

1
2 IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

3
4 BEFORE THE PATENT TRIAL AND APPEAL BOARD

5
6 Valeo North America, Inc. and Valeo

7 Embrayages

8 Petitioner,

9 v.

10 Schaeffler Technologies AG & Co. KG

11 Patent Owner.

12
13 Case IPR2017-00442

14 U.S. Patent No. 8,573,374

15
16 TELEPHONE CONFERENCE

17 April 19, 2017

18
19 B E F O R E : JOSIAH COCKS, ESQ.

20 MICHAEL KIM, ESQ.

21 JAMES MAYBERRY, ESQ.

22
23
24 Reported by: MARY F. BOWMAN, RPR, CRR

25 Job No: 122641

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5 April 19, 2017

6 11:00 a.m.
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9 Telephone conference, held before
10 Mary F. Bowman, a Registered Professional
11 Reporter, Certified Realtime Reporter, and
12 Notary Public of the State of New Jersey.
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APPEARANCES:

On Behalf of Petitioners Valeo North America,
Inc. and Valeo Embrayages:

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BY: CARY KAPPEL, ESQ.

DAVID PETROFF, ESQ.

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2 (Conference commences)

3 JUDGE COCKS: Do we have counsel
4 for petitioner on the call?

5 MS. MANDRUSIAK: Yes, Lisa
6 Mandrusiak from Oblon representing
7 petitioner.

8 JUDGE COCKS: And do we have
9 counsel for patent owner?

10 MR. KAPPEL: Yes, Cary Kappel and
11 David Petroff for patent owner.

12 JUDGE COCKS: Thank you.
13 Who arranged for the court
14 reporter?

15 MS. MANDRUSIAK: Petitioner did.

16 JUDGE COCKS: All right, if you
17 would file a transcript of the call as
18 an exhibit when it becomes available.

19 MS. MANDRUSIAK: Yes, we will.

20 JUDGE COCKS: Mrs. Mandrusiak, I
21 believe you requested the call. Why
22 don't you fill us in, what you are
23 seeking.

24 MS. MANDRUSIAK: Thank you.
25 Petitioner is requesting leave to file

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2 a short reply to the patent owner's
3 preliminary response under 37 CFR
4 42.108(c).

5 I understand the canon of good
6 cause and good cause exists here to
7 allow a short directed reply because
8 patent owner has raised a legal
9 argument of first impression that could
10 not have been foreseen.

11 So to give a bit of background,
12 this petition is based on a 119(c) bar
13 to priority. Not to the propriety of
14 claiming priority under Section 119(a).

15 Section 119(c) is intended to
16 mirror Article 4-D-4 of the Paris
17 convention and it is intended to
18 prevent situations, exactly what we
19 have here, where Degler, a PTT
20 application filed by the patent owner,
21 was published eight days before the PTT
22 filing date of 374F patent, which is
23 the subject of this petition.

24 But because Degler's priority
25 document was the basis of Degler's

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2 priority claim, it has served as a
3 basis for claiming a right to priority
4 and thus section 119(c) applies to
5 prevent coverage of any identical
6 subject matter.

7 This, in and of itself, is an
8 argument of first impression. We do
9 not find any cases either at PTAB or
10 any courts applying 119(c) in this
11 particular scenario and we found no
12 cases since then.

13 In fact, patent owner did not
14 come up with any cases addressing
15 119(c) either, and as a result, have
16 added a new additional legal argument
17 combining the requirements of sections
18 119(a) and 119(c).

19 So, we would like to file a short
20 reply to address this new legal issue
21 of whether section 119(a) applies to
22 119(c) and to present arguments against
23 the 119(a) case law that patent owner
24 relies on in their preliminary
25 response.

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2 MR. KAPPEL: I would like the
3 opportunity to respond.

4 MS. MANDRUSIAK: I am not quite
5 finished, please, your Honor.

6 JUDGE COCKS: OK, go ahead.

7 MS. MANDRUSIAK: Thank you. I
8 just want to point out we could not
9 have foreseen that patent owner would
10 make these arguments because the
11 situation set forth in the petition
12 does not implicate section 119(a) at
13 all. Section 119(a) is directed to the
14 benefit of priority of foreign
15 applications filed within 12 months.

16 But 119(c) serves a important
17 purpose totally separate from 119(a)
18 preventing two patents from being
19 issued that are directed to the same
20 subject matter and is notably without
21 this 12-month limitation.

22 Thus, we cannot reasonably
23 anticipate that patent owner would
24 attempt to rely on case law that
25 addresses only on 119(a) in this 119(c)

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2 scenario.

