

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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TWILIO INC.,  
Petitioner,

v.

TELESIGN CORPORATION,  
Patent Owner.

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Case IPR2016-01688  
Patent 9,300,792 B2

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Record of Oral Hearing  
Held: October 25, 2017

Before SALLY C. MEDLEY, MICHAEL W. KIM, and JUSTIN T. ARBES,  
*Administrative Patent Judges.*

Case IPR2016-01688  
Patent 9,300,792 B2

APPEARANCES:

ON BEHALF OF THE PETITIONER:

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The above-entitled matter came on for hearing on Wednesday, October 25, 2017, at the U.S. Patent and Trademark Office, 600 Dulany Street, Alexandria, Virginia.

PROCEEDINGS

1  
2 JUDGE ARBES: Please be seated. Good morning everyone. This is  
3 the oral hearing in Case IPR2016-01688 involving Patent 9,300,792.

4 Can counsel please state your names for the record?

5 MS. GUSKE: Sarah Guske from Baker Botts from Petitioner,  
6 Twilio. And with me is a Jay B. Schiller and Wayne Stacy, also from Baker  
7 Botts.

8 MR. CAMACHO: Jesse Camacho with Shook, Hardy & Bacon.  
9 And with me is Mary Jane Peal.

10 JUDGE ARBES: Thank you.

11 Per the Trial Hearing Order in this case, each party will have 45  
12 minutes of time to present arguments. The order of presentation is first  
13 Petitioner will present its case regarding the challenged claims and may  
14 reserve time for rebuttal. Patent Owner may then respond to Petitioner's  
15 presentation, and may also argue its motion to exclude if you'd like, and may  
16 reserve rebuttal time only for the motion to exclude. Petitioner then may do  
17 the same with its remaining time to respond to Patent Owner's presentation  
18 on all issues. Patent Owner then may use any remaining time to respond  
19 only to Petitioner's arguments on the motion to exclude.

20 One issue before we begin. The Trial Hearing Order allowed the  
21 parties to jointly file a one-page list of objections to each other's proposed  
22 demonstrative exhibits with a short statement of the reasons for each  
23 objection. The parties filed two pages of objections, partially singled  
24 spaced, with lengthy explanations. The objections therefore are overruled.

25 I will remind the parties, though, that the demonstrative exhibits are  
26 merely visual aids to assist the parties' presentations at the hearing. They're

1 not briefs and they're not evidence. And the panel will be able to determine  
2 today whether any substantive arguments made at the hearing are improper,  
3 and if so, those arguments will not be considered.

4 Finally, if either party believes that the other party is presenting an  
5 improper argument, we would ask you to please raise that during your own  
6 presentation rather than interrupting the other side.

7 Any questions before we begin today?

8 MS. GUSKE: No.

9 JUDGE ARBES: Okay. Counsel for Petitioner, you may proceed.

10 And would you like to reserve time for rebuttal?

11 MS. GUSKE: Yes. Twenty minutes, please.

12 JUDGE ARBES: Okay.

13 MS. GUSKE: Thank you, Your Honors. The '792 patent, the patent  
14 that is at issue here today in this case, claims to describe a security method  
15 and software for executing that security method. It's basic two-factor  
16 authentication using different channels where a user registers themselves to  
17 the system, verifies information about themselves and their devices, and then  
18 if the -- a user later tries to accomplish some sort of activity that requires  
19 reverification, according to the system, the user gets a message indicating  
20 that this has happened and asks the user to acknowledge that action in some  
21 manner.

22 The Bennett reference, Petitioner's primary reference in this case,  
23 that's Exhibit 1003, discloses the same invention. The Bennett reference,  
24 like the '792 patent, is a security system, two-factor authentication, two  
25 different channels, it has a decision engine, it has rules, looks for certain  
26 actions to occur and requires user confirmation through entry and

1 completion code.

2 The only issue that the Board needs to decide here is whether it's  
3 obvious to add a word phrase or sentence explanation about the -- to the  
4 message in Bennett that gives the completion code the user has to enter.  
5 And I'll stop here for a moment.

6 The message in Bennett is a text message. It carries the completion  
7 code, but by its very name, it's set up to present texts. It would be obvious to  
8 add that message explanation to that text message, either by itself or  
9 following Bennett's approach, take the disclosure in Campbell that describes  
10 using a sentence to explain why a message is coming through and put that  
11 into Bennett.

12 Let's take a step back. The Board in its institution decision and the  
13 limitation that seems to be at issue in Patent Owner's arguments is  
14 notification event. This Board, as I'm sure it knows, has construed that  
15 claim limitation. And here on slide 5, a quote from Your Honors' decision  
16 institution, notification event has been construed as an event that results in  
17 the user being notified the event occurred.

18 It's the same construction that was adopted by the Board in two IPRs  
19 unrelated petitions or petitions regarding related patents, IPRs No. 2016-450  
20 and 451. And here, what we've done is shown obviousness with Bennett and  
21 Bennett plus Campbell. And that's really -- these are the only limitations  
22 that are in dispute.

23 So briefly just to remind everyone here what we are dealing with, the  
24 claims that are at issue are shown here in slide 2, the instituted claims on the  
25 left. The six or so claims on the right, those were disclaimed in a CBM  
26 petition on the same patent by Patent Owner.

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