

# **AIA Roundtable Mock Conference Script**

## **A. [Slide 66] Overview—Format of Presentation**

COUNSEL FOR PETITIONER: Welcome to the mock conference segment of our presentation. In this segment, we will show you what to expect in a telephone conference in an AIA proceeding. Our focus will be on what the Board looks for in a successful motion to amend and a successful motion for additional discovery.

As you know, AIA trial proceedings are different from patent trials in district court. A key difference is that in AIA trials the Board regularly confers with the parties by phone to resolve disputes as they arise. We have found that our accessibility by phone can help move the case along quickly and with minimal briefing. And that facilitates an economical and streamlined process.

Typically, a party requests a phone conference by sending an email to the trial division of the Board. The email will explain why a call is necessary and should also propose a few dates and times that are convenient for both parties. The conference usually occurs within a day or two of the email. Usually, within another day or so, the Board issues an order that summarizes the conference and resolves disputes. So the entire process can take a couple of days or less, with little or no briefing.

Today we will present a mock conference call between a three-judge panel of the Board and counsel for the parties in an IPR. One

judge typically will handle the call and speak on behalf of the Board. The other judges will participate, but speak only as necessary.

In this exercise, Patent Owner has asked the Board for a phone conference to accomplish two things: First, Patent Owner wants to confer about filing a motion to amend claims. We ask Patent Owners to confer with the Board before filing such a motion.

Second, Patent Owner wants discovery that goes beyond the scope of the routine discovery provided in our rules. A party must obtain pre-authorization from the Board before filing such a motion. So as a second objective, Patent Owner will ask the Board to authorize the filing of a motion for additional discovery.

COUNSEL FOR PATENT OWNER: We will present the mock conference in two parts. The first part will treat the motion to amend; then we will pause for lessons learned and questions from the audience. In the second part, we will do the same thing for the motion for additional discovery.

[Slide 67] COUNSEL FOR PATENT OWNER: This is the fact pattern for the motion to amend. We've outlined the amendment as contemplated by Patent Owner before the conference call takes place.

So let's begin.

**B. Mock Conference—MTA**

APJ1: This is Judge [your name]. Judge Davis and Judge Wells are on the line with me. This conference was requested by Patent Owner in IPR2013-12345. Counsel, please state your appearances.

COUNSEL FOR PETITIONER: Good morning Your Honor, this is [your name], counsel for Petitioner.

COUNSEL FOR PATENT OWNER: Good morning Your Honor, this is [your name] counsel for Patent Owner.

APJ1: Thank you. Is there a court reporter on the line?

COUNSEL FOR PATENT OWNER: Yes, Your Honor, Patent Owner has provided a court reporter for this call. We will file a copy of the transcript with the Board as an exhibit.

APJ1: Thank you. I understand from your email that Patent Owner requested this call for two reasons. You want to confer about a motion to amend claims, and you want the Board to pre-authorize the filing of a motion for additional discovery. Is that correct, counsel?

COUNSEL FOR PATENT OWNER: Yes, Your Honor. It is.

APJ1: Let's begin with the motion to amend. Counsel for Patent Owner, please tell us what you expect to include in the motion.

**[Make sure Slide 67 is still up]**

COUNSEL FOR PATENT OWNER: Thank you, Your Honor. There are 5 claims in the patent involved in this IPR. They are claims 1

through 5. Patent Owner intends to file a motion that will affect each of the three independent claims—claims 1, 4, and 5.

We want to replace original claim 1 with substitute claim 1. We also want to replace original claim 4 with substitute claims 6 through 10. And we want to cancel claim 5.

APJ1: Okay, let's start with your request to cancel claim 5. That should be straightforward. We can do that, if it's what Patent Owner really wants.

COUNSEL FOR PATENT OWNER: Yes, Patent Owner wants claim 5 cancelled.

APJ1: Okay. Please put that in writing in your motion to amend.

COUNSEL FOR PATENT OWNER: Okay, we will.

