

TELEPHONIC HEARING 7/13/2020

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

2 APPLE INC.,

3 Petitioner,

4 vs. No. IPR2020-00202
Patent 10,212,586 B2

5 MAXELL, LTD,

6 Patent Owner.

7 TELEPHONIC HEARING
BEFORE ADMINISTRATIVE PATENT JUDGES
MICHAEL R. ZECHER, KEVIN C. TROCK, JOHN A. HUDALLA
July 13, 2020
Saundra Tippins, CCR

14 (The conference began at 3:58 p.m.)

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Patent 10,212,586 B2

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7 TELEPHONIC HEARING, taken on the 13th
8 day of July, 2020, between the hours of nine
9 o'clock in the forenoon and five o'clock in the
10 afternoon of that day, via telephone, before
11 SAUNDRA TIPPINS, a Notary Public, and Certified
12 Court Reporter within and for the States of
13 Missouri and Kansas, in a certain cause now pending
14 before the U.S. Patent and Trademark Office, Before
15 the Patent Trial and Appeal Board, wherein APPLE
16 INC. is the Petitioner and MAXELL, LTD. is the
17 Patent Owner.

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1 JUDGE TROCK: This is in the

2 matter of IPR 2020-00204, Apple versus Maxell.

3 Counsel, were you able to get a court reporter?

4 MR. SEITZ: Yes.

5 JUDGE TROCK: Counsel for

6 Petitioner, who is going to speak for you today?

7 MR. SEITZ: Yes, your Honor. This

8 is Adam Seitz for Petitioner Apple.

9 MR. PLUTA: And good afternoon,

10 your Honor. This is Robert Pluta on behalf of

11 Patent Owner.

12 JUDGE TROCK: Welcome, counsel.

13 Well, we have this call today because we received

14 an email from Mr. Seitz on Thursday regarding this

15 case, in particular having to do with the issue of

16 a jury trial in the District Court proceeding.

17 So counsel for Petitioner, why don't you

18 go ahead and state your position first.

19 MR. SEITZ: Thank you, your Honor.

20 As you're aware, as we've briefed in our reply and

21 Maxell has briefed in its sur-reply, Fintiv

22 Factor 4 looks at the overlap between litigation

23 and the IPR and examines the question of whether

24 there will be inconsistent decisions between the

25 District Court and the board.

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1 After the parties had briefed in the
 2 replies and the sur-replies the question of
 3 Fintiv, Maxell filed a summary judgment motion
 4 with the Court on the '586 patent, seeking to
 5 prevent the jury from hearing the invalidity
 6 questions in the District Court for that patent,
 7 while at the same time arguing to this board that
 8 the jury would already hear the same issues and
 9 that that should be an independent basis for
 10 denial under Fintiv.
 11 Apple sent its email to the board to
 12 inform you of this new development and to ensure
 13 that the record accurately reflected the facts
 14 behind this motion, because I know the question
 15 of Fintiv and overlap has been a hotly disputed
 16 issue.
 17 And fundamentally, your Honor, Maxell is
 18 accusing Apple of gamesmanship and manipulation
 19 of the process here in our selection of prior
 20 art. Now, that simply is not the case. And this
 21 summary judgment briefing further highlights the
 22 issues in Maxell's arguments.
 23 The brief bit of background, the District
 24 Court, as your Honors surely are aware, parties
 25 constantly engage in a court-mandated narrowing

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1 of their case. This includes asserted claims as
 2 well as the invalidity series. Those are then
 3 whittled down even more when we go to trial,
 4 where you have a limited amount of time to
 5 present your entire case here to a jury.
 6 Apple in this case and this specific
 7 petition, your Honor, has made a specific
 8 decision to select Kirkup, K-i-r-k-u-p, the
 9 primary reference in this IPR, for the board to
 10 analyze, because Apple wanted the expertise of
 11 the board to analyze the question of invalidity.
 12 This was the very same rationale that was
 13 made by the board in the Apple versus Seven
 14 Networks case, IPR2020-156 at page 19, where that
 15 panel noted that there were considerations with
 16 what a party could reasonably present to a jury
 17 and made strategic decisions on presenting a case
 18 to the board where they could present or would
 19 have much more time to present and time to
 20 examine the issues of the invalidity questions.
 21 That's what happened here.
 22 Apple also made a substantive decision to
 23 not present the Kirkup combination before the
 24 board to the District Court in its final
 25 narrowing of prior art. Instead. In the

