

TELEPHONIC HEARING 7/17/2020

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

2

3 APPLE INC.,

4 Petitioner,

5 vs. No. IPR2020-00204
Patent 6,928,306 B2

6 MAXELL, LTD,

7 Patent Owner.

8 TELEPHONIC HEARING
9 BEFORE ADMINISTRATIVE PATENT JUDGES
10 LYNNE PETTIGREW, MINN CHUNG, JASON MELVIN
11 JOHN HUDALLA, FREDERICK LANEY
12

13 July 17, 2020

14 Saundra Tippins, CCR

15 (The conference began at 1:00 p.m.)

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2 A P P E A R A N C E S

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3 APPLE INC.,

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5 vs. No. IPR2020-00204
Patent 6,928,306 B2

6 MAXELL, LTD,

7 Patent Owner.

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

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1 JUDGE PETTIGREW: This is Judge
2 Pettigrew. Also on the call with me are Judges
3 Chung, Hudalla, Melvin and Laney. Who do we have
4 on the call for Petitioner?

5 MR. SEITZ: This is Adam Seitz for
6 Petitioner Apple. Also joining me is my partner
7 Paul Hart.

8 JUDGE PETTIGREW: Thank you. And
9 who do we have on the call for Patent Owner?

10 MR. PLUTA: Good afternoon, your
11 Honor. This is Robert Pluta on behalf of Patent
12 Owner Maxell. And also on the call with me is my
13 colleague Saqib Siddiqui.

14 JUDGE PETTIGREW: Which party
15 arranged for the court reporter?

16 MR. SEITZ: That was Petitioner's
17 counsel. This is Adam Seitz. We arranged for the
18 reporter.

19 JUDGE PETTIGREW: All right, thank
20 you. So we ask you to file a transcript as soon
21 as possible as an exhibit after the call.

22 So we scheduled this call to address an
23 email we received from Petitioner requesting
24 authorization to file a two-page supplemental
25 brief along with appropriate exhibits relating to

TELEPHONIC HEARING 7/17/2020

<p style="text-align: right;">Page 5</p> <p>1 a summary judgment motion that Maxell filed in 2 the parallel District Court proceeding involving 3 the three patents that are challenged in the 4 three IPRs before us. 5 Petitioner states in an email that the 6 summary judgment motion may impact our analysis 7 of Fintiv Factor 4, the potential overlap of 8 issues between the District Court litigation and 9 IPRs. 10 The emails do not specify whether Patent 11 Owner opposes the request. In the future, please 12 make sure the parties meet and confer before 13 contacting us with any requests. And also you 14 should specify in the email whether the other 15 party opposes the request. 16 Let's start with Petitioner. Please 17 explain briefly why you believe there's good 18 cause for the requested briefing. And in 19 particular we'd like to hear the subject of the 20 summary judgment motion and why it's relevant to 21 our Fintiv analysis. 22 MR. SEITZ: Yes, your Honor. This 23 is Adam Seitz on behalf of Petitioner. Thank you. 24 Your Honor, in the summary judgment 25 argument submitted to the District Court, Maxell</p>	<p style="text-align: right;">Page 7</p> <p>1 First, probably the most fundamental thing, 2 Maxell bases its summary judgment motion to the 3 District Court on the fundamental premise that 4 the Abowd article, the question of whether it is 5 publicly available, whether Apple has proved that 6 it's publicly available at the District Court, is 7 one of clear and convincing, a standard that is 8 one of the highest if not the highest at the 9 civil level for District Courts. They say that 10 Apple has failed to show clear and convincing 11 evidence. 12 The board, however, applies a different 13 standard. Under the board's precedential 14 decision in Hulu, the board examines whether 15 Petitioner has shown a reasonable likelihood that 16 the reference, here Abowd, was publicly 17 accessible and a reasonable likelihood of whether 18 the reference qualifies as a printed publication. 19 So looping back to the question of 20 overlap, there is no scenario where there will be 21 inconsistent positions here. The District Court 22 could find on the highest burden of proof, that 23 clear and convincing evidence, that Apple made a 24 very strong showing but failed to meet the clear 25 and convincing standard. The board could find</p>
<p style="text-align: right;">Page 6</p> <p>1 challenges the invalidity case against the three 2 patents that are subject to the IPRs that we are 3 here discussing. 4 And we believe it is relevant to your 5 Honor's proceeding specifically in the Fintiv 6 analysis regarding the alleged overlap with the 7 District Court. In its sur-reply that was 8 granted to Maxell to discuss the Fintiv factors, 9 Maxell argued that there was overlap between 10 these proceedings at the PTAB and the District 11 Court and that the same issues would be decided, 12 and that under Fintiv that was an independent 13 grounds for denial, raising the questions of 14 whether there would be inconsistent rulings, et 15 cetera. 16 The summary judgment motion itself that 17 Maxell has filed challenges the reference Abowd, 18 A-b-o-w-d, and its public availability. That is 19 one of the issues that the parties have briefed 20 here as well. The question of Abowd and its 21 public availability was the subject of additional 22 briefing in the reply and the sur-reply in these 23 petitions or in these matters as well. 24 One of the most fundamental -- there's two 25 things I want to point out here, your Honor.</p>	<p style="text-align: right;">Page 8</p> <p>1 that very same evidence meets a reasonable 2 likelihood standard. 3 That is not an inconsistency such of the 4 type that Fintiv is looking at. That's applying 5 a different standard that Congress expressly 6 authorized as a difference between IPRs and the 7 District Court. 8 And secondarily, your Honor, the reason 9 that it's important to you is the summary 10 judgment argument rests on challenging Abowd as 11 it relates to the "do not circulate" stamp. That 12 also was subject of additional briefing and the 13 introduction of additional evidence by Petitioner 14 in the reply and sur-reply. 15 Maxell argues to the District Court that 16 the "do not circulate" stamp means that the 17 reference Abowd was not available to the public. 18 This is on page seven of its summary judgment 19 brief. They further argue that the "do not 20 circulate" warning indicates that the reference 21 was not meant to be disseminated to the public, 22 and the Court, if it makes a ruling, will do so 23 based on that false premise and an incomplete 24 record from that which the board has. 25 Very specifically, your Honor, in this</p>

