

TELEPHONIC HEARING 7/17/2020

Page 1

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 Sandra Tippins, CCR

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

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Page 3

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

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1 UNITED STATES PATENT AND TRADEMARK OFFICE  
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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

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<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 style="text-align: right;">Page 13</p> <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 style="text-align: right;">Page 15</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>
<p style="text-align: right;">Page 14</p> <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 style="text-align: right;">Page 16</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  
 5 hearing was taken by me to the best of my ability  
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 12 thereto, nor financially or otherwise interested in  
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*Sandra Tippins*  
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