

Narrator (Background Facts)

Slide 2: Swedish international spy Peter Gunnar spends many hours in speeding vehicles chasing or being chased by villains with large weapons. Although he has always survived to see his next assignment, Gunnar's closest brushes with death have been while driving luxury sports cars trying to escape missiles. In one very close call in 1996, the driver's side door was sealed shut from a passing explosion. Gunnar escaped by breaking his window and jumping out of the car, which was very difficult while trying to keep the gas pedal depressed. After his narrow escape, Gunnar realized that he needed a fast, easy way to get out of his car while being chased. He began experimenting with ejection seats in cars.

Slide 3: Gunnar designed the Easy Ejector Seat to replace individual seats that come in certain cars sold at retail car dealerships. The car must have individual seats and a large sunroof that will accommodate flying bodies. Certified Easy Ejector Seat retrofitters can install new seats within two hours while you wait. The seat itself is as comfortable as an average bucket car seat, but has a crush-resistant inner shell to protect the occupant, and a collapsing outer shell to absorb crash impact. On ejection, the seat and the occupant launch from the base of the car through the sunroof (which opens first), fly away from the car and perpendicular to the car's trajectory, and land a safe distance away. Importantly, in the Easy Ejector Seat, the occupant is held to the seat with a seat belt that permits the occupant to move his arms and legs freely. This allows an occupant to use a gun or mobile phone easily while in the air, or while hanging by a parachute from a tree.

Slide 4: The Easy Ejector Seat has made Gunnar's company, Espion Industri AB, a household name in the international spy community. In its first year on the market, the demand for Easy Ejector Seats was so high that there was a three-month wait at retail spy stores. Among other government entities, the Secret Service uses his technology. In the following years, the Seat became trendy and fashionable, so non-spies in Beverly Hills and Monte Carlo were regularly installing them in their luxury sports cars.

Slide 5: In 2010, Espion Industri AB sold more than 12,000 units, which made over \$20 million in profit.

Slide 6: Gunnar filed a patent application for the Easy Ejector Seat on September 24th, 1996. The U.S. Patent and Trademark Office granted his patent on May 9, 2000. It issued as U.S. Patent No. 7,000,007, but it is more commonly referred to as the '007 patent.

Slide 7: Another mogul in the spy community, Brazen Golddigger, formed a separate spy company called SpyTech Inc. For more than two decades, Spytech has been a supplier of equipment to evil villains around the world, and it is the only rival of Espion Industri AB.

Slide 8: In 2005, it released the Rejector 2005, an ejectable seat that can be retrofitted into existing cars with bucket seats. Golddigger has been Gunnar's arch-enemy since their school days in the late 1970's. Golddigger copied Gunnar's thesis idea for a portable music player with headphones.

Slide 9: Then he stole his girlfriend. Ever since Gunnar graduated at the top of the class, Golddigger has been trying to sink him and his company.

Slide 10: After Spytech began its lucrative business supplying spy gear to bad guys, Golddigger hatched a plan to take over the world by supplying and befriending one evil villain after another and making all evil dictators dependent on Spytech's products. Gunnar has been an obstacle to Golddigger's plan, as his inventions are used frequently by benevolent spies throughout the world to defeat Golddigger's evil customers.

Slide 11: The Rejector 2005 is very similar to the Easy Ejector Seat, with one significant difference: instead of having a seatbelt, the Rejector 2005 instead utilizes a harness that fits over the occupant's head, much like one might find in a roller coaster at an amusement park. Given the other similarities between the products, Gunnar suspects that Golddigger designed the Rejector by directly copying the Easy Ejector.

Slide 12: After several years of believing Spytech infringed Espion's '007 patent, on March 15, 2012, Espion sued Spytech for infringement, claiming that the Rejector 2005 infringes claim 1.

Slide 13: Here is where the AIA comes in. The AIA created several new proceedings to determine the validity of a patent after it has issued. They include post-grant review, review of covered business method patents, and *inter partes* review. As of April 1, the PTO received 17 CBM petitions and 190 IPR petitions. Of those, the PTO had instituted 11 CBMs and 34 IPRs. The trials all follow the same general timeline, which is shown here. They start with a petition and provide various times along the way for the parties to brief the issues and interact with the administrative patent judges. Today we are going to address an *inter partes* review between Spytech and Espion. Spytech filed a petition for *Inter Partes* Review December 22, 2012, alleging obviousness of claim 1 of Espion's '007 patent.

Slide 14: The asserted prior art includes a 1994 advertisement for a roller coaster featuring shoulder harnesses.

Slide 15: This shows a better view of the harnesses.

Slide 16: The prior art also includes a 1995 patent for a golf cart ejection seat.

Slide 17: According to Spytech, the Hulk Rollercoaster plus the '917 patent results in the claimed invention.

Slide 18: Here we see the combination.

Slide 19: And here we see Spytech's analysis in its petition. As part of the petition, Spytech filed an expert declaration of Dr. Syd Cophant supporting invalidity. Spytech also filed a declaration from Dr. E. Ville attempting to establish the publication date of the roller coaster advertisement.

Slide 20: On December 29, 2012, the PTO issued a Notice of Filing Date Accorded Petition and Notice for Setting the Time Period for Filing Patent Owner Preliminary Response. The case was assigned number IPR2012-00007, and the Patent Owner's preliminary response was due three months from the notice date.

On March 17, 2013, Patent Owner Espion Industri elected not to file a preliminary response and notified the PTO of its decision.

On April 15, 2013 [March 9, 2013], the PTO issued a Decision to Initiate Trial for *Inter Partes* Review for claim 1 of Espion's '007 patent based on the roller coaster advertisement and the golf cart patent. The PTO also issued a scheduling order and a protective order.

Tonight [**May 15, 2013—the date of the presentation to the Atlanta IP Inn**], one member of the panel of judges assigned to the case hosted a teleconference with counsel for the parties to discuss the scheduling order and other issues.

Vignette 1 Script

[Before Vignette 1 begins, the narrator provides background information on the facts of the case, explaining the technology of the patent, relationship of the parties, related district court litigation, etc.]

Roles for Vignette 1: Judge – Aaron Jones
 Espion Counsel – Wab Kadaba
 Spytech Counsel – Chad Pannell
 Peter Gunnar (Espion’s CEO/inventor) – Jim Johnson
 Henchwoman guarding Gunnar – Wendy Choi

[To start this scene, the henchwoman brings a freshly-kidnapped Gunnar into the same room as Spytech Counsel. Gunnar has his hands up. The henchwoman will guard him throughout the teleconference below.]

Henchwoman: We got him! I can’t believe we kidnapped international super spy Peter Gunnar for a third time! Once was great. Two times was amazing. But *three* times, that’s unheard of!

Spytech Counsel: Whoa, whoa, whoa. I don’t want to hear about this now! How many times have I told you not to tell your attorneys about your kidnappings?

Henchwoman: Sorry, boss. I just get so excited when evil wins for a change. We get such a bad rap. Personally, I blame the media. They always focus on the James Bonds of the world. A henchwoman can’t get an even break. You should see the way people look at me when I tell them I’m a henchwoman.

Spytech Counsel: [Dismissively] Well boo hoo. That all sounds very sad, but I don’t have time to be your therapist right now. I am about to get on a call with a judge at the Patent Office and I do not want Gunnar derailing things for us.

Henchwoman: What do you want me to do with him?

Spytech Counsel: Just put him in the corner and make sure he doesn’t make a sound. I need to dial in now.

[This scene involves a telephone conference with an administrative patent judge. The judge will be on one phone, Espion's counsel on another, and Spytech's counsel will be on a third. It should be set up to give the impression that each party is in a different location, as typically occurs with these teleconferences. Near Spytech's attorney should be Peter Gunnar, Espion's CEO and inventor who Spytech has kidnapped. A henchwoman should be guarding him.]

Introduction

Judge: Hello everyone. I am Judge Aaron Jones. Today we are taking up *inter partes* review IPR2012-00007. As you know, we initiated this review to address the alleged obviousness of claim 1 of the '007 patent. We also issued a scheduling order and entered the standing protective order the PTO published in the Federal Register. I want to thank the parties for submitting their lists of proposed motions they would like to file. I have reviewed those lists in detail, and I understand that the parties have several topics they would like to discuss regarding the case. As is common toward the beginning of these proceedings, we are having this conference call to address these issues. To start, counsel, please make your appearances.

Espion Counsel: Thank you, Your Honor. I am Wab Kadaba, and I represent Patent Owner Espion Industri.

Spytech Counsel: Hello, Your Honor. Chad Pannell, representing Requester Spytech.

Scheduling Issue – Extension of Time

[Throughout this scene, Mr. Gunnar should squirm and attempt to let the people on the phone know that he is being held by Spytech just feet away from Spytech's counsel. The henchwoman spends the call attempting to keep him quiet.]

Judge: Thank you. Let's first address scheduling issues. Do we have any of those?

Espion Counsel: Yes, Your Honor. The schedule currently requires Patent Owner to submit its Response and Motion to Amend Claims three months after the date of the decision to initiate this *inter partes* review.

Judge: Yes, that is the standard timeline for these proceedings.

Espion Counsel: I understand, Your Honor, but we have a complicating factor. Espion Industri's CEO and named inventor Peter Gunnar is trapped in a henchman's lair and there is no telling when he will get out. Teams are working around the clock to save him, but these things take time. Mr. Gunnar's participation in this proceeding is critical, so we request that the Board suspend this proceeding until he is rescued, or at the very least, give us a one-month extension of time to file our response.

Judge: I am sorry to hear that. Can you elaborate on why you believe his participation is critical?

Espion Counsel: As the sole inventor on the '007 patent and CEO of Patent Owner, we expect him to be intimately involved throughout this proceeding, including participating in discovery.

Judge: What role will Mr. Gunnar play in discovery? I mean, routine discovery includes the production of any exhibit cited in a paper or testimony, the cross-examination of the other side's declarants, and relevant information that is inconsistent with a position advanced during a proceeding. I don't see how his participation fits into any of those categories.

Espion Counsel: We do plan to submit a declaration from Mr. Gunnar regarding the commercial success of the Easy Ejector Seat. The declaration will require his input at the time we file our response, and it will also make his deposition become part of routine discovery.

Judge: Is there someone else at Espion Industri who can provide that declaration? It seems that someone in the accounting department may be better suited to that role anyway. Also, in litigation, parties sometimes rely on experts to establish some of this information.

Espion Counsel: That might be possible, Your Honor, but we should be permitted to use any declarant we wish and we would like to use Mr. Gunnar.

Judge: I understand that, and I am sympathetic to your plight. However, we are statutorily required to complete these proceedings very quickly. We must finish within one year, with an extension of up to 6 months on a showing of good cause. We do not want to extend these things unless we absolutely have to, so we need to balance Espion's interests against these other requirements. Let's hear from Spytech's counsel.

Spytech Counsel: Thank you, Your Honor. Espion attempts to make Mr. Gunnar sound essential, but Spytech and Espion have long had a rivalry in the patent arena. Not once in all of our skirmishes has Mr. Gunnar ever provided a declaration despite being an inventor on other Espion patents that we have litigated. In fact, in litigation related to a different patent, Espion offered its chief financial officer as its witness to discuss the financial aspects of commercial success, and relied on an expert to discuss the nexus between the claimed invention and the success. We think Espion is overstating the importance of Mr. Gunnar.

Espion Counsel: Your Honor, may I respond?

Judge: Yes.

Espion Counsel: We have it on good authority that it was Spytech who kidnapped Mr. Gunnar shortly after this proceeding was initiated. As an evil spy organization, they are known in the industry for filing cases and then kidnapping the CEOs. They have kidnapped Mr. Gunnar twice in the past few years alone. They should not gain any advantage for their evil ways.

Spytech Counsel: Nonsense! Just because we are the evil spy industry's leader in ransoming CEOs does not mean that we captured Mr. Gunnar!

[At this point, Mr. Gunnar should make his strongest attempt to be heard on the line, but it will be of no use.]

Spytech Counsel (continues): We take pride in our ability to locate just about anyone and use them for our nefarious purposes. But Mr. Gunnar has learned many of our secrets and continues to elude us. I have not heard any proof that Mr. Gunnar has actually been detained. He is a notorious drunk who often disappears for months at a time.

[Gunnar should protest upon hearing this.]

Espion Counsel: That is a lie!

Judge: Settle down! I will not tolerate attorneys interrupting each other, and I will also not tolerate baseless accusations. You are both good lawyers, and I expect you to act like it. I am interested in learning facts, not listening to bickering. Espion, do you have any proof that Spytech has Mr. Gunnar?

Espion Counsel: We know he is missing and all signs point to Spytech.

Judge: But do you know it is Spytech?

Espion Counsel: No, we cannot prove that yet.

Judge: Okay. While I am sorry that Mr. Gunnar is missing and I am sure we all wish him a safe return, he does not appear to be essential for this proceeding to continue. Given the open-ended nature of his absence and the tight timeline we must adhere to, I am going to deny Espion's request to suspend this proceeding. I am also going to deny the alternative request for a one-month extension of time. Since it is not known when Mr. Gunnar may turn up, extending the schedule at this point does not appear to gain us any advantage. This is not to say that we will never extend a schedule or that the unavailability of a CEO and named inventor will never justify an extension. Rather, in this instance, Espion has not proven that the proceeding cannot continue without Mr. Gunnar, so we will proceed as scheduled.

Scheduling Issue – Early Markman Hearing

Judge: Do we have any other scheduling issues to take up?

Spytech Counsel: Yes, Your Honor. We believe that the construction of the term “passenger restraint system” in claim 1 of the ’007 patent could be dispositive of both this *inter partes* review proceeding and a related district court case. An early ruling on the meaning of the term may allow the parties to settle both matters, leaving Spytech free to sell its Rejector 2005 seat without worrying about Gunner and his annoying “intellectual property rights.” An early resolution will also save large expenses related to discovery.

