

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Chongqing Yanmei Technology Co., LTD

Petitioner

v.

TERVES, LLC

Patent Owner

Case No. IPR2023-00521

Patent No. 10,689,740

Issued: June 23, 2020

Application No.: 16/158,915

Filed: Oct. 12, 2018

Title: GALVANICALLY-ACTIVE IN SITU FORMED PARTICLES FOR
CONTROLLED RATE DISSOLVING TOOLS

**PETITIONER'S REPLY IN OPPOSITION TO PATENT OWNER'S
MOTION TO WITHDRAW EXHIBIT 2007 OR IN THE ALTERNATIVE,
MOTION TO COMPEL TESTIMONY**

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PETITIONER'S CURRENT EXHIBIT LIST

Exhibit	Short name	Description
EX1001	'740 patent	U.S. Patent 10,689,740 B2
EX1002	'653 patent	U.S. Patent 10,329,653 B2
EX1003	'653 reexamination certificate	U.S. Patent 10,329,653 C1 (REEXAMINATION CERTIFICATE)
EX1004		Claim listing of claims 1-81 of the '740 patent
EX1005	Doud '838	Doud '838 is the US Publication No. US 2015/0299838 A1. Doud '838 is the publication of US Application No. 14/689,295. The present '740 patent is a continuation-in-part of US Application No. 15/641,439 upon which the '653 patent was granted, and which in turn is a divisional of US Application No. 14/689,295.
EX1006	Xiao '271	Xiao '271 is Chinese Publication No. CN 103343271 A to Xiao et al. The supplied English Language translation will be referred to and Petition submits that this translation is accurate and certified. Further Xiao '271 was cited in Ex Parte Reexamination Request for No. 90/014,795 (Reexamination of 10,329,653). Further the USPTO reexamination examiner referred to Xiao as

		the closest prior art in the Notice of Intent to Issue a Reexamination Certificate of 3/28/2022 in the ‘795 Reexamination.
EX1007	Xu ‘185	Xu ‘185 is the US Publication No. US 2013/0299185 A1.
EX1008	‘795 reexamination request	Reexamination No. 90/014,795. Request for reexamination of 10,329,653 B2 (7/6/21).
EX1009	’795 notice	Notice of Intent to Issue a Reexam Certificate (3/28/22)
EX1010		<i>Docket Report for Magnesium Machine LLC v. Terves LLC</i> , No. 5:21-cv-01115 (W.D. Oklahoma)
EX1011		<i>Partial Docket report for Terves LLC v. Yueyang Aerospace New Materials Co. Ltd</i> , 1:19-cv-01611-DCN (N.D. Ohio)
EX1012		<i>Docket Report for Terves LLC v. Yueyang Aerospace New Materials Co. Ltd</i> . No. 22-1855 (Fed. Cir.)
EX1013		Magnesium Machine LLC v. Terves LLC., <i>Complaint for Declaratory Judgement and Non-Infringement</i> filed 11/23/21
EX1014		Terves LLC vs. Yueyang Aerospace New Materials Co., Ltd., et al., <i>Memorandum in Support of Defendant’s Motion for Summary Judgment</i> , filed 11/18/2021.

EX1015		Notice of Allowance and <i>Examiner's Reasons for Allowance</i> dated 4/02/2020 in Application 16/158,915 which issued as the '740 patent.
EX1016	Nava Declaration	Declaration under 37 CFR 1.68 of Dr. Juan C. Nava, Ph.D.
EX1017		<i>Curriculum vitae</i> of Dr. Juan C. Nava
EX1018	PTAB SOP	Patent Trial and Appeal Board, Standard Operating Procedure 2 (Revision 10). Undated.
EX1019	IPR CRS Report	Inter Partes Review of Patents: Innovation Issues, Congressional Research Services Report R44905. July 26, 2017.
EX1020	FR critical minerals	2022 Final List of Critical Minerals, 87 F.R. 37, 10381-82. February 24, 2022.
EX1021	Fripp	U.S. Patent No. 9,759,035 to Fripp et al. filed March 6, 2014
EX1022		Email chain between parties' counsel

I. INTRODUCTION

In response to Petitioner's request to depose Patent Owner's declarant, Andrew Sherman, Patent Owner has filed its Motion to Withdraw Exhibit 2007 (the "Motion"). After using the Declaration of Andrew Sherman (the "Declaration") in support of its Preliminary Response and Patent Owner's Response, Patent Owner now seeks to withdraw the Declaration for the sole purpose of preventing Petitioner the opportunity to cross-examine Mr. Sherman. The Board should deny Patent Owner's Motion or, in the alternative, grant Petitioner's Motion to Compel so that Petitioner may depose Mr. Sherman.