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1 District Court litigation Apple is using the
 2 Schiffer, S-c-h-i-f-f-e-r reference.
 3 The Schiffer reference is not used at all
 4 in Apple's invalidity challenges in the PTAB,
 5 certainly not as part of our combinations or our
 6 grounds. The only place it appears is a passing
 7 reference in the background section of our
 8 expert's declaration.
 9 In its sur-reply briefing in this case,
 10 Maxell argued that a jury will decide
 11 substantially the same issues and invited the
 12 board to deny institution based on that fact.
 13 With this recent filing of a summary judgment
 14 motion, Maxell is now arguing to the District
 15 Court that the jury should be prevented from
 16 hearing any 102/103 invalidity case on the '586
 17 patent. The only arguments that Apple has in the
 18 District Court at this point all center around
 19 Schiffer on the '586 patent.
 20 Now, Maxell's motion, which the board does
 21 not have before it, which I would be happy to
 22 provide as an exhibit for this proceeding,
 23 Maxell's summary judgment motion is based on a
 24 single issue, one issue only, and it's four pages
 25 in substantive length for substantive argument.

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1 That argues, the question is whether
 2 Schiffer teaches a limitation in all independent
 3 claims requiring memory in a first device that
 4 stores information about a second device. That's
 5 the summary judgment motion at page four.
 6 Maxell's summary judgment motion expressly
 7 depends on the facts that Apple's District Court
 8 invalidity theories do not rely on Maxell -- or
 9 Kirkup for this limitation. And that's the
 10 summary judgment motion at page seven.
 11 There Maxell says Apple's expert does not
 12 rely on Kirkup to teach the missing memory
 13 limitation in Schiffer. So in the summary
 14 judgment motion, to boil that down, the attack is
 15 that Schiffer does not disclose the memory
 16 limitation. The summary judgment motion does not
 17 rely in any way or make any arguments at all on
 18 the Kirkup reference, and no finding will be made
 19 by the District Court on the Kirkup reference as
 20 to whether it does or does not include any
 21 teachings.
 22 Now, as noted previously, Apple's IPR
 23 relies exclusively on Kirkup for the memory
 24 limitation that is being challenged at the
 25 summary judgment motion against Schiffer in the

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1 District Court. We don't rely on the IPR on
 2 Schiffer at all for ground one or ground two.
 3 Maxell fundamentally is just trying to
 4 have its cake and eat it, too. If Maxell
 5 successfully defeats institution under Fintiv
 6 based on some purported overlap and the District
 7 Court then grants summary judgment based on
 8 Schiffer's deficiencies, alleged deficiencies,
 9 both the board and the jury will be deprived of
 10 analyzing invalidity of the '586 patent.
 11 Specifically, no tribunal anywhere, if
 12 Maxell is successful in its two arguments, no
 13 tribunal anywhere will examine the question of
 14 whether Kirkup teaches the disputed limitation.
 15 The District Court, the jury and the board
 16 would all be deprived of determining whether
 17 Kirkup teaches any of the limitations and in
 18 particular the memory limitation based on
 19 Maxell's arguments.
 20 Maxell simply cannot be correct that the
 21 IPR and the District Court grounds involve
 22 substantially the same issues for that very fact.
 23 And we believe that the board should have been
 24 given opportunity to hear. I appreciate the
 25 opportunity to be heard on this here today.

