UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

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Case Nos. IPR2020-00545, 547, 549, and 551

Patent 6,877,528, Patent 10,029,283 B2, Patent 10,029,263, Patent 10,065,188

NANOCELLECT BIOMEDICAL, INC.,
Petitioner,

vs.

CYTONOME/ST, LLC
Patent Owner.

** REVISED **

TELEPHONE CONFERENCE

July 14, 2020

BEFORE: JUDGE LYNNE BROWNE
JUDGE WESLEY DERRICK
JUDGE ULRIKE JENKS
JUDGE JAMES WORTH
JUDGE JO-ANNE KOKOSKI
JUDGE SUSAN MITCHELL
JUDGE TIMOTHY GOODSON

JOB NO. 181713
Reported by:
DIANE RUGH, RMR, RPR, CRR, CCR No. 2399

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JUDGE BROWNE: Good afternoon. This is Judge Browne. On the line with me are Judges Worth, Derrick, Jenks, Kokoski, Mitchell, and Goodson. We are here for a pre-institution conference call for IPR2020-00545 through 551.

I'd like to get started with a roll call, so can you tell me who is on the line for Patent Owner?

MR. MOFFETT: Thank you, Your Honor. Daniel Moffett with the law firm Akin Gump is on the line for Patent Owner. This should just be me.

JUDGE BROWNE: Great.

And for Petitioner?

MR. ROSATO: Good afternoon, Your Honor. This is Mike Rosato for Petitioner. I may have some other folks on the line that can announce themselves.

MR. MILLS: This is Jad Mills.

MS. GREEN: And this is Lora Green.

MR. ROSATO: Your Honor, I was just going to say, we also have a court reporter on the line.

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JUDGE BROWNE: Yes. I was going to note that.

Mr. Rosato, are you going to be mainly speaking for Petitioner?

MR. ROSATO: Yes, Your Honor.

JUDGE BROWNE: Okay. We are here because of your request to enter an amended stipulation as an exhibit in these IPRs. So Petitioner, why don't you go ahead, you can start.

MR. ROSATO: Sure. Thank you, Your Honor.

Some background. On June 18th Petitioner NanoCellect filed a stipulation at District Court, and the purpose of that stipulation was to eliminate any instituted IPR grounds from the Delaware case and ensure that there is no overlap. That stipulation was filed already with the board as Exhibit 1048.

Then on July 1st, NanoCellect filed an amended stipulation with the District Court, and the amended stipulation simply confirms the scope of the stipulation that

there will be no overlap. In particular, NanoCellect stipulated that it will not raise at District Court any ground of challenge in an instituted IPR or any ground that reasonably could have been raised using the same grounds references or any references substantially the same as the grounds references.

And the stipulation as noted is even broader than the stipulation that was at issue in the board's recent Sand Revolution case. The amended stipulation also clarifies for the District Court that the scope of the District Court case had been streamlined in view of recent activity in the litigation. In particular, the District Court case has now been streamlined down to 20 asserted claims specifically identified by Patent Owner Cytonome, and those 20 asserted claims were only recently identified at the District Court on June 16th.

So our position is that the parties should be informing the board of such a

stipulation at the District Court, not hiding it from the board, obviously. And this is particularly important where the board is being asked to exercise its discretion based on the scope of the District Court litigation.

In view of that, it's our position the board should be aware of the amended stipulation and the recently limited scope of the litigation, and we request authorization to simply file a copy of the amended stipulation in the IPR cases.

JUDGE BROWNE: Okay. I think we understand your position.

Mr. Moffett, would you like to respond?

MR. MOFFETT: Yes. Thank you, Your Honor.

We've objected to the proposed submission on two grounds. First, we have a fundamental objection to the Petitioner essentially creating and submitting new exhibits after our preliminary response, and in fact in this case after a surreply

was filed, that could have been created and filed before the petitions were filed. We also object to the particular amended stipulation, which itself includes four exhibits, is really what amounts to an improper late attempt to further bolster the record here in the PTAB by making filings in the District Court.

With respect to our first objection, Your Honors, at the time the petitions were filed the NHK case addressing discretionary denial under 314(a) had already been designated precedential. Based on the timing of Petitioners' filing, the overlapping issues and the progress of the District Court, it was entirely foreseeable by Petitioner that a discretionary denial argument would be made by Patent Owner. In fact, the petitions include a section relating to I think what they referred to as a Statement of Non-Redundancy. Nevertheless, the Petitioner chose not to file a stipulation in the District Court or address this

overlap issue, although it could have.

Based on what Petitioner put in the petition and in fact what was not included in the petition, we relied on what was in there and not in there in filing our preliminary responses, which did devote a substantial amount of our word count to our discretionary denial argument.

Now, in the interim, the Fintiv decision did issue. It didn't change the precedent in NHK but it was intervening law, so when Petitioner asked for leave to file a reply, we did not oppose that. What we didn't agree to and what we were, frankly, surprised of and we don't believe was contemplated by the board's order was they then filed a stipulation at the District Court and filed it -- and used that reply opportunity to file that with the board.

We did have an opportunity to surreply, file a surreply, so we did address that stipulation. And as Mr. Rosato I believe pointed out or at

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least suggested, we pointed out that the stipulation itself did not resolve the overlapping issues problem.