II. BACKGROUND

In Patent Owner's Preliminary Response to Petitioner's Petition (Paper No. 7), Patent Owner submitted and cited to the Declaration (Exhibit 2007) for support of its position. In the Declaration, Mr. Sherman swears he is the founder and president of Terves Inc. (EX2007 at 1) He also declares that Terves has been making the invention within the first United States facility built in the past 50 years. (EX2007 at 4)

In its Preliminary Response, Patent Owner cites to the Declaration several times. In one particular instance, Patent Owner cites to the Declaration where it

states that “Terves built the first secondary magnesium processing plant in 50 years in the United States.” (Paper 7 at 2) The Preliminary Response also states that “Terves was the first company in the world to develop dissolvable magnesium formulations that formed better fracking tools than another other tool in the market” and cites to Exhibit 2007. (Paper 7 at 4) Overall, Patent Owner cites to the Declaration a total of ten times throughout its Preliminary Response.

In Patent Owner’s Response to Petition (Paper No. 18), it again states that “Terves built the first secondary magnesium processing plant in 50 years in the United States” and cites to Exhibit 2007. (Paper 18 at 2) By including the Declaration of Andrew Sherman, Patent Owner opened the door and volunteered Mr. Sherman as a witness. Thus, on December 28, 2023, Petitioner put Patent Owner on notice that Petitioner wished to take the deposition of Patent Owner’s declarant, Mr. Sherman, and asked for available dates and times during the third week of January 2024.

Only after Petitioner followed up with its request, on January 3, 2024, did Patent Owner respond by asking for a better understanding why Petitioner wanted to cross-examine Mr. Sherman. Petitioner responded that they are entitled to cross-examine a Patent Owner’s declarant. Thereafter, Patent Owner informed Petitioner it had decided to withdraw the Declaration and therefore, Mr. Sherman was no longer available for cross-examination. *See* Email Chain attached as **Exhibit 1022**.

Petitioner disagreed with Patent Owner and argued that it still had a right to cross-examine Mr. Sherman because Patent Owner volunteered the declarant and also relied on the Declaration in the preparation of both Patent Owner's responses. The parties now seek resolution of this issue with the guidance of the Board.

III. ARGUMENT

A. Objection to Patent Owner's Motion to Withdraw Exhibit 2007

It is undisputable that Patent Owner voluntarily submitted the Andrew Sherman Declaration in this proceeding. Patent Owner relied on the Declaration to prepare its Preliminary Response and then instead of withdrawing the declaration after the decision of the Board to institute this proceeding, it further relied on the Declaration in preparing its Patent Owner's Response. Only after Petitioner put Patent Owner on notice that it wished to cross-examine Mr. Sherman did Patent Owner seek to withdraw the Declaration. Accordingly, Petitioner believes it still has the right to cross-examine Mr. Sherman, because the Patent Owner volunteered the declarant and used the Declaration in its Patent Owner's Response.

"In general, a party has the opportunity to cross-examine a witness providing declaration testimony submitted by another party, after institution, unless the Board orders otherwise. 37 C.F.R. § 42.51(b)(1)(ii). If a trial is instituted, a patent owner may choose not to rely on testimony submitted with the preliminary response. In that

case, the patent owner should advise the Board of its decision, which can be done by affirmatively withdrawing the testimony in the patent owner response. 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. **If, on the other hand, the patent owner does not withdraw a declaration submitted with its preliminary response, that declaration may be relied upon during the trial, and the declarant would usually be subject to discovery and deposition in the ordinary course of the trial.**” See PTAB Consolidated Trial Practice Guide November 2019 at 51 (emphasis added). In the instant case, Patent Owner did not withdraw the Declaration submitted with its Preliminary Response once the action was instituted, but continued to use the Declaration in support of Patent Owner’s Response. Therefore, the Declaration should be permitted to be relied upon and Mr. Sherman should be subject to discovery and deposition.

In the Motion, Patent Owner objects to the cross-examination of Mr. Sherman stating that his declaration was only cited a few times in both its Responses and is not relevant to any substantive arguments of patentability. (Paper 20 at 8) Patent Owner further states that the Declaration was only cited for the mere purpose of providing background information. *Id.* However, it is not normally permitted for a proffering party to object to the relevance of their own evidence, for which it relies upon. “The routine discovery cross-examination deposition is available for any

declarant, not just those on substantive issues.” Philip D. Segrest Jr., *The Art of Cross-Examination in Ptab Trials*, 21 Chi.-Kent J. Intell. Prop. 1, 4 (2022) (citing *Unified Patents, Inc. v. Digital Stream IP, LLC*, No. IPR2016-01749, 2017 WL 2590158, at *1 (P.T.A.B. June 14, 2017)). Petitioner argues that by submitting the Declaration and then relying on it in the Patent Owner’s Response, Patent Owner opened the door to Petitioner being afforded an opportunity for reasonable cross-examination of Mr. Sherman.

