

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONFERENCE

IPR2013-00419 and IPR2013-00424

TELECONFERENCE

December 9, 2014

3:45 P.M.

Taken by Dawn Miller, a Notary Public
of the State of New York, pursuant to court
order and stipulations between Counsel.

VERITEXT REPORTING COMPANY

212-279-9424

www.veritext.com

212-490-3430

Page 2

1 A P P E A R A N C E S
2 KENYON & KENYON, LLP
3 Attorneys for TOYOTA
4 1 Broadway
5 New York, New York
6 BY: MATTHEW BERKOWITZ, ESQ.
7 GEORGE BADENOCH, ESQ.
8 ANTHONY PFEFFER, ESQ.
9
10
11
12 McANDREW, HELD & MALLOY, LTD.
13 Attorneys for PATENT ORDER
14 500 West Madison Street
15 Chicago, Illinois 60661
16 BY: CHRISTOPHER SCHARFF, ESQ.
17 TOM WIMISUS, ESQ.
18 SCOTT McBRIDE, ESQ.
19
20 A L S O, P R E S E N T:
21
22 JUDGE LEE
23 JUDGE PEDIGREE
24 JUDGE JEFFERSON
25

Page 3

1 C O N F E R E N C E
2 MR. BERKOWITZ: Good afternoon,
3 Your Honor, This is Matt Berkowitz
4 from Kenyon & Kenyon.
5 MR. SCHARFF: Good afternoon,
6 Your Honor, this is Christopher
7 Scharff from McAndrews, Held & Malloy
8 along with Tom Timisus.
9 YOUR HONOR: Good afternoon.
10 MR. SCHARFF: Just to give you
11 just a little of background, okay. So
12 the 419 and 424 IPR's are set for a
13 final decision within the next few
14 weeks. And prior to that, in the last
15 few weeks, Toyota has filed a number
16 of papers to try to get a second bite
17 at the apple. They filed a request to
18 join the 419 and 424 IPR's with a new
19 Mercedes IPR. That request has
20 already been denied by an order last
21 week. Then they also filed a new IPR
22 that they requested to try to join
23 with the Mercedes IPR and that request
24 is still pending. Then they also
25 filed ex parte reexamination request

Page 4

1 C O N F E R E N C E
2 in connection with both the 419 and
3 the 424 IPR's on November 13th. What
4 we need to do is file a motion to
5 terminate those IPR's pursuant to the
6 Board's authority under 315B, the
7 Board relied on that --
8 YOUR HONOR: Can I interrupt
9 you? When you said, "IPR," did you
10 mean, "Re-exam?"
11 MR. SCHARFF: I'm sorry, Your
12 Honor, I misspoke, I meant the
13 re-exams.
14 YOUR HONOR: There are two in
15 re-exam, right?
16 MR. SCHARFF: Yes, exactly.
17 There are two petitions for
18 reexamination. Reexamination one in
19 connection with the 057 Patent that's
20 the subject of the 419 IPR and one in
21 connection with the Triple Zero Patent
22 that's the subject of the 424 IPR.
23 YOUR HONOR: Okay, thank you.
24 MR. SCHARFF: And so what we
25 -- we would be filing a motion to

Page 5

1 C O N F E R E N C E
2 terminate those pursuant to the 315B,
3 which is the same authority the Board
4 decided to rely on a stay ex parte
5 re-examination. For example, the
6 Abayo (phonetic) versus Edward
7 Security Solutions case (SIC) and our
8 wrench (SIC) now would be that the
9 board had expression to stay,
10 transfer, consolidate or terminate all
11 the proceedings in order to avoid
12 abusive attacks on a patent which was
13 congress's intent and also to ensure
14 there would just be an inexpensive
15 resolution of IPR's.
16 In addition, it's our position
17 that the Estoppel Provision, 315E,
18 would also preclude this IPR -- I'm
19 sorry, the reexamination and also be
20 our basis, the reason why we are
21 approaching the Board now is because
22 pursuant to statute, EVS is not
23 allowed to file a reply or a response
24 in the ex parte reexamination until
25 after the Patent Office would

Page 6

1 CONFERENCE
2 determine whether or not to institute
3 a reexamination and so given that
4 termination, would cutoff the
5 procedure completely. This will both
6 save the Patent Office time and
7 expense of having to consider it and
8 then make an opinion in those
9 reexaminations. It would also then
10 save EVS, you know, the prejudice of
11 having to both, at that later point,
12 raise this argument, you know, that
13 the ex parte reexamination should be
14 terminated, as well as having also to
15 substantively reply.
16 So, at this point, we think this
17 is the same situation that led the
18 board to deny the request to join the
19 419 and 424 IPR's with the Mercedes
20 IPR and that's basically just trying
21 to get another chance to argue
22 obviousness arguments that it could
23 have but did not raise in the 419 and
24 424 IPR's.
25 YOUR HONOR: If you're done, I