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1 Fundamentally, your Honor, the Fintiv
 2 analysis and Factor 4 are directed at making sure
 3 two tribunals are not looking at the same
 4 invalidity case. And here, as I've just
 5 described, that's absolutely not the case.
 6 Maxell's summary judgment is proof of that very
 7 fact.
 8 And so, your Honor, as I ask for, in
 9 addition to this I understand there's a
 10 transcript that will be provided, but I ask for
 11 the opportunity to submit a short summary of this
 12 summary judgment motion or at a minimum to submit
 13 that summary judgment to help complete the record
 14 in addition to the oral argument that we're
 15 having here today, your Honors.
 16 JUDGE TROCK: I appreciate that,
 17 counsel. Also we're going to give Mr. Pluta some
 18 time to respond here. But I just want to explain
 19 that the reason we're having this call is because
 20 we're getting very close to the deadline for the
 21 issuance of the decision on institution in this
 22 case.
 23 And with regard to the request that you
 24 had in your email, Mr. Seitz, there just isn't
 25 enough time left in the calendar to have the

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1 briefing done the way you had suggested. So
 2 that's why we decided to have this call, is we
 3 thought this would be a little more efficient way
 4 of at least getting something into the record
 5 here with regard to this issue.
 6 So with that being said, Mr. Pluta, you
 7 want to go ahead and respond?
 8 MR. PLUTA: Yeah, your Honor. I
 9 think I wasn't expecting a full argument of the
 10 issues, but I'm prepared to do so.
 11 On June 30th the parties in the underlying
 12 District Court action filed 16 motions across the
 13 ten patents at issue. At least two of those
 14 motions filed were directed to the patent at
 15 issue here, the '586 patent.
 16 This was after completion of expert
 17 discovery, after deposition of both Apple's and
 18 Maxell's experts had been deposed on the '586
 19 patent. Responses to those summary judgment
 20 motions are due on July 15th, and a hearing is
 21 scheduled on those motions for September 15th,
 22 about a month prior to trial.
 23 We don't know why Petitioner waited over a
 24 week after this supposed significant development
 25 in the District Court action to bring the issue

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1 to the board's attention less than a week before
 2 the board was to issue its institution decision.
 3 So we ask that it be rejected, the request be
 4 rejected, on that basis alone.
 5 But the board here has already received
 6 extensive briefing on the Fintiv factors. The
 7 District Court, Petitioner tries to say, well,
 8 the jury is not going to hear these issues if
 9 we're successful on the summary judgment motion,
 10 but that kind of misses the point.
 11 The fact is the District Court case is so
 12 far along that either the court is going to rule
 13 in Maxell's favor on summary judgment and confirm
 14 the validity of the '586 patent or the jury will
 15 several months later, all nine or ten months
 16 prior to this board issuing a final decision if
 17 it were to institute IPR here.
 18 And just to add to or counter what
 19 Mr. Seitz said about Factor 4, there is
 20 significant overlap in the case. Certainly there
 21 was at the time that the petition was filed.
 22 There was complete overlap at that time in both
 23 claims and prior art.
 24 As a result of the narrowing, there is
 25 still some overlap, including the Schiffer and

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1 the Kirkup references. Nothing in Fintiv
 2 requires complete overlap or complete overlap of
 3 claims. In fact, in Apple's summary judgment
 4 motion, I'm sorry, the Motion to Strike Maxell's
 5 experts with respect to the '586 patent, Apple
 6 itself recognizes the similarity between claim 1
 7 and claim 16. And as we pointed out in our
 8 sur-reply, their analysis is the same for all the
 9 independent claims.
 10 So the fact that some issues, some claims
 11 are not at issue now in the District Court
 12 relative to this proceeding should be of no
 13 moment because there's significant overlap
 14 between the claims. So the validity of the '586
 15 patent here will be decided in the underlying
 16 litigation in the next couple of months.
 17 So Factor 4 favors Maxell, but all the
 18 other factors favor Maxell as well. Apple is
 19 attempting to focus on Factor 4 as the sole
 20 factor, but clearly the precedential Fintiv
 21 decisions do not hold as such.
 22 I'll pause there in case the board has any
 23 questions.
 24 JUDGE TROCK: I do have one for
 25 you.

