

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

OMEGA LINER COMPANY, INC.,
Petitioner,

v.

BUERGOFOL GmbH,
Patent Owner.

IPR2023-01372
Patent 9,657,882 B2

Record of Oral Hearing
Held: December 17, 2024

Before GRACE KARAFFA OBERMANN, KIMBERLY MCGRAW, and
JAMES J. MAYBERRY, *Administrative Patent Judges*.

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P R O C E E D I N G S

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JUDGE OBERMANN: Welcome to the PTAB. This is an IPR, Inter Partes Review, in 2023-01372, Omega Liner v. Buergofol. It involves challenges to Claims 1, 3-7, and 10-13 of U.S. Patent No. 9,657,882. Thank you so much for being here today.

I'm Judge Grace Obermann, and with me appearing remotely we have Judge Kimberly McGraw and Judge James Mayberry. I also want to introduce my wonderful law clerk in the back there, that's Josh Shetler, and let's start with introduction of counsel. Who do we have here for Patent Owner today?

MR. D. WALLACE: Darien Wallace for Patent Owner.

MR. T.L. WALLACE: And Lester Wallace for Patent Owner.

JUDGE OBERMANN: Thank you, Mr. Wallaces. And will you be sharing the argument today, or will one of you be speaking?

MR. D. WALLACE: Just I will be speaking, Darien Wallace.

JUDGE OBERMANN: Okay. Darian Wallace, thank you. And who do we have for Patent Owner?

MR. NEUSTEL: Yes, Your Honor.

JUDGE OBERMANN: I mean, sorry, Petitioner.

MR. NEUSTEL: Petitioner. Michael Neustel for Petitioner, Lead Counsel. I'll be speaking today. I'm also joined by Monte Bond and Scott McKeown.

JUDGE OBERMANN: Thank you, welcome. I just want to let everyone know that we do have a public line that's open, so please no revelations of confidential information during the hearing. We want to keep

1 the hearing open to the public, and the transcript will be public as well.

2 So with that, I will just mention that by our order, we've given both
3 sides 60 minutes today, and Petitioner, you may reserve some time for
4 rebuttal, and Patent Owner, you may reserve some time for surrebuttal. So I
5 will ask -- I'm sorry, is Mr. Neustel that will be speaking today?

6 MR. NEUSTEL: Yes, Your Honor.

7 JUDGE OBERMANN: Thank you so much. Would you like to
8 reserve time?

9 MR. NEUSTEL: Yes, I would.

10 JUDGE OBERMANN: How much?

11 MR. NEUSTEL: 25 minutes.

12 JUDGE OBERMANN: 25 minutes, okay. I'm going to have to
13 redo this. So I'm going to give you 35 minutes to start, and I'll ask you about
14 your rebuttal -- your surrebuttal when you -- when you stand to speak,
15 because it may change depending on the primary arguments. So Mr.
16 Neustel, when you're ready, I'll start the clock.

17 MR. NEUSTEL: Hold on. Technical issue.

18 JUDGE OBERMANN: Take your time.

19 MR. NEUSTEL: Yes, let's try this this way. There we go. May it
20 please the Board. Good morning, Your Honors. My name is Michael
21 Neustel, and I'm lead counsel for Petitioner Omega Liner Company. I'm
22 joined here today by my co-counsel Monte Bond and Scott McKeown.

23 The issues for the Board today are very straightforward. Patent
24 Owner concedes that the prior art teaches all of the elements of the
25 challenged claims. Patent Owner also concedes that a slip agent was well
26 known to a person of ordinary skill in the art to add to film to prevent

1 adhesion issues. Patent Owner's defense rests on three flawed arguments.

2 First, Patent Owner relies on that, the secondary considerations --
3 I'm sorry, the secondary references cannot be physically incorporated into
4 the primary reference. Of course, the test for obviousness is not whether the
5 secondary references can be bodily incorporated into a primary reference,
6 but what the references would teach to a person of ordinary skill in the art
7 combined.

8 Second, the Patent Owner focuses solely upon the needs of
9 Hummel. But again, for the test for obviousness, we look at the teachings of
10 the prior art and what it would teach a person of ordinary skill in the art.
11 Third, Patent Owner relies heavily upon unexpected results. Of course,
12 these unexpected results have no nexus to the claims, and they're not
13 commensurate with the scope of the claims.

14 Finally, Patent Owner attempts to rewrite the claims to how they
15 were originally filed. However, Patent Owner seems to ignore that these
16 claims were completely canceled and replaced with new claims that are now
17 in the issued patent that we see in the '882 Patent.

18 I'd like to turn to Slide 15 of my presentation. Here we have
19 Independent Claim 1 of the '882 Patent. As we can see, there's four main
20 elements. There's an opaque external tubular film, there's an inner tubular
21 film, and then there's a carrier material impregnated with a reactive plastic
22 resin. These first three elements are just what a conventional CIPP liner is.
23 It's been known since the 1970s.

24 I'd like to also mention that the resin that's used here does not
25 require it to be UV-curable. That's a point that Patent Owner has been
26 making throughout these proceedings that somehow that Nagai doesn't teach

1 a UV curable system, but the claim doesn't require that. So that's important
2 to recognize.

3 Then we get to the fourth element, a coating. This is the element,
4 of course, that's why we're here today. It says a coating of polysiloxane or a
5 coating or covering of a migrating compound. Then it has a wherein clause.
6 It says wherein the coating is applied over the external side that's facing the
7 carrier material. So they're trying to create a release layer between the film
8 and the cured resin so you can remove the cured resin. That's the whole
9 purpose of the claim.

10 JUDGE OBERMANN: What does it mean to be applied over?

11 MR. NEUSTEL: Applied over means just as the plain language
12 means. It means it's applied over the surface through either a coating
13 machine or some other external process.

14 JUDGE OBERMANN: If it's not sort of painted on, is that okay?
15 Can it just migrate up from the material that's forming the inner tube?

16 MR. NEUSTEL: Very good question. In all places, and we've
17 looked through the '882 Patent very closely, in all locations the word applied
18 always means an external process. The Patent Owner uses migration to talk
19 about the process where it migrates to the surface.

20 JUDGE OBERMANN: What's your position, though? Is that a
21 coating applied over a section of the external side if it migrates up?

22 MR. NEUSTEL: If it migrates up, it's not applied over.

23 JUDGE OBERMANN: It's not?

24 MR. NEUSTEL: That's Petitioner's position.

25 JUDGE OBERMANN: So what does it mean? I want to go back
26 to what we were calling 1E, the coating of at least one. Tell me if I'm

1 wrong. Are there three ways you can do this according to that particular
2 clause? You can sort of paint it with a polysiloxane on the external surface,
3 you could paint it with a migrating compound, or you could cover it with a
4 migrating compound. And I want to know what's your position if you're
5 going to give life to the word covering with at least one migrating
6 compound.

7 MR. NEUSTEL: Correct. Well, regarding covering, I'd like to
8 first say there's nothing in the patent that defines covering as being formed
9 by a migration process. Patent Owner's presentation, all their briefing, they
10 haven't identified one place that discusses where covering is formed by
11 migration. So I think that's something very important to talk about. Go
12 ahead.

13 JUDGE OBERMANN: I just want to make clear, I want to make
14 sure I understand your claim construction argument.

15 MR. NEUSTEL: Yes.

16 JUDGE OBERMANN: And I'd really like to know whether the
17 construction -- I want to know particularly your construction in your words.

18 MR. NEUSTEL: Yes.

19 JUDGE OBERMANN: And how you construe covering with at
20 least one migrating compound.

21 MR. NEUSTEL: Right. So a coating or covering, when it's
22 applied over, is just a coating or covering that's on the external surface. It's
23 applied over with either a coating machine or some external process, that's
24 what it is. And again, going back to the '882 Patent and the specification,
25 there's no definition of covering where it migrates to that surface. And the
26 only difference, Your Honor, that's ever discussed in the '882 Patent between

1 coating and covering is the minimum thickness.

2 JUDGE OBERMANN: I looked at the spec and in Column 5, I
3 thought they were describing a migrating compound that comes to the
4 surface and creates a covering. And I think that the discussion begins in
5 Column 5 around Line 19. Why isn't that enough for us to say that a --

6 MR. NEUSTEL: Can I pull it --

7 JUDGE OBERMANN: Yes, please pull that up and I will too.

8 MR. NEUSTEL: You said Column 5?

9 JUDGE OBERMANN: Well, it begins in Column 5, Line 19, but
10 it's really the next paragraph that begins around Line 23.

11 MR. NEUSTEL: Yes.

12 JUDGE OBERMANN: Talking about coating alternative with a
13 migrating compound.

14 MR. NEUSTEL: Correct.

15 JUDGE OBERMANN: I've read this over and over again, and I
16 think that I've come to the conclusion, and I'd like you to correct me if you
17 disagree, that this does discuss both painting the migrating compound, I call
18 it painting when you're applying it over, as well as a migrating compound
19 that will basically migrate from the material that forms the inner tube so that
20 you don't have -- there's a time element, because they talk about a time
21 element here where there's a migration.