APJ1: The other thing I notice is that you want to propose a substitute claim 1 for original claim 1. The substitute claim needs to be given a different claim number. You should propose a substitute claim 6 for original claim 1. Otherwise, everyone will be confused about the dependency of claims 2 and 3.

COUNSEL FOR PATENT OWNER: We will do that. And for original claim 4, we will propose substitute claims 7 through 11.

APJ1: Yes. Does Petitioner have anything to add?

COUNSEL FOR PETITIONER: I would only emphasize that Patent Owner needs to list substitute claims 6 through 11 within the 15 page limit that applies to motions.

APJ1: That is correct, counsel.

COUNSEL FOR PATENT OWNER: Your Honor, it will be very hard to reproduce all of the substitute claims in 15 pages and still have space for argument. I would like permission to exceed the page limit to reproduce all of the claims.

COUNSEL FOR PETITIONER: I object to that, Your Honor. If you grant this request it will gut the rule on page limits.

APJ1: Before I decide the matter, why does Patent Owner need five substitute claims for claim 4? Why not focus your 15 pages on one substitute claim to replace the single original claim?

COUNSEL FOR PATENT OWNER: Well, we need five substitute claims in order to get the full scope of coverage. The five claims are part of a theme. The basic theme will be in substitute claim 7. We will take out some limitations of claim 4 and add a new feature to make up claim 7. Claims 8 through 11 will further define that feature.

APJ1: Okay, let me ask Petitioner to respond to that.

COUNSEL FOR PETITIONER: Well, we strongly object to the proposed substitute claim 7 that counsel just described. Claim 4 is already the broadest claim in the patent. If limitations of claim 4 are removed, the substitute will be even broader than any of the original claims my client is currently confronting in this patent. That's unfair.

APJ1: I will remind counsel for Patent Owner that an amendment must be responsive to a ground of unpatentability, so a proposed

substitute claim usually should contain all of the limitations of the claim being replaced.

COUNSEL FOR PETITIONER: Your Honor, we also object to having to respond to five substitute claims. The Board should limit Patent Owner to one substitute claim for original claim 4. After all, the general rule is that a one-for-one substitution is reasonable.

APJ1: True. But we would be open to letting Patent Owner deviate from that general rule, if each substitute is patentably distinct from the others. What I'm hearing from Patent Owner, though, is that substitute claims 8 through 11 may not be patentable over substitute claim 7. So maybe Patent Owner should consider devoting the full 15 pages to a well-supported showing that claim 7 is patentable.

COUNSEL FOR PATENT OWNER: I now am leaning that way, Your Honor. I think I can rework our motion so that Patent Owner will propose just one substitute claim for original claim 4. It will contain all the limitations of original claim 4, with an added feature that responds to the grounds of unpatentability. And we will present it as substitute claim 7, making clear that it replaces claim 4.

[Slide 68] APJ1: Good. I think we have simplified the forthcoming motion. Patent Owner will propose replacing original claim 1 with substitute claim 6; will propose replacing original claim 4 with substitute claim 7; and will request cancellation of claim 5. At this point, it makes sense to discuss other aspects of the motion. You can

also refer for guidance to the final decision in *Idle Free*, which is Paper 66 in IPR 2012-00027.

The first thing to keep in mind is that an IPR is not like a patent examination. The Board will not conduct a prior art search or enter rejections of the substitute claims. If we grant the motion, the substitute claims will be added directly into an issued patent. Let me first ask whether counsel for Patent Owner has any specific questions about that.

COUNSEL FOR PATENT OWNER: Well, yes. I've read *Idle Free* and I'm quite confused by that decision. It sounds like the Board requires a Patent Owner to establish patentability of substitute claims. That seems like an unfair burden to thrust upon a Patent Owner. My client didn't initiate this proceeding. Petitioner did, and they should have to prove that the proposed substitute claims are unpatentable.

APJ1: Okay, I'd like to hear from counsel for Petitioner.

COUNSEL FOR PETITIONER: Well, I've read *Idle Free* too and its rationale makes sense. A motion to amend in an IPR is a request for amendment. It is not a right to have the motion granted or to have the amendment entered. If the motion is granted, the substitute claim goes into the patent without any search or examination. So Patent Owner, as the party advancing the motion, should be required to show entitlement to the relief requested -- and that relief is amendment of the claims.