Judge: Saving money is generally a good thing, but what do you propose I do?

Spytech Counsel: I propose that the Board address claim construction before the case moves further into the full merits phase.

Judge: Espion, what is your response?

Espion Counsel: We disagree that an accelerated proceeding is necessary. This type of proceeding is not contemplated by the *inter partes* review rules, and I do not see how it could fit in the schedule without delaying the rest of the case.

Judge: Do you think an early hearing will have the impact Spytech says it will have? Could it really end the case?

Espion Counsel: No. Spytech overstates the importance of the construction of “passenger restraint device.” That term is not as critical as Spytech states, and given the parties’ attitudes toward one another, there is virtually zero chance of settlement regardless of the construction. It also seems that Spytech’s construction primarily relates to noninfringement, which is not an issue before the Board in this proceeding. Even if Spytech obtains its proposed construction, the Board will still need to decide whether claim 1 of the ’007 patent is obvious under that construction. There is no good reason for having this unusual, separate claim construction proceeding.

Judge: I am going to deny the request for an expedited claim construction proceeding. When the PTO established the rules for *inter partes* review proceedings, it considered a number of potential schedules, including those that had an early claim construction hearing. Given the amount of work the parties

and the Office need to complete in a short period of time, the PTO implemented a staged schedule that culminates in one hearing addressing all claim construction and validity issues. Deviating from the standard schedule in a way that might delay the proceeding is not something we want to do if we can avoid it. Here, it sounds far from certain that an early claim construction will have any impact on the case, so I am going to deny the request.

Protective Order Issue – Prosecution Bar

Judge: I believe one of the parties indicated they wanted to modify the protective order. Please tell me about that.

Spytech Counsel: Your Honor, evil spies love prosecution bars. In fact the world largely credits Spytech with inventing prosecution bars many years ago. But we are not asking for a bar here out of pride. Instead, it just makes good sense. We do not want someone at Espion to obtain knowledge of our proprietary technology and then later use that information in drafting or amending patent claims directed to our technology. We seek a bar that precludes anyone at Espion or any law firm representing Espion from drafting or prosecuting patent applications in the field of spy technology for a period of 10 years.

Judge: Espion, do you agree that I should modify the protective order to include a prosecution bar?

Espion Counsel: No, Your Honor. The default protective order already limits access to a party's confidential information. It also requires any person receiving the confidential information to use the information only for this proceeding and for no other purpose. Also, it seems unlikely that much, if any, of Spytech's confidential information will be shared in this proceeding.

Judge: What do you think of the proposed scope of the prosecution bar?

Espion Counsel: It is overly broad. For example, 10 years is way too long. Spy technology is changing so quickly these days that any technology we learn about today is likely to be obsolete well before the bar would expire. If you decide to enter a prosecution bar, it should be for a much shorter duration.

The proposed bar is also ambiguous because it is not clear what Spytech means by spy technology. Spies use many different types of technology that are also used for purposes other than spying, so the scope could be expansive and include many primarily non-spy technologies.

And if the only confidential information Espion shares is financial as opposed to technical in nature, there is no reason to invoke a bar at all. You can't get a patent on a collection of financial numbers, although I know that many patent trolls may disagree.

Judge: You raise some good points. Spytech, why do you think the existing protective order is not sufficient to protect your confidential information?

Spytech Counsel: I think you have to consider the relationship of the parties in this case. I mean, we *have* kidnapped their CEO three times now.

Espion Counsel: Three times?! Earlier you said it was two times and that you do not know where he is now!

Spytech Counsel: Uhhh, yes. Of course I meant to say two times. We have no idea where he is right now. [He winks at his henchwoman holding Gunnar as he says this. The henchwoman laughs and says, "Heh, good one, boss."]

Judge: Regardless of how many times you've kidnapped him, why does that mean a prosecution bar is necessary?

Spytech Counsel: Espion hates us and will do anything they can to get back at us. A prosecution bar will help prevent that from happening.

Judge: But if they will do anything to get back at you, what makes you think they will adhere to the prosecution bar and not the other protective order provisions?

Spytech Counsel: I cannot rely on them to adhere to any of the provisions, but since prosecution is a public activity, we can at least see if anyone subject to the bar is violating it. The other violations are likely to be done in secret.

Judge: Well I am not going to assume that anyone is going to violate a protective order. I understand your concerns, but they do not warrant imposing a prosecution bar here. Prosecution bars are typically entered to prevent the inadvertent use of confidential information, not to provide a public way to learn about violations. I do not mean to suggest that I will never enter a prosecution bar in a protective order. I am only saying that, based on the facts of this case and the reasons advanced here, I do not see the need for a prosecution bar.

Discovery Dispute – Deposition of Dr. E. Ville

Judge: Although we are at an early stage of the case, I understand that we already have a discovery dispute. What is that about?

Espion Counsel: Your Honor, in its petition requesting *inter partes* review, Spytech included a declaration from a Dr. E. Ville in an attempt to establish the publication date for the roller coaster advertisement. Now they are refusing to let us depose him. Deposing declarants is part of routine discovery, so there is no basis for blocking his deposition.

Judge: Spytech, deposing declarants *is* part of routine discovery. Why do you not want Dr. E. Ville to be deposed?

Spytech Counsel: Your Honor, the date of the roller coaster advertisement is already on the face of the document. We only submitted Dr. E. Ville's declaration to confirm that the date is accurate. Frankly, I don't think we even need his testimony. I think we should avoid the cost and inconvenience of his deposition when he is not adding anything that is not already there.

Judge: Well if you did not really need his testimony, why did you submit it?

Spytech Counsel: We wanted to make certain that there would be no doubt about the publication date of the advertisement. In any event, this seems to be turning into a larger issue than it should be. We will voluntarily withdraw Dr. E. Ville's declaration if it will avoid the need for his deposition.

Judge: Espion, what do you think about Spytech's proposal?

Espion Counsel: I think it should be denied for at least two reasons. First, since the declaration was part of the materials provided to the PTO with the petition, the PTO may have already relied on it when deciding to initiate this *inter partes* review. Removing it from the case at this point would raise questions about whether this proceeding should have been initiated in the first place.

Judge: And what is the second reason?

Espion Counsel: Well, given how hard Spytech is fighting to avoid Dr. E. Ville's deposition, it makes me think that Dr. E. Ville knows something unfavorable to Spytech's case. The more they want to avoid his deposition, the more I want to take it.

Judge: I am not going to rule in your favor because you have a suspicion that his testimony will be unfavorable to their case. However, I will rule in your favor because the declaration is already part of this proceeding and, as a declarant, his testimony is part of routine discovery. There may be instances where I would reach a different conclusion. For example, if the parties were to agree that the declaration would be disregarded and the deposition would not proceed, I would consider the other facts of the case and might grant the relief requested. Given the dispute here, though, I will order the deposition to proceed.

Espion's Request for Additional Discovery

Judge: Espion indicated in its pre-conference letter that it would like to seek additional discovery. Is that correct?

Espion Counsel: Yes.

Judge: Well, since we are in an *inter partes* review proceeding, additional discovery is only permitted if it is in the "interests of justice," which is a more difficult standard to meet than the "good cause" standard that applies in post-grant review and covered business method proceedings. As the AIA's legislative history indicates, "it is anticipated that ... [the] PTO will be conservative in its grants of discovery." Also, as you know, you may not file a motion to seek

additional discovery without first obtaining authorization from the Board. With all of this in mind, can you please explain what you are seeking and why I should grant you leave to file your motion?

Espion Counsel: Yes. We would like to compel a deposition of a third party named B. Esser. He is one of the people shown riding the roller coaster in the advertisement Spytech relies on as prior art. We have heard rumors that the pictured roller coaster was never built and that the image is fake. With think B. Esser can establish this fact for us.

Judge: Alright. As you may know, in IPR2012-00001, we identified five factors that bear on whether additional discovery will be authorized. Let's talk about each of those factors, as I want to get a sense of whether there is a reasonable chance you can meet them before we go through the full motion process.

The first factor is whether there is more than a mere possibility or a mere allegation that the discovery would be useful. The party requesting discovery should already be in possession of evidence tending to show beyond speculation that in fact something useful will be uncovered. And when we talk about something being useful, in this context we do not mean that the information is merely relevant or admissible. What we mean here is that the information will be favorable in substantive value to a contention of the party moving for discovery. Does the deposition of B. Esser meet this factor?

Espion Counsel: Yes, it does. Spy companies are notoriously secretive, but despite their quiet nature, we have heard rumors from multiple sources that the picture in the advertisement is fake. Establishing that it was staged calls into question the credibility of the entire advertisement and what it supposedly teaches those skilled in the art. So we have concrete information that is beyond speculation, and if we obtain the information we are told B. Esser has, it will help our substantive case on nonobviousness.

Judge: Spytech, what is your take on this?

Spytech Counsel: I disagree that this deposition meets this factor. For one, vague rumors like the ones Espion mentioned do not establish that *anyone* has the information they are seeking, let alone B. Esser. If general allegations of rumors

were sufficient to establish the need for discovery, then the rule would have such a low threshold that it would essentially have no meaning.

Next, Spytech is not relying on the roller coaster itself as being prior art. Instead, we are relying on what the advertisement taught to those skilled in the art. Whether the roller coaster itself was ever actually built is irrelevant to what the advertisement taught.

And finally, B. Esser cannot be trusted. He has been convicted of perjury six times. Even if he is deposed, his testimony will lack all credibility. It will be a waste of time for everyone.

Judge: I am not prepared at this stage to discount entirely the value of Mr. Esser's testimony based on prior perjury, but your first two points are interesting. Espion, will you be providing any declarations with your motion to establish that these rumors exist and how credible they are?

Espion Counsel: No, Your Honor. The spy community is very secretive and the spies who have told us these things do not want their identities known to anyone. It would blow their cover. All I can do is say that we have heard the rumors.

Judge: I understand. What about the second issue Spytech raised—that whether the roller coaster was actually built is irrelevant to what one of ordinary skill in the art would have understood from the advertisement?

Espion Counsel: If the picture had to be faked, it could raise several relevant questions. For example, if the reason it was faked is because the finest minds in the roller coaster industry were unable to figure out how to make it work, it would be very damaging to Spytech's obviousness case.

Judge: I see. I think I understand the parties' positions for factor one. Let's move on to factor two. This factor examines whether a party is seeking the other party's litigation positions and the underlying basis for those positions. This information is not necessary in the interest of justice, so if the requested discovery is just a pretext for learning the other party's litigation positions, I am not likely to grant the request.

Espion Counsel: As far as we know, B. Esser is not affiliated with Spytech in a way that he would know Spytech's litigation positions. And, in any event, we are not seeking his deposition to learn those positions.

Judge: Spytech, do you have a response?

Spytech Counsel: Your Honor, B. Esser was employed by Spytech for many years. In fact, he set the evil-spy record for perjury convictions while working for us. We featured his record in our marketing materials seeking to hire more evil spies, and his perjury record was actually a point of pride in the evil spy community. Well, maybe not the part where he was caught six times—getting caught is never a good thing—but certainly his willingness to help the evil cause.

More importantly for this case is that B. Esser worked closely with Spytech's legal team for a number of years. He knows how we litigate cases and many of Spytech's secrets. We think one of the main reasons Espion wants to depose him is to learn our case strategy here.

Judge: Espion, how do you respond?

Espion Counsel: Your Honor, just because B. Esser may have general knowledge about how Spytech litigates its cases does not mean that he has *any* information about how it plans to litigate this case. And given that this is one of the first *inter partes* review proceedings in history, it seems highly unlikely that he has any knowledge about how it will address this type of case, let alone this case in particular. The risk of him revealing Spytech's litigation strategy is zero or nearly zero, and as I mentioned before, this is not the reason we want to depose him.

Judge: Okay. I would now like to hear about factor three, which examines whether you are able to generate equivalent information by other means.

Espion Counsel: We have unsuccessfully attempted to identify the other people appearing in the advertisement. Even if we were able to identify another person, unless they are willing to cooperate, we would need an order compelling their deposition. We would end up in essentially the same position we are in now but we would be arguing about a different person. Also, we have heard that the roller coaster company did not want the world to know that the advertisement

was faked, so they destroyed all documents about it. Compelling a witness like B. Esser to testify is the only way we think we can obtain this information.

Judge: Spytech, do you have a response?

Spytech Counsel: Yes, Espion is once again relying on rumors to try to establish their need for this information. This time they claim that documents were destroyed. Next time, who knows what they will claim? The fact remains that this information, regardless of whether it exists or where it comes from, has no relevance to this case. Spytech should not have to bear the cost of preparing for and attending this irrelevant deposition.

Judge: Let's move on to the fourth factor. It concerns whether the request has easily understandable instructions. This factor primarily relates to written discovery, so this should be an easy one. But given how fiercely you have each been fighting every issue, I will not be surprised if this issue is no different. Spytech, let me start with you and see if we can dispose of this factor quickly. Do you contend that asking for a deposition is not an easily understandable instruction?

Spytech Counsel: In general, I do not. However, if the deposition occurs, I may have specific objections to instructions or questions raised there.

Judge: Certainly, and you are entitled to raise those objections at the deposition if it goes forward. It seems we can now address the fifth and final factor, which is whether the request is overly burdensome. For this factor, we consider the financial burden, the burden on human resources, and the burden on meeting the time schedule for this review. Counsel should ensure that requests are sensible and tailored according to a genuine need. Espion, what is your view on this factor?

Espion Counsel: The burden on B. Esser should be minimal, as we are only seeking that he appear for a short deposition and are not seeking documents from him. We will cover the cost of any expenses he incurs in attending the deposition. The burden on Spytech is also minimal. They simply need to show up and listen to what Mr. Esser has to say.

Judge: Spytech, what do you think?