Page 7

1 CONFERENCE
2 have some questions.
3 MR. SCHARFF: Yes, Your
4 Honor.
5 YOUR HONOR: What from all of
6 that you said has anything to do with
7 the final decisions that are in due
8 within the few weeks in the 419 and
9 the 424 case? The way I see it, none
10 -- the re-exam cannot possibly effect
11 the outcome of the final decisions
12 that are expected in a few weeks in
13 the 419 and 424 IPR; is that right?
14 MR. SCHARFF: Yes, that's
15 correct. It's the reverse situation.
16 It's that the 419 and 424 IPR's,
17 because there's a final decision
18 coming, that Toyota should not be
19 allowed a second chance to re-litigate
20 all of those same issues in ex parte
21 re-exam and the Board does have
22 authority to direct the disposition of
23 a re-exam and if not, just in the
24 interest of efficiency of the IPR's.
25 YOUR HONOR: I see. Let me

Page 8

1 CONFERENCE
2 see if my -- let me put you on mute
3 while I confer with my colleagues to
4 see if we have other questions for
5 you.
6 MR. SCHARFF: Sure.
7 YOUR HONOR: We do not have
8 anymore questions for the Patent
9 Order. So let's turn it over to
10 counsel for Toyota.
11 MR. BERKOWITZ: Thank you,
12 Your Honor. This is Matt Berkowitz.
13 I think that EVS is really
14 mischaracterizing this as a second
15 bite at the apple. As if the Patent
16 statutes and the rules prohibit any
17 second challenge by the same party
18 against the same claim. It's really
19 not what the statutes provide for,
20 it's not what the rules provide for.
21 There's no question that the same
22 party can file multiple ex parte
23 reexaminations against the same claim
24 or a party can file an ex parte, you
25 know, if at one point and that years

Page 9

1 CONFERENCE
2 down the road, subject to the
3 limitations of 315B, file an IPR.
4 There's not a blanket prohibition
5 against a second bite at the apple and
6 there's really, I don't think, any
7 dispute that, at least as of this
8 point, estoppel cannot possibly
9 apply.
10 This issue, the Patent and the
11 stay that estoppel actually prohibits
12 an ex parte at this point, I think
13 that is actually -- that issue came up
14 during proposed rulemaking relating to
15 some of the miscellaneous provisions
16 following the A.I.A., particularly
17 with respect to Rule 1.510. The rules
18 were -- from the proposed rules to the
19 final rules, were amended to clarify
20 that it's actually the office that
21 maintains a reexamination proceeding
22 and not the requester and that once a
23 request is filed, it's then the office
24 that handles it, and there's a Federal
25 Register site for that which is Volume

Page 10

1 CONFERENCE
2 77 Federal Register 46621 and that
3 exact issue came up.
4 EVS also, I heard them say that
5 we're trying to -- that Toyota is
6 trying to re-litigate the same issues
7 in the ex parte and it's actually not
8 true at all. The only thing that's in
9 the Ex Parte Reexamination Request is
10 a specific issue related to
11 obviousness of the claims based on
12 remelsen (SIC.) In particular, the
13 obviousness of training in algorithm
14 with a particular type of data that
15 EVS says the claims require. This is
16 an issue that Toyota, I think this has
17 been the subject of some joinder
18 briefing back and forth already in the
19 IPR's, but Toyota's position is that
20 it was precluded from offering that
21 position during the IPR. So the ex
22 partes are limited to just that one
23 issue. It's not an abuse attack on
24 patents. It's not the type of thing
25 that EVS is saying congress is trying

Page 11

1 CONFERENCE
2 to prohibit. If it really were the
3 same issue that was in the IPR, then
4 it wouldn't get passed the Eysenck
5 (SIC) Test that's required for ex
6 parte and EVS wouldn't have anything
7 to worry about. But we think this is
8 a new issue and it's very focussed and
9 it's very limited.
10 MR. SCHARFF: May I respond?
11 YOUR HONOR: Let me make sure
12 Toyota's counsel is finished.
13 MR. BERKOWITZ: I am, Your
14 Honor.
15 YOUR HONOR: Yes, please,
16 Patent Order, go ahead.
17 MR. SCHARFF: Thank you, Your
18 Honor. So first of all, this is
19 actually a second bite at the apple
20 that is prohibited. The statute
21 expressly contemplates that after an
22 IPR that accusant (SIC) fringer (SIC)
23 (inaudible) participates in it, then
24 they are then estoppel, they can't
25 file another IPR, they can't maintain