COUNSEL FOR PATENT OWNER: I have to object to this. It would be simpler to place the burden on Petitioner to make out a case of

unpatentability. Establishing patentability is like proving a negative. That's an unreasonable burden to impose on an unwilling participant in an IPR. Petitioner brought this action against my client, and now the burden is shifting to us to prove patentability? That's not fair.

APJ1: Would Petitioner like to respond to that?

COUNSEL FOR PETITIONER: Yes. There is nothing unfair about this. My client initiated the proceeding to cancel Patent Owner's original claims, and we have done pretty well with that so far.

In the decision to institute, the Board held that it's reasonably likely that original claims 1 through 5 are unpatentable. I agree that the burden of proving unpatentability of the original claims never shifts to Patent Owner. But Petitioner should not have to mount an attack all over again, and restart the whole IPR process, when substitute claims are proposed in a motion to amend. It's Patent Owner who seeks to alter the *status quo* by having substitute claims directly added to an issued patent, without any examination. So they should make out a case for that relief.

COUNSEL FOR PATENT OWNER: Hold on. Original claims 1 and 4 were examined by the Patent Office during prosecution. So why shouldn't the Board just enter the substitute claims? After all, they are narrower than the original claims sought to be replaced.

COUNSEL FOR PETITIONER: I think the motion to amend will be contingent on a finding that the original claims are unpatentable.

COUNSEL FOR PATENT OWNER: Well, at least that is one thing we can agree on. Yes, we want the Board to enter the narrower substitute claims only if the original claims are held unpatentable.

COUNSEL FOR PETITIONER: Well then, at that point, the original claims will carry no gloss of patentability that transfers to the narrower substitute claims. So it's reasonable to require Patent Owner to establish the patentability of the substitutes from scratch.

APJ1: Thank you counsel. As the party moving for relief, Patent Owner should bear the burden of showing patentability of proposed substitute claims 6 and 7.

COUNSEL FOR PETITIONER: Your Honor, I want to point out that the burden is on Patent Owner to discuss the disclosures of each individual item of prior art that is of record, as well as all other relevant art, and explain why the combination of elements in each substitute claim is patentable. And they have to do it all within 15 pages.

APJ1: Actually, counsel, what you suggest is not a helpful way to approach a motion to amend. I think it may be useful at this point to provide some specific guidance to Patent Owner about what the Board will look for in a successful motion to amend.

To begin with, we are not looking for an inventory of prior art that catalogues what is lacking in each individual reference. All that does is show that none of the references anticipates the substitute claim. That's probably not the best use of your 15 pages.

What we want to see is something akin to a prima facie showing of non-obviousness. The feature added by amendment most likely never was considered by the Office during prosecution. And it probably never was considered by Patent Owner or Petitioner until after the IPR petition was filed. So there really is no basis for assuming that the prior art filed with the petition is the closest prior art bearing on the added feature.

What is helpful is a narrative explaining what Patent Owner knows about the state of the art as it relates to the feature added by the amendment. An expert declaration in support of that narrative is allowed and may help. In fact, if you provide a good narrative, it probably won't be necessary to discuss the references applied in the petition, one by one. That will conserve space within your 15 pages.

Are there any questions?

COUNSEL FOR PATENT OWNER: Can you give us any other guidance on how to do that within 15 pages? It still sounds impossible.

APJ1: Well, we believe the burden can be met in 15 pages, if Patent Owner takes the right approach. For example, if this is the first time that the added feature has been used in any context, tell us that. But even if the feature was used in other applications, you might prevail by explaining why a person of ordinary skill in the art would not have thought to look to that application for a solution. Or you could tell us why that person would not have known how to adapt the feature for use

with the combined elements of the substitute claim. You can cite textbooks or conventional practices relating to the added feature.

COUNSEL FOR PATENT OWNER: Thank you, Your Honor. In light of that guidance, my client would like to request 15 additional pages for its motion, to comply with all of these requirements.