22 MR. NEUSTEL: Correct.

23 JUDGE OBERMANN: So why doesn't that mean -- because it
24 says, I don't know that the word covering is in here, coating alternative with
25 a migrating compound. I mean, don't we have to give meaning to the words
26 that are in the claim?

1 MR. NEUSTEL: Definitely, Your Honor. And that's why --
2 actually in this paragraph, I'm glad you brought this up, because this
3 paragraph here I've read many, many times myself, because when you read
4 it, it talks about, if you go to Line 26, that sentence there in Column 5, it
5 says, this migration to the surface of the outer layer is time dependent, as
6 you just mentioned, of course.

7 And it says, the exposed coating of the corresponding external side
8 with the aforementioned migrating compound is caused by this migrating
9 movement. So they use the word coating to describe what is formed by that
10 migrating movement.

11 So I've been trying to figure out like what is the difference between
12 coating and covering also, and the only thing I can come up with is right
13 above there, the paragraph starting at Line 19. That's the only place where
14 they talk about what a covering is compared to a coating. And they just talk
15 about the minimum thickness is the difference.

16 JUDGE OBERMANN: Okay. Maybe I'm misunderstanding you,
17 because when I read Claim 1E, it talks about coating or covering. And I
18 understood your position to be that a covering is a form of coating.

19 MR. NEUSTEL: Yes.

20 JUDGE OBERMANN: And that once it migrates and satisfies 1F,
21 that's not what's happening here?

22 MR. NEUSTEL: Well, I'm sorry, Your Honor. That's Patent
23 Owner's construction, and we've accepted what we -- in our original petition,
24 we've actually said that we're proposing their construction also.

25 JUDGE OBERMANN: Yes.

26 MR. NEUSTEL: We don't agree with it in litigation.

1 JUDGE OBERMANN: Right.

2 MR. NEUSTEL: Yes.

3 JUDGE OBERMANN: But I want to make sure that for this
4 purpose, this IPR.

5 MR. NEUSTEL: I apologize, I misunderstood.

6 JUDGE OBERMANN: Because I was under the impression -- and
7 again, I had read Claim 1 over and over again, and I'm not convinced that I
8 completely got it right in the DI. So I want to make sure, obviously, that we
9 are all on the same page about what's being proposed. And I'm not quite
10 sure that I actually understood it, quite frankly, when I drafted the DI.

11 MR. NEUSTEL: Right.

12 JUDGE OBERMANN: So what I'm really getting at here, I look
13 at Claim 1E, and covering there could be prior to migration, because it's a
14 time-limited thing, right? It could be a covering that's embedded, basically a
15 wax embedded in the material that makes up the inner tube. There's no
16 painted on coating, but eventually over time, it will migrate, and it will form,
17 but these are not process claims. No one has argued it's process by, you
18 know, product.

19 MR. NEUSTEL: Right.

20 JUDGE OBERMANN: No one has argued that this is a process,
21 that 1F is a process step that's merged into an apparatus claim. So what I
22 finally came down to, and I want to know if this is your position, is that in
23 1E, it's okay if it hasn't migrated yet, basically.

24 It can just be in there with the potential to migrate, but in order to
25 satisfy the claim in 1F, it has to have migrated so that it forms a coating
26 that's, you know, it could have been painted on or it could have migrated up,

1 but whatever happens, you know, over time, you have to have -- the wax has
2 migrated. At that point, it is a coating. So I just want to make sure I
3 understand your position, because I want to make sure that what I think is --
4 what I thought you were arguing in the petition is what I'm really getting at.

5 MR. NEUSTEL: Yes.

6 JUDGE OBERMANN: In your view, if you don't apply anything
7 over, like paint it, but you have the migrating compound in the material that
8 makes up the inner tube, and it migrates over time to form a coating, is that
9 applied over?

10 MR. NEUSTEL: Not in our position, but that is Patent Owner's
11 position. And we've, like I said in the petition, we've accepted that. We
12 propose that as an alternative construction.

13 JUDGE OBERMANN: Okay. So when you say not your position,
14 you're talking about the litigation.

15 MR. NEUSTEL: Yes, I should have been clearer when I first said
16 that.

17 JUDGE OBERMANN: Okay. I think I understand now. Thank
18 you.

19 MR. NEUSTEL: Okay.

20 JUDGE OBERMANN: Please continue. I'm sorry I took up so
21 much time.

22 MR. NEUSTEL: That's fine. I'm sure you'll give me an extension.

23 JUDGE OBERMANN: Oh, there's one more thing. I don't want
24 to push ahead, but I want to make sure I understand. Because in Hummel,
25 we don't have anything that's sort of mechanically painted over.

26 MR. NEUSTEL: Correct.

1 JUDGE OBERMANN: We just have the migrating compound.
2 So it does -- we do have to think about, you know, at what point the
3 migrated material becomes a coating.

4 MR. NEUSTEL: Right.

5 JUDGE OBERMANN: Okay.

6 MR. NEUSTEL: Well, and that's the wonderful thing about the
7 prior art. The prior art teaches all the claim limitations of the challenged
8 claims, regardless of the claim construction. So whether the Board accepts
9 what we're talking, like what our position is in litigation, that applied over
10 means it's applied over externally or if the Board accepts the position that
11 can be both applied over externally or migrate to the external surface, the
12 prior art teaches all that.

13 So the Board really doesn't have to be too concerned about the
14 proper construction of the claims.

15 JUDGE OBERMANN: But that's only for the grounds that
16 include either Nagai or Schuhmann, is that correct?

17 MR. NEUSTEL: Schuhmann discloses both.

18 JUDGE OBERMANN: I know, but your anticipation ground
19 would not.

20 MR. NEUSTEL: For anticipation, oh, you are exactly correct.

21 JUDGE OBERMANN: Okay.

22 MR. NEUSTEL: Anticipation of Hummel would not work if it
23 was applied over Hummel.

24 JUDGE OBERMANN: All right, thank you so much. I think I
25 understand your position now.

26 MR. NEUSTEL: Okay, thank you. So here, the only

1 disagreements we've talked about is the wherein clause, as we've just spent
2 some time talking about. The problem is Patent Owner's construction
3 conflicts with the claim language of Claim 1. As I talked about earlier, it
4 specifically says where the coating is applied over the external surface. And
5 like I said earlier, the '882 Patent specifically talks about applied over means
6 it's put on externally.

7 Patent Owner's construction is mainly litigation driven, and it
8 really has no bearing as far as whether or not Schuhmann invalidates the
9 claims. It only applies, as we talked about, with Hummel by itself for
10 anticipation.

11 So turning to Slide 18, this is the institution decision you
12 mentioned earlier. We believe this is a correct construction of the claims.
13 But like we said, whether the construction is what Patent Owner has
14 proposed, or us, or what the Board's adopted, it doesn't matter because
15 Schuhmann and Hummel teach everything.

16 I'd like to go to Patent Owner's Slides 14 and 15, which probably
17 better illustrate what we're talking about. So here we have Patent Owner's
18 claim construction on the left. And it's very convoluted. They're trying to
19 cover three different things here. They're trying to cover a coating of
20 polysiloxane, a coating of migraine compound, also a covering of migraine
21 compound that's added to the external layer that migrates to the surface then.

22 So what they're trying to do is they're trying to attempt to rewrite
23 the issue Claim 1 to what they originally filed. Because in Patent Owner's
24 next slide, Slide Number 15, they show what original Claim 1 is, and they
25 try to see if that supports their position, if that's what Claim 1 says. As you
26 can see, original Claim 1 is completely different. It's missing the main

1 coating element. It's also missing, more importantly, the wherein clause,
2 wherein the coating is applied over the external surface.

3 So those are significant differences between the original Claim 1,
4 which was canceled and replaced completely with a new independent Claim
5 32, which is now our Independent Claim 1.

6 Turning to Slide 19 of my presentation. As I said earlier, covering
7 is just not used to describe migration anywhere in the patent. Maybe Patent
8 Owner's counsel can point somewhere today where it's actually discussed,
9 but I can't find it. And it's basically, in litigation, they've also used the term
10 coating to describe what is formed by that migration process. Turning to
11 Slide 20.

12 JUDGE MAYBERRY: Excuse me, counsel?

13 MR. NEUSTEL: Yes, Your Honor.

14 JUDGE MAYBERRY: Judge Mayberry, can I ask a question?

15 MR. NEUSTEL: Yes.

16 JUDGE MAYBERRY: Really just clarifying. I thought I
17 understood when you were responding to Judge Obermann, that it doesn't
18 really matter whether you adopt Patent Owner for your construction. I'll be
19 honest, I'm a little leary of yours, but if it doesn't matter, then it doesn't
20 matter, right? You spent a lot of time, even after you use Patent Owner -- on
21 this construction. So I'm trying to make sure I got it right that it doesn't
22 matter what the construction is.

23 MR. NEUSTEL: All right. Well, I apologize. I was maybe a little
24 too loose on my words. Of course, construction matters. That's why we're
25 here today. But what I'm saying is that under either construction, the prior
26 art invalidates the claims. That's what I was trying to say.

