



Statements in Form 10-K Lead to Successful Discovery Motion of Product Sales Before PTAB

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Under the first *Garmin* factor, the board found that the patent owner had provided evidence showing that it was “more than a possibility and mere allegation” that the request sought documents “favorable in substantive value to” the patent owner’s contention regarding commercial success of the invention. The board found that statements in the petitioner’s 10-K adequately linked the launch and sales of the petitioner’s product to the overall sales of a business segment that the 10-K stated “continues to excel.” The board explained that the 10-K provided only undifferentiated sales figures for the segment, but there was no dispute that the information about the product existed and would address commercial success.

Regarding nexus, the board rejected the petitioner’s argument that the patent owner had not yet “fully demonstrated” that the product was an embodiment of the claimed invention. The board explained that at the early stage of the proceeding, the patent owner had adequately established a presumption of nexus through its element-by-element mapping of exemplary claims to publicly available information about the product.

Turning to the second *Garmin* factor, the board agreed with the patent owner that the request did not seek the petitioner’s litigation positions or the underlying basis for those positions.

For the third *Garmin* factor, the board found that the patent owner could not generate information equivalent to the petitioner’s sales documents. The board explained that even if market reports and other competitive intelligence provided some information that is generally relevant to commercial success, such information would still not be the equivalent

of the actual information sought. The board also rejected the petitioner’s argument that the information could be obtained through discovery in co-pending district court litigation between the parties. The board explained that the information could not be considered reasonably available from that source because the patent owner was due to file its patent owner response shortly and the petitioner had refused to provide the discovery in that litigation based on a pending motion to stay the litigation.

Finally, when considering the fourth and fifth *Garmin* factors, the board found that the patent owner had provided easily understandable instructions and that the request was not overly burdensome. The board rejected the petitioner’s argument that the request was “vague and unbounded.” Rather, by defining the product as including “prototypes, releases, iterations, versions, and models,” the request simply avoided being limited to a specific trade name. Moreover, the board explained that the request was not vague and unbounded by seeking documents showing revenue “derived from” sales of the product. Rather, if necessary, the parties could meet and confer to address the scope of the requests.

Practice tip:

The grant of additional discovery in IPR proceedings requires a showing that such a request is in the interests of justice. To meet that burden, a party should already be in possession of evidence tending to show beyond speculation that something useful will be uncovered. As such, parties are well advised to scour the public record, including mandatory filings with government agencies. Where discovery pertains to objective indicia of non-obviousness, such as commercial success, parties should bear in mind the required showing for nexus.

Brunswick Corp. v. Volvo Penta of the Americas, LLC, IPR2020-01512, Paper 25 (PTAB May 12, 2021)

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