Page 12

1 CONFERENCE
2 a lawsuit. I know these are things
3 that if you -- you could do before
4 another IPR but the point is, the
5 statute cuts off any other further
6 challenges after an IPR.
7 Now, what Toyota's counsel was
8 referring to was just a comment in
9 connection with the rulemaking. There
10 is no rule that addresses filing an Ex
11 Parte Reexamination Petition while an
12 IPR is pending and whether or not that
13 constitutes maintaining a proceeding
14 before the Patent Office but the
15 statute definitely does not exempt an
16 ex parte reexamination nor do the
17 Patent Office's rules immediately
18 could have if that's what was
19 contemplated. If congress and the
20 Patent Office intended that ex parte
21 reexaminations were the one and only
22 exception an accusant (SIC) fringer
23 (SIC) could bring arguments that it
24 could have but did not bring in an
25 IPR, then the statute and the rules

Page 13

1 CONFERENCE
2 would have said so, but they don't.
3 And so, it's our position that the law
4 does prohibit Toyota from trying to
5 get a second chance to raise arguments
6 that it did not raise in the IPR.
7 YOUR HONOR: Counsel, when you
8 said that Toyota was precluded from
9 filing or maintaining another
10 proceeding, which section of the
11 statute are you referring to?
12 MR. SCHARFF: That's 315E.
13 YOUR HONOR: Does it expressly
14 talk about reexamination?
15 MR. SCHARFF: It does not.
16 Neither -- it doesn't say that
17 reexaminations are exceptions either
18 though.
19 YOUR HONOR: I see. You're
20 saying that it's talking about a
21 proceeding before the office?
22 MR. SCHARFF: Yes, Your
23 Honor.
24 YOUR HONOR: I understand. I
25 understand. Does that complete your

Page 14

1 CONFERENCE
2 presentation?
3 MR. SCHARFF: Yes, Your
4 Honor.
5 MR. BERKOWITZ: Your Honor,
6 this is Matt Berkowitz again. If I
7 can just offer one last comment about
8 that?
9 YOUR HONOR: Okay, this is not
10 going to be a limited go around. If
11 you're going to say something, I'm
12 going to give Mr. Scharff the last
13 word.
14 MR. BERKOWITZ: Yes. The only
15 comment, Your Honor, is that the
16 section of the statute that Patent
17 Owner is clinging to, I don't think
18 there's any debate as to the fact that
19 what we filed, the Ex Parte
20 Reexamination Request, there could not
21 be possibly be any estoppel. The
22 estoppel can't possibly kick in until
23 after the final written decision.
24 That section just doesn't apply to the
25 filing of the request.

Page 15

1 CONFERENCE
2 YOUR HONOR: I see, so you're
3 saying, to the extent that it might be
4 a problem, it depends -- it only
5 happens after the final decision is
6 issued. It has no application right
7 now.
8 MR. BERKOWITZ: That's right,
9 Your Honor. I guess EVS could debate
10 whether we could do anything -- Toyota
11 would be able to do anything with
12 respect to these claims down the road
13 after the Board issues a final written
14 decision but there's no reading of
15 that statute there's any estoppel with
16 respect to request we already filed.
17 MR. SCHARFF: Actually, Your
18 Honor, we disagree.
19 YOUR HONOR: Mr. Berkowitz,
20 let me connect this with what you said
21 previously. So let's say we issue a
22 final decision in a few weeks, your
23 side would say that you're no longer
24 maintaining any proceeding in the
25 office because you've already filed

Page 16

1 CONFERENCE
2 your request or reason. Whatever else
3 happens, is up to the office?
4 MR. BERKOWITZ: We think
5 that's what the proposed rule was
6 exactly addressing. If you look, Your
7 Honor, at Volume 77 Register 46621,
8 that's exactly what the comment and
9 the amendment dealt with, is that it's
10 the office that's maintaining the Ex
11 Parte Reexamination Request.
12 YOUR HONOR: Very well. Let's
13 have counsel finish up.
14 MR. SCHARFF: Thank you, Your
15 Honor. First of all, you know, the
16 only comments from congress is that --
17 reflect that congress did not intend
18 there to be this kind of loophole
19 where you could file an ex parte
20 reexamination just a few weeks before
21 the final decision that you know was
22 coming and then argue that, you know,
23 you just wash your hands with it and
24 say that you're not maintaining a
25 proceeding that is then continuing

Page 17

1 CONFERENCE
2 after that. But moreover, the statute
3 itself doesn't actually say that after
4 a final written decision is entered,
5 that then the estoppel kicks in. It's
6 just that an inter parte review that
7 results in a final decision, results
8 in a estoppel. Here we have an IPR
9 that is resulting in a final
10 decision. Defense didn't draw a
11 bright line as to estoppel the day of
12 the written decision but not shortly
13 there before.
14 But, in any event, the main
15 reason is just that this appears to
16 have been a situation that just wasn't
17 specifically contemplated by congress
18 and it's inconsistent with everything
19 else that they said about avoiding
20 serial challenges, patents, you know,
21 a finality and that's why we seek
22 leave to file this motion.
23 YOUR HONOR: Thank you. The
24 justice will disconnect. We are going
25 to deliberate and then we will call

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.