1 JUDGE MAYBERRY: And I was equally loose with my
2 language. Because that is what I understood you to say. Are there
3 unpatentable positions, the claims are unpatentable under either
4 construction? It does seem that you're spending more time on the
5 construction than it should be given if that was truly the case. I just wanted
6 to make sure that was truly the case.

7 MR. NEUSTEL: I didn't quite hear the last part there, Your
8 Honor.

9 JUDGE MAYBERRY: Again, I just wanted to make sure it was
10 truly the case that you believe the claims are unpatentable regardless of the
11 construction, yours or Patent Owner's.

12 MR. NEUSTEL: Correct.

13 JUDGE MAYBERRY: All right, thank you.

14 MR. NEUSTEL: Thank you.

15 JUDGE OBERMANN: I don't want to belabor it too much, but
16 my view is that applied over can be read one of two ways.

17 MR. NEUSTEL: Okay.

18 JUDGE OBERMANN: Painting has to be -- it's almost like a
19 process, you have to apply it over. Or when you're looking at a thing, as we
20 are here --

21 JUDGE McGRAW: Excuse me, Judge Obermann, I can hardly
22 hear you.

23 JUDGE OBERMANN: I'm so sorry. What I'm saying is that I
24 really want to drill down just for a second on the term applied over. Because
25 it seems to be that's really critical to which construction. And my
26 understanding is that your invalidity argument with respect to Hummel

1 anticipation drops out if we adopt your litigation construction. Applied over,
2 is it used anywhere in the spec?

3 MR. NEUSTEL: Yes, we've cited to that. I've got a slide if you
4 want the citations.

5 JUDGE OBERMANN: Okay, that would be great.

6 MR. NEUSTEL: Okay. Let me pull that up. Here's some
7 citations here that are talked about in the patent. And every one of these
8 instances, they're talking about applied over as an external process. They
9 consistently use that. They never once used the term applied to mean that it
10 migrated to the external surface. So it follows the ordinary meaning of
11 applied over.

12 JUDGE OBERMANN: The part that really strikes me is the very
13 first part. Provided on a portion of an external side. That's what we're
14 talking about. And when I read that in conjunction with what we've already
15 talked about in Column 5, that appears to me that if it migrates up, it is
16 provided on a portion of an external side.

17 MR. NEUSTEL: Well, I understand provided to mean that when
18 you provide something to somebody, you provide it to them, right? You
19 give it to them. So somehow it was put on that surface independently. So it
20 didn't --

21 JUDGE OBERMANN: Well, it is if it migrates up.

22 MR. NEUSTEL: In litigation, that's not our position, of course.
23 But to me, I read provided on a portion as like it's applied on that portion.

24 JUDGE OBERMANN: So you really are reading almost a process
25 step into this claim.

26 MR. NEUSTEL: Well, I think that's where the problem comes

1 into with Patent Owner's construction. They're trying to read in a process
2 step. Because they're trying to read in covering means that it migrates to the
3 surface, which creates a lot of indefiniteness problems. Because when would
4 you be infringing? Are you infringing the moment that that film is made and
5 put in the liner, even though there's nothing on the surface? Or are you
6 infringing after five days, a hundred days?

7 JUDGE OBERMANN: Wouldn't you be infringing when you've
8 provided a portion on the external surface?

9 MR. NEUSTEL: But the patent doesn't say what is a cover. It
10 doesn't say what is a minimum thickness. It doesn't talk about what a
11 minimum amount is. And the Claim 1 doesn't have any minimum amount,
12 so. And actually, Patent Owner's actually said in these proceedings that a
13 small amount of migrating compound would not be enough to create a
14 covering or coating on the surface. But they haven't defined what a small
15 amount of migrating compound is.

16 JUDGE OBERMANN: Okay.

17 MR. NEUSTEL: And we've been trying to get that answer for a
18 long time now.

19 JUDGE OBERMANN: All right.

20 MR. NEUSTEL: Thank you.

21 JUDGE McGRAW: Excuse me, If I could interrupt. To keep the
22 record clear, could you please cite to the page of your demonstratives?

23 MR. NEUSTEL: I apologize.

24 JUDGE McGRAW: I know you cited this slide for citations, but if
25 it's not clear on the record, we won't be able to figure out what citations you
26 were referring to.

1 MR. NEUSTEL: Thank you, Your Honor. It's Slide Number 80.
2 Okay. So as I was saying, Patent Owner's construction creates a lot of
3 indefiniteness problems because you have this unclaimed process step of
4 migration, which occurs after the manufacture of the product. So you have a
5 problem with when is the product infringing and who is infringing.

6 You also have migration, as the '882 Patent says, and as you said,
7 it's time dependent. The amount of time that goes by determines how much
8 compound actually migrates to that surface. Same with temperature.

9 If it's in a very cold temperature -- you could actually store this in
10 very cold temperature conditions and no migrating compound or very little
11 would ever go to the surface. Or you could store it in very hot temperatures
12 and a lot of the migrating compound would go. So there's a problem there
13 with indefiniteness.

14 And then, like I said earlier, they've claimed an undefined small
15 amount of migrating compound would not create a coating or covering. We
16 don't know what that small amount is. And the patent doesn't describe it
17 either.

18 So if the Board were to accept that -- that applied over includes
19 migration to the surface, nobody would ever know when they're infringing.
20 Nobody would know what a small amount of migrating compound is. And
21 again, Claim 1 doesn't have a minimal amount. And that was Slide 20.

22 JUDGE MCGRAW: But of course, we can't consider
23 indefiniteness in this proceeding, correct?

24 MR. NEUSTEL: Correct. So, proceeding to Claim 25, we're
25 looking at Hummel here now. By the way, any other questions about
26 applied over before I move on to Hummel? Okay, perfect. So Hummel is a

1 perfect reference, because it does teach all the elements of Independent
2 Claim 1 and all the challenged claims. It has an opaque external tubular
3 film. It's got the inner tubular film. And it has the UV-curable resin, which
4 of course is not UV-curable in the claim, but it's got a reactive resin that can
5 be either UV-curable or thermally curable.

6 JUDGE OBERMANN: But it's not applied over in your
7 construction – your litigation construction.

8 MR. NEUSTEL: Under the 102, you are correct.

9 JUDGE OBERMANN: Okay.

10 MR. NEUSTEL: Right. It's incorporated into the layer, as I'll get
11 to here shortly. One thing about Hummel that's important is that it teaches
12 expressly that it can be pulled off the cured resin or it can remain attached,
13 depending upon the materials that are used for it.

14 Turning to Slide 27, and I think this addresses what you were just
15 saying, Judge Obermann. So Patent Owner's claim that this list in Hummel
16 is a laundry list, and that the POSITA would never know what to choose
17 here to create the release effect for the inner film. There's less than 25
18 additives here, and only three of them actually relate to any slip additives
19 which would create a release effect, and that's antiblock agents, lubricants,
20 and waxes, just like the '882 Patent.

21 And Hummel even gives, as shown here on the bottom portion, it
22 talks about how the percentages of those additives can be from 0.1 percent to
23 10 percent by weight, very similar to what the '882 Patent is for. So a person
24 of ordinary skill in the art would know to take Hummel to create that release
25 effect. They would know that they would add one of these additives to
26 create that release effect.

1 On the next slide here, 29, to the extent Hummel is not considered
2 to teach the release effect, Schuhmann teaches the coating under any
3 construction, as I was talking about earlier. And I think it's important to talk
4 about here, too, is that the lead inventor of the '882 Patent is also a co-
5 inventor on Schuhmann.

6 And also, in Schuhmann, they use the terminology coating or
7 covering of lipophilic compound, as we can see here on Slide 28. They don't
8 define in Schuhmann that covering is a migrating compound, you know, it's
9 formed by a migration. They just use coating or covering. And to the best I
10 can figure out, they just use coating or covering kind of interchangeably.

11 And here they also talk about its coated -- Schuhmann says it's
12 coated on one side, or it can have an occupancy on one of the surfaces by the
13 migrated lipophilic compound. So it covers both variations of the claim
14 construction here. And the lipophilic compound here in Schuhmann, they
15 define it as having a molecular weight of less than 10,000 grams per mole.

16 That's the same exact definition as using the '882 Patent for the
17 preferred migrating compound. That's no surprise because Dr. Stark is a co-
18 inventor on this patent also. And then, of course, they say wax is their
19 preferred migrating compound.

20 I'm going to turn to Slide 29 of my presentation. In addition,
21 Schuhmann even uses Constab PE-SA 270, which is the migrating
22 compound that's used in the '882 Patent. And again, it's no surprise because
23 Dr. Stark is a co-inventor on both of these. And it's important to point out
24 that in example V1b, which I have highlighted on slide 29, 4 percent
25 Constab PE-SA 270 is added to both of the external layers in examples V1b
26 and also in example V1.

1 Now, Patent Owner talks, and I'll get to this briefly, about how a
2 person of ordinary skill in the art wouldn't combine. You couldn't bodily
3 incorporate Schuhmann with Hummel because you'd have embossing, right?
4 Well, in example V1b, it actually specifically says it's not embossed. So
5 Schuhmann does disclose a non-embossed film.