APJ1: Let me hear from Petitioner on that please.

COUNSEL FOR PETITIONER: Thank you, Your Honor. Patent Owner's request for additional pages is premature. Patent Owner has not shown good cause for granting additional pages now. They should be required first to make a good faith effort to follow the guidance provided by the Board today. Only then can Patent Owner show a true need to exceed the page limit. These page limits are in the Board's rules and should not be set aside lightly.

APJ1: Patent Owner should make a good faith attempt to prepare the motion within the 15 pages allowed in our rules. If you follow our guidance and take the right approach in the motion, but still can't fit everything in 15 pages, please arrange another conference call. At that time, we would consider a request for additional pages, if you show good cause. Are there any questions?

COUNSEL FOR PATENT OWNER: No questions, Your Honor.

COUNSEL FOR PETITIONER: No, Your Honor.

APJ1: Okay, if there's nothing else on the motion to amend, we will turn to Patent Owner's request for pre-authorization to file a motion

for additional discovery. But before we do, I will mute the telephone call to confer briefly with the other judges on the panel.

**C. [Slide 69] Lessons Learned—MTA**

COUNSEL FOR PETITIONER: Now we'll go over the lessons learned about motions to amend. **[Walk through the material on Slides 69, 70, 71, and 72]**

Next we will take questions. Are there any questions?

**D. Q&A—MTA (10 minutes)**

All three participants handle this. After ten minutes,

COUNSEL FOR PETITIONER: Thank you for your questions.

**[Slide 73]:**

COUNSEL FOR PETITIONER: We will now turn to the second part of our mock conference call. This part relates to Patent Owner's request for pre-authorization to file a motion for additional discovery. I'll keep this slide up so you can refer to the fact pattern for the motion for additional discovery. Patent Owner wants to file a motion requesting two categories of documents—sales and pricing data relevant to the commercial success of Petitioner's products; and documents that might establish a relationship of privity or real-party-in-interest with respect to two unnamed parties; Acme—a customer of Petitioner; and Universal—a company recently acquired by Petitioner.

Let's begin.

**E. [Make sure Slide 73 is still up] Mock Conference—MFAD**

APJ1: Hello counsel. The line is now unmuted, and the judges are back on the line. Let's proceed with Patent Owner's request for pre-authorization to file a motion for additional discovery. Patent Owner, this is your request, so we would like to hear from you first. Will you please summarize the discovery that you want.

COUNSEL FOR PATENT OWNER: Yes, Your Honor. First, we understand that discovery in an IPR is much more limited than what we could get in a district court. We appreciate that. But we need two kinds of documents to defend our rights here. First, we need all sales and pricing documents relating to Petitioner's products. We will limit it to those products accused of infringement in the district court. We need that discovery to show secondary considerations of non-obviousness.

APJ1: Petitioner, would you like to respond to that?

COUNSEL FOR PETITIONER: Yes please. We agree that our products are commercially successful. Patent Owner does not need any discovery to prove that point, because we concede it. So there is no reason why the Board should authorize this motion.

APJ1: Hmmm. Counsel for Patent Owner, can you respond to that? It sounds like you don't need to prove commercial success, in light of Petitioner's admission that its products are commercially successful.

COUNSEL FOR PATENT OWNER: Your Honor, we need the discovery to get a complete picture of the full extent of the commercial

success enjoyed by Petitioner's products. If we can show a tremendous degree of success, that may overcome even a strong showing of obviousness. So there is no short-cut.

APJ1: Okay. Maybe Patent Owner should be allowed to explore the extent of the success enjoyed by Petitioner's products.

COUNSEL FOR PETITIONER: Your Honor, may I interject?

APJ1: Yes counsel. Go ahead.

COUNSEL FOR PETITIONER: This request should be denied. It's burdensome. There are no time limits on what types of sales and pricing documents we would be required to produce. And much of this information is available from public sources. Why can't Patent Owner look at our public SEC filings and press releases? They can also go to our website for a lot of this information. Any incremental value to Patent Owner in getting our non-public information through discovery is outweighed by the burden the request will impose on my client.