So that brings us to where we are now, which is in response to our surreply, Petitioner filed an amended stipulation in the District Court which we don't believe resolves the overlapping issues. I don't think the intent here was to get into the substance, although Mr. Rosato did read some of the amended stipulation. You might have heard that it says -- stipulates to using the same grounds references or substantially similar references. We, frankly, don't know where that line is or isn't. So there are many problems with the amended stipulation itself.

But what we oppose is the fundamental process here of this sort of iterative effort to supplement the record to address our argument. From our perspective, Your Honors, it's unfair to allow a Petitioner to sit back and wait and see if a Patent

Owner is going to make what's an entirely foreseeable 314(a) argument in the preliminary response before taking any steps to avoid the overlapping issues. Essentially you're permitting this sort of post-petition effort, which complicates the proceedings as I think we're seeing today, but it also discourages Petitioners from trying to avoid overlapping issues by stipulating before the petition until their hand is forced by a Patent Owner in a preliminary response.

And all those concerns we have is compounded here where Petitioner is seeking to file a second stipulation in response to a surreply. We keep going on and on here. So we believe Petitioner should have addressed this, could have addressed it, could have filed a stipulation in the petition, and they get keep getting sort of multiple bites of the apple here. And we oppose the submission on that basis.

Briefly, our second objection is

really to the form and substance of their proposed submission. This amended stipulation includes sort of an additional tacked-on paragraph after the stipulation language, which is sort of the avenue to add four exhibits to that filing in the District Court. One of those exhibits is before the board already but three are not. And two of those exhibits in particular were in existence at the time the petition was filed. One of those was a brief that Petitioner filed in the District Court already. One is an order the District Court issued.

Frankly, there's no reason to have attached these exhibits to a stipulation in the first place. Moreover, the typical practice in this District Court is to reference a docket number for things that are already on the Court's docket, particularly Court's orders. And that's been the parties' practice throughout, including NanoCellect's practice here.

So in our view, tacking on these

exhibits to the amended stipulation in District Court is really a fairly transparent attempt to improperly supplement the record in the PTAB by making unnecessary filings in the District Court. And we object on that basis as well.

JUDGE BROWNE: Okay.

Petitioner, do you have a brief response to that?

MR. ROSATO: Yes, Your Honor. I'll keep it brief.

Obviously we'd have a different representation of events there, but there's -- here the relative timing is important. At District Court the asserted claims were limited two days before the filing of the original stipulation, so that's a very important factor both for the District Court and for the board. So filing a stipulation within short order of a very significant development at District Court is not surprising or even terribly -- it's just not terribly

surprising that it would make sense to clarify that development for the District Court. So there's no extra briefing or anything here, this is just simply a matter where Petitioner made a representation that it was not interested in having overlapping issues and they filed a stipulation to that effect.

The amended stipulation just clarifies the same intent and point. And if there's some I's that need to be dotted or T's crossed to ensure the objective all along here, that's all that's going on. And the amended stipulation directly weighs on the issue that's being put in front of the board.

JUDGE BROWNE: All right.

Patent Owner, before we confer, do you have again a brief response?

MR. MOFFETT: Thank you, Your Honor. Just simply to state that the timing issue, there were 42 claims at issue months before Petitioner filed, 42 claims over seven patents, months before

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Petitioner filed the original petitions. They got down to 20. This is not a massive intervening event that triggered the stipulation. What triggered this stipulation is clearly the robust 314(a) challenge and Patent Owner's preliminary response, which as we stated was entirely foreseeable. And we believe Petitioner did foresee it, they just wanted to avoid stipulating anything away as long as possible. And as we pointed out in the surreply, their stipulation does not even really achieve that because it doesn't resolve the overlap.

JUDGE BROWNE: All right, thank you.

We're going to go off the call for a minute, probably a couple minutes, and confer, and we'll be back.

(Short break.)

JUDGE BROWNE: This is Judge Browne, I'm back on the call.

We have conferred, and what we are going to do is we are going to authorize filing of the amended stipulation without

the exhibits. That way we can see the amended stipulation.

We are also very interested in the status of the counterclaims in these proceedings, and for that reason we are authorizing further briefing on that issue and only that issue. We will be granting -- I think we would start with Petitioner on this, and we would give you three days to respond and three pages. And once that response is filed then Patent Owner would have the same.

MR. ROSATO: Okay. Question on clarification, if I may, Your Honor. Is that three-day deadline three days from today or will the board be issuing a written order that sets the timing?

JUDGE BROWNE: This will serve as the -- we won't be issuing anything written. We would want you to reference this conference call.

MR. ROSATO: Understood, thank you.

JUDGE BROWNE: We can start the three days tomorrow.

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MR. ROSATO: That would be great.

JUDGE BROWNE: Any other questions?

MR. MOFFETT: Nothing further from Patent Owner.

JUDGE BROWNE: Okay. Thank you. We're off the record.

(Proceedings concluded at 1:23 p.m. PST)

C E R T I F I C A T E

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STATE OF WASHINGTON)
) ss.:
COUNTY OF SNOHOMISH)

I, DIANE RUGH, a Notary Public within and for the State of Washington, do hereby certify:

That I reported stenographically the proceedings in the above-referenced matter, that the transcript herein is a full and complete record.

I further certify that I am not related to any of the parties to this action by blood of marriage; and that I am in no way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my hand this 16th day of July, 2020.

Diane Rugh

DIANE RUGH, CRR, CCR #2399