UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

COSTCO WHOLESALE CORPORATION,

Petitioner,

v.

ROBERT BOSCH LLC,

Patent Owner.

CASE NO. IPR2016-00039

U.S. Patent No. 7,228,588

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

Patent Owner Robert Bosch LLC ("Patent Owner") submits this response in opposition to Petitioner Costco Wholesale Corporation's ("Petitioner's") motion to exclude evidence (the "Motion" or "Mot."). Petitioner asks the Board to exclude only (i) the prior testimony of Wilfried Merkel, given in court and under oath in a prior proceeding (Ex. 2005 at 338–92), on the grounds that it is hearsay, and (ii) three specific sentences in paragraph 6 of the declaration of Martin Kashnowski (Ex. 2007), on the grounds that they are hearsay and not properly supported under 37 C.F.R. § 42.65(b).

I. Mr. Merkel's Testimony Should Not Be Excluded

On October 24, 2016, Petitioner filed a "Motion to Strike Hearsay Testimony of Wilfried Merkel [Exhibit 2005]"[1] (Paper 36). The present motion to "exclude" seeks substantially the same relief for substantially the same reasons—*i.e.*, that Mr. Merkel's frail health prevents him from being subjected to live cross-examination here and that, therefore, his prior testimony should be excluded from evidence.

Nevertheless, should the Board decide to take this motion under consideration, Mr. Merkel's testimony should be admitted either under the hearsay exception allowing prior testimony from unavailable witnesses and/or the residual

[1] The bracketed "Exhibit 2005" appears in the original.

hearsay exception, or, in the alternative, because Mr. Merkel's subsequent declaration (and Costco's decision not to question him) cured any hearsay concern.

A. The Board's Rule Governing "Testimony" Is Inapplicable

Petitioner contends that the Board "does not even have the power to review" Mr. Merkel's prior testimony because it is neither an affidavit nor a deposition transcript as supposedly required by the Board's rules. Mot. at 5 (citing 37 C.F.R. § 42.53(a)). This cannot be true. The Board's rules make the Federal Rules of Evidence applicable to patent trials. 37 C.F.R. § 42.62(a). Those Rules include a specific hearsay exception for prior testimony. Fed. R. Evid. 804(b)(1). Under Petitioner's theory, that exception would be available for deposition testimony but not for trial testimony, because the latter would be a trial transcript rather than the "deposition transcript" required by 37 C.F.R. § 42.53(a).

Viewed as a whole, the rule cited by Petitioner sets forth the procedure and format for new testimony *taken for the current trial*, such as when and where it should occur and the manner in which it should be taken. For example, the rule requires that all testimony other than uncompelled direct testimony "be taken during a testimony period set by the Board," 37 C.F.R. § 42.53(b)(1). The rule does not govern testimony taken long before the proceeding began. Therefore it is irrelevant that Mr. Merkel's prior testimony was not subjected to cross-examination by Petitioner as part of this proceeding. *See also id.* § 42.51(b)(1)(ii)

(providing "[c]ross-examination of affidavit testimony *prepared for this proceeding*" as routine discovery (emphasis added)).

B. Mr. Merkel's Prior Testimony Is Subject to the Hearsay Exception for Prior Testimony

The challenged exhibit is, on its face, excerpts from the transcript of a trial taking place on April 15, 2010, in the United States District Court for the District of Delaware. Ex. 2005 at 1. As noted by Petitioner, the transcript includes testimony given by Mr. Merkel that day. *See id.* at 338 (pagination in original). Petitioner has not pursued any objection to the authenticity of the transcript. *See* 37 C.F.R. § 42.64(c). This transcript is publicly available via the Public Access to Court Electronic Records ("PACER") system (available at https://www.pacer.gov/). *See* Ex. 2017 ¶¶ 1–4 (submitted herewith as supplemental evidence) (citing Ex. 2022, an unexcerpted version of Ex. 2005, also submitted as supplemental evidence)).

The Federal Rules of Evidence permit the admission of a witness's prior testimony, provided that (a) the witness is unavailable, (b) the testimony was given at a trial, hearing, or deposition, and (c) it is offered against a party who had, or whose predecessor had, an "opportunity and similar motive to develop it." Fed. R. Evid. 804(b)(1). A "predecessor in interest" is "a party having a like motive to cross-examine about the same matters as the present party would have" and who "was accorded an adequate opportunity for such examination." *Lloyd v. Am.*

Export Lines, Inc., 580 F.2d 1179, 1187 (3d Cir. 1978); *see Supermarket of Marlinton, Inc. v. Meadow Gold Diaries, Inc.*, 71 F.3d 119, 128 (4th Cir. 1995); *Clay v. Johns–Manville Sales Corp.*, 722 F.2d 1289, 1295 (6th Cir. 1983).

Mr. Merkel is unavailable because he "cannot be present or testify at the trial or hearing because of … a then-existing infirmity [or] physical illness," *id.* 804(a)(4). Submitted herewith as supplemental evidence is a declaration by Mr. Merkel,[2] in which he declares, "I have, for reasons of cardiac health, been advised that I should not travel and should minimize my activities. . . . Because of my health issues, I will not voluntarily give a deposition in this case." Ex. 2021 ¶¶ 5–6.[3] While Petitioner will undoubtedly complain that this declaration is inadmissible because Petitioner could not cross-examine Mr. Merkel on it, the Board is not bound by the rules of evidence when deciding this type of admissibility question, *see* Fed. R. Evid. 104(a), and is free to credit Mr. Merkel's representation that he is too ill to be cross-examined, particularly in the United States (Mr. Merkel lives in Germany, Ex. 2021 ¶ 2).

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[2] The declaration and other supplemental evidence was served on Petitioner on August 12, 2016, within the time allowed by 37 C.F.R. § 42.64(b)(2).

[3] Petitioner also submitted this declaration in connection with its motion to strike (Ex. 1106 at 6–8).

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