APJ1: I would like to encourage the parties to reach a compromise on a narrower version of Patent Owner's request. Let me ask you this. Could Petitioner provide a summary of its sales and pricing data to Patent Owner?

COUNSEL FOR PETITIONER: Well, why should we have to generate a summary? That would mean sifting through the documents anyway. So it's the same burden. And on top of that, we would have to

do Patent Owner's work for them by preparing a summary that makes the data understandable. Nothing in the rules requires us to do that.

APJ1: That is true, counsel. But I am trying to figure out a way to provide Patent Owner what it needs without ordering you to produce everything. Surely you have some kind of summary document that already exists and reflects the relevant sales and pricing data? Don't you give some kind of summary to your Board of Directors?

COUNSEL FOR PETITIONER: Well, of course we do, Your Honor. But there is another problem with Patent Owner's request. They can't show that the information sought would be helpful in making out their case. I can show that there are a lot of reasons to purchase Petitioner's products that are unrelated to the features accused of infringement. There is no nexus between the commercial success of our products and the claimed invention. So we shouldn't have to give them any of our sales or pricing data, because it won't help their case.

APJ1: I'd like to give counsel for Patent Owner a chance to respond to that. I too am wondering how Patent Owner intends to establish a nexus between Petitioner's sales and the claimed invention.

COUNSEL FOR PATENT OWNER: Your Honor, we can show that Petitioner's products infringe the challenged claims. We can do that here, in this IPR. The Board will have to decide that issue.

COUNSEL FOR PETITIONER: Your Honor, may I be heard?

APJ1: Yes, counsel, go ahead.

COUNSEL FOR PETITIONER: Patent Owner is asking the Board to turn this proceeding into an infringement trial. But the Board's jurisdiction is limited to resolving well-defined patentability issues. We can't conduct a trial-within-a-trial on infringement and stay within the schedule. So Patent Owner shouldn't get any of this discovery.

APJ1: We understand that argument. But we are not yet deciding whether the discovery will be granted. We are only deciding whether to authorize a motion. We will let Patent Owner file a narrower version of the motion that they described today. They should target the summary document that goes to Petitioner's Board of Directors. I heard counsel for Petitioner admit that such a summary already exists, so it shouldn't be overly burdensome to produce.

But we will not conduct a trial-within-a-trial on infringement. So Patent Owner, in your motion, you should provide an explanation about how the documents sought are useful to your case, including some showing of a nexus between Petitioner's sales and the invention.

COUNSEL FOR PATENT OWNER: Thank you, Your Honor. May we discuss our second discovery request?

APJ1: Yes, please do.

COUNSEL FOR PATENT OWNER: We need to discover all documents regarding the relationship between Petitioner and two non-parties. The non-parties are Acme Inc. and Universal Corp.

APJ1: Why do you need that?

COUNSEL FOR PATENT OWNER: We believe Acme and Universal should have been named as real parties-in-interest in the petition. Or maybe they are in privity with Petitioner. Both were served in related district court litigation over one year before the petition was filed. So the petition is barred under section 315(b).

APJ1: Okay, thank you. Petitioner, would you like to respond?

COUNSEL FOR PETITIONER: Yes. We object to this request. It's overly broad and burdensome. Here again they want an entire category of documents. "All documents" on the corporate relationships would capture all kinds of irrelevant information. The request is also entirely speculative. I've heard nothing from Patent Owner but its own subjective belief about the relationships between these parties.

APJ1: Patent Owner, what is the basis for alleging that Acme and Universal are either real parties-in-interest or privies?

COUNSEL FOR PATENT OWNER: Well, Acme is a customer of Petitioner. In fact, Petitioner makes the Acme products that are accused of infringement in the district court litigation. And Petitioner recently acquired Universal. Whether a non-party is a "real party-in-interest" or "privity" for purposes of an IPR is a fact-dependent question. And without some additional discovery, my client will never be able to get to the bottom of the exact nature of the relationships between these companies. We will not be able to figure out who controls the district court litigation and this proceeding.