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1 proceeding Apple submitted, along with its reply,
2 a supplemental declaration from Mr. Mumford, our
3 librarian expert, showing the arguments made
4 regarding the "do not circulate" are incorrect;
5 that it was accessible to the public. Thus the
6 board has different evidence in front of it than
7 the District Court and a different standard,
8 reasonable likelihood, rather than clear and
9 convincing, than those being examined by the
10 District Court.
11 But if Maxell is successful in its
12 arguments to the board that the same issues will
13 be decided, the board will deny institution. If
14 it's successful convincing the jury or the Judge
15 to prevent this issue from going to the jury,
16 then Maxell will have its cake and eat it, too.
17 No tribunal or trier of fact in that
18 situation will look at the key evidence on why
19 Abowd was publicly available under the standards
20 before your Honors, and no tribunal will examine
21 the merits of whether the patents are invalid
22 under the teachings of Hayashida and Abowd as
23 we've put forward in our petition.
24 So, your Honor, I thought those were
25 significantly important as they impact the Fintiv

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1 analysis such that we would like to bring that
2 before you.
3 JUDGE PETTIGREW: Let me
4 understand that last part of your argument,
5 counsel.
6 So you're saying if we denied using our
7 discretion under 314 applying the Fintiv factors
8 and then in the District Court, the District
9 Court granted Maxell's summary judgment motion,
10 then at that point isn't the District Court
11 saying that Maxell has shown by clear and
12 convincing evidence that the Abowd reference is
13 not publicly available prior art?
14 MR. SEITZ: That is correct, your
15 Honor, again based on a different standard. And
16 it would avoid a fundamental question of the
17 merits of whether Abowd and Hayashida, the
18 reference before your Honors in our petition, do
19 actually disclose the limitations in the claims.
20 But yes, your recitation was correct.
21 JUDGE PETTIGREW: Okay. Let's
22 hear from Patent Owner. First of all, do you
23 oppose the request? Because we didn't get that
24 information.
25 MR. PLUTA: Thank you, your Honor.

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1 Yeah, we responded to the board with an email.
2 Hopefully the board received that email.
3 JUDGE PETTIGREW: Apparently we
4 did not get that email. I'm sorry for that.
5 MR. PLUTA: Okay, well, if the
6 board will indulge me, I'll summarize it in my
7 response.
8 JUDGE PETTIGREW: Thank you.
9 MR. PLUTA: So we do oppose their
10 request. We think there has been enough briefing
11 on the Fintiv issue for the board to make an
12 informed decision. However, to the extent the
13 board is considering Apple's request, we'd like to
14 put some things into context.
15 Apple's request actually highlights why
16 the board should utilize its discretion under
17 Section 314 and Fintiv to deny institution in
18 these proceedings.
19 On June 30th, the parties in the
20 underlying District Court action filed 16 motions
21 across the ten patents at issue there. At least
22 three of those motions filed were directed to the
23 validity of the patents at issue here in these
24 proceedings. Maxell filed two motions and Apple
25 filed a motion directed to these patents as well.