3 The whole point is this 374
4 patent cannot claim the same material
5 is as ultimately claimed in the U.S.
6 counterpart of Degler and applying
7 119(c) prevents this from happening.

8 JUDGE COCKS: Just so I
9 understand, in your petition, you had
10 addressed issues surrounding 119(c) --

11 MS. MANDRUSIAK: Yes.

12 JUDGE COCKS: -- but you are
13 saying that the matter -- that new
14 matter of legal impression that you had
15 not anticipated to deal with 119(a), is
16 that it in a nutshell?

17 MS. MANDRUSIAK: That is it in a
18 nutshell, yes.

19 JUDGE COCKS: Mr. Kappel, why
20 don't you go ahead. What is your take?

21 MR. KAPPEL: Quite simply, the
22 entire basis of their petition is that
23 the Degler priority application would
24 have been a first filed application and
25 that we, therefore, should have claimed

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2 priority to it or we would not have had
3 a basis under 102(a).

4 Petitioner, in their petition,
5 did not cite single case in support of
6 their proposition which was that even
7 in a case where there are no common
8 inventors, 102 -- 119(c) applies.

9 This is not an issue of first
10 impression. We cited settled case law,
11 Vogel, CCTA, 1973, Boston Scientific,
12 Fed Circuit 2007, and even the MPEP,
13 all of which clearly state that the
14 existence of a foreign -- of an
15 application with different
16 inventorship, even though owned by the
17 same company, is irrelevant to this
18 issue, and in fact, Vogel is really
19 indistinguishable from this case.

20 Breaking down their argument,
21 they say this is a legal issue of first
22 legal impression from 119(c). Well, in
23 that case, they should have put that
24 evidence into their petition. And if
25 their argument is they did not foresee

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2 us arguing about 119(a) -- and honestly
3 I don't see how you can parse 119(a)
4 from 119(c) in this way and I don't
5 think that they clearly do that in
6 their petition anyway -- then they
7 should have addressed Vogel and Boston
8 Scientific and the MPEP.

9 What they have done is filed a
10 petitions, cited no case law, no
11 support on the issue, on the primary
12 issue here which is their contention
13 that merely by co-ownership, we are
14 barred by our priority. They cited
15 nothing. They waited for patent owner
16 to cite the relevant and settled case
17 law and now they seek a reply.

18 That, to me, is not good cause.
19 That argument should have been made in
20 their petition, and in this case, we
21 would be prejudiced because now they
22 are going to essentially get to put, in
23 the first instance, the arguments they
24 should have made in their petition in
25 reply to which we are not going to have

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2 an opportunity to respond.

3 So we oppose the request for
4 reply. To the extent they have
5 authority, they could have and should
6 have cited it in the, in their
7 petition.

8 We did not cite any issue of
9 first impression in our preliminary
10 response. We cited settled law that
11 has been settled since the 1970s.

12 So in our view, there is no
13 grounds for reply in this case.

14 JUDGE COCKS: I understand your
15 petition.

16 Ms. Mandrusiak -- I am going to
17 confer with my colleagues, but
18 Ms. Mandrusiak, do you have a response?

19 MS. MANDRUSIAK: Yes, I would
20 like to point out that the settled law
21 that they are referring to only ever
22 addresses section 119(a). So to the
23 extent their argument indistinguishable
24 from that situation, that is simply not
25 true, and we never have tried to

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2 characterize the argument that Degler
3 could have served as a priority
4 document for the 374 patent. As they
5 note, there is no common inventor, so
6 that would be a moot point and it is
7 outside of the 12-month window, so
8 Degler could never serve as priority
9 under 119(a), but that's not the point.

10 The 374 patent has valid patent
11 if to other subject matter as long as
12 subject matter is not also claimed by
13 U.S. counterpart of the 374
14 application.

15 And I would like to point out, we
16 can make our argument in, you know,
17 very small number of pages, three to
18 five pages, and if patent owner feels
19 that they require a surreply to our
20 reply, we have no objection to that.

21 JUDGE COCKS: Before I confer,
22 just so we have everything down, what
23 exactly are you asking -- how many
24 pages are you asking pour and how much
25 time are you asking for?

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2 MS. MANDRUSIAK: We could do it
3 in five pages within one week.

4 JUDGE COCKS: OK.

5 Mr. Kappel, if we were to permit
6 this filing and also permit a reply
7 from you, would you have objection in
8 that case or would you -- do you
9 maintain your objection to any reply?

