
**UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE PATENT TRIAL AND APPEAL BOARD**

CANFIELD SCIENTIFIC, INC.,
Petitioner

v.

MELANOSCAN LLC,
Patent Owner

Case No. IPR2017-02125

Patent No.: 7,359,748

PATENT OWNER'S REVISED MOTION TO SEAL

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I. INTRODUCTION

Pursuant to 37 C.F.R. §§ 42.14 & 42.54, Patent Owner (“Melanoscan”) hereby requests permission to seal portions of the record previously filed with the Board. The parties’ previous Motions to Seal, Papers No. 36, 44 and 48, were denied by the Board without prejudice to the filing of this Revised Motion to Seal to address the portions of the record at issue. *See* Paper No. 53 at 2, 6. In support of this Revised Motion to Seal, Melanoscan appends hereto a Declaration of Rhett Drugge, M.D. (Exhibit 2031) and a Proposed Protective Order (Exhibit 2032) previously filed with the Board on September 21, 2018 (Paper No. 29), which Melanoscan respectfully requests that the Board enter.

As demonstrated below, good cause exists to seal the portions of the record Melanoscan seeks to seal under the attached Proposed Protective Order.

II. GOOD CAUSE EXISTS TO SEAL PURSUANT TO THE PROPOSED PROTECTIVE ORDER

Good cause exists to seal portions of the record in an *inter partes* review where it is demonstrated that: (1) the information sought to be sealed is truly confidential, (2) a concrete harm would result upon public disclosure, (3) there exists a genuine need to rely in the trial on the specific information sought to be sealed, and (4) on balance, an interest in maintaining confidentiality outweighs the strong public interest in having an open record. Paper No. 53, pp. 3-4 (citing

Argentum Pharm, LLC v. Alcon Ltd., Case IPR2017-01053 (PTAB Jan. 19, 2018) (Paper 27, at pp. 3-4)).

Good cause exists to seal the portions of the record identified in Table 1 of Dr. Drugge's Declaration filed herewith (Ex. 2031). These portions of the record can be grouped into five categories of Melanoscan's trade secret information and one entry of personal medical information as shown below. As shown in Table 1, the five categories of trade secret information are: (1) Financial information relating to Melanoscan's business; (2) Melanoscan's marketing and sales information, including customer information and financial information relating to its sales and business transactions; (3) Melanoscan's confidential business practices, including practices involving the use of its commercial products and research devices to examine, diagnose and treat patients; (4) Details of operation, processes and functioning of Melanoscan's commercial products and research devices; and (5) Confidential procedures, protocols, data and results of research and development conducted by Melanoscan. *See* 37 C.F.R. § 42.54(a)(7) (the Board may issue a protective order to protect the confidentiality of trade secrets).

A. The Information Is Truly Confidential

The attached Declaration of Dr. Drugge evidences and demonstrates that each item of information in the record identified by Table 1 is truly confidential. As the sole member of Melanoscan and a practicing physician that uses

Melanoscan's technology, products and devices to examine, diagnose and treat patients, and also conducts research and development using the technology, products and devices, Dr. Drugge has personal knowledge of the confidential nature of each of the five categories of Melanoscan's trade secret information. (Drugge Dec. ¶¶ 3, 5). He has provided evidence that each item of information is not generally known to or readily ascertainable by the public.

Specifically, Melanoscan does not publically disclose its financial information and takes reasonable efforts to maintain its secrecy, such as by using password protected computers and only disseminating the information when necessary and only after receiving enforceable assurances of confidentiality. (Drugge Dec. ¶ 6); *see also* Uniform Trade Secrets Act, § 1 comment (1985) ("reasonable efforts to maintain secrecy have been held to include ... limiting access to a trade secret on a 'need to know basis' and controlling plant access"); *Charter Oak Lending Grp LLC v. August*, 127 Conn. App. 428, 437-38 (2011) (password protection and a confidentiality section in employee handbook supported finding of reasonable efforts to maintain secrecy).¹ The same is true of Melanoscan's marketing and sales information, its business practices, the details of operation, processes and functioning of Melanoscan's commercial products and

¹ Melanoscan is organized and exists under, and has its principle place of business in, Connecticut. Accordingly, Connecticut law applies to the information at issue.