6 I'll turn to my next Slide, 30. This just shows where Dr. Stark is a
7 co-inventor on the Schuhmann patent. Slide 31. As we can see, Hummel
8 plus Schuhmann equals Claim 1 under both claim constructions, whether it's
9 applied over or incorporated into the external layer. And Schuhmann
10 teaches wax and Constab.

11 I'll turn to Slide 32. I want to talk about Patent Owner's arguments.
12 They argue extensively that you couldn't combine Schuhmann with
13 Hummel. But, again, bodily incorporation is not a proper analysis under an
14 obviousness analysis. It is important to mention though, that Patent Owner
15 does not dispute that all the elements, when you combine Hummel and
16 Schuhmann, are taught by these two references together.

17 And then, second, Patent Owner focuses on Hummel's need alone,
18 which we talked about earlier, which is improper under 103 analysis because
19 we look at the teachings of the prior art as a whole. In fact, turning to Slide
20 33, Hummel teaches potential tearing and adhesion problems. Hummel says
21 that the film can be peeled off without being torn. Hummel also says it can
22 be peeled off preferably without tearing or seizing.

23 Hummel recognized that these are potential problems that you can
24 have with your inner film, which is not a surprise because Dr. Stark had
25 other patents that talked about these same problems. Turning to Slide 34,
26 Nagai talks about the problems that are well known in the art. He talked

1 about it being permanently attached and it would peel off gradually and it
2 would clog the pipe, and that's in Paragraph 8.

3 In Paragraph 16 of Nagai, Nagai says the release layer prevents
4 resin from functioning as an adhesive to the film. So Nagai recognized that
5 if you don't have a release layer on there, the cured resin is going to be an
6 adhesive. It's going to stick to that film and cause problems. In Paragraph
7 29 of Nagai, it says with the release layer, no tearing of the thin film after
8 construction as before. So Nagai specifically talks about that adhesion
9 problem causing tearing problems when you withdrew that film.

10 I'm going to slide 35 of my presentation. Stark and Hummel have
11 another published application together. And in Paragraph 72 and 79 and 93,
12 they talk about how the inner film can be removed without, quote,
13 permanent bonding, sticking, ripping, or tearing. Also in Paragraph 174, and
14 this is U.S. publication number 2011/0083765, in Paragraph 174, they talk
15 about comparative example 5 film where they permanently bonded so that
16 tearing of the film took place at such locations of that permanent bonding.

17 In Paragraph 175 of this reference, it talks about comparative
18 example 5 again, that had a, quote, risk of too intensive of a bond with cured
19 resin, resulting in, quote, difficult removal of film after curing. So the
20 problem is well known to a person of ordinary skill in the art. Patent
21 Owner's embossing arguments fail factually, putting aside that you can't
22 bodily incorporate secondary references. It fails factually.

23 Hummel actually says that it's preferably embossed. Hummel says
24 preferably. The multi-layer film, according to the invention, can be
25 embossed. And of course, as we talked about earlier, Schuhmann actually
26 has a non-embossed version.

1 I'm going to Slide 37 of my presentation. A person of ordinary
2 skill in the art would be motivated to combine Hummel and Schuhmann to
3 create that good release effect to prevent adhesion, which results in tearing
4 when you remove that inner film from the repaired pipe. It would be a
5 reasonable expectation of success because slip agents were well known,
6 which Patent Owner does not dispute.

7 Patent Owner does argue that, you know, Schuhmann doesn't use
8 resin. That's one of their arguments. However, Patent Owner never used
9 cured resin either in its '882 Patent for its testing. Patent Owner, in its
10 unexpected results presented to the Board, didn't use cured resin. So if
11 Patent Owner was truly concerned about cured resin, they would have tested
12 their own product or their own invention with cured resin to see if it solved
13 this chemical interaction problem they claim.

14 So in closing on Hummel and Schuhmann, they teach all the
15 elements combined under any claim construction.

16 So going to Slide 39. I'd like to go to Hummel and Nagai. I have
17 five minutes left. I'll do my best. So Nagai teaches release layers we've
18 talked about earlier. It can be easily peeled. In Paragraph 27, it talks about
19 applying a release agent, which creates a release layer that prevents
20 adhesion.

21 In Paragraph 16, it talks about the release agent can be silicone or
22 wax, just like the '882 Patent talks about for its coating. And it says, quote,
23 the release layer is between the resin and the film to prevent adhesion.
24 Turning to Slide 40 of my presentation. Nagai teaches the use of UV-
25 curable resin and inflation. I'm going to skip to Slide 42. So as we can see,
26 Hummel and Nagai equal Claim 1.

1 You've got Hummel, which has the overall structure, outer film,
2 inner film, and the cured resin. And then you have Nagai that has the
3 coating that's applied over the external surface of that film.

4 Next Slide is 42. Patent Owner doesn't dispute this either. Patent
5 Owner doesn't dispute that all the elements are taught by a combination of
6 Hummel and Nagai. They just argue bodily incorporation and Hummel's
7 need alone. Patent Owner attempts to rewrite Claim 11 to include Claim 8,
8 and I'd like to show Patent Owner's Slides 5 and 37 here.

9 So here's Patent Owner's slides. They conflict with the plain
10 language of Claim 11. I think this is important to bring to the Board's
11 attention. And they also conflict with the language of Claim 1, which says
12 that it's applied over the external surface. And Claim 1 also is very careful
13 to say that the inner film has layers and it has two external sides. It
14 differentiates those two very carefully.

15 So Claim 11, which says external side, it has meaning. And then
16 as far as claim differentiation go, obviously Claim 11 requires the external
17 layer that that coating is applied to. It has to be a thermoplastic olefin or a
18 polyamide. So in other words, if it was a TPE, such as a thermoplastic
19 elastomer, on the external surface, that would not apply.

20 Going to Slide 43, here's how the Claim 11 evolved. It started off
21 as Dependent Claim 8, where it was added to an external layer. And then
22 they canceled that claim. They added new independent claim, or Dependent
23 Claim 25, where it was added to an external side. There's a significant
24 difference there, because layer and side are used differently in Independent
25 Claim 1. And, of course, issue Claim 11 has added to an external side.

26 Slide 44, the attacks on Nagai fail. Waxed silicone coatings would

1 not affect the properties. The '882 Patent talks about that you could use UV-
2 curable resin or even thermally curable resin with even hot water like Nagai.
3 And then Claim 1, UV-curable resin is not claimed, like I said. And proceed
4 to Patent Owner's Slides 34 and 36 here. I like to show this because it just
5 misrepresents what would actually happen in the field. This is slide 36 of
6 Patent Owner's slides.

7 First of all, this is a new argument. They're claiming that if you
8 reduce the air pressure in Nagai, that the film would fall on these lights.
9 Well, there's a number of problems with this. Number 1, Nagai talks about
10 using UV-curable resin, so they'd know how to do it. Nagai talks about
11 peeling. It doesn't just fall off. They peel off the film, even with a release
12 layer.

13 Also, this figure badly misrepresents what a light train has.
14 They're called light trains. They have wheels on. They roll on the bottom of
15 the liners. They have UV lights in between them. They have guards all
16 around them to prevent them, because the LED lights are very expensive.
17 They don't want damage by touching film or any other products. Then they
18 also have wheels that stick out too. So the film, even if it were to come
19 down, would never touch the LED lights.

20 JUDGE OBERMANN: Is that on the record?

21 MR. NEUSTEL: No, because this is a new argument from them.

22 JUDGE OBERMANN: Okay.

23 MR. NEUSTEL: Yeah, I apologize.

24 JUDGE OBERMANN: That's all right.

25 MR. NEUSTEL: It's just in their slide. So I'd like to go to Slide 5
26 here, kind of summarize the nexus problems of their secondary

1 considerations. I have one minute. There's no identification of the unknown
2 soil migration, antiblock additive, and Constab. Constab is mainly non-
3 migrating compounds, which is polyethylene and calcium carbonate. And
4 example B5 is also missing 1 percent.

5 Slide 6, I'd like to go to in my presentation. They also have a
6 number of commensurability problems with their unexpected results. No
7 comparison of the closest prior art. Comparative example V1 is actually in
8 the claim scope. They say comparative example V1 has 0.012 percent
9 migrating compound. It migrates the surface. That would be within the
10 claim scope under their construction.

11 There's no results of the migrating compound applied over
12 embodiment, as we've talked about earlier today. There's also no results of
13 other migrating compounds. There's thousands and thousands of migrating
14 compounds that could be used with this. None of these were ever tested or
15 provided to the Board. And then finally, there's no results for the reactive
16 plastic or resin.

17 Turning to Slide 50. Here's the Constab data sheet. As we can see,
18 it says contains calcium carbonate, a slow migration antiblock additive and
19 polyethylene, and number of emissions. And here's the Constab additive
20 handbook. And I see I'm out of time.

21 JUDGE OBERMANN: I asked a lot of questions. So I'll give you
22 an extra three minutes if you need it. And I'll give your friend another three
23 minutes too.