10 MR. KAPPEL: We object to any
11 reply in this case. Their burden is to
12 establish the existence of prior art in
13 the petition. They have not done so.
14 And they should not have the
15 opportunity to now cite new authority
16 that they should have cited in their
17 petition.

18 If the board is inclined to give
19 them a reply, then we certainly would
20 request, in all fairness, to have a
21 surreply of equal length just as we
22 would have had in the -- as we should
23 have been able to do in the preliminary
24 response.

25 But our view, there is really no

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2 basis for reply here. The argument is
3 that the 102(c) argument, which we
4 didn't even address, they allege, they
5 should have made that in the petition.
6 And the 102 -- and the case law we
7 cited, again, I don't see how it is,
8 can be distinguished. I think it is
9 directly on point.

10 JUDGE COCKS: Just so I
11 understand, it is your position that
12 issues surrounding 119(a), the
13 petitioner should have anticipated
14 having to address those and/or the case
15 law that you cited before?

16 MR. KAPPEL: Yes. The case law I
17 cited is exactly the situation at hand
18 here.

19 JUDGE COCKS: OK.

20 MR. KAPPEL: As far as I could
21 say and this is settled case law, and
22 they should have addressed it in their
23 petition. And if there was no -- if a
24 case of first impression on 119(c) and
25 they have got some peculiar argument

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2 that parses 119(A) apart from 119(c),
3 then they should have made that in
4 their petition so that we could have
5 responded with the proper page limits
6 that we had in, you know, in our
7 preliminary response, and now we are
8 stuck with a one-week time period to
9 whatever this new legal argument they
10 have got and we get five pages when,
11 you know, we would have been able to
12 respond fully in our preliminary
13 response.

14 This is all foreseeable. None of
15 this is a recent case law or cases that
16 just came out. This is in the MPEP for
17 probably 30 years and this is 30-year
18 old case law and 2007 Federal Circuit.

19 JUDGE COCKS: Thank you. I think
20 I have heard what I need to. If the
21 parties stay on the call I will confer
22 with my colleagues and we will
23 determine how to proceed. Stay on the
24 call.

25 (Pause)

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2 JUDGE COCKS: Hello, this is
3 Judge Cocks. Ms. Mandrusiak, are you
4 still on the call?

5 MS. MANDRUSIAK: Yes, I am.

6 JUDGE COCKS: Mr. Kappel, are you
7 still on the call?

8 MR. KAPPEL: Yes, I am.

9 JUDGE COCKS: So we have
10 conferred and I will be honest, the
11 panel is a little bit intrigued about
12 the distinction that has been raised,
13 that you are raising, Ms. Mandrusiak,
14 between 119(a) and (c), what the legal
15 argument there is.

16 So because we are so early into
17 the period in which we have to decide
18 whether to institute trial, we are in
19 favor of granting a short reply.

20 We are going to permit three
21 pages due one week from now. That
22 would be due by the 26th of April, and
23 Mr. Kappel, we were also going to
24 permit you to file a three-page
25 response to that filing which will be

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2 due one week from whenever it is filed,
3 ostensibly on the 26th. But if it is
4 filed earlier, you will have one week
5 from that period to address whatever
6 the argument that's being made.

7 MS. MANDRUSIAK: Thank you, your
8 Honor.

9 MR. KAPPEL: Thank you.

10 JUDGE COCKS: Anything else to
11 address on this call today?

12 MS. MANDRUSIAK: Not on our end,
13 thank you.

14 MR. KAPPEL: No, your Honor.

15 JUDGE COCKS: We will generate a
16 short order indicating what we have
17 just permitted in terms of filing.

18 MS. MANDRUSIAK: Thank you.

19 JUDGE COCKS: Please file a
20 transcript of the call when it becomes
21 available.

22 MS. MANDRUSIAK: Yes.

23 JUDGE COCKS: With nothing else,
24 this call is adjourned.

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3 CERTIFICATE

4
5 I, MARY F. BOWMAN, a Registered
6 Professional Reporter, Certified
7 Realtime Reporter, and Notary Public do
8 hereby certify:

9 The foregoing is a true record of
10 the testimony given by in these
11 proceedings.

12 I further certify that I am not
13 related to any of the parties to this
14 action by blood or marriage and that I
15 am in no way interested in the outcome
16 of this matter.

17 In witness whereof, I have
18 hereunto set my hand this 1st day of
19 May, 2017.

20
21 _____
22 MARY F. BOWMAN, RPR, CRR
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