research devices, and its research and development procedures, protocols, data, and results that it wishes to protect. (Drugge Dec. ¶¶ 8, 10, 12, 14). Melanoscan also ensures that it uses its machines to examine and treat patients in such a way that its confidential business practices do not become publically known. (Drugge Dec. ¶ 10). The business practices are not disclosed or discernible to patients being examined or treated. (Drugge Dec. ¶ 10); *see also Elm City Cheese Co. v. Federico*, 251 Conn. 59, 79 (1999) (“taking precautions regarding visitors” supports a finding of reasonable efforts to maintain secrecy). Additionally, the details of operation, processes and functioning of Melanoscan’s commercial products and research devices are not readily ascertainable and cannot be readily reverse engineered just by possessing Melanoscan’s products. (Drugge Dec. ¶ 12). Nor are they discernible to patients being examined or treated. *Id.* Finally, the personal medical information that Dr. Drugge discussed in his deposition transcript is not publically known and remains truly confidential. (Drugge Dec. ¶ 16).

In sum, none of the information that Melanoscan seeks to seal is publically known; it is truly confidential.

B. Concrete Harm upon Public Disclosure

The attached Declaration of Dr. Drugge demonstrates that Melanoscan and Dr. Drugge would suffer a concrete harm if the information it seeks to seal was publicly disclosed. With respect to Melanoscan’s financial information and its

marketing and sales information, competitors and those with whom Melanoscan conducts business would be able to use this information to harm Melanoscan either competitively or by putting it in an unfair bargaining position armed with such information. (Drugge Dec. ¶¶ 7, 9); *see also Elm City Cheese*, 251 Conn. at 87-88 & n. 27 (trade secrets can encompass “confidential business information, including pricing and cost data” and the conferral of “even slight competitive edge” is enough to merit trade secret protection). With respect to Melanoscan’s confidential business practices and the details of operation, processes and functioning of Melanoscan’s commercial products and research devices, competitors would be able to use this information to harm Melanoscan competitively. (Drugge Dec. ¶¶ 11, 13). Competitors would be able to employ these business practices in their own businesses and/or design their products to employ these mechanisms of operation, processing, and functionality to eliminate or reduce competitive advantages Melanoscan has over competitors or gain competitive advantages over Melanoscan. *Id.* This would be unfair because the competitors would be able to do so without investing in developing these techniques, mechanisms, and functionalities on their own. *Id.*; *see also Assa Abloy Sales & Mktg. Group, Inc. v. TASK, Fcz*, 2018 WL 691711, at *8 (D. Conn. Feb. 2, 2018) (competitor could use trade secret to “gain an unfair competitive advantage”); *E.J. Brooks Co. v. Cambridge Sec. Seals*, 2015 WL 9704079, at *5

(S.D.N.Y. Dec. 23, 2015) (defendant unjustly enriched by “avoided development costs”). With respect to the procedures, protocols, data, and results of Melanoscan’s research and development, competitors would be able to use this information to harm Melanoscan competitively by using these procedures, protocols, data, and results to optimize their own research, products, and services without needing to invest in the research and development themselves. (Drugge Dec. ¶ 15); *see also Culligan v. Yamaha Motor Corp., USA*, 110 F.R.D. 122, (S.D.N.Y. 1986) (expert testimony “hardly necessary” to show that “research and development data” were trade secrets).

In sum, each of these categories of information sought to be sealed derives independent economic value from not being generally known to or readily ascertainable by others who can obtain economic value from the disclosure or use of the information; they are Melanoscan’s trade secrets (see also Section II.D. *infra*). Melanoscan would suffer concrete harm by public disclosure of the information identified in the above-discussed categories in Table 1.

Finally, it is manifestly obvious that concrete harm will ensue by public disclosure of personal medical information. Such medical information is widely protected under a myriad of statutes and regulatory regimes.