Spytech Counsel: I think Espion is minimizing how burdensome an unnecessary deposition like this one can be. For example, Espion says the deposition will be short, but in the PTO rules, the default time limits for compelled testimony are seven hours for direct examination, four hours for cross-examination, and two hours for redirect examination. If the deposition approaches these time limits, it will need to occur over at least two days. Also, B. Esser speaks almost no English, so his deposition will need to occur through an interpreter, potentially lengthening the proceeding even further.

And the time at the deposition is only part of the issue. Spytech will need to spend time preparing to question Mr. Esser to make sure his testimony provides an accurate portrayal of events.

After the deposition occurs, there may also be additional unnecessary filings we will need to spend time and money to prepare. For example, we may seek to exclude his testimony. Even if we end up not seeking to exclude it, PTO rules permit a party to file observations on cross-examination for testimony that should be called to the Board's attention. Although the PTO's Patent Trial Practice Guide says these observations should include only a concise statement of the relevance of the testimony to an argument in the case, and that each observation should not exceed one short paragraph, preparing these filings requires careful consideration.

So the burden on Spytech extends well beyond the minor inconvenience painted by Espion.

Judge: Espion, would you like to respond?

Espion Counsel: Yes, Your Honor. We do not think Mr. Esser's deposition will extend more than one day, even if an interpreter is necessary. In fact, we are willing to stipulate to it. We propose cutting the default time limits in half, which provides three-and-a-half hours for direct examination, two hours for cross-examination, and one hour for redirect examination. With those limits in place, we should be able to complete the deposition in a single day.

I also understand that Mr. Esser regularly travels to the city where Spytech's legal counsel resides, so we could coordinate the deposition to occur when both Mr. Esser and Spytech's counsel are in the same place anyway. This would avoid unnecessary travel time and expense.

I would also like to remind everyone that Espion is not here by choice. Spytech chose to initiate this proceeding, so Spytech should not be heard to complain about the costs associated with a single deposition, which is a foreseeable result of its filing of this proceeding.

Judge: Thank you both for thoroughly addressing these factors. I am going to permit Espion to file its motion seeking additional discovery. This is not to say that the Board will grant the motion. You have both raised a number of things we will need to consider further after we receive the briefing papers.

As we did in IPR2012-00001, Espion's motion is due in seven days and is limited to 15 pages. Spytech, your opposition is due seven days after Espion files its motion, and your response is also limited to 15 pages. No reply brief is authorized. A written order memorializing this schedule will issue later today.

Vignette 2 Script

Roles for Vignette 2: Judge – Aaron Jones
 Espion Counsel – Wab Kadaba
 Spytech Counsel – Chad Pannell
 Expert for Spytech (Syd Cophant) – Jennifer Miller
 Court Reporter – Steven Wigmore

Setup

Court Reporter: It is Sunday, June 9, 2013, and 9:02 am. This is the deposition of Dr. Syd Cophant in the matter of Spytech v. Espion, IPR2012-007, inter partes review of U.S. Patent No. 7,000,007.

Espion Counsel: Will the Court Reporter please swear the witness?

Court reporter: Dr. Syd Cophant, do you?

Cophant: Totally.

Court reporter: For sure?

Cophant: Definitely.

Court reporter: Counsel, please proceed.

Espion Counsel: Good morning Dr. Cophant. My name is _____, and I'm going to be asking you a few questions today.

Cophant: Sweet!

Espion Counsel: OK. Let's talk a little bit about your background. Where did you go to college?

Cophant: I went to the Georgia Advanced Academic School for Learnin' 'bout Electronic and Electromechanical Stuff.

<GAA-Lee State slide>

Espion Counsel: GAA-LEE State?

Cophant: That's correct.

Espion Counsel: Did you get any advanced degrees?

Cophant: Yes. I have a masters and a PhD.

Espion Counsel: What were your degrees in?

Cophant: Marketing.

Espion Counsel: You can get a marketing degree at GAA-LEE State?

Cophant: Yeah. It's way easier than engineering. It's a lot harder than biology, though.

Espion Counsel: And chemistry too, right?

Cophant: Definitely.

Espion Counsel: You're a marketing major, you're not qualified to opine on ejector seats, are you?

Cophant: Au Contraire, Counselor, I have tremendous experience in the area. After I finished at GAA-LEE State, I made a bunch of contributions to the Mondale-Ferraro campaign, and scored myself a job at a contractor designing military ejector seats. I've designed dozens of ejector seats. In fact, the first thing I designed was the first ever helicopter ejector seat.

Espion Counsel: Really? Helicopters?

Cophant: Yeah. It was based on the same theory as the synchronization gear that allowed machine guns to shoot through propellers back in World War I and II.

<synchronization gear slide>

Espion Counsel: Very interesting. What did that end up in? The Apache?

Cophant: Um...no...we never went into production with it. We had some...um...difficulties when it came to testing. As it turns out, a person is a lot bigger than a bullet.

<synchronization gear with person>

Espion Counsel: Yikes.

Cophant: Yeah.

Espion Counsel: OK. I see you brought a document with you. What is that?

<expert report slide>

Cophant: This is a copy of my expert report.

Espion Counsel: Let's go through that.

Cophant: OK.

Espion Counsel: It says here that you are an expert in roller coaster seating. Is that right?

Cophant: That's correct.

Espion Counsel: Ok, and you say that a POSITA is someone with a Bachelor's Degree in Mechanical Engineering or an equivalent, and at least two years of experience in military- or espionage-related vehicle escape systems.

Cophant: That's right.

Espion Counsel: Now, you're familiar with the Ruff Reference?

<Ruff Slide>

Cophant: Very familiar.

Espion Counsel: It's your view that Ruff teaches all elements of the 007 patent except for the passenger restraint system?

Cophant: Yes.

Espion Counsel: And it's your view that the Roller Coaster Harness teaches the passenger restraint?

<Roller coaster slide>

Cophant: Yes.

Espion Counsel: And you think that it would have been obvious for a POSITA to combine the ejector seat of Ruff with the Roller Coaster Harness to arrive at the invention of Gunner because all people in this space love roller coasters, ride them often, and would recognize that a universal harness such as the Roller Coaster Harness is ideal for applications such as an ejector seat where the occupant must be held in place against forces that will come from all directions.

Cophant: You got it. Are we done?

Espion Counsel: Not quite. You also think that POSITAs in the field widely recognize a really hairy roller coaster, such as the Incredible Hulk, is directly analogous to a really good car chase followed by an ejection.

Cophant: Also correct.

Improper Invocation of Privilege

Espion Counsel: So, what is your favorite roller coaster?

Cophant: My favorite is the Wet n' Wild in Las Vegas.

<Wet n' Wild Slide>

Espion Counsel: Excuse me-did you say Wet n' Wild in Las Vegas?

Spytech Counsel: Um, counsel, it's been about an hour. I think it's time for a break.

Espion Counsel: It's been 5 minutes. It is not time for a break. And I have a question pending. This is absurd.

Spytech Counsel: She really has to potty. We need a break. Come on Syd, let's go.

Cophant: Ok.

<return from break>

Cophant: I misspoke. My favorite roller coaster is The Big Thunder Mountain Railroad.

<Big thunder mountain railroad slide>

Espion Counsel: Dr. Cophant, What did you talk about with your lawyer during your potty break?

Spytech Counsel: That's work product. Dr. Cophant, don't answer that question.

Espion Counsel: Dr. Cophant, are you going to follow your counsel's instruction not to answer?

Cophant: Yes.

Espion Counsel: Counsel, she changed her answer during a break, and I think it's clear that you instructed her to do so. I don't think you can claim work product protection for that discussion, and I believe we're going to need to get the patent

judge on the line right now to resolve this unless you plan on withdrawing your instruction.

Spytech Counsel: You're going to call the judge on Sunday? Good luck, jerk...er...counselor. My instruction stands.

Espion Counsel: Very well.

[Pick up phone and dial]

Judge <answering phone, holding baby, bonus points for looking ragged, having burp cloth and bottle>: Good morning counsel. What can I do for you?

Espion Counsel: Your honor, we seem to have a dispute here about a question. I asked the witness a question, and while the question was pending, opposing counsel demanded a break. After the break, the witness came back and changed her answer to a previous question. I believe counsel told the witness to change her earlier answer, which would totally discredit the witness, during the break, and I believe I'm entitled to explore their discussions during the break. Spytech's counsel instructed the witness not to answer any questions about the break.

Judge: Counsel for Spytech, response?

Spytech Counsel: Yes your honor, it's true that we took a break, and it's true that we discussed the question during the break. It's clear to me that Dr. Cophant misunderstood the question, and she returned and clarified her answer.

Judge: Well, counsel, this is really a highly suspicious situation, and the PTO does not allow witness coaching during breaks. However, because I am an omnipotent patent judge, I am aware of the subject matter of the question, and I think it's really secondary to the issues here. Her prior answer is on the record, along with her change, and we can see what happened. I'm not going to order Dr. Cophant to answer questions regarding her discussion during the break, so please just continue on with the merits of the deposition. But Spytech Counsel, the PTO frowns own obstructive behavior during depositions, and I will be watching you very closely for the rest of these proceedings.

Espion Counsel & Spytech Counsel: Thank you your honor. Sorry to bother you on a Sunday.

Improper Coaching

Espion Counsel: So, a moment ago you said that the Big Thunder Mountain Railroad was your favorite roller coaster.

Cophant: That's right.

Espion Counsel: Does it go upside down?

Cophant: No.

Espion Counsel: Does it have those twisty loops?

Cophant: No.

Espion Counsel: Is it one of those ones where you hang underneath it?

Cophant: No.

Espion Counsel: Is it the hairiest roller coaster you've ever been on?

Cophant: Yes.

Espion Counsel: It's your opinion that it's the hairiness of roller coasters that would cause a POSITA to combine, correct?

Cophant: Correct.

Espion Counsel: But the Big Thunder Mountain Railroad doesn't have any of the hairiness that you assert to be present in the Incredible Hulk, does it?

Cophant: No.

Espion Counsel: In fact, you have no idea how hairy the Incredible Hulk is, do you?

Spytech Counsel: Objection. Counsel, this line of questioning is making me angry. You wouldn't like me when I'm angry. For the record, I want to note that her personal knowledge of the hairiness of the Incredible Hulk is irrelevant. It's what a POSITA would know that's relevant, and she can easily tell from public

information that the Incredible Hulk is really hairy. Ask a better question or stop wasting our time!

Cophant: A POSITA would know from public information that the Incredible Hulk is really hairy. I mean, shoot, just look at those publicly available pictures! The expression on the riders' faces is so clearly one of "Whoa! This is totally hairy!"

Espion Counsel: Counsel, you are coaching the witness, and that answer should be stricken from the record. She's giving your answer, not hers.

Spytech Counsel: What? No way. That was totally her answer! It came out of her mouth, didn't it? GAWSH, you are just trying to pick fights today. Seriously, you need to go back to deposition school. In all my years of being a top flight lawyer, I've never had anyone complain about my perfectly legitimate objections before.

Espion Counsel: I've had enough. This is ridiculous. I'm calling the judge.

Spytech Counsel: Go for it. It sure worked out great for you last time.

[Call Judge]

Judge <picks up phone, now wearing apron and chef's hat and holding grilling tools. Bonus points for hilarious apron. Double bonus points for having hot dog on fork.>: Afternoon counsel. What can I do for you?

Espion Counsel: Sorry to bother you again your honor. We have another dispute here that we need some resolution on.

Judge: OK, well, there's no need to rehash the facts. I can read everyone's mind, and I heard the question. Espion Counsel, I'm not sure what kind of relief you would want me to grant here. The record is pretty clear as to what happened. But I will say that I'm starting to get concerned with Spytech Counsel's behavior. Counsel, if you want to lodge an evidentiary objection, then you may say objection, and that's it. We do not allow speaking objections in depositions before the PTO.

Spytech Counsel: But your honor...

Judge: Counsel, please don't interrupt me. I'm trying to grill some hot dogs and you're not helping. 35 U.S.C. § 116(a)(6) requires us to award sanctions for abuse of discovery. Under our rules—Rule 37 CFR § 42.12 to be specific—there are all kinds of things that can give rise to sanctions, including engaging in dilatory tactics, abusing discovery, or any other improper use of the proceeding. I can grant fees, find issues one way or the other, or enter an order preventing you from objecting to discovery.

Spytech Counsel: But your honor...

Judge: Counsel, I am very disappointed in your behavior before this tribunal. But I am also loath to award fees in this situation. I'm going to order you to keep all of your objections to a single word – and that word is “objection” – unless you are invoking privilege and instructing the witness not to answer. Any variation from this and I'm going to start thinking about an appropriate fee award. Am I understood?

Espion Counsel & Spytech Counsel: Yes your honor.

Redirect Outside Scope of Cross

Espion Counsel: I have nothing further.

Court reporter: Counsel – any redirect?

Spytech Counsel: Just a few questions. You remember being asked about the reason a person of skill in the art would combine Ruff with the Roller Coaster Harness?

Cophant: Yes.

Spytech Counsel: Are there any other reasons a POSITA would do so?

Cophant: Oh yeah! I can think of at least nine more reasons off of the top of my head. For example, persons of skill in the art really like to feel safe, snugly, and secure in their car seats...

Espion Counsel: Objection. This is outside the scope of any questions I asked. It needs to be stricken from the record.

Spytech Counsel: That's absurd counsel. You asked her about obviousness, and her report is full of references to what a POSITA would have done. And you asked her about her report. This is squarely within the scope of your examination.

Espion Counsel: Her report provides exactly one reason. I did not ask any questions about other reasons. You are trying to improperly expand her report.

Spytech Counsel: Whatever. Dr. Cophant, answer the question.

Espion Counsel: Dr. Cophant, don't answer the question. We're calling the judge.