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1 These motions were filed long after
2 completion of fact discovery and after completion
3 of expert discovery where both Apple's and
4 Maxell's experts were deposed on the patents at
5 issue in these proceedings. A hearing on those
6 motions is scheduled for September 15th, which is
7 about a month prior to trial in the District
8 Court action and 11 months before any final
9 written decision would be due in these
10 proceedings.
11 There are several features of both
12 Maxell's motion and Apple's motion that the
13 substantial overlap of issues and why if the
14 board institutes the parties, then the board will
15 have a heavy duplication of that effort.
16 For example, as Mr. Seitz alluded to, the
17 issue of whether the Abowd publication is prior
18 art is the same here as it is in the District
19 Court. Maxell's motion seeks a summary judgment
20 ruling that the Abowd publication is not prior
21 art, just as the arguments made here before the
22 board. The basis for that intention is the same
23 as it is here.
24 And importantly, Apple's evidence to show
25 that the publication is prior art is precisely

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<p>1 the same. In fact, Apple has set forth a nearly 2 identical declaration from the librarian, 3 Mr. Mumford, in the District Court as it has in 4 these proceedings. And Mr. Maxell has already 5 taken Mr. Mumford's deposition. 6 To Mr. Seitz's points or arguments that 7 there's a supplemental declaration here from 8 Mr. Mumford whereas that supplemental declaration 9 doesn't exist in the District Court, that 10 argument should have no merit because Apple could 11 certainly have, A, gotten that information in 12 during the deposition of Mr. Mumford, or simply 13 filed a supplemental declaration from Mr. Mumford 14 in the District Court. You may even still have 15 the opportunity to do so. 16 So the fact that there's different 17 evidence here is kind of a misnomer. In Apple's 18 Motion for Summary Judgment, it seeks invalidity 19 of the patents based on Section 101, but 20 importantly it support its motion arguing that 21 Hayashida, the same reference as used in the 22 petition, is known art. And to illustrate this 23 Apple relies on many of the same references from 24 Hayashida as it does in the petition. 25 So Apple's concern -- and that's putting</p>	<p>1 The District Court's ruling on summary 2 judgment will not be whether the reference Abowd 3 is prior art. The summary judgment challenges 4 whether Apple has submitted sufficient evidence 5 to meet the clear and convincing standard. 6 So the ruling that would come out of the 7 District Court would be a question of whether the 8 evidence before the District Court is sufficient 9 to meet the clear and convincing standard. The 10 reason I want to clarify that is because you the 11 board have a different standard, reasonable 12 likelihood, and you the board have different 13 evidence. 14 Now, Mr. Pluta seemed to brush that under 15 the table, and perhaps Apple does -- I'm not 16 litigation counsel -- perhaps they do clarify the 17 record. Maxell did not make any reference to the 18 additional evidence from the IPR and inform the 19 District Court about that. Perhaps Apple will. 20 But the point is you have different 21 evidence and a different standard available to 22 you to find whether on a reasonable likelihood 23 standard Abowd is publicly available. The 24 Court's ruling will not be inconsistent with 25 yours because it's one of whether Apple has met</p>
Page 14	Page 16
<p>1 aside even the 103 arguments that overlap between 2 the two proceedings. So Apple's concern that the 3 summary judgment motions present a risk of Maxell 4 convincing both forums to forego looking at 5 invalidity is incorrect. The District Court will 6 look at invalidity and look at it first prior to 7 the board, nearly a year prior to the board, 8 which goes to the very heart of why the board 9 found Fintiv precedential. 10 The substantial overlap of issues favors 11 denial here. Well before the final written 12 decision, the Court will either grant summary 13 judgment in Maxell's or Apple's favor or a jury 14 will decide the issues surrounding the validity 15 of the patent. 16 JUDGE PETTIGREW: Thank you, 17 counsel. Petitioner, I'll give you a brief 18 rebuttal. 19 MR. SEITZ: Thank you, your Honor. 20 I want to start with responding to Mr. Pluta. 21 This is Mr. Seitz responding by clarifying one 22 thing Mr. Pluta said and also going back to your 23 question, Judge Pettigrew, because I think there's 24 a fundamental point that I don't want to get lost 25 in a mess here.</p>	<p>1 its evidentiary standard under the clear and 2 convincing standard. 3 JUDGE PETTIGREW: All right, thank 4 you, counsel. Patent Owner, I'll give you one 5 last word if there's anything else you want to 6 say. 7 We can't hear you. 8 MR. PLUTA: I'm sorry, your Honor, 9 I was on mute. The perils of doing this call from 10 my cell phone in the work-at-home environment. I 11 apologize. 12 JUDGE PETTIGREW: Understood. 13 MR. PLUTA: I will keep it very 14 brief then. 15 It's not incumbent upon Maxell to 16 supplement the District Court record to match the 17 evidence that Apple submitted in this proceeding. 18 That's Apple's job. 19 But as you pointed out, your Honor, in 20 response to Mr. Seitz's arguments, I mean the 21 burden is on us and in the District Court. So if 22 we meet that burden and summary judgment is 23 granted, the judge in the District Court will 24 address the invalidity issues of the patents. 25 And if we do not meet that burden and the case</p>