C. Genuine Need to Rely on the Information at Trial

Melanoscan did not initiate the introduction of confidential information into the record - Canfield did. Canfield included Melanoscan confidential information in its Reply Brief (Paper No. 33) and accompanying exhibits 1036 and 1039. Canfield also included Melanoscan confidential information in its Motion to Exclude (Paper No. 42). This necessitated discussion of this information, and introduction of countermanding confidential information in Melanoscan's Sur-Reply (Paper No. 46) and Opposition to Canfield's Motion to Exclude (Paper No. 49). As can be seen by the filed redacted (public) versions of Papers No. 33, 42, 46, 49 and Exhibit 1036, only very limited portions are redacted — only 26 lines of text out of over 130 pages. Under the Board's regulations, the entirety of Dr. Drugge's deposition (Exhibit 1039) needed to be filed. 37 C.F.R. § 42.53(f)(7) ("The testimony must be filed as an exhibit."). This required redaction of information beyond that relied upon, but the portion of the deposition transcript designated confidential is still minor. *See Allen v. American Capital Ltd.*, 2017 WL 6554677, at *2 (D. Ariz. Dec. 22, 2017) (protecting trade secrets "outweighs the public's interest in accessing these comparatively small portions of the record").

While Melanoscan disagrees with Canfield on the merits of its arguments and evidence it relies on, there is a genuine need to rely on this information in the trial. Specifically, this information needed to be made part of the record to provide

the parties with their due process rights to attempt to advance their arguments and so that the Board can be presented with a full record on which to render its final decision in view of the parties' disagreement on the issues in the case and the merits and weight of the evidence at issue. *See Belden, Inc. v. Berk-Tek LLC*, 805 F.3d 1064, 1080 (Fed. Cir. 2015) (patent owner entitled to due process, which includes a "fair opportunity to meet the grounds of rejection"). It is clear that, by relying on the information to (1) attempt to demonstrate obviousness and respond to Melanoscan's evidence and arguments for patentability; and (2) attempt to demonstrate the inadmissibility of Melanoscan evidence, Canfield considers that there is a genuine need to rely on the information. Surely, Canfield did not file or rely on evidence it thought is irrelevant to this proceeding.

In its Reply (Paper No. 33), Canfield cited to Dr. Drugge's confidential testimony to (1) argue that one of ordinary skill in the art would combine Voigt and Hurley despite the increased costs of additional cameras (p. 14, n. 5) and (2) argue that it would be obvious to provide a visual marker in Hurley to identify where a person should stand (p. 19). While Melanoscan disagrees with Canfield on the merits, this information needed to be made part of the record to allow Canfield to present its arguments and have the Board consider the evidence.

Similarly, Muller cited to Dr. Drugge's confidential testimony to opine (1) that Hurley's image acquisition time would not be problematic in the alleged

Voigt/Hurley combination (Exhibit 1039 ¶ 49) and (2) regarding the calibration of Hurley (Exhibit 1039 ¶ 103), which as discussed in the parties' briefs relates to the "specified imaging position" limitation in the challenged claims (and Board discusses in its Decision to Institute, Paper No. 15 at 29). Again, Melanoscan disagrees on the merits, but this information needed to be made part of the record.

In its Motion to Exclude, Canfield cited to Dr. Drugge's confidential testimony (Paper No. 42 at 2) to support its argument that the Board should exclude Paragraph 40 of Dr. Drugge's Declaration of record in this case (Exhibit 2010) due to lack of personal knowledge. Canfield is wrong on the merits, but the information needed to be made part of the record for the Board's consideration.

Further, as Board regulations require filing of the entirety of Drugge's deposition testimony, there is a genuine need to introduce it into the record. *See* 37 C.F.R. § 42.53(f)(7).

With respect to Melanoscan's filings, it is necessary to rely on Dr. Drugge's confidential testimony to oppose Canfield's contentions and provide Melanoscan its due process right to do so, and the Board with a complete record on which to render its decisions. *Belden*, 805 F.3d at 1080.

In its Sur-Reply, Melanoscan cited to Dr. Drugge's confidential testimony to (1) demonstrate Canfield's mischaracterization in its Reply of Dr. Drugge's testimony regarding image acquisition time (Paper No. 46 at 10) and (2)

demonstrate Canfield's mischaracterization in its Reply of Dr. Drugge's testimony regarding calibration of Melanoscan's commercial embodiments (Paper No. 46 at 19). In its Opposition to Canfield's Motion to Exclude, Melanoscan cited to Dr. Drugge's confidential testimony (Paper No. 46 at 19) to demonstrate that he did, in fact, have personal knowledge of the matters testified to in Paragraph 40 of his Declaration. Melanoscan had a right to present this evidence to the Board for its consideration of the merits of issues in this matter and the admissibility of evidence relating thereto. *Belden*, 805 F.3d at 1080. There is thus a genuine need to rely on this information at the trial.

Thus, this element of good cause is established.