[Call Judge]

Judge <picks up phone, now wearing party hat. Bonus points for martini glass.>: Evening counsel. Long time no talk. I really hope you're calling me to say you won't be able to make it to my party.

Espion Counsel: Your honor, Spytech's counsel is trying to ask questions on redirect that are outside of the scope of my examination.

Spytech Counsel: Nuh uh.

Espion Counsel: Yeah huh.

Judge: Counsel, please. I have heard the back and forth, and I can tell you that deposition practice in the PTO will not tolerate redirect outside the scope of the prior examination. If it isn't in her expert declaration, and it didn't come out during opposing counsel's examination, we are not going to allow it. Counsel for Spytech, move on. Counsel for Espion, any answer will be disregarded, and if Spytech counsel relies on anything in that answer in future proceedings, we will disregard it and consider an appropriate sanction.

Espion Counsel & Spytech Counsel: Thank you your honor.



**Trying Your Case in the PTO:
The New AIA Hearings and Proceedings Before the
Patent Trial and Appeal Board**

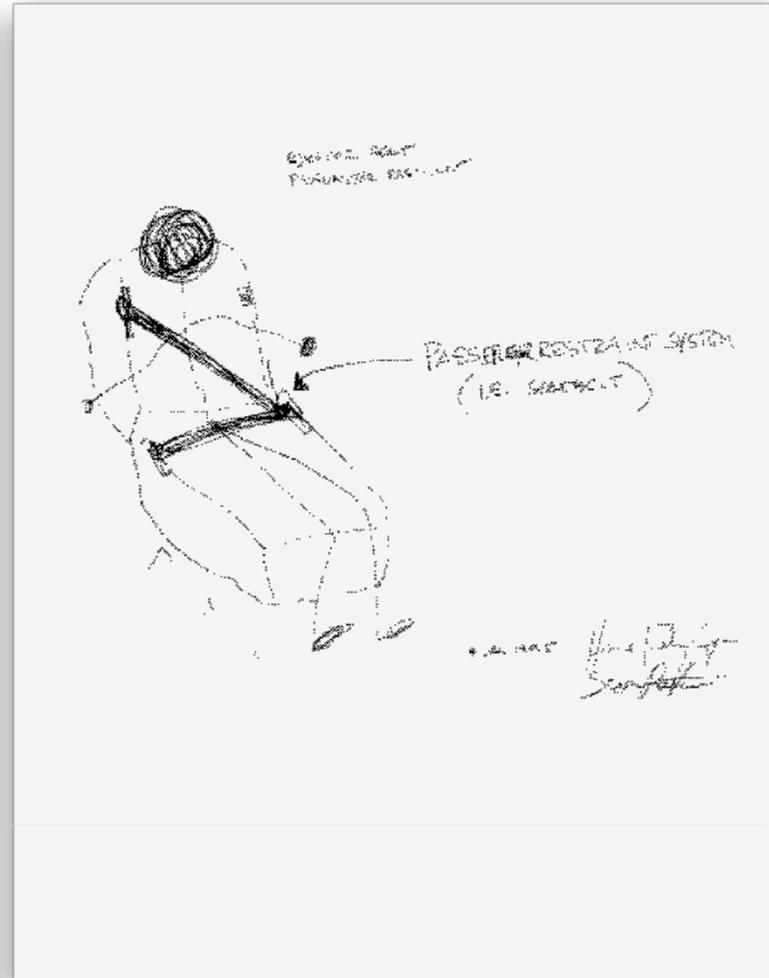
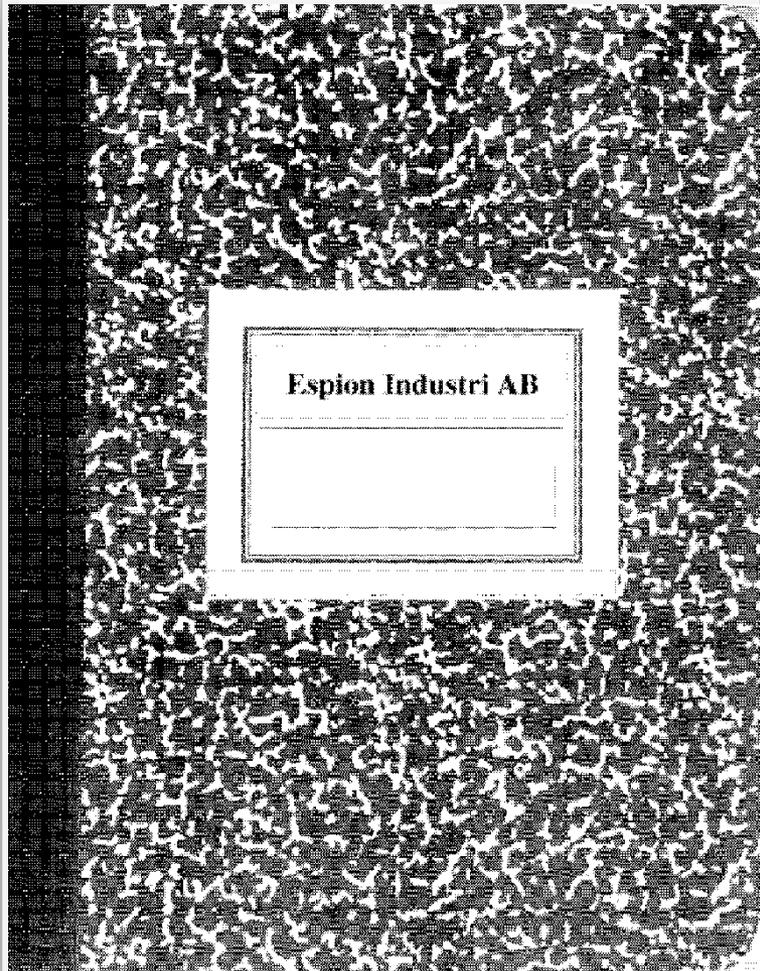
**Atlanta IP American Inn of Court
Pupilage Group 7
May 15, 2013**

International Super Spy Peter Gunnar



Peter Gunnar

Gunnar's Invention – Original Sketch in Lab Notebook



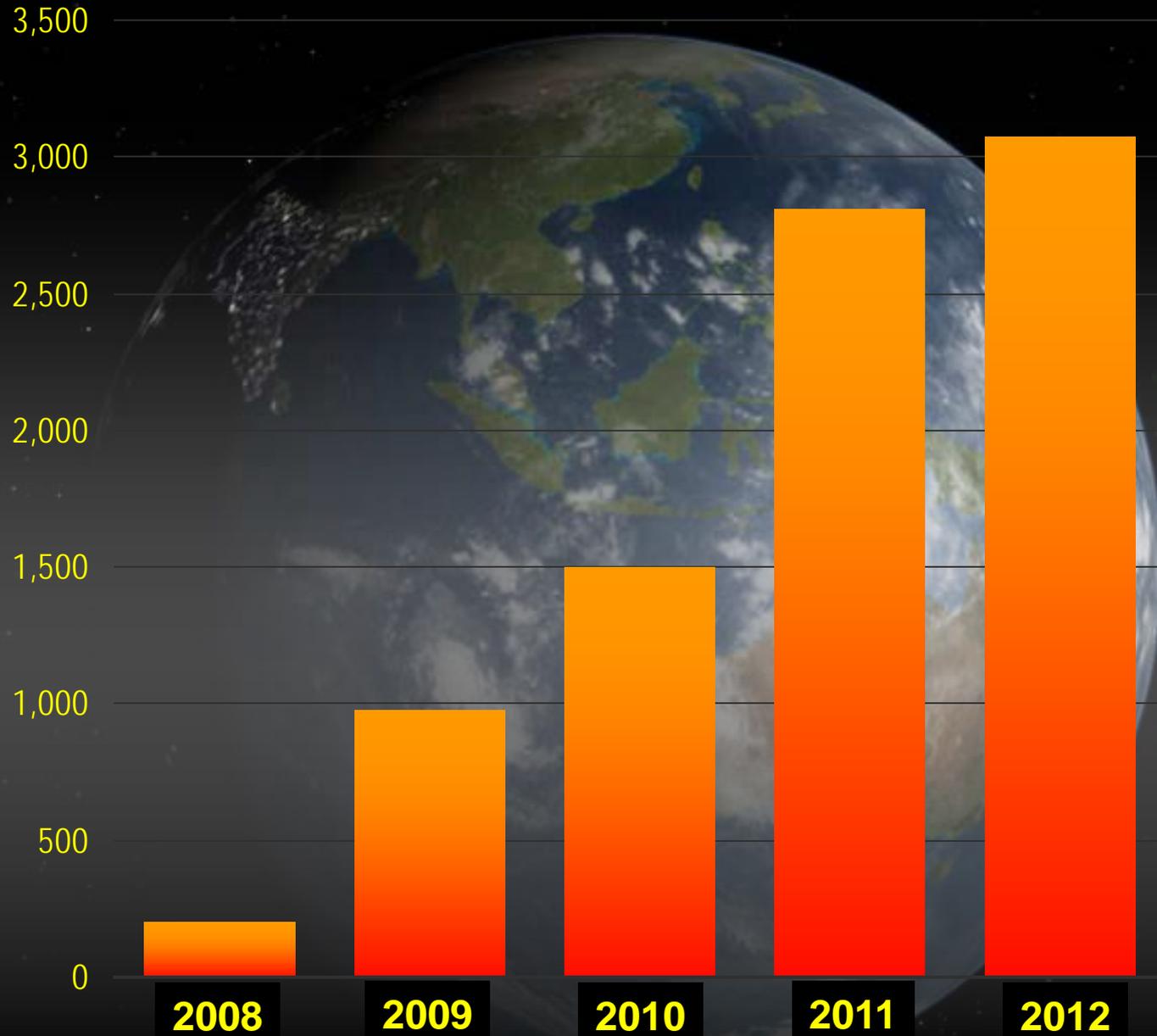
Gunnar's Invention – Improved Safety for Critical Applications



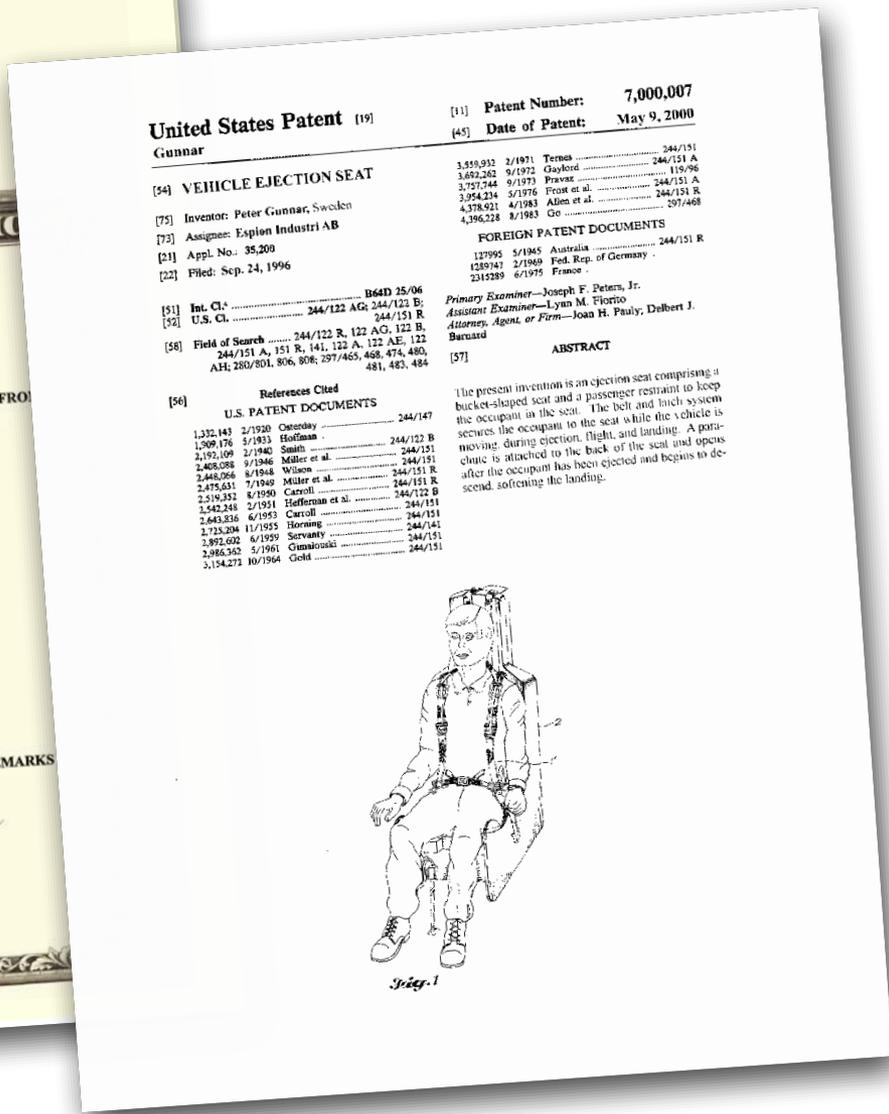
Protecting
Dignitaries And
Government
Officials Worldwide

U.S. Secret Service
duty vehicle with Easy
Ejector Seat from
Espion

Commercial Success of the Easy Ejector Seat: Global Unit Sales



Gunnar's Invention – Awarded Patent Protection



Wannabe Super Spy Brazen Golddigger



Brazen Golddigger

SpyTech's Allegedly Infringing Rejector 2005 System

SpyTech - Don't Dodge Bullets, Stop Them in Their Tracks!

File Edit View Favorites Tools Help

Address <http://www.spytech.com/rejector2005.htm>

SPYTECH

Own the Streets!

2005 Supercharged H2 With Rejector 2005

new!