24 MR. NEUSTEL: Okay. Thank you, Your Honor.

25 JUDGE OBERMANN: All right.

26 MR. NEUSTEL: So we don't know what's in Constab PE-SA 270,

1 quite frankly, which is very unusual. We've got even the patent owner's
2 expert on Slide 52. Patent Owner's experts admit that they don't know
3 what's in Constab PE-SA 270. They don't know what percentage of EBS
4 wax, if it has any wax. And we're unable to find any information about what
5 is the true composition of Constab other than that data sheet that was
6 provided to us in litigation.

7 So going to Slide 53, we were able to, after spending a lot of time
8 researching, we were able to find an additive handbook that's actually used
9 by Patent Owner's own expert. He admitted this during his deposition that
10 he has this very book in his office and he uses it every day. And it talks
11 about the family of Constab PE-SA masterbatches.

12 As you can see, the slip agent that's used is not EBS wax. They
13 use either erucamide or oleamide. And the percentages range from two to
14 ten percent only. That's it. Two to ten percent of the slip agent is in this
15 whole entire family, as you can see. Then they also have a particle-based
16 antiblock, which would prevent adhesion of the film to a cured resin. And
17 that ranges from 10 to 25 percent of the composition. So this is very
18 important.

19 And then the remaining balance would be in the polyethylene
20 carrier. And that can range, based on just doing a simple math here, 71
21 percent to 88 percent of the entire composition.

22 So looking at this, just as the Patent Owner's expert said, you could
23 have 88 percent polyethylene in Constab, and then you could have another
24 10 percent of calcium carbonate, and that would leave you a two percent slip
25 agent, which is unknown. We don't know what it is. We don't know if it's
26 EBS wax. We don't know if it's oleamide. We don't know what it is. We

1 don't even know if it's technically a migrating compound.

2 One thing that surprised me when I was reading Patent Owner's
3 sur-reply is on Pages 21 and 22, they say, quote, the exact percentage of the
4 EBS contained in PE-SA 270 is a red herring. They continue to say, the next
5 sentence, they say whether PE-SA 270 contains 80 percent, 50 percent, or 20
6 percent EBS wax does not change the fact that EBS caused the unexpected
7 results.

8 I strongly disagree with that. As we see here in the family, if it has
9 only two percent EBS wax, such as PE-SA 72 up in the upper right-hand
10 corner, if it's only two percent, that's only 0.02 percent wax added to the
11 layer. It's not 1 percent wax added in example B4. In example B5, it's not
12 four percent wax. It's 0.08 percent wax added. And the same thing with B6.
13 So it would be a significantly lower amount of migrating compound.

14 JUDGE OBERMANN: Okay. Your three minutes are up.

15 MR. NEUSTEL: Okay.

16 JUDGE OBERMANN: I just wanted to ask one more question.

17 MR. NEUSTEL: Yes.

18 JUDGE OBERMANN: All that argument you just made about the
19 Constab family, does that only come into play if we're looking at whether
20 the coating is created by a compound that migrates up rather than being
21 applied over or painted over?

22 MR. NEUSTEL: The main reason for that -- well, it would of
23 course apply that too, of course if there's a migrating compound. But the
24 main reason for this is what's causing these unexpected results that they're
25 claiming.

26 JUDGE OBERMANN: I see. Okay.

1 MR. NEUSTEL: So we're saying it's the non-migrating
2 compounds, the polyethylene and the calcium carbonate, the polyethylene.

3 JUDGE OBERMANN: All right. Very good. Okay, thank you. I
4 will give you your 25 minutes to rebut.

5 MR. NEUSTEL: Thank you, Your Honor.

6 JUDGE OBERMANN: Thank you very much, counsel. Mr.
7 Wallace, when you're ready, I will start your clock. But first I'll ask you,
8 would you like to reserve any time for a surrebuttal?

9 MR. D. WALLACE: Yes, Your Honor. I'd like to reserve 20
10 minutes.

11 JUDGE OBERMANN: 20 minutes, very good. I'm going to put
12 43 minutes on the clock for you since I gave your friend an extra 3 minutes.

13 MR. D. WALLACE: All right.

14 JUDGE OBERMANN: It doesn't mean you have to use all your
15 time. And then when you're ready, I'll start the clock.

16 MR. D. WALLACE: There we are, thank you. Good morning,
17 Your Honors. Darien Wallace for Patent Owner. Petitioner's grounds for
18 unpatentability all depend on Hummel. Everything depends on the primary
19 reference, Hummel. Ground 1 for anticipation, Ground 2 for obviousness,
20 Ground 3, which is Hummel and Schuhmann, and Ground 4, Hummel and
21 Nagai.

22 The most important point in this IPR pertains to Hummel. It is the
23 silver bullet that overcomes all of Petitioner's grounds. That point is that
24 there is no tearing problem with the film of Hummel, the primary reference.
25 Therefore, under the law, as explained by the Federal Circuit in Leo
26 Pharmaceutical Products, the Board cannot find that a person of ordinary

1 skill in the art would have been motivated to modify Hummel to solve the
2 tearing problem.

3 It would be error for the Board to find that a person of ordinary
4 skill in the art had a motivation to modify Hummel. Before I address the
5 facts of Hummel, let's consider the law. I will remind the Board of the
6 controlling Federal Circuit law regarding the problem of the primary
7 reference. The Board must not make the mistake that the Board made in *Leo*
8 *Pharmaceutical*.

9 There, the Federal Circuit said, quote, only after recognizing the
10 existence of a problem would the artisan then turn to the prior art, closed
11 quote, to try to solve the problem. Again, I'll repeat, only after recognizing
12 the existence of a problem would the artisan then turn to the prior art to
13 solve that problem. The word then is even italicized in the Federal Circuit
14 opinion.

15 The Federal Circuit held that there can be no motivation to modify
16 the primary reference where the person of ordinary skill would not have
17 recognized the problem with the primary reference that needed to be solved.
18 The problem recognized by the inventors in this case was a specific tearing
19 problem. Hummel had no such problem, and Hummel did not recognize any
20 such problem.

21 The other problems that Petitioner has referred to are not relevant.
22 It's whether there was a problem with Hummel's film. There is unrefuted
23 testimony from Patent Owner's expert, Dr. Brant, that there was no problem
24 with the Hummel film. For example, in Exhibit 2001, which is Dr. Brant's
25 declaration at Paragraph 38, he says that Hummel does not disclose to a
26 person of ordinary skill in the art a tearing problem. This is important

1 because this is now evidence, it's not attorney argument.

2 At Paragraph 46, Hummel does not disclose to a person of ordinary
3 skill in the art that anything is wrong with Hummel's film. At Paragraph 48,
4 Hummel expressly discloses that the inner film is removed without tearing.
5 At Paragraphs 51 and 61, Hummel discloses no problem with removing
6 inner film, and it can be done without tearing. And at Paragraph 62,
7 Hummel does not disclose that his inner film sticks to cured resin.

8 So it would be error for the Board to make a factual finding that
9 there was a sticking-tearing problem with Hummel's film, because there
10 wasn't. And because there's no problem with Hummel's film, there also can
11 be no motivation to modify Hummel's film. Again, as Chief Judge Rader
12 said in Leo Pharmaceutical, only after recognizing the existence of a
13 problem would an artisan then turn to the prior art.

14 So let's look at what Hummel says and does not say. It's important
15 to note that the Hummel reference used in this IPR is a German document.
16 It does not exist in English. It is a German-language WIPO publication of a
17 PCT application. And in the true reference, there is a critical statement.
18 That one is Exhibit 1005, page 42 of 71, which is the German. And in that
19 critical statement it says there's no problem. It refers to die Folie (Phonetic),
20 which is the film.

21 (Foreign language spoken.)

22 MR. D. WALLACE: The one means without, and the (Foreign
23 language spoken) means tearing. So it explicitly states that there is no
24 tearing problem. So there's no (Foreign language spoken), breaking off
25 problem, (Foreign language spoken), splitting problem, or (Foreign language
26 spoken), tearing problem. Petitioner's English version of Exhibit 1005 is not

1 the Hummel reference. Instead, it is a self-serving, incorrect translation
2 meant to fabricate a motivation to modify. Petitioner's --

3 JUDGE OBERMANN: Can I just ask, where is your translation of
4 the reference?

5 MR. D. WALLACE: I'm getting to that -- my translation is the --
6 so the reference was a PCT application and a continuation of that PCT
7 application was filed into the United States. That application, U.S.
8 application, was published. It was published as 13/0126029.

9 JUDGE OBERMANN: Where is that in the record?

10 MR. D. WALLACE: Well, it's on the face of the '882 Patent
11 because the examiner looked at it and --

12 JUDGE OBERMANN: Is it in our record?

13 MR. D. WALLACE: Yes, I will have to find it.

14 JUDGE OBERMANN: Okay.

15 MR. D. WALLACE: But for this panel, that --

16 JUDGE OBERMANN: And that's what you're relying on for your
17 counter construction. We have a certified translation here. You're
18 challenging that certified translation.

