

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

COSTCO WHOLESALE CORPORATION,
Petitioner,

v.

ROBERT BOSCH LLC,
Patent Owner.

Case IPR2016-00038
Patent 6,292,974

**PETITIONER'S REPLY IN SUPPORT OF MOTION TO EXCLUDE
INADMISSIBLE EVIDENCE**

I. THE BOARD SHOULD STRIKE AND EXCLUDE PATENT OWNER'S PROFFER OF UNSUBSTANTIATED HEARSAY EXPERT TESTIMONY OF WILFRIED MERKEL AS TO WHICH PETITIONER HAS HAD NO CROSS-EXAMINATION OPPORTUNITY.

By order issued October 19, 2016 (Paper 31), the Board authorized a motion to strike Patent Owner's Exhibit 2005. This exhibit consists of selected portions of undocumented, unsubstantiated, and non-credible expert testimony that Patent Owner proffered as in support of assertions that (i) the skill level in the art purportedly was very low at relevant times, and (ii) the subject matter identified in the challenged claims purportedly is responsible for decisions by certain original equipment manufacturers (OEM's) and others to switch from conventional bracketed to flat or "beam"-style wipers for certain vehicles.

The skill level and commercial success assertions in Exhibit 2005, given by one Wilfried Merkel more than five years ago in *Robert Bosch, LLC v. Pylon Mfg. Corp.*, 775 F. Supp. 2d 739 (D. Del. 2011), are assertions that could have been presented in this proceeding by any number of witnesses. It was Patent Owner's choice to try to present purported secondary evidence of non-obviousness through a witness who claimed to be unable to submit to cross-examination in this proceeding. And it is Patent Owner that must now live with the consequences of that strategic choice: Exhibit 2005 is inadmissible hearsay and Patent Owner has plainly acted to try to thwart the truth-seeking process in this case.

37 C.F.R. § 42.53(a) clearly and unambiguously states: “Uncompelled direct testimony must be submitted in the form of an affidavit.” There is good reason for this rule: persons who submit affidavits in *inter partes* review proceedings are required to submit to cross-examination. *See* 37 C.F.R. §§ 42.51(b), 42.53. Here, after Petitioner objected to Exhibit 2005, Patent Owner purported to cure this defect by submitting an affidavit of Mr. Merkel (Exhibit 2021); but in that very affidavit Mr. Merkel announced his refusal to appear for cross-examination. Patent Owner acted in a manner that was guaranteed to deny Petitioner any opportunity to cross-examine Mr. Merkel to test whether the skill level and commercial success assertions in Exhibit 2005 have any basis in contemporaneous data or documentary evidence.

In the *Pylon* case, Mr. Merkel was found to have falsely taken credit for subject matter conceived by a third party. *See Pylon*, 775 F. Supp. 2d at 745 (“Merkel and Leutsch committed a material omission by presenting Fehrsen’s ideas as their own during the prosecution of the ’974 patent . . .”). Patent Owner had and has a powerful motive to shield Merkel from cross-examination in these circumstances; its attempt to evade cross-examination should not be condoned.

Patent Owner asserts that its choice of an affiant who now refuses to appear for cross-examination is no bar to admission of Exhibit 2005, because Exhibit 2005 is purportedly admissible under the hearsay exception prescribed in Federal Rule

of Evidence 804(b)(1). Patent Owner asserts that the defendant in the *Pylon* case cited above purportedly (i) is Petitioner's "predecessor in interest" and (ii) **in 2010** purportedly had "an opportunity and similar motive to develop" what Petitioner would have sought to elicit on cross-examination of Mr. Merkel **in 2016**.

Patent Owner bears the burden of proving that the predicates of Rule 804(b)(1) are met, *see United States v. Kennard*, 472 F.3d 851, 855–56 (11th Cir. 2006), and it has not done so. In the five years since the *Pylon* case, it has emerged that Patent Owner has engaged in a pattern of discovery misconduct and failed to produce any documents that its parent company, Robert Bosch GmbH, chose not to volunteer, including OEM-related documents that may have evidenced or presupposed a skill level higher than what Patent Owner would now have the Board believe. *See Robert Bosch LLC v. Alberee Products, Inc.*, 171 F. Supp. 3d 283, 291–92 (D. Del. 2016) ("Costco is entitled to some relief possibly including dismissal of the entire case."). On this basis alone, Patent Owner has failed to carry its burden of showing that the *Pylon* defendant (i) qualifies as Petitioner's "predecessor in interest" and (ii) had "an opportunity and similar motive to develop" what Petitioner would have sought to elicit on cross-examination of Mr. Merkel in this case.

In a last-ditch effort to salvage Exhibit 2005, Patent Owner cites the "residual" hearsay exception, Fed. R. Evid. 807; but Patent Owner has failed to show that Exhibit 2005 "is more probative on the point[s] for which it is offered than any

other evidence that the proponent can obtain through reasonable efforts.” Fed. R. Evid. 807(3). Patent Owner has made no showing that Mr. Merkel has unique knowledge of the skill level in the art or the reasons for commercial product sales that could not be presented through other witnesses. This is not an “exceptional case[]” to apply the residual exception. *Conoco Inc. v. Dep’t of Energy*, 99 F.3d 387, 392 (Fed. Cir. 1996).

II. THE BOARD SHOULD STRIKE AND EXCLUDE PATENT OWNER'S PROFFER OF HIDDEN HEARSAY THROUGH THE LAY DECLARATION OF MARTIN KASHNOWSKI (EXHIBIT 2007)

On its face, paragraph 7 of Mr. Kashnowski's declaration purports to describe, in vague and subjective terms, the results of certain tests that unknown and unnamed persons conducted. Mr. Kashnowski does not say that he personally conducted or observed the tests. The authority Patent Owner cites for the proposition that Mr. Kashnowski may describe tests he did not conduct or observe, *Corning Inc. v. DSM IP Assets B.V.*, IPR2013-00049, Paper 90 (PTAB July 11, 2014), is inapplicable. There, the Board admitted (but gave little weight to) an *expert* declaration that relied on another's tests. *See id.* at 5. But not even experts can be used “as a conduit for introducing hearsay.” *Marvel Characters, Inc. v. Kirby*, 726 F.3d 119, 136 (2d Cir. 2013). Here, Mr. Kashnowski is not proffered as an expert.

The testing Mr. Kashnowski refers to falls precisely under §42.65(b): “The Board's § 42.65, as with Fed. R. Evid. 702, is intended to ensure that a party pro-

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