Generally, in an inter partes review proceeding, direct testimony is submitted in the form of an affidavit. *See, e.g.*, 37 C.F.R. § 42.53(a). The declarant is then subject to cross-examination by deposition. “37 C.F.R. § 42.51(b)(1)(ii) provides for routine discovery through cross examination of declarant testimony prepared for the proceeding, without the requirement of an explanation of need.” *Securus Techs., Inc. v. Glob. Tel*link Corp.*, No. CBM2017-00034, 2017 WL 4742203, at *1 (P.T.A.B. Oct. 18, 2017). In the Declaration, Mr. Sherman stated that the invention has been manufactured at the first secondary magnesium processing plant in 50 years. Petitioner finds this declaration worthy of investigation. Petitioner wants to depose Mr. Sherman regarding when exactly Patent Owner began manufacturing the invention and how long it has been selling the product. Petitioner believes that it has the right to question Mr. Sherman to determine when Terves publicly disclosed or began selling and shipping the invention as well as whether there are documents that

exist that would corroborate those dates. For these reasons, and in the spirit of fairness, Petitioner should be afforded the opportunity to cross-examine Mr. Sherman and Patent Owner's Motion be denied.

B. In the Alternative, Petitioner Moves to Compel Testimony from the Declarant

If the Board decides to grant Patent Owner's Motion to Withdraw Exhibit 2007, then alternatively, Petitioner seeks authorization from the Board to compel Patent Owner to produce Mr. Sherman for cross-examination or direct examination. Even if Patent Owner is permitted to withdraw the Declaration, Petitioner should still be afforded the opportunity to depose Mr. Sherman, who is the inventor of the claimed invention and the president of Terves.

A party may request authorization to compel testimony under 35 U.S.C. § 24. If a motion to compel testimony is granted, testimony may be (1) ex parte, subject to subsequent cross-examination, or (2) inter partes. *Therriault v. Garbe*, 53 USPQ2d 1179, 1184 (BPAI 1999); *see also* PTAB Consolidated Trial Practice Guide November 2019 at 29. The applicable rule for compelled testimony is 37 C.F.R. § 42.52, which provides:

(a) Authorization required. A party seeking to compel testimony or production of documents or things must file a motion for authorization. The motion must describe the general relevance of the testimony, document, or thing, and must:

- (1) In the case of testimony, identify the witness by name or title; and
- (2) In the case of a document or thing, the general nature of the document or thing.

Petitioner seeks the Board to compel Patent Owner to produce Andrew Sherman for deposition. Given the Declarant's statements in the Declaration, Petitioner believes Patent Owner may have publicly disclosed or offered for sale the invention more than one year before filing for patent protection. As founder and president of Terves, Mr. Sherman will have knowledge of when the invention was first publicly disclosed or sold and what was sold. Therefore, Petitioner wishes to depose Mr. Sherman to determine when Terves publicly disclosed or began selling and shipping the invention as well as whether there are documents that exist that would corroborate those dates. Petitioner believes that it has the right to question Mr. Sherman to discover documents that determine when the claimed inventions in the '740 patent (EX1001) and the contingent motion to amend (Paper 19 pp. A-1 through A-15), were first publicly disclosed, offered for sale, or sold. For these reasons above, Petitioner respectfully requests authorization to compel Mr. Sherman for deposition and grant Petitioner's Motion to Compel.

IV. CONCLUSION

For the forementioned reasons, the Board should deny Patent Owner's Motion

to Withdraw Exhibit 2007 so that Petitioner may cross-examine declarant Andrew Sherman. In the alternative, if the Board decides to grant Patent Owner's Motion, the Board should grant Petitioner authorization to compel declarant Andrew Sherman for testimony, either for cross-examination or direct examination.

V. REQUEST FOR RELIEF

THEREFORE, because good cause has been shown, Petitioner requests the Board grant the following relief in the form of an Order requiring:

1. Denial of Patent Owner's request to withdraw Exhibit 2007,
2. Granting Petitioner's request to cross-examine the declarant Andrew Sherman -- regarding statements made in the declaration (EX2007) and any statement subsequently volunteered by declarant Andrew Sherman during said cross-examination -- by requiring the Patent Owner to make declarant Andrew Sherman available at a mutually agreeable time and place for the cross-examination,
3. Modification of Due Date 2 in the scheduling order (Paper 15) to be computed as 21 days after the agreed date for the cross-examination, and
4. That the order of the Board granting cross-examination of declarant Andrew Sherman shall satisfy the Notice of Deposition requirements in 37 CFR 42.53.

Respectfully Submitted,
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CERTIFICATE OF SERVICE

Under 37 CFR 42.6(E), the undersigned certifies that on January 24, 2024, a copy of the foregoing Petitioner's Response in Opposition to Patent Owner's Motion to Withdraw Exhibit 2007 and all associated exhibits was served by E-mail on the Lead and Back-up Counsel for the Patent Owner:

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CERTIFICATE OF COMPLIANCE

The undersigned certifies that this Response in Opposition to Patent Owner's Motion to Withdraw Exhibit 2007 complies with the type-volume requirements of 37 CFR 42.24(a)(1)(i) and set by the Board pursuant to an email dated January 11, 2024, because it contains 10 pages excluding parts of the brief exempted by 37 CFR 42.24(a)(1).

This Response also complies with the typeface requirements of 37 CFR 42.6(a)(2)(ii) and type-style requirements of 37 CFR 42.6(a)(2)(iii).

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