

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Chongqing Yanmei Technology Co., LTD,

Petitioner,

v.

Terves, LLC,

Patent Owner.

IPR2023-00521
U.S. Patent No. 10,689,740

MOTION TO WITHDRAW EXHIBIT 2007

TABLE OF CONTENTS

TABLE OF AUTHORITIES	iii
EXHIBIT LIST	iii
I. INTRODUCTION	1
II. BACKGROUND	1
A. Patent Owner’s Preliminary Response	1
B. Patent Owner’s Response to Petition	3
C. Petitioner’s Deposition Notice	4
III. LEGAL STANDARD	4
IV. ANALYSIS.....	7
V. CONCLUSION.....	9

TABLE OF AUTHORITIES

Cases

Page(s)

<i>Unified Pats. Inc. v. Digital Stream Ip, LLC</i> , IPR2016-01749 (P.T.A.B. June 14, 2017)	5, 7
<i>Securus Techs., Inc. v. Glob. Tel*link Corp.</i> , CBM2017-00034 (P.T.A.B. Oct. 18, 2017)	6, 7
<i>Stride Rite Children’s Grp., LLC v. Shoes by Firebug LLC</i> , IPR2017-01809 (P.T.A.B. Jan. 16, 2019)	6, 7

Statutes

37 CFR § 42.51(b)(1)(ii)	<i>passim</i>
37 CFR § 42.53(d)(5)(ii)	4, 8

Other Authorities

Office Patent Trial Practice Guide, 77 FR 48756-01	5, 8
PTAB Consolidated Trial Practice Guide November 2019	5, 7

EXHIBIT LIST

Exhibit	Description
2001	Declaration of Mark Cohen
2002	Cohen Resume
2003	EO13817
2004	EO13953
2005	EO14017
2006	Komesaroff, Make the Foreign Serve China
2007	Declaration of Andrew Sherman
2008	Disclaimer in Patent under 37 CFR 1.321(a)
2009	Electronic Acknowledgement Receipt of Ex. 2008.
2010	<i>Terves, LLC v. Yueyang Aerospace New Materials Co. Ltd. et al.</i> , Case No. 1:19-cv-1611 (N.D. Oh.), ECF 134, Terves Motion for Summary Judgment
2011	<i>Terves, LLC v. Yueyang Aerospace New Materials Co. Ltd. et al.</i> , Case No. 1:19-cv-1611 (N.D. Oh.), ECF 134-21, Ecometal Invalidity Contentions
2012	<i>Terves, LLC v. Yueyang Aerospace New Materials Co. Ltd. et al.</i> , Case No. 1:19-cv-1611 (N.D. Oh.), ECF 144, Defendants Response to Motion for Summary Judgment
2013	<i>Terves, LLC v. Yueyang Aerospace New Materials Co. Ltd. et al.</i> , Case No. 1:19-cv-1611 (N.D. Oh.), ECF 178, Summary Judgement Order
2014	<i>Terves, LLC v. Yueyang Aerospace New Materials Co. Ltd. et al.</i> , Case No. 1:19-cv-1611 (N.D. Oh.), ECF 203, Judgment.
2015	<i>Terves, LLC v. Yueyang Aerospace New Materials Co. Ltd. et al.</i> , Case No. 1:19-cv-1611 (N.D. Oh.), ECF 219, Permanent Injunction Memorandum Opinion
2016	<i>Terves, LLC v. Yueyang Aerospace New Materials Co. Ltd. et al.</i> , Case No. 1:19-cv-1611 (N.D. Oh.), ECF 220, Permanent Injunction
2017	Medlin Declaration during Reexamination
2018	Swanger Declaration during Reexamination
2019	Redline from '653 patent to '740 patent
2020	Application Data Sheet for '740 patent
2021	Specification for '740 patent
2022	IDS for '740 patent

Exhibit	Description
2023	IDS signed for '740 patent
2024	IDS signed (second time) for '740 patent
2025	First Amendment for Ex Parte Reexamination
2026	'740 patent application as originally filed
2027	'838 Doud patent application as originally filed
2028	'838 Doud provisional application as originally filed
2029	Petitioner request for deposition and related correspondence
2030	Petitioner notice of deposition

I. INTRODUCTION

Pursuant to an email to the Board dated January 10, 2024, Patent Owner requests the Board to withdraw Patent Owner's Declaration of Andrew Sherman (Exhibit 2007) in its entirety. Patent Owner merely cited to Exhibit 2007 for the limited purpose of background information in its Response to Petition (Paper No. 18). Patent Owner does not rely on Exhibit 2007 as evidence for the institution grounds. Exhibit 2007 is not necessary for the furtherance of arguments by the parties and is not necessary for the Board to render a Final Decision. Therefore, in the interest of judicial economy and in lieu of producing the declarant for deposition, the Board should grant Patent Owner's request to withdraw Exhibit 2007.