19 MR. D. WALLACE: Yes.

20 JUDGE OBERMANN: It's something that's in the record.

21 MR. D. WALLACE: We did. Exhibit 2009 was our challenge of
22 their translation, which is incorrect.

23 JUDGE OBERMANN: Okay.

24 MR. D. WALLACE: But the U.S. Patent application publication
25 later issued as the '269 Patent, and this panel considered that and declined to
26 institute a review of the '269 Patent. But the publication that led to the '269

1 Patent, again is 13/0126029. And that is, according to Patent Owner, the
2 correct translation. And in the petitioner's translation, it mentions peeled off
3 from the resin. But that was never in the German.

4 And the correct translation for the U.S. Patent application
5 publication and patent, the '269 Patent, states, the film of the invention
6 during entry into the pipe requiring renovation and moreover after hardening
7 of the resin, and here comes the clause, can be withdrawn therefrom without
8 any break-off, splitting, or tearing.

9 The difference in the translation is that the petitioner's translation
10 translated it, which leads the reader to think that it is the resin. But in the
11 correct translation, the withdrawn therefrom is obviously from the pipe. So
12 this says, when you withdraw the inner film from the pipe, it doesn't tear.
13 There is no suggestion that anything sticks, which the word peel would seem
14 to suggest that if you're peeling it from it, it is stuck.

15 So there is no recognition in Hummel that anything sticks. And it
16 says that the film doesn't tear. It doesn't say why. So, but as I just said, the
17 correct translation is the publication of the U.S. application, which is on the
18 face of the '882 Patent.

19 So there can be no anticipation based on Hummel because the
20 examiner already considered it. And certainly an examiner might miss
21 something in obviousness, but the examiner would never miss an
22 anticipation argument.

23 There's a related issue to there not being any problem with the
24 film, and that is the recognition of the problem. Leo Pharmaceuticals states,
25 an invention can often be the recognition of the problem itself. And there's
26 an older case from Leo Pharmaceuticals in 2013, Federal Circuit, a cardiac

1 pacemaker in 2004 holds, identification of the problem is itself the
2 invention.

3 In this case, the inventors, Dr. Stark, Dr. Boutrid, and Gregor
4 Schleicher, were the first to recognize the problem of film tearing due to a
5 probable chemical interaction between the UV-curable resin and the outer
6 layer of the inner tubular film. Now, this is not a mere mechanical adhesion.
7 This problem was not recognized by Hummel or anywhere in the prior art,
8 regardless of when the inventors first recognized the problem.

9 JUDGE MAYBERRY: Excuse me, counsel. This is Judge
10 Mayberry. May I ask a question?

11 MR. D. WALLACE: Yes.

12 JUDGE MAYBERRY: How does that play into a problem which
13 was not beside a UV-curable resin? So, as far as the scope of Claim 1, that's
14 not the problem that was identified by the inventors.

15 MR. D. WALLACE: Well, Claim 1, throughout the specification,
16 it's clear that this invention only relates to UV-curable resin because the
17 outer film blocks UV light and explicitly so that the resin will not harden
18 before the light bulbs from the inside start the chain reaction. So, just sitting
19 in a warehouse, it won't start to harden in the warehouse. So it's clear from
20 the specification that this invention relates only to UV-CIPP liners.

21 JUDGE MAYBERRY: So your assessment is true that the
22 reactive plastic resin could be present?

23 MR. D. WALLACE: That's correct, Your Honor.

24 JUDGE MAYBERRY: And you have the analysis in the papers?

25 MR. D. WALLACE: Well, yes, but the entire specification relates
26 to UV-curable resin and describes that. There is no -- there's only two

1 options.

2 JUDGE MAYBERRY: That would be reading into Claim 1,
3 something from the specification. I mean, it seems pretty clear that when
4 you talk about carrier material present with a reactive plastic resin in Claim
5 1, that does not say UV-curable. I mean, so you're asking us to add what's
6 claimed by --

7 MR. D. WALLACE: No, Your Honor, you don't need to --

8 JUDGE MAYBERRY: -- reading in from the specification.

9 MR. D. WALLACE: No, the limitation doesn't need to say UV-
10 curable resin. I'm talking about the recognition of the problem. The
11 inventors recognized a problem. They came up with this invention. The
12 invention is described in the specification. And then there are claims. And
13 the claims can obviously be broader than the specific embodiment.

14 JUDGE MAYBERRY: But it seems like what you're saying is that
15 the claim is broader than the, quote, invention.

16 MR. D. WALLACE: Well, the claims are the invention. So if you
17 have 20 claims, you have 20 inventions. The --

18 JUDGE MAYBERRY: That's exactly how I understood it, yet
19 Claim 1 doesn't recite a UV-curable resin.

20 MR. D. WALLACE: That is correct. So the invention of Claim 1
21 is exactly what it is. But the recognition of the problem, you don't have to
22 have a separate recognition of the problem for each of your 20 claims.

23 There is an overall problem, and that's what led the inventors to do
24 certain things. For example, there are three embodiments. The first
25 embodiment is a coating of polysiloxane. The second one is a coating of a
26 migrating compound. And the third one is a covering of a migrating

1 compound. The third one is added to a layer and migrates out. The first two
2 are applied over with a coating machine that's explained in the specification.

3 So the main claim covers all three embodiments, but all of those
4 relate to UV-curable resins. There is only one other option, which is heat-
5 curable, and that's a different field. I mean, it wouldn't make any sense to
6 think that the claim covered that.

7 JUDGE OBERMANN: I'm sharing Judge Mayberry's concerns
8 here because I don't see why we should be focused on what your inventor
9 thought was really important. What I'm focused on are these very clear
10 disclosures in Nagai that describe, you know, how to make it so that you can
11 easily peel these things off with the very same solution that's in your spec.

12 And that's what really bears on whether the hypothetical person of
13 ordinary skill in the art faced with the teachings of Nagai and Hummel
14 would have understood that one of the ways you can reach Hummel's
15 preferable result, which is to prevent tearing, is to use some of these things
16 that are in Nagai.

17 MR. D. WALLACE: I believe the law is that the primary
18 reference is what's important, and if there's a problem with the primary
19 reference and what one of ordinary skill, whether that person would have
20 had an apparent reason to modify the primary reference, which is Hummel.
21 It's all based on Hummel, not Nagai.

22 JUDGE OBERMANN: How does that jive with KSR? We've got
23 KSR, and your friend has cited KSR, the relevant portion of KSR, that talks
24 about having several different solutions. Each one is obvious.

25 MR. D. WALLACE: KSR was before Leo Pharmaceutical --

26 JUDGE OBERMANN: You're saying that Leo Pharmaceutical

1 has modified KSR?

2 MR. D. WALLACE: To the extent of the recognition of the
3 problem and that one of ordinary skill would have had to recognize a
4 problem with the primary reference to even look at other prior art.

5 JUDGE OBERMANN: Okay, that's your position.

6 MR. D. WALLACE: You can't start with Nagai. So the
7 recognition of the problem, and the recognition of the problem is important
8 because the problem isn't just tearing. It was a complicated problem, and
9 that is that the inventors recognized that in the spring of 2012, some of the
10 Patent Owner's customers had started to use a different UV-curable resin,
11 and that contained maleic anhydride.

12 Maleic anhydride bonds with polyamide. So they were getting
13 sticking, but the customers didn't know why, and the reason is that the
14 maleic anhydride was bonding to the outer polyamide layer. This is
15 important because, for example in Nagai, there is no polyamide layer. They
16 have polyethylene, and it's a necessarily low-temperature process because
17 they have hot water. It can't get over 100 degrees, but.

18 JUDGE OBERMANN: I don't see any of these details, and please
19 correct me if I'm missing something. I don't see how any of these details
20 have anything to do with whether the hypothetical person of ordinary skill in
21 the art, faced with the teachings of Hummel and Nagai, would not have
22 recognized that adding or coating that external surface with wax would have
23 achieved the non-tearing problem that is preferable in Hummel.

24 MR. D. WALLACE: Well, the problem you have to consider is
25 the problem that the inventors are solving, not the problem in Nagai. And
26 Hummel never had a problem.

1 JUDGE OBERMANN: No, we are trying to set up what the
2 hypothetical person would have understood, not what your inventor
3 understood. This all goes to reason to combine, which is based on the
4 objective, hypothetical person of ordinary skill in the art, right?

5 MR. D. WALLACE: That person of ordinary skill can only know
6 what's in the prior art.

7 JUDGE OBERMANN: Right. And would have been well aware
8 of what Hummel and Nagai teach.

9 MR. D. WALLACE: Exactly. And Hummel does not teach any
10 problem with sticking and tearing.

11 JUDGE OBERMANN: They recognize in Hummel that it's
12 preferable for the inner liner to be able to be taken out without tearing.

13 MR. D. WALLACE: That was not a problem. Hummel explicitly
14 states that that hypothetical doesn't exist. The problem has to be with
15 Hummel's teaching.