COUNSEL FOR PETITIONER: I'd like to respond to that. The mere fact that Acme buys products made by Petitioner, without more, is not enough to show that Acme is a privy of Petitioner. To be a privy, Petitioner would have to be bound by the outcome of the district court litigation against Acme. Normally that means Petitioner must have control over the litigation. There is no evidence that my client exercises any control over the litigation brought against Acme. And the same is true for Universal. The fact that Petitioner recently acquired Universal doesn't show that we had any control in the litigation against Universal.

As for Acme and Universal being real parties-in-interest in this IPR, based on what I've heard today, Patent Owner has no evidence that either company has any control or participation in this proceeding. Patent Owner's position is based on speculation not evidence.

APJ1: Would Patent Owner like to respond?

COUNSEL FOR PATENT OWNER: Yes, Your Honor, how can we get the evidence without discovery? We believe Petitioner has been working for years behind the scenes to help its customers circumvent our intellectual property rights in district court. We believe the sales agreement between Petitioner and Acme includes an indemnification clause; but without access to that agreement, we will never know the extent of the indemnity obligations, which may well include a requirement that Petitioner must defend Acme against any charges of infringement. We believe the timing and level of coordination between

these three entities is no coincidence. It suggests a coordinated litigation strategy. But we need discovery in order to prove it.

COUNSEL FOR PETITIONER: Your Honor, I disagree with everything counsel just said. Petitioner has not participated in any of the district court actions. And Acme and Universal have had nothing to do with this proceeding. Patent Owner has no evidence to the contrary. That's clear by Patent Owner's statement that "they believe" these facts to be true. My client should not be required to respond to this broad discovery request based on Patent Owner's subjective "beliefs." So the Board should not authorize Patent Owner's request to file this motion.

APJ1: Patent Owner, your request for "all" documents regarding the relationship between the parties is broad. We are not inclined to grant a request like that. The Board will authorize a motion for additional discovery, but you should target particular documents known to exist. And they must be shown to be helpful to make out your case.

COUNSEL FOR PATENT OWNER: Well, at the very least, we should get the customer sales agreement that governs the relationship between Acme and Petitioner. That would include any indemnification clauses relating to the products accused of infringement in district court. And certainly an acquisition agreement must exist between Universal and Petitioner. It is beyond dispute that these two specific documents exist and bear directly on the issues of privity and real-party-in-interest.

APJ1: Counsel for Petitioner, do those documents exist, and if so, how burdensome would it be to locate them and produce them?

COUNSEL FOR PETITIONER: Yes they exist. And I have copies right here in my office.

**[Slide 74]**

APJ1: We will authorize Patent Owner to file a motion for additional discovery tailored to these two documents, the customer sales agreement with Acme and the acquisition agreement with Universal. That will be in addition to the summary sales and pricing document that we discussed earlier. We will issue an order in due course that summarizes this phone call. Does Petitioner have anything to add?

COUNSEL FOR PETITIONER: Your Honor, we will oppose the motion that the Board just authorized. And in our opposition to the motion, we will ask that any discovery granted by the Board be exchanged under the protective order entered in this case. Petitioner will want to designate certain non-public information as confidential.

APJ1: Yes, I recall that a protective order is in place. We will deal more specifically with any protective order issues as they arise.

Is there anything further that Petitioner or Patent Owner would like to raise at this time?

COUNSEL FOR PATENT OWNER: No.

COUNSEL FOR PETITIONER: No, nothing from Petitioner.

APJ1: Thank you counsel. This conference call is adjourned.

**F. [Slide 75] Lessons Learned—MFAD**

COUNSEL FOR PATENT OWNER: Next we'll go over the lessons learned about motions for additional discovery. **[Walk through the material on Slides 75, 76, and 77]**

Are there questions?

**G. [Slide 78] Q&A—MFAD (10 minutes)**

All three participants handle this. After ten minutes,  
COUNSEL FOR PATENT OWNER: Thank you for your questions. This concludes the mock conference.