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1 Could you respond to Mr. Seitz's position
 2 with respect to the memory limitation difference
 3 between Kirkup and Schiffer?
 4 MR. PLUTA: Yes, your Honor. You
 5 have to give me a minute here to pull up the -- I
 6 apologize.
 7 JUDGE TROCK: Would it be helpful
 8 to you if we had Mr. Seitz restate his position on
 9 this?
 10 MR. PLUTA: Please just so -- the
 11 file is still loading here.
 12 MR. SEITZ: Yes, this is
 13 Mr. Seitz. Your Honor and Mr. Pluta, the point
 14 that I made about the memory is that in the
 15 District Court, Maxell has argued in its summary
 16 judgment motion against Schiffer saying that
 17 Schiffer does not meet those memory limitations
 18 and specifically noted in its summary judgment
 19 motion that Kirkup is not being used to teach the
 20 memory limitation which they allege is missing in
 21 Schiffer.
 22 And so when we get to the IPR, Kirkup is
 23 being used to discuss that specific or to teach
 24 that specific memory limitation, and so that a
 25 finding in the District Court stating that

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1 Schiffer allegedly misses or fails to disclose
 2 the memory limitation will have no bearing on
 3 whether Kirkup also fails to disclose that
 4 fundamentally, because those are two different
 5 patents.
 6 Kirkup uses a different memory structure,
 7 including both onboard memory and an SD card for
 8 memory, which is very different from Schiffer.
 9 MR. PLUTA: Thank you, Mr. Seitz.
 10 Unfortunately my technology is failing, but I'll
 11 respond in any event.
 12 So I think the fundamental
 13 misunderstanding that Petitioner is setting forth
 14 is that there has to be complete overlap in
 15 references and that Fintiv calls for that. With
 16 respect to the memory limitation, whether we're
 17 looking at Schiffer or Kirkup, you know, in
 18 different proceedings, the same issue is the
 19 validity of that particular limitation and the
 20 validity of a particular claim that's being
 21 presented both here and in the District Court
 22 action.
 23 So yes, they're different references, but
 24 both of those references, Kirkup and Schiffer are
 25 informing both proceedings, both here still and

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1 in the District Court action.
 2 JUDGE TROCK: This is Judge Trock
 3 again. All right. Thank you, counsel. I believe
 4 you mentioned that the summary judgment briefing
 5 is not complete yet, is that correct, in the
 6 District Court?
 7 MR. PLUTA: That's right, your
 8 Honor. This is Rob Pluta. The oppositions are
 9 due on the 15th here, I guess Wednesday.
 10 JUDGE TROCK: All right. Let me
 11 put you on pause. I'm going to consult with my
 12 colleagues here. Hold on one second.
 13 (Off the record.)
 14 JUDGE TROCK: All right, Judge
 15 Trock again. What I think we'd like to do is to
 16 have the parties file summary judgment briefly as
 17 it stands today in the case so that we would have
 18 access to that as well as a transcript of this
 19 conference call. If we could get that done sooner
 20 rather than later, that would be very helpful to
 21 us.
 22 MR. SEITZ: Your Honor, this is
 23 Mr. Seitz. We can submit, we were prepared to
 24 submit the transcript of the conference call. One
 25 of your paralegals has asked for it to be