- TorsoLock cage secures driver during high-speed maneuvers and during ejection
- Top quality parachute system
- Level IIIB armoring including all glass
- Run-flat and puncture-proof tires
- Optional smoke-screen emitter



Done Internet

Golddigger Stole Gunnar's Girlfriend

Gunnar's Ex-Girlfriend



Golddigger's New Favorite Client

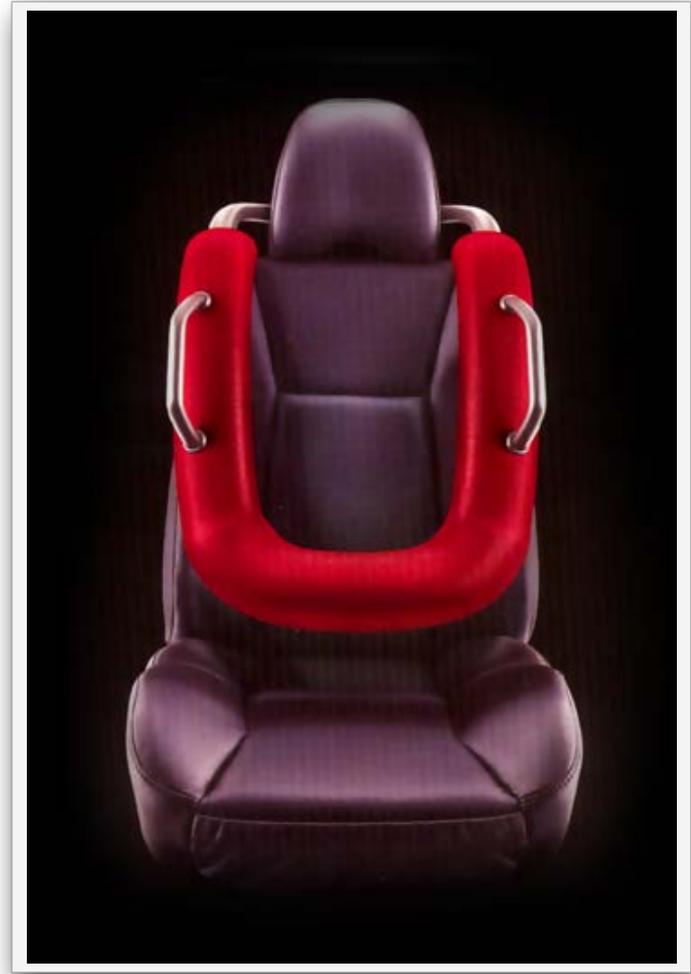


Kim Jong Un

The Rejector 2005 Is Similar to Gunnar's Invention



Fig. 1



Infringement Analysis: Claim 1 of '007 Patent

Claim 1

1. An ejector seat for use in a passenger vehicle, the seat comprising:

a removable portion of a vehicle floorboard;

a removable portion of the vehicle side panel;

at least one passenger seat mounted to the removable portion of the floorboard;

a passenger restraint system; and

at least one parachute.

SpyTech's Rejector 2005

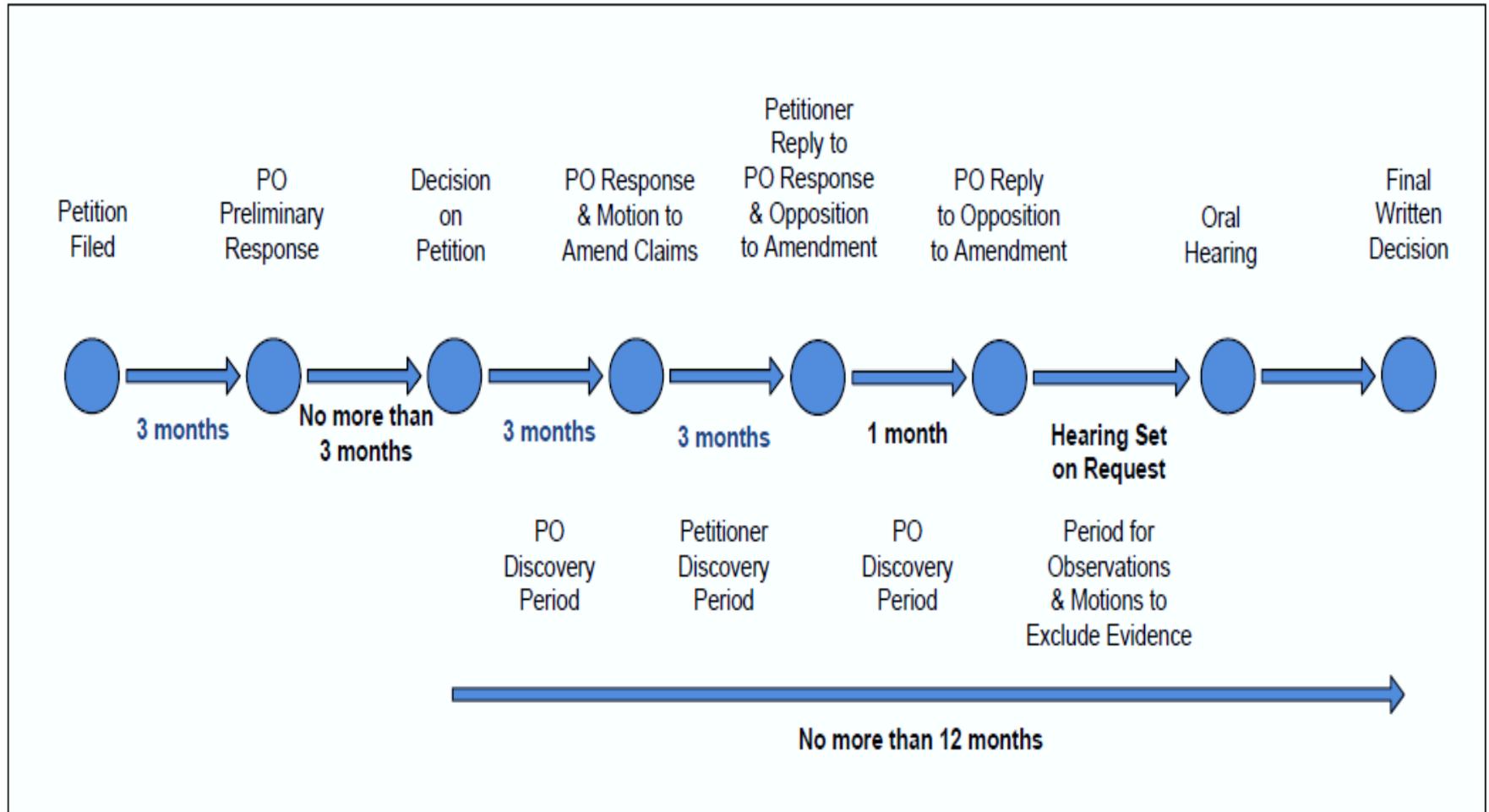


The screenshot shows a web browser window displaying the SpyTech website. The browser's address bar shows the URL <http://www.spytech.com/rejector2005.htm>. The website content features a large black SUV (the Rejector 2005) parked on a city street at night. The SUV is illuminated with yellow and green lights. To the left of the SUV, there is a red and black ejector seat mounted on a red and black floorboard. A red starburst graphic with the word "new!" is positioned above the seat. To the right of the seat, there is a small inset image of a yellow and blue parachute. The website text includes the following:

SPYTECH
Own the Streets!
2005 Supercharged H2 With Rejector 2005

- TorsoLock cage secures driver during high-speed maneuvers and during ejection
- Top quality parachute system
- Level IIIB armoring including all glass
- Run-flat and puncture-proof tires
- Optional smoke-screen emitter

Standard AIA Trial Timeline



UNIVERSAL Orlando RESORT

Email News

Ticket Prices

Overview

Islands of Adventure

- Marvel Super Hero Island ©
- Incredible Hulk Coaster ©
- The Amazing Adventures of Spider-Man ©
- Doctor Doom's Fearfall ©
- More Attractions
- Toon Lagoon ©
- Jurassic Park ©
- The Lost Continent ©
- Seuss Landing™
- Shopping
- Dining

Universal Studios Florida ©

On-Site Hotels

Universal CityWalk ©

Theme Park Tickets

Vacation Packages

Hot Deals & News

Park Hours and Events

Group Sales

Guest Services

Attractions [List All Attractions](#)



Marvel Super Hero Island® at Universal's Islands of Adventure® - Enter a gleaming comic book city where the world's greatest Super Heroes pit themselves against the world's most diabolical Super Villains in the ultimate battle of good versus evil.



Feel the Rage!

Something has gone wrong with Dr. Bruce Banner's gamma-ray accelerator. Suddenly you're launched from zero to 40 mph in two seconds flat! All you can do is hold on as an angry Hulk roar fills your ears and you smash through the sky on a high-speed roller coaster rampage.



RIDE IT ON THE WEB!

- ▶ **Quicktime**
Speed: [56K](#) [300K](#)
- ▶ **Windows Media Player**
Speed: [56K](#) [300K](#)



Buy Tickets Online & Save!

[Click here to learn more about the Benefits of Buying Online!](#)

Prior Art Incredible Hulk Rollercoaster



Prior Art '917 Patent



US006308917B1

(12) **United States Patent**
Ruff

(10) **Patent No.: US 6,308,917 B1**
(45) **Date of Patent: July 27, 1995**

(57) **ABSTRACT**

A motorized golf cart provided with an ejection seat which operates to protect the driver in the event of an appropriate emergency. When evacuating the vehicle is necessary, the driver firmly grasps handles at the base of the seat and triggers the ejection mechanism. Upon activating the ejection seat, the seat base is released from the frame of the golf cart and the driver is shot vertically into the air at a height sufficient to deploy the parachute contained in the back seat rest. The driver holds on to the seat handles until a comfortable distance from the ground.

(54) **GOLF CART EJECTION SEAT**

(75) Inventor: **Stephen Anthony George Ruff**,
Buckinghamshire (GB)

(73) Assignee: **Martin-Baker Aircraft Company, Limited**, Uxbridge (GB)

(*) Notice: Subject to any disclaimer, the term of this patent is extended or adjusted under 35 U.S.C. 154(b) by 0 days.

This patent is subject to a terminal disclaimer.

(21) Appl. No.: **09/525,434**

(22) Filed: **Jan. 4, 1994**

(30) **Foreign Application Priority Data**

Mar. 25, 1999 (GB) 9906987

(51) Int. Cl.⁷ **B64D 25/04**

(52) U.S. Cl. **244/122 AG; 244/141**

(58) **Field of Search** 244/122 R, 122 AG, 244/121, 141, 160; 280/728.1, 748, 749, 751; 297/464, 465, 487, 488

(56)

References Cited

U.S. PATENT DOCUMENTS

- 3,218,103 * 11/1965 Boyce .
- 3,623,768 * 11/1971 Capener .
- 3,713,695 * 1/1973 Von Wimmersperg .
- 3,981,518 * 9/1976 Pulling .
- 4,081,156 * 3/1978 Ideskar .
- 4,508,294 * 4/1985 Lorch .
- 4,592,523 6/1986 Herndon .
- 4,667,902 5/1987 Zenobi .
- 4,749,153 * 6/1988 Herndon .
- 5,067,671 * 11/1991 McIntyre et al. .
- 5,301,903 4/1994 Aronne .
- 5,498,022 * 3/1996 Papandreou et al. .
- 5,676,393 * 10/1997 Rose .

* cited by examiner

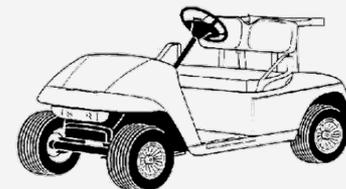
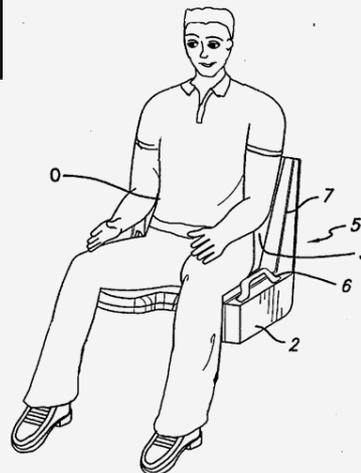
Primary Examiner—Charles T. Jordan
Assistant Examiner—Tian Dinh

(74) *Attorney, Agent, or Firm*—Fulwider Patton Lee & Utech, LLP

(57)

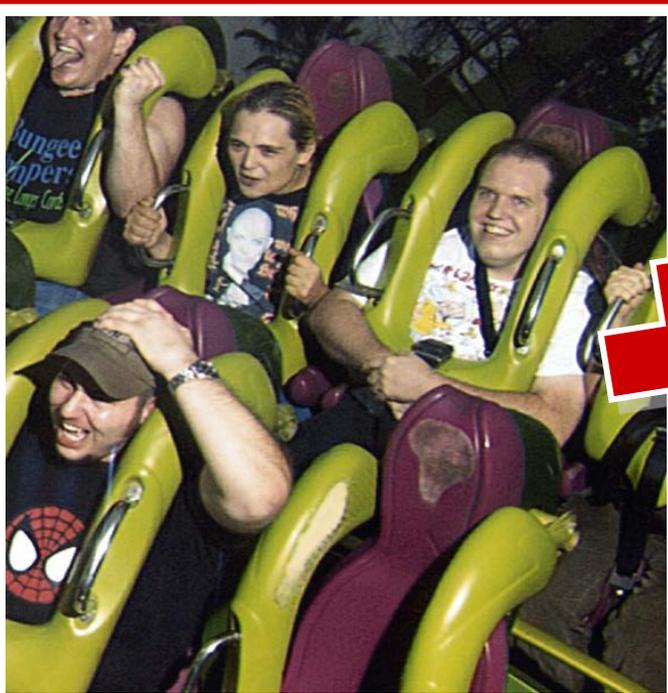
ABSTRACT

A motorized golf cart provided with an ejection seat which operates to protect the driver in the event of an appropriate emergency. When evacuating the vehicle is necessary, the driver firmly grasps handles at the base of the seat and triggers the ejection mechanism. Upon activating the ejection seat, the seat base is released from the frame of the golf cart and the driver is shot vertically into the air at a height sufficient to deploy the parachute contained in the back seat rest. The driver holds on to the seat handles until a comfortable distance from the ground.