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1 goes to trial, the jury will.
 2 JUDGE PETTIGREW: All right.
 3 Thank you, counsel. I'm going to put everybody on
 4 hold for a short period of time while I confer
 5 with my colleagues.
 6 (Off the record.)
 7 JUDGE PETTIGREW: The panel is
 8 back on the call. We're going to take this matter
 9 under advisement.
 10 Petitioner, you arranged for the court
 11 reporter. We would like to have the transcript
 12 of this call filed as soon as possible.
 13 MR. SEITZ: Yes. Will do, your
 14 Honor. I'll file -- there was a similar
 15 proceeding between the parties where we had a
 16 discussion like this on Monday, and they asked me,
 17 IPR 2020-202, they asked me to submit the rough
 18 transcript immediate after the call and then the
 19 final when it was done. Would you like me to
 20 proceed the same here?
 21 JUDGE PETTIGREW: Yes, we would
 22 like that, thank you.
 23 MR. PLUTA: This is Robert. Could
 24 you make one point? I just want wanted to clarify
 25 to the extent the board does allow further

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1 submissions in addition to what Apple requested to
 2 be submitted, we would also then request to
 3 complete the record and submit the other motions,
 4 the relevant motions.
 5 JUDGE PETTIGREW: And what are the
 6 relevant motions?
 7 MR. PLUTA: Apple's Motion for
 8 Summary Judgment as well that further highlights
 9 the substantial overlap of the Hayashida
 10 reference.
 11 JUDGE PETTIGREW: Okay.
 12 MR. SEITZ: Your Honor, may I ask
 13 a brief clarification on that? This is Mr. Seitz.
 14 JUDGE PETTIGREW: Yes. Go ahead,
 15 counsel.
 16 MR. SEITZ: The only other motion
 17 I'm aware of to which he could be referring is a
 18 101 motion, and I'm wondering if that's it.
 19 There's only a passing reference to the Hayashida
 20 in saying that people have been doing navigation
 21 on devices like this for years.
 22 If that's what he's referring to, I guess
 23 I'm just wondering if perhaps there's another
 24 motion that he's referring to that I'm unaware
 25 of.

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1 JUDGE PETTIGREW: Mr. Pluta, can
 2 you clarify? Is it the 101 summary judgment
 3 motion?
 4 MR. PLUTA: Yes, your Honor, that
 5 is the motion. However, I disagree with
 6 Mr. Seitz's characterization of the passing
 7 reference.
 8 There are six or seven references to the
 9 Hayashida reference including about seven
 10 paragraphs of Apple's expert that discuss and are
 11 cited in the motion that discuss the Hayashida
 12 reference and its alleged applicability to the
 13 validity of the patents at issue here.
 14 JUDGE PETTIGREW: Thank you. If
 15 there's nothing else from the parties, then this
 16 call is adjourned. Thank you.
 17 (The hearing concluded at 1:21
 18 p.m.)
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1 CERTIFICATE OF REPORTER
 2 I, Sandra Tippins, Certified Court Reporter
 3 (Missouri) and Certified Shorthand Reporter
 4 (Kansas), do hereby certify that the foregoing
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Sandra Tippins
 Certified Court Reporter
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