16 JUDGE OBERMANN: I understand what you're saying.

17 MR. D. WALLACE: Not with before Hummel.

18 JUDGE OBERMANN: Okay. Why don't we move on?

19 MR. D. WALLACE: I will move on to the Ground 3, which is the
20 combination of Hummel and Schuhmann, and this does not teach the recited
21 covering. Petitioner has stated that Patent Owner concedes various things.
22 We don't concede anything.

23 Schuhmann -- well, I'll just go back to Petitioner's slide 3, which
24 says that Patent Owner does not deny that Hummel and Schuhmann teaches
25 all of the elements of the challenged claims under any construction, but there
26 is no covering in Schuhmann. And there was a lengthy discussion of what a

1 covering is, and it's not defined by the percentage of some ingredient. That's
2 not how covering is --

3 JUDGE OBERMANN: Schuhmann describes the painting on
4 embodiment, correct? You know, the applied over --

5 MR. D. WALLACE: No, it does not, Your Honor. Schuhmann
6 relates to migrating out. Nagai is the one that deals with applying over.

7 JUDGE OBERMANN: Well, I'll ask your friend about his stance
8 on that --

9 MR. D. WALLACE: But the covering in the '882 Patent is defined
10 functionally as a reduction in the release force that is achieved by the
11 covering. It is not defined by any particular amount of EBS wax added to
12 the polymers. That's stated in the expert declaration, EX-2001 at Pages 13
13 to 15, and in our paper 13 at Pages 19 and 42.

14 So if you get a reduction, a satisfactory reduction in the release
15 force, then you have a covering. But you can't say that just because you add
16 a certain amount of an ingredient, you're going to get a covering. That's not
17 true. The system is way too complicated for that.

18 JUDGE OBERMANN: Okay. I'm looking at Schuhmann now,
19 and it does talk about being siliconized on at least one side or coated with a
20 waxy additive. Why isn't that the applied over?

21 MR. D. WALLACE: I didn't believe that the g=Ground 3 was
22 based on that. Ground 3 was based on the EBS wax.

23 JUDGE OBERMANN: On Page 40 of the petition, they direct me
24 to a disclosure in Schuhmann that talks about coating a siliconized -- the
25 silicone on at least one side, or coating with a waxy additive, or having a
26 carrier layer that contains waxy additives. So it seems to me, unless you can

1 point me or explain otherwise, that Schuhmann does disclose all three.

2 MR. D. WALLACE: I will get back to the Court about the -- so
3 polysiloxane is what the Court is saying in Schuhmann?

4 JUDGE OBERMANN: Siliconized.

5 MR. D. WALLACE: Siliconized, okay. I'm saying that there is no
6 covering in Schuhmann. And there was -- let's see what slide that was. I
7 believe it was Petitioner's Slide 29 from Schuhmann, and it has three
8 examples of example film, and two on the right have four percent Constab
9 PE-SA 270 on polypropylene, and the far right has embossed, and the
10 middle one is smooth.

11 And in that case, there is no covering. There can be no covering,
12 because covering is functionally defined as a sufficient reduction in the
13 release force. In the '882, it defines that based on the width that they have of
14 anything below, I think it was 623 centinewtons per 25 millimeters.

15 JUDGE OBERMANN: So you're reading that into Claim 1 as
16 well?

17 MR. D. WALLACE: I'm reading the functional definition into
18 Claim 1, that's correct, for what a covering is. Covering is not a percentage
19 of EBS wax --

20 JUDGE OBERMANN: So tell me explicitly on the record, what is
21 covering in Claim 1?

22 MR. D. WALLACE: A covering is functionally defined to have a
23 covering of migrating compound, which migrated out, that is sufficient to
24 reduce the release force as described in the specification down to -- in the
25 examples in the charts. One example was 623 centinewtons per 25
26 millimeters, but the point is that it is a functional definition. It is not based

1 on the amount of additive, which is also not in the claim. So it makes no
2 sense to have that as the definition.

3 But regardless of how much it has to reduce the release force, it
4 has to reduce the release force, whereas in Schuhmann, it increases the
5 release force. So if you take the four percent PE-SA 270 and you put that in
6 polypropylene and you have an embossed layer, and then you do the same
7 thing with a smooth layer, the smooth layer, the release -- well, they call it
8 separation force, is almost five times higher.

9 So the EBS wax was not creating a covering that reduced the
10 release force. It's five times higher. So the entire release properties of
11 Schuhmann are caused by the embossing, not by the PE-SA 270. So the
12 properties in a polypropylene layer are entirely different, and they don't form
13 the covering.

14 So the reason that you don't put a definition on the percentage of
15 EBS wax to start out with is it's just way too complicated. It depends on
16 many, many things. For example, the thickness of the layer, if the layer is
17 thicker, then you have more of the migrating compound that can migrate out
18 to form the layer. It depends also whether you have polypropylene or
19 polyethylene or polyamide.

20 If you have polyamide, the melting temperature is much higher and
21 the blown extrusion is going to happen at a higher temperature. So most of
22 the EBS wax, a low-melting-point wax is going to melt off, so you would
23 need more then. So it's so complicated that there was no attempt to say that
24 a cookbook method where you have to apply this specific amount to get the
25 covering. It's functionally defined --

26 JUDGE OBERMANN: So let me stop you for a second. Your

1 view is that Claim 1, even if I have all of those things that are listed in Claim
2 1 for a coating, you're saying that it doesn't meet the claim unless it gets this
3 particular result?

4 MR. D. WALLACE: Yes, the functional definition of it.

5 JUDGE OBERMANN: The functional definition of covering?

6 MR. D. WALLACE: Of covering, yes.

7 JUDGE OBERMANN: But not coating?

8 MR. D. WALLACE: Well, coating as well, because the tables in
9 there have the data for the reduction of the release force. And in fact, for
10 polysiloxane, it's actually much more because it's a thicker --

11 JUDGE OBERMANN: So what's the release force that's required
12 by Claim 1?

13 MR. D. WALLACE: Well, without -- so the examples were V1,
14 and that's without wax additivation. That's the prior art. It might have a
15 little bit of EBS wax because that EBS wax is used as a slip agent just to
16 help the machines work, but that's not the invention, because in the tables,
17 that had a release force of 800 centinewtons. So that's really hard to remove.

18 But then if you add one percent Constab PE-SA 270, then that
19 reduces the release force from 800 down to 623, and that's the example of
20 one percent. Then they go to four percent, and it keeps on going down, and
21 six percent. But you wouldn't -- a lower release force isn't necessarily better.
22 You just have to have enough release force, reduce the release force so that
23 you can pull out the film.

24 You don't want, like in Nagai, to have a complete falling off of the
25 film, because as soon as the pressure is released, whether water pressure or
26 air pressure, the inner film collapses. So you need some stickiness there.

1 JUDGE OBERMANN: So in other words, if you're trying to
2 figure out whether you infringed this claim, you have to look at whether it
3 works or not.

4 MR. D. WALLACE: No, you have to do a release force test,
5 which is explained in the specification with the tape, and it explains the
6 different types of tape, and then you put the film on that tape and you
7 measure the force it takes to rip the tape from the film.

8 JUDGE OBERMANN: And once you get that force, you know
9 whether you've created --

10 MR. D. WALLACE: If the force is reduced enough, then you
11 know you have a covering.

12 JUDGE OBERMANN: Reduced to what?

13 MR. D. WALLACE: To 623 seconds or less.

14 JUDGE OBERMANN: And that's your definition of covering?

15 MR. D. WALLACE: Yes, functional definition.

16 JUDGE OBERMANN: There's a functional definition in the spec.
17 Where is that within the spec? That functional --

18 MR. D. WALLACE: That is the whole explanation of the
19 reduction of the release force. It's on Column 17. And by the way, there is a
20 typo in the numbers. It was correct in the first version that was filed. That's
21 on B4, under the second to the right column, with the Tesafim (PHONETIC)
22 7458. There are two release force tests they do. One was with an acrylic
23 tape, and the other one was non-acrylic.

24 But if we look at the tests on the right there in the Column 17, and
25 we look at the 1D there, and down below it says, with wax agitation, that
26 823, both of those should be 623. The correct version of that 623/623 is on

1 Exhibit 1002 on page 41 of 489.

2 JUDGE OBERMANN: What is Exhibit 1002?

3 MR. D. WALLACE: Well, there's a typo. It says, for the release
4 force, it says 823/623. Both of those should be 623/623.

5 JUDGE OBERMANN: I know. But what are we using to make
6 that correction to your patent?

7 MR. D. WALLACE: Well, I mean, it's a typo. It's in the first
8 version filed into the United States Patent Office. Exhibit 1002 is the file
9 wrapper.

10 JUDGE OBERMANN: I got you. And where's the definitional
11 language?

12 MR. D. WALLACE: It's in the entire column, showing that --
13 what release force reduction you have to have for the invention. And the
14 invention is B4, B5, and B6 for the migrating compound. It's B1, B2, and
15 B3 for the coating of polysiloxane.