II. BACKGROUND

Exhibit 2007 is not relevant evidence with respect to the grounds at issue in this proceeding and Patent Owner requests to withdraw Exhibit 2007.

A. Patent Owner's Preliminary Response

Patent Owner initially filed Exhibit 2007 with its Preliminary Response (Paper No. 7). In its Preliminary Response, Patent Owner cited to Exhibit 2007 a mere four times in its Background section and six times in its arguments for discretionary denial related to financial hardship of institution, which are no longer relevant once this proceeding was instituted. Paper 7 at 2, 4, 5, 20, 21, 25, 26. Additionally, the Board did not rely on or cite to Exhibit 2007 in its decision to

institute proceedings. Paper 14. More than two citations to Exhibit 2007 related to duplicate or similar information. Paper 7 at 2, 20. Multiple citations to Exhibit 2007 also included support and citations to other Exhibits. Paper 7 at 2, 25.

For example, Exhibit 2007 supported background statements such as: “Terves built the first secondary magnesium processing plant in 50 years in the United States, dedicated to manufacturing, among other things, the claimed invention of the ’740 patent,” which was stated twice in the Preliminary Response, and “While Terves knows the magnesium and oil/gas markets well, Terves never knew or heard of Petitioner until Petitioner filed this IPR.” Paper No. 7 at 2, 5, 20.

Exhibit 2007 also supported financial hardship statements such as: “Though the Petition has no substantive merit, instituting trial would deplete Terves’ crucial funds, resources, time and attention that Terves should instead devote to expanding its plant and marketplace footprint, to help our nation address the National Emergency” and “Instituting trial would magnify Terves’ costs of operation with litigation expenses and distractions.” Paper No. 7 at 21, 25.

Patent Owner did not cite to Exhibit 2007 for any substantive arguments of patentability. Additionally, any arguments related to discretionary denial are now moot since the Board did not exercise discretionary denial and instead instituted proceedings. Moreover, the Board did not rely on or cite to Exhibit 2007 in its decision to institute proceedings. Paper 14. As it stands, Exhibit 2007 still has no

bearing on arguments of patentability nor to any grounds at issue in this proceeding. The Board should grant Patent Owner's request to withdraw Exhibit 2007.

B. Patent Owner's Response to Petition

In its Response to Petition (Paper No. 18), Patent Owner cited to Exhibit 2007 only three times in its Background section. Paper 18 at 2, 4. Each of the three statements made in the Response to Petition are identical statements that were first made in the Preliminary Response. *See* Paper 7 at 2, 4 and Paper 18 at 2, 4. Below are the three statements that cite to Exhibit 2007:

- (1) Terves built the first secondary magnesium processing plant in 50 years in the United States, dedicated to manufacturing, among other things, the claimed invention of the '740 patent. Paper 18 at 2.
- (2) Terves produces numerous magnesium finished commercial products, including products for frack ball/plugs and other oil and gas tool components. Paper 18 at 2.
- (3) Terves was the first company in the world to develop dissolvable cast magnesium formulations that formed better fracking tools than any other tool in the market. Paper 18 at 4.

As is evident, none of these statements pertain to the patent at issue in this proceeding let alone to substantive arguments of patentability. Arguably, the information supported by Exhibit 2007 could be considered public information. As

it stands, Patent Owner merely cited to Exhibit 2007 for the limited purpose of background information, which is not necessary for the furtherance of arguments by the parties and is also not necessary for the Board to render a Final Decision. The Board should grant Patent Owner's request to withdraw Exhibit 2007.

C. Petitioner's Deposition Notice

Petitioner contacted Patent Owner for a deposition of Andrew Sherman. Ex. 2029. Because Patent Owner did not rely on Exhibit 2007 for any substantive issues and in the interest of judicial economy, Patent Owner informed Petitioner that Patent Owner would not rely on Exhibit 2007 as evidence in this proceeding and would withdraw Exhibit 2007 if necessary. Ex. 2029. Petitioner refused, instead responding with a unilateral notice of cross examination.¹ Ex. 2030. Pursuant to Patent Owner's correspondence to the Board, Patent Owner now submits this request to withdraw Exhibit 2007.