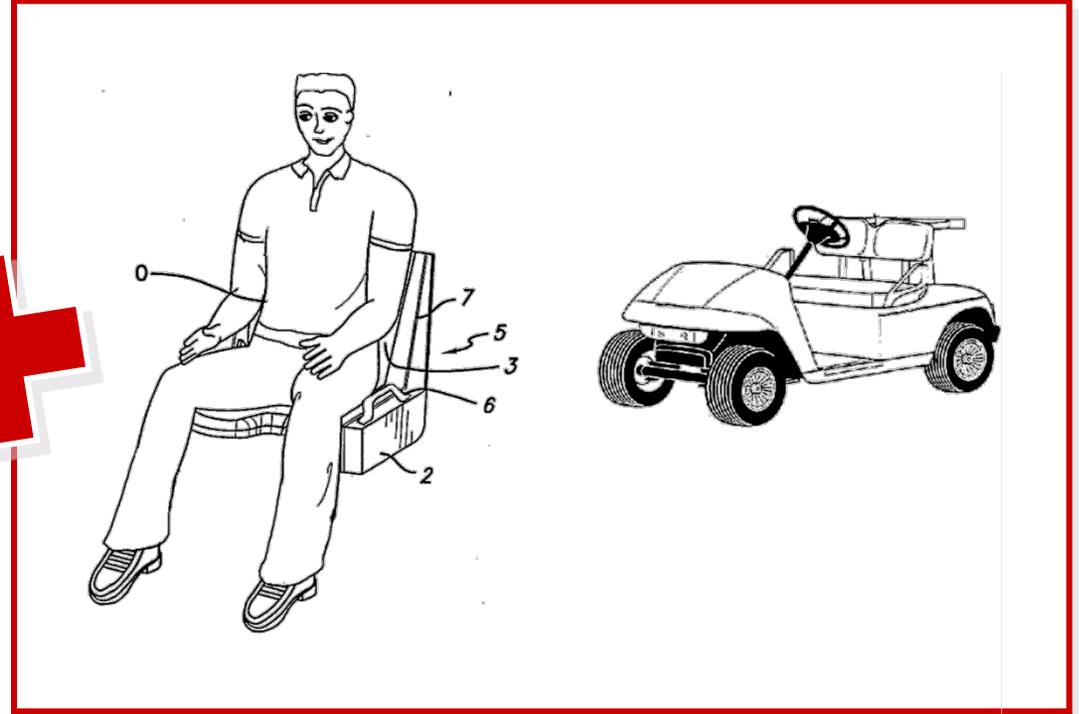


SpyTech's Petition for Inter Partes Review

Hulk Rollercoaster



'917 Patent

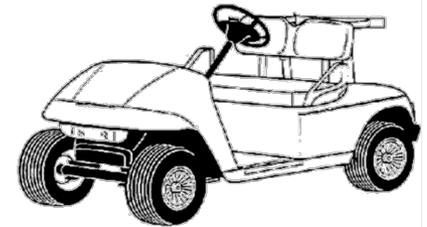
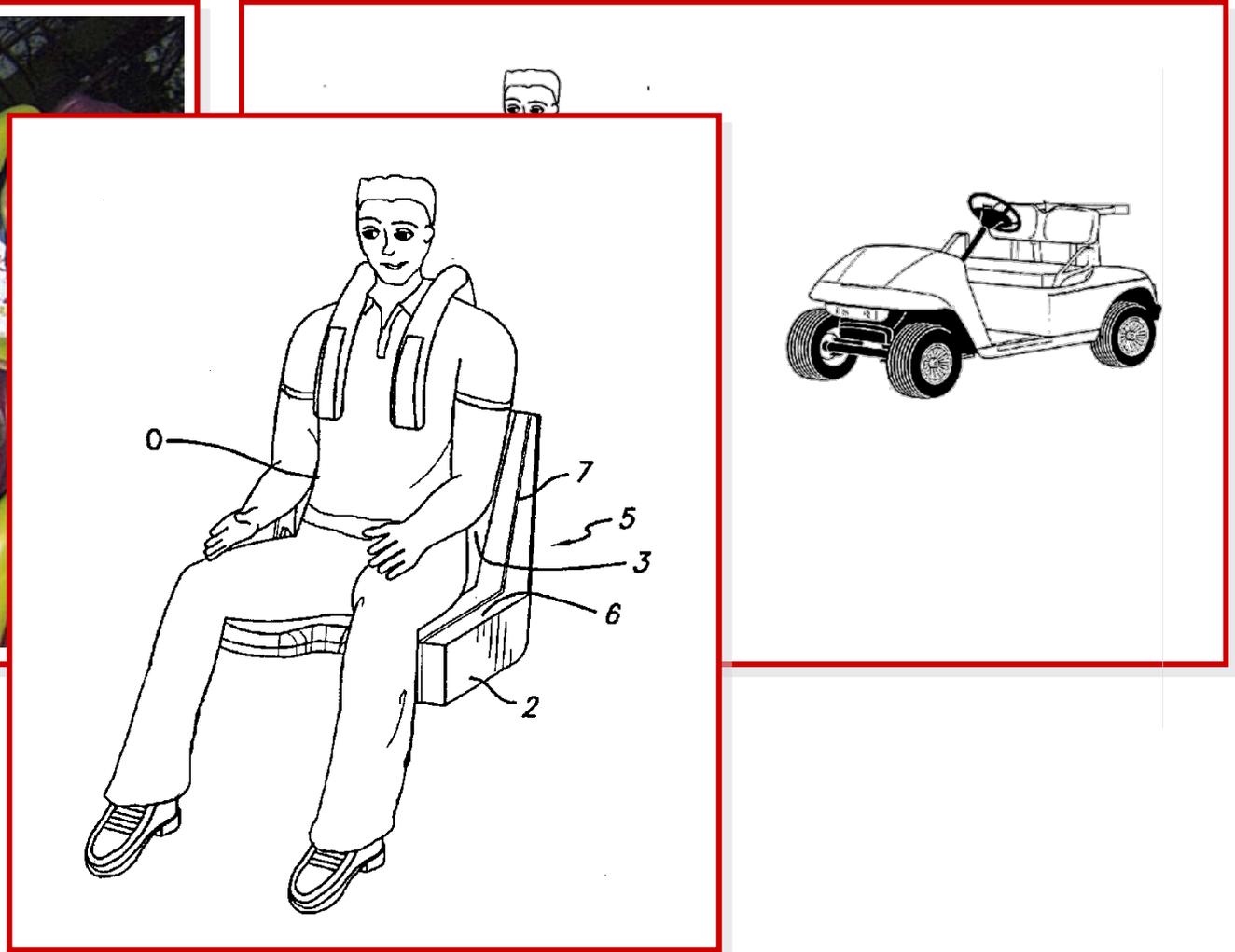


SpyTech's Petition for Inter Partes Review

Hulk Rollercoaster



'917 Patent



SpyTech Contends the '007 Patent Is Obvious

Hulk '917



'007 Claim 1

1. An ejector seat for use in a passenger vehicle, the seat comprising:

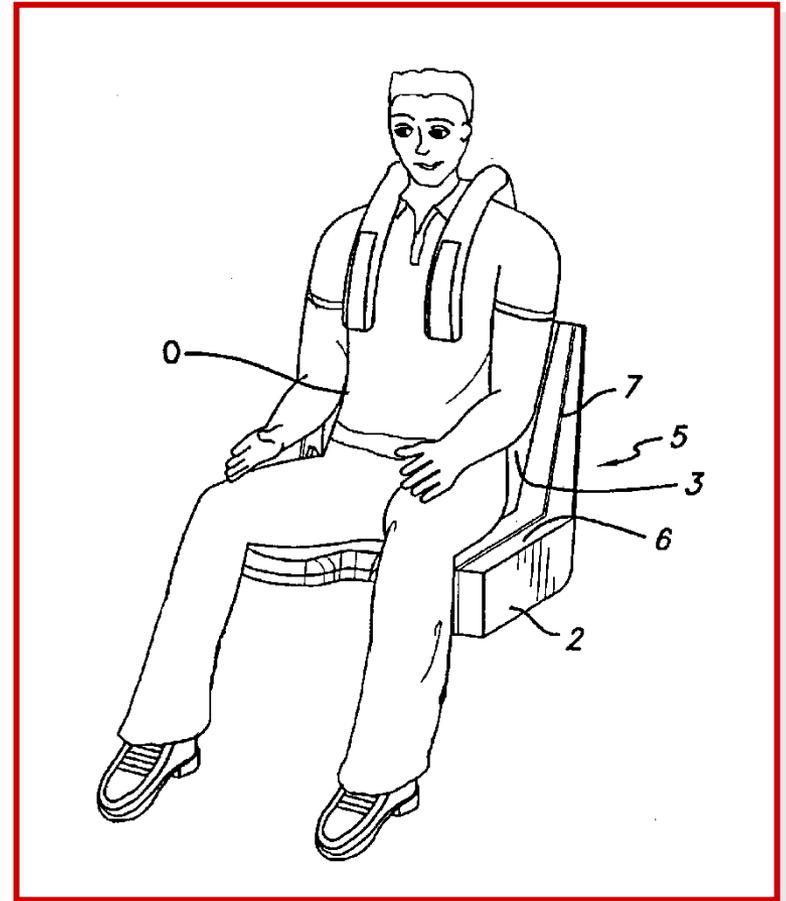
a removable portion of a vehicle floorboard;

a removable portion of the vehicle side panel;

at least one passenger seat mounted to the removable portion of the floorboard;

a passenger restraint system; and

at least one parachute.



Inter Partes Review Timeline

- December 22, 2012 – Spytech petitions for inter partes review of the '007 patent
- December 29, 2012 – PTO issues a Notice of Filing Date Accorded Petition and Notice for Setting the Time Period for Filing Patent Owner Preliminary Response
- March 17, 2013 – Espion elects not to file a preliminary response
- April 15, 2013 – PTO issues Decision to Initiate Trial for Inter Partes Review
- May 15, 2013 – Teleconference

Scheduling Issue - Extension of Time

Scheduling Issue - Early Claim Construction

Protective Order Issue - Prosecution Bar

Discovery Dispute - Deposition of Dr. E. Ville

**Discovery Dispute -
Espion's Request for
Additional Discovery to
Depose B. Esser**

Factors in Assessing Additional Discovery

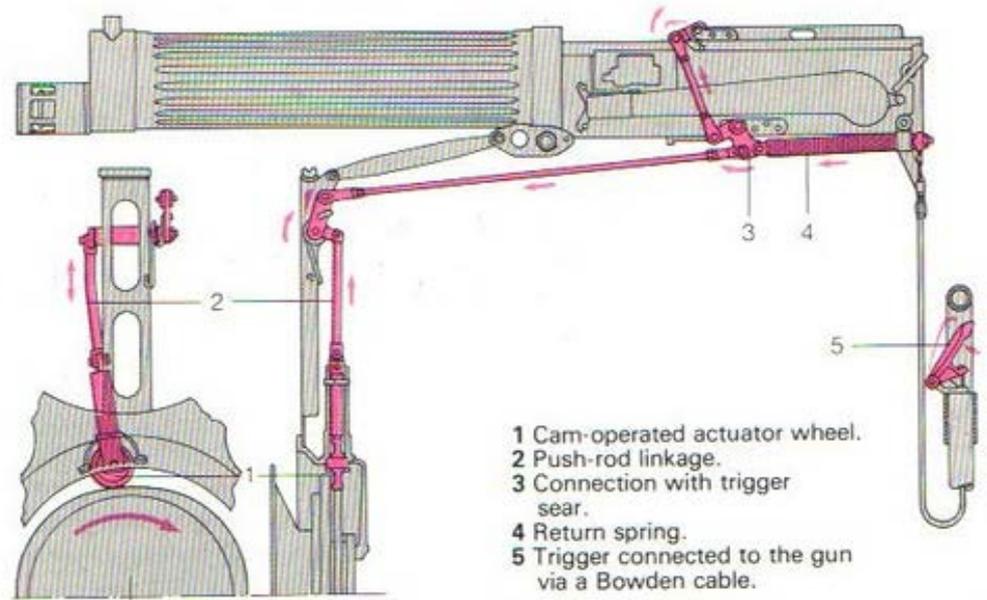
1. More than a mere possibility and mere allegation
2. Litigation positions and underlying basis
3. Ability to generate equivalent information by other means
4. Easily understandable instructions
5. Requests not overly burdensome to answer

Deposition Disputes

Gaa - Lee



Sopwith-Kauper interrupter gear





My Expert

Report!

By:

Sy Coplant

Prior Art '917 Patent



US006308917B1

(12) **United States Patent**
Ruff

(10) **Patent No.: US 6,308,917 B1**
(45) **Date of Patent: July 27, 1995**

(57) **ABSTRACT**

A motorized golf cart provided with an ejection seat which operates to protect the driver in the event of an appropriate emergency. When evacuating the vehicle is necessary, the driver firmly grasps handles at the base of the seat and triggers the ejection mechanism. Upon activating the ejection seat, the seat base is released from the frame of the golf cart and the driver is shot vertically into the air at a height sufficient to deploy the parachute contained in the back seat rest. The driver holds on to the seat handles until a comfortable distance from the ground.

(54) **GOLF CART EJECTION SEAT**

(75) Inventor: **Stephen Anthony George Ruff**,
Buckinghamshire (GB)

(73) Assignee: **Martin-Baker Aircraft Company, Limited**, Uxbridge (GB)

(*) Notice: Subject to any disclaimer, the term of this patent is extended or adjusted under 35 U.S.C. 154(b) by 0 days.

