.F.R. § 42.54(a). The filing party bears the burden of proof in showing entitlement to the relief requested in a motion to seal. 37 C.F.R. § 42.20(c).

Patent Owner states that the settlement agreement and declaration “contain highly confidential financial and business terms that derive independent commercial value from not being generally known to the public, including [Patent Owner’s] competitors, such as Petitioner.” Mot. to Seal 1–2. According to Patent Owner, “[t]he terms include a financial arrangement between [Patent Owner] and the settling party, and terms that secure access to [Patent Owner] to RFID products and technology from the settling party which competes in the marketplace with products offered by Petitioner.” *Id.* at 2. Patent Owner relies on the settlement agreement in support of its arguments regarding secondary considerations of non-obviousness. Paper 20, 58. Upon reviewing the settlement agreement and Patent Owner’s arguments regarding its confidential nature, we are persuaded that good cause exists to seal it. The Motions to Seal will be conditionally granted as to the settlement agreement for the duration of the proceedings. If the final written decision in any proceeding substantively relies on information in a sealed document, the document may be unsealed by an Order of the Board. If any sealed document contains no information substantively relied on in the final written decision, the document may be expunged from the record by an Order of the Board.

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As to the declarations of Mr. Goldberg, however, we note that much of the declarations does not pertain to the settlement agreement and does not appear to be confidential. Indeed, Patent Owner cites extensively to the declarations in its Responses. Patent Owner has not established good cause for sealing the portions of the declarations that do not relate to the settlement agreement. Rather than denying the Motions as to the declarations and making them immediately available to the public though, we will permit Patent Owner to file in each proceeding a redacted version of the declaration and a supplemental motion to seal. The supplemental motions should explain in detail why each redacted portion of the declarations constitutes confidential information. If no supplemental motion to seal is received for any proceeding, the respective declaration will be unsealed.

We also note that Patent Owner filed the settlement agreement in Cases IPR2015-00814 and IPR2015-00818 as “Filing Party and Board Only” in the Patent Review Processing System (PRPS), but filed the agreement as “Parties and Board Only” in Case IPR2015-00819. Patent Owner has not provided any justification for maintaining the settlement agreement as “Filing Party and Board Only.” The current designations will be maintained pending the supplemental motions to seal, and Patent Owner should include an explanation in its supplemental motions as to how the settlement agreement should be designated.

Finally, Patent Owner states that its proposed protective order is a copy of the Board’s Default Protective Order, “modified to exclude in-house counsel or other in-house employees of parties to the proceeding from accessing documents marked ‘HIGHLY CONFIDENTIAL PROTECTIVE ORDER MATERIAL.’” Mot. to Seal 1, 3. Petitioner did not file an

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opposition to Patent Owner's Motions, which requested entry of Patent Owner's proposed protective order. We have reviewed the additional Sections 3 and 4 added to the protective order and are persuaded that they are appropriate under the circumstances. Consequently, the proposed protective order will be entered and will govern the treatment and filing of confidential information in the instant proceedings.

Motions to Deem Response and Exhibits as Timely Filed

In each of the instant proceedings, Patent Owner filed a Motion requesting that its Response and accompanying exhibits be deemed timely filed.³ Patent Owner states that it began the process of filing its Responses and accompanying exhibits in PRPS on December 14, 2015 (DUE DATE 1 as stipulated by the parties), but could not complete all of the filings on time due to technical issues with PRPS, such that some documents were filed after midnight Eastern time (i.e., on December 15, 2015). Mot. 1–4. Patent Owner describes the issues it encountered with PRPS and the efforts it took to remedy the problems. *Id.* Patent Owner also states that it served all of the materials on Petitioner on December 14, 2015. *Id.* at 1. Petitioner did not file an opposition to any of the Motions.

Under the circumstances, we are persuaded that Patent Owner has shown good cause for excusing its late filings, and that consideration of the materials would be in the interests of justice. *See* 37 C.F.R. § 42.5(c)(3). In the future, the parties are encouraged to begin filings as soon as possible and to contact the Board's support line with any issues during business

³ *See* IPR2015-00814, Paper 21 (“Mot.”); IPR2015-00818, Paper 22; IPR2015-00819, Paper 24.

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hours. The parties also are referred to <http://www.uspto.gov/patents-application-process/appealing-patent-decisions/trials/patent-review-processing-system-prps-0> regarding electronic filing procedures.

In consideration of the foregoing, it is hereby:

ORDERED that Patent Owner's Motion to Seal in each proceeding is *conditionally granted-in-part* with respect to the settlement agreement, and *denied-in-part* with respect to the declaration of Mr. Goldberg;

FURTHER ORDERED that Patent Owner's proposed protective order filed in each proceeding is entered and shall govern the treatment and filing of confidential information in the proceeding;

FURTHER ORDERED that Patent Owner is authorized to file in each proceeding, within five business days of this Decision, a supplemental motion to seal;

FURTHER ORDERED that any opposition to the supplemental motion to seal in each proceeding is due within five business days of the filing of the respective motion, and no replies are authorized; and

FURTHER ORDERED that Patent Owner's Motion in each proceeding requesting that its Response and accompanying exhibits be deemed timely filed is *granted*.

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