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1 submitted no later than 1 Eastern tomorrow, and
 2 we'll get that done. And at that same time we'll
 3 also submit the summary briefing that we've
 4 referred to today.
 5 If we can submit them both at the same
 6 time, that would be my proposal.
 7 JUDGE TROCK: This is Judge Trock
 8 again. If the summary judgment briefing is
 9 already done to the extent of the District Court,
 10 that would be just, it would seem to me that would
 11 be just your filing as exhibits. Would that be
 12 something you could do today?
 13 MR. SEITZ: Absolutely, yes.
 14 We'll get that filed after we get off here. I'll
 15 get ahold of our paralegal and get that stuff out
 16 for you, your Honor.
 17 JUDGE TROCK: That would be great.
 18 And even if it's a rough transcript, that would be
 19 helpful to us as well.
 20 MR. PLUTA: Your Honor, I wanted
 21 to interject. This is Mr. Pluta. To submit
 22 Apple's summary judgment or Motion to Strike, it
 23 may be required to seal the filing. Do we have
 24 permission to file that as non-public?
 25 MR. SEITZ: Your Honor, if I may,

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1 this is Mr. Seitz.
 2 JUDGE TROCK: Go ahead, Mr. Seitz.
 3 MR. SEITZ: I personally am a
 4 little confused by that request on the briefing.
 5 I have not heard from Mr. Pluta why that bears any
 6 particular relevance to the summary judgment
 7 briefing that was the original focus of my email
 8 or almost the entire focus of our discussion
 9 today.
 10 I'm not certain what point he's trying to
 11 get across. And I certainly wasn't aware of that
 12 briefing in his response to us. So I guess I'm
 13 just more questioning, number one, why that's
 14 being submitted, and number two, the point for
 15 which he's submitting it.
 16 MR. PLUTA: May I respond, your
 17 Honor?
 18 JUDGE TROCK: Yes.
 19 MR. PLUTA: So further to the
 20 points I made just a couple of minutes ago, in
 21 Apple's briefing on the Motion to Strike with
 22 respect to the '586 patent, Apple points out the
 23 similarities between the claims at issue here and
 24 the similarities of the claims at issue in the
 25 District Court action.

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1 So to the extent, and it sounds like
 2 Apple's attempting to add the summary judgment
 3 motion to support its Fintiv Factor 4 analysis.
 4 I think it's only fair that we should be able to
 5 do the same.
 6 JUDGE TROCK: This is Judge Trock
 7 again. The main interest that we had in having
 8 this call was this issue about the arguments
 9 relating to the jury and this Fintiv 4 overlap
 10 question that was brought to our attention that
 11 Maxell was quoting to Apple, was taking a
 12 position, one position with the, what's here in
 13 the proceeding and perhaps arguably a different
 14 position with the District Court.
 15 Because the decision on institution is due
 16 within the next few days, there wasn't enough
 17 time for us to have a complete briefing on this
 18 issue. So what we would appreciate is to try to
 19 get up to speed on this and not try to open this
 20 up into a full-fledged second round of briefing
 21 or exhibits on Fintiv.
 22 We just want to sort of clarify this
 23 particular issue of what Maxell is doing in the
 24 District Court versus compared to what its
 25 arguments have been in this IPR proceeding.

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1 So perhaps it would be helpful to identify
 2 exactly which briefs have been filed on the
 3 summary judgment in District Court. Maybe we
 4 could do it that way. Mr. Seitz?
 5 MR. SEITZ: Yes, thank you, your
 6 Honor. The only brief to which I was referring
 7 was Maxell's in my original email and in my
 8 discussions today, was Maxell's summary judgment
 9 motion to strike the invalidity arguments against
 10 the '586 patent. And within that one motion was
 11 just the argument that Schiffer fails to disclose
 12 the memory limitation. That is the only brief to
 13 which I'm referring.
 14 I'm sorry I don't know the docket number
 15 off the top of my head, but it's just that one
 16 filing that has been the subject of our
 17 discussion. And that was what I would, would
 18 have submitted as an exhibit in response to your
 19 Honor's request.
 20 JUDGE TROCK: Mr. Pluta, do you
 21 have an objection to that?
 22 MR. PLUTA: Well, I don't have --
 23 sounds like the board is going to allow the
 24 submission of the summary judgment motion, but I
 25 would ask that we're allowed to also counter that,

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