D. Balance of Public and Private Interests

Melanoscan has an overwhelming interest in maintaining the confidentiality of its trade secrets identified in the first five categories of Table 1. As demonstrated above and by the Declaration of Dr. Drugge, this information meets the definition of a trade secret under federal and Connecticut state law. *See* 18 U.S.C. § 1839(3); Conn. Gen. Stat. § 35-51(d). It bears emphasis that Melanoscan did not initiate this proceeding or introduce the issues and evidence requiring confidentiality into it; Canfield did, and Melanoscan was forced to respond, and has a right to do so. Moreover, Melanoscan only disclosed the confidential information to Canfield pursuant to Canfield's discovery demands and only after

receiving Canfield's promise of confidentiality in the Proposed Protective Order. *See* Office Patent Trial Practice Guide, 77 Fed. Reg. 48756, 48772, App. D ¶ 4 (limited circumstances in which witness may not answer deposition questions).

The U.S. Supreme Court has recognized that a trade secret owner has a property right in its trade secrets that is significant enough to be "protected by the Taking Clause of the Fifth Amendment." *Ruckelhaus v. Monsanto Co.*, 467 U.S. 986, 1003-04 (1984). It has found that federal-agency-disclosure of such trade secrets can constitute a taking under certain circumstances. *See id.* at 1013. Thus, the law recognizes Melanoscan's overriding interest in maintaining the confidentiality of its trade secrets, especially in the context of a proceeding not initiated by Melanoscan and where such information was only produced under the compulsion of discovery. Finally, Dr. Drugge and others have obvious overriding interests in maintaining the confidentiality of their personal medical information. The Health Insurance Portability and Accountability Act of 1996 is just one of many manifestations of the public's acknowledgement of such interests.

Against these interests must be balanced the interest of the public in a fully open proceeding. The primary factor discounting the public's interest here is the limited nature and extent of the information sought to be sealed relative to the record as a whole. Only a few lines of Paper Nos. 33, 42, 46 & 49 and the Third Muller Declaration (Exhibit 1036) have been redacted. The redactions of Exhibit

1039 are also a very small portion of the testimony, and nearly all of them were necessitated by Board regulations requiring filing of the entirety of the testimony, even though the parties rely on but a few portions. The parties have filed public versions of each of these papers, allowing the public to view every single word except for these redacted portions. The public has no interest in viewing the portions of Dr. Drugge's testimony on which no party has relied in this proceeding, especially, for example, the personal medical information.

Furthermore, the public has, at most, a very limited—almost non-existent—interest in viewing the very small amount of information sought to be sealed (both in absolute amount and relative to the totality of evidence in the proceeding) that the parties rely on. *See Allen*, 2017 WL 6554677, at *2 (D. Ariz. Dec. 22, 2017) (protecting trade secrets “outweighs the public’s interest in accessing these comparatively small portions of the record”).

In contrast, Melanoscan's interest in maintaining confidentiality and its trade secrets far outweighs the public's interest in viewing this information. *See id.* For the foregoing reasons, good cause to seal the portions of the record identified in Table 1 has been demonstrated.

III. CERTIFICATION

Pursuant to 37 C.F.R. § 42.54(a), Melanoscan hereby certifies that it has, in good faith, conferred with Canfield, and Canfield has stated that it does not consent

to the granting of this Motion under the attached Proposed Protective Order. Further, Melanoscan submits herewith a Proposed Protective Order, which the Board has held can be the Board's "default protective order" as is submitted here. *See Garmin Int'l v. Cuozzo Speed Techs., LLC*, Case IPR2012-00001 (PTAB Mar. 14, 2013) (Paper 34, at p. 5). Melanoscan certifies that it accepts and agrees to the terms of the Protective Order. *See* 77 Fed. Reg. at 48770 (Aug. 14, 2012).

IV. CONCLUSION

Melanoscan has demonstrated good cause and all other legal prerequisites to seal the portions of the record identified in Table 1. Melanoscan respectfully requests that its motion be granted.

Date: December 3, 2018

Respectfully Submitted

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CERTIFICATE OF SERVICE

I hereby certify that on this 3rd day of December 2018, a true and correct copy of the foregoing Patent Owner's Revised Motion to Seal has been caused to be served in its entirety via electronic mail on counsel of record for Petitioner as set forth below, and through filing this document through the Patent Trial and Appeal Board End to End System:

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