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

Trial No.:	IPR 2013-00083
In re:	U.S. Patent No. 6,415,280
Patent Owners:	PersonalWeb Technologies, LLC & Level 3 Communications
Petitioner:	EMC Corp. and VMware, Inc.
Inventors:	David A. Farber and Ronald D. Lachman

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November 21, 2013

PATENT OWNER'S OPPOSITION TO PETITIONER'S MOTION TO EXCLUDE EVIDENCE PURSUANT TO 37 C.F.R. § 42.64(c)

Patent owner (PO) PersonalWeb Technologies, LLC hereby opposes petitioner's motion to exclude evidence.

A. THE LICENSE AGREEMENTS AND BERMEISTER TESTIMONY SHOULD NOT BE EXCLUDED

Petitioner has moved to exclude three license agreements (Exs. 2010, 2011 and 2012) where the patent involved in this IPR was licensed, as well as testimony of Mr. Bermeister (Exs. 2009 and 2014) relating to those license agreements. Petitioner's motion to exclude this evidence should be denied for at least the reasons explained herein.

The Federal Circuit recently relied on similar licenses and testimony in reversing a finding of obviousness. *Transocean Offshore Deepwater Drilling, Inc. v. Maersk Drilling USA*, 699 F.3d 1340, 1353 (Fed. Cir. 2012). The three license agreements submitted by PO, and the Bermeister testimony, are relevant to secondary considerations and should not be excluded for the reasons explained in *Transocean*. *Id*. Indeed, the Federal Circuit explained that such evidence "must" be considered. *Id*. at 1349. Despite PO having cited and relied upon *Transocean* in its main Response in support of Exs. 2009-2012, it is particularly telling that petitioner ignored *Transocean* in its Motion to Exclude. *Transocean* is recent law, good law, and has not been overruled.

In *Transocean*, the license agreements related to both the patent-in-suit as well as foreign counterparts and other patents not involved in the case. *Transocean*, 699 F.3d at 1353. The same applies here, as the three license agreements relate to both the ‘280 patent as well as other patents in the family not at issue in this particular IPR. The Skype license is for the ‘791 and ‘280 patents, and all continuations thereof. (Ex. 2010, at 1.) The Kinetech/Brilliant license is for the ‘791 patent, and all continuations thereof which includes the ‘280 patent. (Ex. 2011, at 1.) And the Sharman license is for the ‘791 patent, and all continuations thereof which includes the ‘280 patent. (Ex. 2012, at 2.) Thus, each of these agreements licenses at least the ‘280 patent, and according to Federal Circuit precedent the fact that other patents are also licensed under these agreements does NOT somehow eliminate the nexus with the challenged claims of the ‘280 patent or render these licenses irrelevant. *Transocean*, 699 F.3d at 1353. A sufficient nexus exists because the patent including the challenged claims at issue has been licensed, and the license was objectively entered into between different companies for legitimate business purposes and not for the purpose of settling any litigation – just like in *Transocean*. Petitioner has submitted no evidence to the contrary.

In *Transocean*, the court relied on the fact that the licenses were not for the purpose of settling any litigation. *Transocean*, 699 F.3d at 1353. Likewise, the three license agreements here (Exs. 2010-2012) were not for the purpose of settling any litigation, which indicates that the licensees believed there was value in the patents and paid substantial amounts for them. (Ex. 2009, ¶ 6; and Ex. 2014, ¶ 3.)

Again, there must be a sufficient nexus with the challenged claims here given that the Federal Circuit found a sufficient nexus with similar facts in *Transocean*.

Petitioner also contends that the Skype license (Ex. 2010) should be excluded because of alleged overlapping business interests. To the contrary, the evidence states that Mr. Bermeister had "no personal interest in Skype at the time the Skype license was agreed to." (Ex. 2014, ¶ 2; *see also* Bermeister Dep. 12-14 and 115 [Ex. 1077].) Petitioner has provided no evidence that licensee Skype did not objectively value the licensed patents at the time the license was entered into. Attorney argument and unsupported allegations are not evidence.

Moreover, contrary to petitioner's allegations, the evidence and testimony demonstrates that the Kinetech/Brilliant and Sharman license agreements (Exs. 2011-2012) were negotiated at arms-length and in good faith by different companies for legitimate business reasons, and that no person or entity negotiated on both sides of any of these agreements. (Bermeister Dep. 159-161 [Ex. 1077].) The evidence demonstrates that prior to the Kinetech/Brilliant license agreement (Ex. 2011), there was no significant relationship between Kinetech and Brilliant. (Bermeister Dep. 24-25 [Ex. 1077].) One individual (e.g., Lachman), who conducted no negotiating on behalf of Brilliant, allegedly owning stock in both companies is not a basis for excluding a license agreement such as Ex. 2011 as this does *not* establish that Kinetech did not objectively value the patents that were licensed. (Bermeister Dep. 160-161 [Ex. 1077].) For example, Ford and Chevrolet

(GM) have overlapping business interests (both are interested in selling cars) and certainly have common shareholders – but no reasonable person would allege that they are the same company or that a patent license from one to the other was not objectively negotiated at arms length. Again, petitioner has provided no evidence that any of the licensees did not objectively value the licensed patents at the time the licenses were entered into.

Petitioner relies heavily on *In re Antor Media Corp.*, 689 F.3d 1282, 1293-94 (Fed. Cir. 2012). This case is easily distinguished. First, unlike *Antor Media*, the license agreements in this IPR are tangible and part of the record. Second, unlike *Antor Media*, there is evidence of record in this IPR that the license agreements were *not* for the purpose of settling any litigation, which indicates that the licensees objectively believed there was value in the patents and paid substantial amounts for them. (Ex. 2009, ¶ 6; Ex. 2014, ¶ 3.) Third, the Board "did consider" the licenses in *Antor Media* – the Board did not "exclude" them as petitioner requests here.

Petitioner also relies on *Iron Grip Barbell Co. v. USA Sports, Inc.*, 392 F.3d 1317 (Fed. Cir. 2005). This case is also easily distinguished. First, in *Iron Grip* the licenses at issue were not of record (they are of record in this IPR). Second, the licenses in *Iron Grip* were for "settlement of litigation." Because the licenses were for "settlement of litigation" in *Iron Grip*, they were found not indicative of commercial success "because it is often cheaper to take licenses than to defend

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