This patent is subject to a terminal disclaimer.

(21) Appl. No.: **09/525,434**

(22) Filed: **Jan. 4, 1994**

(30) **Foreign Application Priority Data**

Mar. 25, 1999 (GB) 9906987

(51) Int. Cl.⁷ **B64D 25/04**

(52) U.S. Cl. **244/122 AG; 244/141**

(58) **Field of Search** 244/122 R, 122 AG, 244/121, 141, 160; 280/728.1, 748, 749, 751; 297/464, 465, 487, 488

(56)

References Cited

U.S. PATENT DOCUMENTS

- 3,218,103 * 11/1965 Boyce .
- 3,623,768 * 11/1971 Capener .
- 3,713,695 * 1/1973 Von Wimmersperg .
- 3,981,518 * 9/1976 Pulling .
- 4,081,156 * 3/1978 Ideskar .
- 4,508,294 * 4/1985 Lorch .
- 4,592,523 6/1986 Herndon .
- 4,667,902 5/1987 Zenobi .
- 4,749,153 * 6/1988 Herndon .
- 5,067,671 * 11/1991 McIntyre et al. .
- 5,301,903 4/1994 Aronne .
- 5,498,022 * 3/1996 Papandreou et al. .
- 5,676,393 * 10/1997 Rose .

* cited by examiner

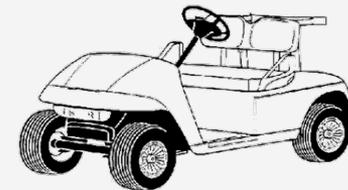
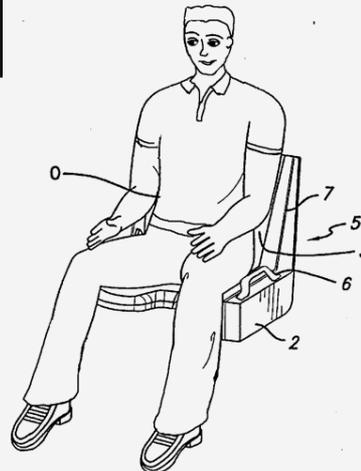
Primary Examiner—Charles T. Jordan
Assistant Examiner—Tian Dinh

(74) *Attorney, Agent, or Firm*—Fulwider Patton Lee & Utech, LLP

(57)

ABSTRACT

A motorized golf cart provided with an ejection seat which operates to protect the driver in the event of an appropriate emergency. When evacuating the vehicle is necessary, the driver firmly grasps handles at the base of the seat and triggers the ejection mechanism. Upon activating the ejection seat, the seat base is released from the frame of the golf cart and the driver is shot vertically into the air at a height sufficient to deploy the parachute contained in the back seat rest. The driver holds on to the seat handles until a comfortable distance from the ground.



...in the ultimate battle of good versus evil.



Feel the Rage!

INCREDIBLE HULK COASTER®

Something has gone wrong with Dr. Bruce Banner's gamma-ray accelerator. Suddenly you're launched from zero to 40 mph in two seconds flat! All you can do is hold on as an angry Hulk roar fills your ears and you smash through the sky on a high-speed roller coaster rampage.



RIDE IT ON THE WEB!

▶ Quicktime

Speed: [56K](#) [300K](#)

▶ Windows Media Player

Speed: [56K](#) [300K](#)







Thank You!

Recent Developments at the Patent Trial and Appeal Board

by

Jeff Watson, Andrew Strickland, and Jason Stach¹
Atlanta Intellectual Property American Inn of Court
May 15, 2013

The Patent Trial and Appeal Board (“Board”) has been busy overseeing *Inter Partes* Reviews and Covered Business Method Reviews since the America Invents Act (“AIA”) created those proceedings late last year. While the AIA left open many questions about how the Board would conduct these proceedings, recent decisions from the Board have resolved some of the questions related to the scope of discovery in AIA proceedings, the scope of review for covered business method patents, and how to address evidentiary issues. In Part I, we highlight some of the more notable aspects of the Board’s recent decisions regarding the scope of discovery in *inter partes* review. Part II explores some recent decisions regarding Covered Business Method Reviews.

I. Discovery in *Inter Partes* Review

a. *Garmin Int’l, Inc. v. Cuozzo Speed Techs. LLC*

In *Garmin Int’l, Inc. v. Cuozzo Speed Techs. LLC*, IPR2012-00001, Paper No. 26 (P.T.A.B. Mar. 5, 2013), the Board denied a motion by Cuozzo for additional discovery related primarily to secondary considerations of nonobviousness. Paper No. 26 at 3, 8.

In *inter partes* review, discovery is limited to what the PTO calls “routine discovery” and anything else that is “necessary in the interest of justice.” *See* 35 U.S.C. § 316(a)(5). The Board explained that the following five factors are important in determining whether a request for additional discovery is necessary in the interest of justice:

1. More Than A Possibility And Mere Allegation -- The mere possibility of finding something useful, and mere allegation that

¹ The authors are all attorneys in Finnegan’s Atlanta office.

something useful will be found, are insufficient to demonstrate that the requested discovery is necessary in the interest of justice. The party requesting discovery should already be in possession of evidence tending to show beyond speculation that in fact something useful will be uncovered.

2. Litigation Positions And Underlying Basis -- Asking for the other party's litigation positions and the underlying basis for those positions is not necessary in the interest of justice. The Board has established rules for the presentation of arguments and evidence. There is a proper time and place for each party to make its presentation. A party may not attempt to alter the Board's trial procedures under the pretext of discovery.

3. Ability To Generate Equivalent Information By Other Means – Information a party can reasonably figure out or assemble without a discovery request would not be in the interest of justice to have produced by the other party. In that connection, the Board would want to know the ability of the requesting party to generate the requested information without need of discovery.

4. Easily Understandable Instructions -- The questions should be easily understandable. For example, ten pages of complex instructions for answering questions is prima facie unclear. Such instructions are counter-productive and tend to undermine the responder's ability to answer efficiently, accurately, and confidently.

5. Requests Not Overly Burdensome To Answer -- The requests must not be overly burdensome to answer, given the expedited nature of *Inter Partes* Review. The burden includes financial burden, burden on human resources, and burden on meeting the time schedule of *Inter Partes* Review. Requests should be sensible and responsibly tailored according to a genuine need.

Id. at 6-7. Upon considering Cuozzo's discovery requests in light of these factors, the Board concluded that Cuozzo's motion did not meet the "necessary interest of justice standard" for any of its interrogatories, document requests, or its request for a deposition. *Id.* at 16-17.

Much of the Board's analysis focused on factor one—"More Than a Possibility and Mere Allegation." *See id.* at 7-13. As noted above, part of this factor focuses on whether the information will be "useful." *Id.* at 7. The Board explained that "[u]seful' in that context does

not mean merely ‘relevant’ and/or ‘admissible.’” *Id.* Rather, “‘useful’ means favorable in substantive value to a contention of the party moving for discovery.” *Id.*

A majority of Cuozzo’s requested items related to potential secondary considerations of nonobviousness. *Id.* at 8. However, the Board concluded that the motion lacked “a threshold amount of evidence or reasoning tending to show beyond speculation that the information to be discovered will be ‘useful’ to Cuozzo.” *Id.* For example, regarding a potential assertion of commercial success, the Board determined that Cuozzo did not show a sufficient nexus between the claimed invention and the discovery it sought. *Id.* The Board noted that Cuozzo did not account for the presence of other desirable features on Garmin’s products, such as vehicle navigation services. *Id.* at 8-9. The claims did not require providing these navigation services, and the Board reasoned that “if Garmin’s devices are navigational devices and if navigational assistance is a substantial and desirable feature, Cuozzo’s requests lack critical nexus with its claimed invention.” *Id.*

For failure of others, the Board explained that Cuozzo must show that “widespread efforts of skilled workers having knowledge of the prior art”—not just Garmin—failed to solve the problem. *Id.* Cuozzo failed to provide any evidence of this fact. *Id.* The Board also analyzed potential assertions of copying, long-felt need, and that Garmin charged an unusual premium for its navigation units on the basis of the allegedly infringing feature of those units. *Id.* at 10-12. The Board determined that Cuozzo failed to provide a sufficient threshold showing to support additional discovery on these topics. *Id.*

In considering factor two—“Litigation Positions And Underlying Basis”—the Board primarily examined Cuozzo’s Request for Production No. 5, which read: “Documents you intend to rely upon at trial or have provided or intend to provide to an expert witness or

declarant.” *Id.* at 13. The Board treated as a per se rule that “asking for the other party’s litigation positions and the underlying basis for those positions is not necessary in the interest of justice.” *Id.* Regarding testimony by a potential expert witness or declarant, the Board observed that its procedures already provide a timeline for identifying this information. It also said that Cuozzo would have the opportunity to cross-examine the witness regarding the testimony, but Garmin is not required to keep Cuozzo informed of its positions before it is ready to present them. *Id.*

Turning to factor three—“Ability To Generate Equivalent Information By Other Means”—the Board focused on Cuozzo’s potential assertion of a long-felt but unresolved need and its potential assertion that Garmin charged an unusual premium for the accused feature. *Id.* at 13-14. The Board noted that Cuozzo could rely on its own analysis of the state of the art, or on the opinions of independent analysts, to establish long-felt need, and that Cuozzo could conduct its own market survey to determine the price differential between Garmin products with and without the accused feature. *Id.* at 14. The Board also held that Garmin need not produce the file histories of prior art references relied upon by Garmin in its petition, as those are publicly available to Cuozzo. *Id.*

The Board quickly dismissed factor four—“Easily Understandable Instructions”—concluding that “the two-page instructions for interrogatories and the two-page instructions for document requests . . . are easily understandable.” *Id.*

Lastly, the Board considered factor five—“Requests Not Overly Burdensome To Answer.” It noted that compliance with Cuozzo’s discovery requests would require a “very significant expenditure of human and financial resources” by Garmin. *Id.* at 15. It based this conclusion on Garmin’s estimates of how many labor hours and how many dollar compliance

would cost. *Id.* The total cost estimate was \$52,500 to \$82,500. The Board also found that Cuozzo's document request directed to "Documents and Things you considered in preparing Your responses to patent owner's Interrogatories" was unduly broad. *Id.* at 16 ("The undue breadth of such a request is self-evident."). The Board also noted that "[t]here is no valid reason for such an all-encompassing demand." *Id.*

In addition to analyzing Cuozzo's requests for additional discovery in light of the five factors discussed above, the Board also addressed Cuozzo's attempt to label its discovery requests as routine discovery under 37 C.F.R. §§ 41.51(b)(1)(i) and 41.51(b)(1)(iii). *Id.* at 3-4. The Board noted that its authorization is not required for Cuozzo to conduct routine discovery, but held that Cuozzo's discovery requests did not qualify as routine. *Id.* The Board explained that Garmin was not required to provide the file histories of prior art patents relied on by Garmin in its petition for review, but rather was only required to provide copies of the patents themselves, as Garmin did not rely on the file histories of those patents in its petition. *Id.* at 3. The Board also disagreed with Cuozzo's construction of 37 C.F.R. § 41.51(b)(1)(iii) as including discovery requests "tailored to target information inconsistent with positions Garmin has taken in its Petition." *Id.* at 4. The Board explained: "Routine discovery under 37 C.F.R. § 41.51(b)(1)(iii) is narrowly directed to information *known to the responding party to be inconsistent* with a position advanced by that party in the proceeding, and not broadly directed to any subject area in general within which the requesting party hopes to discover such inconsistent information." *Id.* (emphasis added). The Board ultimately denied all of Cuozzo's requested additional discovery. *Id.* at 17.

b. *Microsoft Corp. v. Proxyconn, Inc.*

In *Microsoft Corp. v. Proxyconn, Inc.*, IPR2012-00026, 13-00109, Paper No. 32 (P.T.A.B. Mar. 8, 2013), the Board denied Proxyconn’s motion for additional discovery relating to the alleged commercial success of the claimed invention. Paper No. 32 at 2. Among other things, the Board determined that Proxyconn “failed to provide a sufficient showing that might establish the relevance of the additional discovery requested.” *Id.* at 5.

Proxyconn requested authorization to file the motion seeking additional discovery in a teleconference, noting that Microsoft refused to produce the requested information voluntarily. *Id.* at 2-3. In support of its request, Proxyconn said this information would show commercial success of a Microsoft product having a feature that infringed the patent under review. *Id.* In response, Microsoft said the product in question does not use the patented feature and that there were many other reasons to purchase the product besides the accused feature. *Id.* at 3. The Board expressed concern that a nexus was lacking between the claimed invention and the information sought. *Id.* Nonetheless, it authorized Proxyconn’s motion and required the motion to address nexus issue. *Id.* Proxyconn filed its motion and the Board issued its ruling.

The Board prefaced its analysis by noting that the AIA and rules implementing the AIA provide for limited discovery. *See id.* at 3-4 (citing 35 U.S.C. § 316(a)(5)(A); 37 C.F.R. § 42.51(b)). The Board also noted: “Additional discovery is available, but in inter partes review, only what is necessary in the interest of justice.” Paper No. 32 at 4 (citing U.S.C. § 316(a)(5)(B); 37 C.F.R. § 42.51(b)(2)). In light of the legislative history and time lines imposed by Congress for *inter partes* review proceedings, the Board stated it “will be conservative in granting leave for additional discovery.” *Id.* at 4.