III. LEGAL STANDARD

Cross examination is permitted for "affidavit testimony prepared for the proceeding." 37 C.F.R. § 42.51(b)(1)(ii). The scope of cross examination is "limited to the scope of the direct testimony." 37 C.F.R. § 42.53(d)(5)(ii). Unlike other

¹ It is noted that Petitioner also refused to identify the relevance of the testimony in Exhibit 2007 despite several inquiries by Patent Owner. Ex. 2029. Given the extremely limited scope of Exhibit 2007, therefore, the purpose of the requested deposition seems to be merely to get testimony beyond the scope of Exhibit 2007 or to harass the declarant and drive up costs of this proceeding (which Patent Owner admitted as being a hardship in Exhibit 2007), none of which should be permitted.

litigation, discovery in a PTAB trial is focused on what the parties “reasonably need” to respond to the grounds raised by an opponent and the scope of the trial “continually narrows.” Office Patent Trial Practice Guide, 77 FR 48756-01.

If a trial is instituted, a patent owner may choose not to rely on testimony submitted with the preliminary response and, in such case, the patent owner can withdraw the testimony in the patent owner response. PTAB Consolidated Trial Practice Guide November 2019 at 51. If a patent owner withdraws a declaration submitted with its preliminary response, that declarant will usually not be subject to deposition on the withdrawn declaration. *Id.*

Even if a Patent Owner does not immediately request to withdraw a declaration after institution, the Board can authorize withdrawal of a declaration that would otherwise subject its declarant to cross examination in lieu of producing the declarant for deposition. *See Unified Pats. Inc. v. Digital Stream Ip, LLC*, No. IPR2016-01749, 2017 WL 2590158, at *1 (P.T.A.B. June 14, 2017). For example, in *Unified Patents*, the petitioner submitted an exhibit concerning the identity of the real party in-interest and, arguing that exhibit was not an affidavit within the meaning of 37 C.F.R. § 42.51(b)(1)(ii), the petitioner refused to produce the declarant for a deposition requested by the patent owner. *Id.* The Board, although determining the exhibit was a declaration under the rules ordinarily permitting cross

examination thereof, nevertheless, authorized the petitioner to file a motion to withdraw the exhibit “in lieu of producing [the declarant] for cross examination.” *Id.*

In addition to authorizing withdrawal of a declaration in lieu of cross examination thereof, the Board has also opted to expunge declaration testimony where the related party refuses to produce a declarant for deposition under 37 C.F.R. § 42.51(b)(1)(ii). *See Securus Techs., Inc. v. Glob. Tel*link Corp.*, No. CBM2017-00034, 2017 WL 4742203, at *1 (P.T.A.B. Oct. 18, 2017). For example, in *Securus*, the petitioner submitted declarations from its counsel in opposition to a motion to terminate, which subjected counsel to cross examination. *Id.* Nevertheless, because the petitioner refused to allow its counsel to testify in a deposition for cross examination, the Board expunged the declarations and held that any portion supported by the expunged declarations would not be considered. *Id.* *See also Stride Rite Children’s Grp., LLC v. Shoes by Firebug LLC*, No. IPR2017-01809, 2019 WL 236242, at *9-10 (P.T.A.B. Jan. 16, 2019) (granting petitioner’s motion to strike a deposition, which was authorized by the Board if patent owner failed to produce the declarant for an in-person deposition before a specified date).

As a result, patent owners and petitioners alike have been able to decline making available a declarant for cross examination in a deposition with the understanding that such declaration may be withdrawn, expunged, or stricken and any arguments relying on the withdrawn declaration afforded no consideration.

IV. ANALYSIS

Patent Owner requests that the Board withdraw Exhibit 2007. Exhibit 2007 is not pertinent to this proceeding and, in the interest of judicial economy and in lieu of producing the declarant for a deposition, the Board should grant Patent Owner's request to withdraw Exhibit 2007.

Patent owners are permitted to withdraw a declaration submitted with its preliminary response and that declarant will usually not be subject to deposition on the withdrawn declaration. PTAB Consolidated Trial Practice Guide November 2019 at 51. Exhibit 2007 was most cited in Patent Owner's Preliminary Response for its arguments related to discretionary denial and financial hardship of institution. *See* Paper 7 at 20, 21, 25, 26. The arguments for discretionary denial and financial hardship of institution are no longer relevant since the Board did not exercise discretionary denial and instead instituted proceedings. The Board did not rely on or cite to Exhibit 2007 in its decision to institute proceedings. Paper 14.

Even in cases where a party has not preemptively withdrawn a declaration at institution, the Board has authorized withdrawal of a declaration "in lieu of" producing the declarant for cross examination. *Unified Pats. Inc. v. Digital Stream Ip, LLC*, No. IPR2016-01749, 2017 WL 2590158, at *1 (P.T.A.B. June 14, 2017) (*see also* *Securus Techs., Inc.*, No. CBM2017-00034, 2017 at *1 and *Stride Rite Children's Grp., LLC*, No. IPR2017-01809, 2019 at *9-10 expunging declarations

and granting a motion to strike declarations, respectively, when a party refused to produce a declarant for cross examination in a deposition). In Patent Owner's Response to Petition, Exhibit 2007 was cited a mere three times for the limited purpose of background information. *See* Paper 18 at 2, 4. Each of the three statements made in the Response to Petition are identical statements that were first made in the Preliminary Response. *See* Paper 7 at 2, 4 and Paper 18 at 2, 4. Patent Owner did not rely on Exhibit 2007 for any substantive arguments of patentability and did not rely on Exhibit 2007 as evidence for the institution grounds. Arguably, the information supported by Exhibit 2007 could be considered public information. Exhibit 2007 is not necessary for the furtherance of arguments by the parties and is also not necessary for the Board to render a Final Decision.

Moreover, since the scope of cross examination is "limited to the scope of the direct testimony" pursuant to 37 C.F.R. § 42.53(d)(5)(ii), any deposition related to Exhibit 2007 would be necessarily limited to the testimony in Exhibit 2007. Since Exhibit 2007 includes only background information on the company and statements of financial hardship of institution, an associated deposition would be limited to the same subject matter. Exhibit 2007 was not cited for any substantive arguments and does not address any of the institution grounds. As a result, any deposition related to Exhibit 2007 also could not be broadened to include this subject matter. (*See also* Office Patent Trial Practice Guide, 77 FR 48756-01, stating that discovery in a

PTAB trial is focused on what the parties “reasonably need” and the scope of the trial “continually narrows.”)

Given the limited subject matter of Exhibit 2007 and the necessarily limited subject matter of an associated deposition, Patent Owner submits that such deposition would not be in the interest of judicial economy as it would require undue resources. The deposition would be costly, time consuming, and could not reasonably provide any information that would have bearing on the institution proceedings. Ironically, a deposition would put more financial burden on Patent Owner, who is a small company, which is exactly what Exhibit 2007 was intended to prevent. Instead, Patent Owner is willing to withdraw Exhibit 2007 to avoid a deposition and to not rely on Exhibit 2007 in the institution proceedings.

V. CONCLUSION

Patent Owner merely cited to Exhibit 2007 for the limited purpose of background information in its Response to Petition. Patent Owner does not rely on Exhibit 2007 as evidence for the institution grounds. Exhibit 2007 is not necessary for the furtherance of arguments by the parties and is not necessary for the Board to render a Final Decision. Therefore, in the interest of judicial economy and in lieu of producing the declarant for a deposition, the Board should grant Patent Owner’s request to withdraw Exhibit 2007.

Dated: January 17, 2024

Respectfully submitted,

/s/ David B. Cupar

David B. Cupar (47,510)

Matthew J. Cavanagh (65,109)

MCDONALD HOPKINS LLC

600 Superior Avenue, East, Ste. 2100

Cleveland, Ohio 44114

t 216.348.5400 | f 216.348.5474

dcupar@mcdonaldhopkins.com

mcavanagh@mcdonaldhopkins.com

Attorneys for Patent Owner

CERTIFICATE OF COMPLIANCE

Patent Owner certifies the following:

1. This brief complies with the type-volume limitation of 37 C.F.R. § 42.24(a)(1)(i) and set by the Board pursuant to an email dated January 11, 2024. Specifically, this brief contains 10 pages excluding parts of the brief exempted by 37 C.F.R. § 42.24(a)(1); and

2. This brief complies with the typeface requirements of 37 C.F.R. § 42.6(a)(2)(ii) and the type style requirements of 37 C.F.R. § 42.6(a)(2)(iii). Specifically, this brief has been prepared in a proportionally spaced typeface using Microsoft Word in a 14 point Times New Roman font.

Dated: January 17, 2024

Respectfully submitted,

/s/ David B. Cupar

David B. Cupar (Reg. No. 47,510)
MCDONALD HOPKINS LLC

Counsel for Patent Owner

CERTIFICATE OF SERVICE

The undersigned hereby certifies that this motion to withdraw Exhibit 2007 was served to lead and back-up counsel for Petitioner by e-mail on January 17, 2024, as follows:

[Request at Petition p.3] IN@bayramoglu-legal.com

Gokalp Bayramoglu Gokalp@bayramoglu-legal.com

Nihat Deniz Bayramoglu Deniz@bayramoglu-legal.com

Dated: January 17, 2024

Respectfully submitted,

/s/ David B. Cupar

David B. Cupar (Reg. No. 47,510)
MCDONALD HOPKINS LLC

Counsel for Patent Owner