Turning to the substance of its analysis, the Board began with the nexus requirement, stating that “[e]vidence of commercial success, or other secondary considerations, is only significant if there is a nexus between the claimed invention and the commercial success.” *Id.* (quoting *Ormco Corp. v. Align Tech., Inc.*, 463 F.3d 1299, 1311-12 (Fed. Cir. 2006)). The Board explained: “In order to establish a proper nexus, the patent owner must offer ‘proof that the sales were a direct result of the unique characteristics of the claimed invention -- as opposed to other economic and commercial factors unrelated to the quality of the patented subject matter.’” *Id.* at 4 (quoting *In re Huang*, 100 F.3d 135, 140 (Fed. Cir. 1996)). Moreover, the Board explained that, where the patent is said to cover a feature of a product, the patent owner must also show that the commercial success derives from the feature and that the feature falls within the claims. *Id.* at 5.

Applying the nexus requirement to Proxyconn’s request, the Board concluded that Proxyconn failed to provide a sufficient showing. *Id.* Whereas Proxyconn argued that a showing to establish the relevance of the additional discovery would be premature at the current stage in the proceedings, the Board held that a showing of relevance must be made before the request is granted. *Id.* It agreed with Proxyconn that “a *conclusive* showing of nexus is not necessary at this stage,” but declared that “*some* showing of relevance is necessary.” *Id.* (emphases added).

After analyzing the nexus requirement, the Board moved on to some of Proxyconn’s other contentions. *See id.* at 6-7. Proxyconn contended that the requested discovery was directed to “non-public information.” *Id.* at 6. The Board disagreed, noting that information sought by many of Proxyconn’s requests (e.g., pricing information, product reviews, marketing materials) should be publicly available to Proxyconn. *Id.*

Proxyconn also argued that its requests were “narrowly tailored.” *Id.* The Board again disagreed, finding that the requests were insufficiently focused, overly broad, and unduly burdensome. *Id.* Proxyconn further argued that a comparison of sales figures between a version of Microsoft’s product that did not include the relevant feature and one that did would provide evidence of commercial success. *Id.* at 7. The Board, however, was unconvinced, citing to Microsoft’s argument that the relevant Microsoft products have “thousands of features” and that many of Microsoft’s customers for these products “generally upgrade to the newest Microsoft offering regardless of need or the features of the new version.” *Id.* Based on these deficiencies, the Board denied the request for additional discovery. *Id.* at 8.

c. *LKQ Corp. v. Clearlamp, LLC*

In *LKQ Corp. v. Clearlamp, LLC*, No. IPR2013-00020, Paper No. 17 (P.T.A.B. Mar. 5, 2013), the Board dismissed, without prejudice, a motion to exclude certain exhibits submitted in support of LKQ’s petition for *inter partes* review. Paper No. 17 at 4. The Board determined that Clearlamp had not followed the proper procedures for objecting to and/or excluding evidence, and deemed the request premature. *Id.*

LKQ filed a petition to institute *inter partes* review of a Clearlamp patent, and Clearlamp filed a preliminary response to the petition. *Id.* at 1. In its response, Clearlamp asked the Board to exclude three of LKQ’s exhibits as inadmissible because they were unauthenticated web pages and were hearsay. *Id.* at 2.

The Board ruled that Clearlamp did not follow the proper procedures for objecting to and/or excluding evidence. *Id.* at 4. It explained that Clearlamp’s request to exclude certain exhibits is typically made in a motion to exclude, but those motions are not authorized until much later in a trial, if a trial is instituted. *Id.* According to the Board, an objection to evidence

submitted during a preliminary portion of a proceeding must be served within ten business days of institution of trial. *Id.* at 3. It must identify the grounds for the objection with sufficient particularity to allow correction in the form of supplemental evidence. *Id.* The party relying on the objectionable evidence has the opportunity to correct by serving supplemental evidence. *Id.* If the opposing party remains of the opinion that the evidence is inadmissible, the opposing party may file a motion to exclude the evidence. *Id.* Clearlamp did not follow those procedures here, but the Board left open the ability for Clearlamp to refile later if a trial was instituted.

II. Review of Covered Business Method Patents

a. *SAP America, Inc v. Versata Development Group, Inc.*

In *SAP America, Inc. v. Versata Development Group, Inc.*, No. CBM2012-000001, Paper No. 36 (P.T.A.B. Jan. 9, 2013), the Board granted SAP's petition to institute a covered business method ("CBM") review challenging the validity of Versata's U.S. Patent No. 6,553,350 (the '350 patent). In so doing, the Board held, among other things, that: (1) a petitioner sued for patent infringement has standing to challenge the patent's validity in a CBM review when a district court has entered judgment that is pending appeal; (2) CBM reviews apply to patents with claims that are financial in nature, incidental to a financial activity, or complementary to a financial activity; and (3) the validity of a patent may be challenged in a CBM review under Section 101 for lacking subject matter eligibility.

The '350 patent is directed to a method and apparatus for pricing products and services using a hierarchical arrangement of data. Information about purchasers is arranged in a hierarchy of purchaser groups based on characteristics of the purchasers, and information about products is arranged in a hierarchy of product groups based on characteristics of the products.

Pricing information and special pricing adjustments are associated with the purchaser groups and the product groups to determine the pricing of a particular product for a particular purchaser.

Versata sued SAP for infringement of the '350 patent and other patents. The case proceeded to trial, and a jury found infringement. SAP appealed the case to the Federal Circuit, but did not appeal the district court's claim construction or the validity of the '350 patent. While the appeal was pending, SAP filed a CBM review petition.

The Board addressed the threshold issue of whether SAP had standing to file the petition. A party has standing to petition for CBM review if the party has been sued for, or charged with, infringement of the patent and the party is not otherwise estopped from raising the grounds identified in the petition. *See* AIA §§ 18(a)(1)(B) and 18(d)(1); 37 C.F.R. § 42.302. In this case, Versata argued that SAP lacks standing because the term "sued for infringement" should be interpreted as requiring ongoing litigation. Paper No. 36 at 18. Since the judge in the underlying district-court case had already entered judgment, Versata claimed that litigation was not ongoing. *Id.* The Board dismissed this argument by taking a literal interpretation of the governing statute and regulation, concluding that ongoing litigation is not required. *Id.* If a party is sued for infringement, it may file a petition if not otherwise estopped from doing so, even if no litigation is pending. *Id.* Versata also argued that SAP's petition should be denied due to claim and issue preclusion. *Id.* The Board disagreed because preclusion requires a final judgment on the merits that "needs to be immune, as a practical matter, to reversal and amendment." *Id.* at 19. SAP's appeal to the Federal Circuit was still pending, so the district court's judgment did not meet this test. *Id.* The Board concluded that SAP had standing to file the petition. *Id.*

The Board then turned to whether the '350 patent is a CBM patent. The AIA defines covered business method patents as:

a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.

AIA, § 18(d)(1). Versata argued that since the claims of the '350 patent were not related to the financial services industry, the patent could not be the subject of a CBM review. The Board, however, looked to legislative history and the Patent Office's notice of proposed rulemaking and noted that "financial product or service" should be broadly interpreted and should include "activities that are financial in nature, incidental to a financial activity, or complementary to a financial activity." Paper No. 36 at 21-22. The Board noted that "[t]he term financial is an adjective that simply means relating to money matters." *Id.* at 23. The patent need not be related to the financial services industry. *Id.* According to the Board, since the '350 patent claims methods and products for determining a price, they are complementary to a financial activity and relate to monetary matters. *Id.* As a result, they are used in the management of a financial product or service and are subject to CBM review. *Id.*

The Board also addressed whether a party may challenge subject-matter eligibility under 35 U.S.C. § 101 in a CBM review. Although Versata argued that controlling precedent precluded § 101 challenges in a CBM review, the Board was not persuaded. *Id.* at 32-36. First, the Board stated its view that § 101 is one of the three sections that sets forth conditions of patentability and that § 101 invalidity challenges are proper affirmative defenses. *Id.* at 33. Second, the Board noted that Congress intended § 101 challenges to be included in CBM reviews. *Id.* at 33-35 (citing and quoting legislative history). Finally, the Board addressed the precedent cited by Versata and remarked that it was entirely consistent with the notion that § 101

is an invalidity defense. *Id.* at 35-36. The Board concluded that § 101 challenges are appropriate in a CBM review. *Id.*

b. *Liberty Mutual Insurance Co. v. Progressive Casualty Insurance Co.*

In *Liberty Mutual Insurance Co. v. Progressive Casualty Insurance Co.*, No. CBM2012-00002, Paper No. 10 (P.T.A.B. Jan. 23, 2013), the Board granted Liberty's petition to institute a CBM review for Progressive's U.S. Patent No. 6,064,970 (the '970 patent). In addition to determining that the prior art described by Liberty more likely than not would invalidate at least one claim of the '970 patent, the Board also determined that (1) the '970 patent was not a patent claiming a "technological invention" so it is a CBM patent; and (2) although Liberty submitted much of the same prior art in its CBM review petition that it submitted in an earlier *ex parte* reexamination against the same patent, Liberty's CBM review petition should still be granted.

The '970 patent is directed to methods for the administration and management of an insurance policy by adjusting insurance premiums based on monitored vehicle data. Paper No. 10 at 6. The specification of the '970 patent describes some embodiments where a sensor is placed within the vehicle, and the sensor collects data regarding the driving characteristics of the driver. *Id.* at 7. Progressive filed suit against Liberty, after which Liberty filed an *ex parte* reexamination request. *Id.* at 3. Progressive amended claims of the '970 patent and the PTO issued a reexamination certificate containing the amended claims. *Id.* at 6. After the reexamination certificate issued, Liberty filed a CBM review petition challenging the validity of the '970 patent.

The first issue the Board decided was whether the '970 patent could be subject to CBM review. As noted above, a patent is not subject to CBM review if it claims a "technological invention." AIA, § 18(d)(1). In assessing whether a patent claims a "technological invention,"

the Board noted that 37 C.F.R. 42.301(b) identifies the following consideration: “whether claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art; and solves a technical problem using a technical solution.” Paper No. 10 at 4. Progressive argued that since the ’970 patent discloses and claims inventions involving computers and sensors, it is a “technological invention” that cannot be the subject of a CBM review. *Id.* at 4-5. Progressive also compared the claims of the ’970 patent to a credit card reader, which was one example of a technological invention provided by the Patent Office. *Id.* at 5. According to Progressive, the claimed invention was at least as technological as the PTO’s exemplary technological invention. *Id.* at 5.

The Board, however, was not persuaded. The Board remarked that determining whether a patent is a CBM patent depends on its claims, and an entire patent is eligible for CBM review if it contains at least one CBM claim. *Id.* at 5-6. Reviewing claim 4 of the ’970 patent, the Board determined that the ’970 patent was not directed to a technological invention because claim 4 recites a method without a technological element (e.g., a computer or electrical sensor). *Id.* at 6-7. Although the specification and some claims of the ’970 patent recite a sensor, the Board found that the method of claim 4 does not. It recites:

4. A method of insuring a vehicle operator for a selected period based upon operator driving characteristics during the period, comprising, steps of:
generating an initial operator profile;
monitoring operator driving characteristics during the selected period; and
deciding a cost of vehicle insurance for the period based upon the operating characteristics monitored in that period.

According to the Board, a passenger sitting in the vehicle could perform the monitoring steps of this method. *Id.* at 7. As a result, the Board rejected Progressive’s argument and held that the ’970 patent is a CBM patent. *Id.* at 8.

After the Board reviewed the prior art Liberty submitted in its petition, it addressed Progressive’s argument that the Board should deny Liberty’s petition because the prior art in the petition was the same art Liberty submitted in its *ex parte* reexamination request. Paper No. 10 at 32. Progressive relied on 35 U.S.C. § 325(d), which states that the Patent Office has authority to reject a petition when the same or the substantially same prior art or arguments were previously presented to the Patent Office. *Id.* The Board noted that while they may reject a petition containing previously submitted prior art, it is not required to do so. *Id.* at 32-33. The Board observed that Liberty did not have the opportunity to submit arguments or evidence related to the amended and new claims of the ’970 patent, as it was an *ex parte* proceeding. *Id.* at 33. Also, one of the references asserted in the CBM proceeding was not part of the *ex parte* reexamination, and a preponderance of the evidence supported that it was more likely than not that at least one of the challenged claims was unpatentable in view of the art submitted in the CBM proceeding. *Id.* As a result, the Board held there were sufficient reasons to grant the petition and institute a CBM review. *Id.* at 34-35.

c. CRS Advanced Technologies, Inc. v. Frontline Technologies, Inc.

In *CRS Advanced Technologies, Inc. v. Frontline Technologies, Inc.*, No. CBM2012-00005, Paper No. 17 (P.T.A.B. Jan. 23, 2013), the Board granted CRS’s petition to initiate a CBM review for Frontline’s U.S. Patent No. 6,675,151 (“the ’151 patent”). In granting the petition, the Board held that the ’151 patent was a CBM patent and subject to CBM review.

The '151 patent generally relates to a human resource management. Paper No. 17 at 2. The patent describes “substitute fulfillment,” which assigns a substitute worker to replace an absent worker. *Id.* The '151 patent includes a preferred embodiment that assigns replacement workers for a bank. *Id.* at 3. In addition, claim 1 of the '151 patent is specifically directed toward replacing workers in a “retail bank.” *Id.* at 8.

A patent may be subject to a CBM review if it claims a method or apparatus “used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.” 37 C.F.R. § 42.301. Frontline argued that the '151 patent was not subject to CBM review because it was “neutral with respect to practice, administration, or management of a financial product or service,” and therefore not a CBM patent. Paper No. 17 at 7. The Board, however, determined that Frontline’s arguments did not take into consideration the legislative intent and history behind the definition of CBMs. *Id.* at 7-8. CBMs include activities that are financial in nature, incidental to a financial activity, or complementary to a financial activity. *Id.* The Board reasoned that since some claims of the '151 patent were directed to “retail banks” and others were broad enough to include retail banks and other financial institutions, the '151 patent was at least incidental or complementary to financial activity. *Id.* at 8-9. As a result, the '151 patent is subject to CBM review, and CRS’s petition could not be denied on grounds that the '151 patent was not a CBM patent. *Id.* at 9.