16 JUDGE OBERMANN: Okay.

17 MR. D. WALLACE: So, back to Schuhmann. Schuhmann, when
18 you don't have embossing and you add the PE-SA 270, it has a higher
19 separation force, in fact significantly higher, so there is no covering in
20 Schuhmann. And that's because Schuhmann is based on polypropylene and
21 entirely different. The examples of the film in the patent are polyamide on
22 the outside. And it's interesting to note that for Nagai, it's actually
23 polyethylene on the outside. So I'll go to --

24 JUDGE MAYBERRY: Excuse me counsel, this is Judge
25 Mayberry. Could I ask you a question?

26 MR. D. WALLACE: Sure.

1 JUDGE MAYBERRY: Looking at Claim 1 and the combined
2 teachings of Hummel and Schuhmann, I'm trying to see if I followed your
3 argument. Would you agree that if covering didn't have this release force
4 requirement in it, would the combined teaching provide a covering?
5 Because it has a migrating compound that would then migrate to the external
6 surface of the film when we combined the teaching, so we would get a
7 covering. Just not a covering that meets the release force requirement --

8 MR. D. WALLACE: I don't believe that if there's a very small
9 amount of EBS wax that it forms any covering because that EBS wax is
10 burned up in the blown extrusion film process. It's used as a slip agent to
11 allow the hard resin pellets to go through the extruder and then it's
12 vaporized. You'd only get a covering if there's some amount of the EBS
13 wax left in that layer after the film is made, and then over time, it migrates
14 out to form the covering. But if there's not sufficient EBS wax, there's not
15 sufficient migration to form a covering.

16 JUDGE OBERMANN: My understanding is that example B5 uses
17 4 percent Constab?

18 MR. D. WALLACE: That's correct.

19 JUDGE OBERMANN: And then we have examples V1b and V1
20 and Schuhmann that use 4 percent LVI. Why is that not, as Judge Mayberry
21 said, a covering whether or not it has the -- if it doesn't have the release
22 force?

23 MR. D. WALLACE: Well, it's an entirely different film. It's
24 polypropylene and the science answer is that that is four percent in a
25 polypropylene film as the thickness and whatever that Schuhmann has was
26 not sufficient to make a covering and therefore the separation force actually

1 went up almost five times. It didn't go down at all. So there was no -- no
2 covering was formed in Schuhmann.

3 JUDGE MAYBERRY: And counsel, again that's using a
4 separation force as your definition of covering. And I was trying to strip at
5 least that out.

6 MR. D. WALLACE: True, but then you have to replace it with
7 something. And if the words of the claim just have a covering of a
8 migrating compound, then you can't say that an infinitesimally small amount
9 of migrating compound necessarily creates a covering. Why would you say
10 that?

11 JUDGE MAYBERRY: Well, it's what the claim says, right?

12 MR. D. WALLACE: No, the claim says a covering of a migrating
13 compound. It doesn't say if there's any migrating compound, you get a
14 covering.

15 JUDGE MAYBERRY: It says a covering with at least one
16 migrating compound. With at least one --

17 MR. D. WALLACE: True, the one migrating compound means
18 you could have two migrating compounds, you know, different -- it's not
19 limited to just, you know, EBS wax. You could put EBS wax plus another
20 migrating compound. That's what it means by at least one.

21 JUDGE MAYBERRY: I guess I'm still not following your
22 argument as why Schuhmann does not disclose a covering with at least one
23 migrating compound.

24 MR. D. WALLACE: Because --

25 JUDGE MAYBERRY: You speak like your argument was
26 because the release force was actually increased.

1 MR. D. WALLACE: Increased, exactly. In Schuhmann, they call
2 it a separation force. And in the '882 Patent, they call it a release force. But
3 I guess it's separation force if it goes up, but a release force if it goes down.
4 It becomes easier to remove. And in Schuhmann, it became harder to
5 remove.

6 JUDGE MAYBERRY: I do understand that. But it's still a
7 covering. It's just a covering. It does not meet the release force that we see
8 in that table in and also it's in the patent.

9 MR. D. WALLACE: Well, actually it doesn't ever form a
10 covering. Just because you add EBS doesn't mean it migrates. It doesn't
11 migrate. It gets burned up. It doesn't -- to have a covering, you don't have --
12 one molecule that migrates to the surface doesn't form a covering. It only
13 forms a covering if it sufficiently covers the surface --

14 JUDGE MAYBERRY: So does two?

15 MR. D. WALLACE: Two, no, two doesn't either. You actually --

16 JUDGE MAYBERRY: Five?

17 MR. D. WALLACE: No. Molecules, no, no, no. Thousands,
18 obviously. You have to --

19 JUDGE MAYBERRY: 10,000?

20 MR. D. WALLACE: It depends per -- the thing is, it's not defined
21 because it's the chemical arts, and it's very difficult. You can't not take a
22 picture of it. We've tried with different kinds of microscopes. That's not the
23 way it works. The covering can only be functionally defined. You're never
24 going to see it and say, yeah, there it is. It forms one molecule at a time, but
25 one molecule is not sufficient. You have to cover it to separate the
26 polyamide from the resin, and it has to be sufficiently covered --

1 JUDGE MAYBERRY: We're getting all of that in Claim 1 from
2 the single word cover. Is that correct?

3 MR. D. WALLACE: Yes, covering has that meaning. It's the
4 same as coating.

5 JUDGE MAYBERRY: Right.

6 MR. D. WALLACE: Coating is a coating of when you put it from
7 the outside, but it doesn't say how thick that has to be or how much. You
8 can have EBS wax, for example, that you melt and you put in a coating
9 machine and you apply it over from the outside. That's a coating.

10 It doesn't say how much you put on there, how much you put in the
11 coating machine. It just says a coating, and the same with the covering.
12 You put the migrating compound. You add it to, like Claim 11 says, you
13 add it to the layer and it migrates out, whereas for the coating, you apply it
14 over from the other direction. But in both cases, it has to coat or cover the
15 surface to achieve the reduction in release force.

16 JUDGE MAYBERRY: All right, thank you counsel.

17 JUDGE OBERMANN: You have two and a half minutes.

18 MR. D. WALLACE: I will go to the combination of Hummel and
19 Nagai. Nagai has no -- teaches no migrating compounds. So the Claim 11
20 recites migrating compound is added to, so the combination of Hummel and
21 Nagai cannot teach Claim 11. The petitioner is citing Nagai for the
22 polysiloxane layer. And since we're on the combination, Nagai is an entirely
23 different process. One of ordinary skill would never have looked to a
24 thermosetting, you know, water-heated inversion.

25 Nagai only has a single film. It doesn't have an outer film and an
26 inner film. And the outer film, through the inversion, becomes the inner

1 film. As you put pressure on the water, it inverts the tube and squirts it out.
2 And it also has a polyethylene, polyamide, polyethylene film where the
3 polyethylene is on the outside, so that it would not be resistant to the high
4 temperatures of the exothermic reaction of the UV-curable resin.

5 I know that Nagai mentions UV-curable resin, but that's just a
6 throwaway statement. That's not enabled, and it just never would work with
7 the water, and it doesn't explain how you would ever use the inversion
8 system with UV light. And would you not use water? Would you just use
9 air pressure to try to push out the tube?

10 Really what Petitioner is trying to do is to pick and choose isolated
11 elements from Nagai and to combine them with Hummel, but to the
12 exclusion of the main teaching of Nagai, which is an entirely different
13 process. Let's see, my time's up.

14 JUDGE OBERMANN: Thank you, counsel. Mr. Neustel, I'll start
15 your clock running when you speak. It's 25 minutes on the clock.

16 MR. NEUSTEL: Thank you, Your Honor. I don't think I'll need
17 the 25 minutes. Okay. Your Honors, I would like to briefly discuss the
18 minimum migrating compound issue. As Patent Owner's counsel was
19 discussing, there is nothing in Claim 1 that talks about a minimum amount
20 of migrating compound incorporating the layer or any minimum thickness to
21 form a coating or covering. And we've been trying to figure that out as far
22 as the arguments go also.

23 And to his argument about release effect, the patent is silent. It
24 doesn't have anything in it about a minimum release effect created by the
25 coating or the covering. They give examples, B4, B5, B6, but there's
26 nothing in the '882 Patent that would tell a potential infringer, well, you have

1 to have this amount of release effect to infringe or be below that to avoid
2 infringement. There's nothing in the patent that tells us that. So I just
3 wanted to bring that up. I wanted to bring, let's see here.

4 JUDGE OBERMANN: I did want to ask you whether Schuhmann
5 discloses the coating that's applied over rather than migrated.

6 MR. NEUSTEL: Yes, and that was in my one slide, 28 right here.
7 I'll pull that up for you, Your Honor, right here. So here, on Exhibit 1007,
8 on Page 5, that's Schuhmann, and we discussed this also in our petition on
9 Page 18, Schuhmann says that at least one side, a coating or covering based
10 on at least one lipophilic compound, that's what's formed.

11 And then it says, the layer A may be coated on one side with a
12 lipophilic compound or have occupancy on at least one of its surfaces by at
13 least one migrated lipophilic compound. So that's where that language is at,
14 Your Honor.

15 JUDGE OBERMANN: So that's really why your position is we
16 need not address all this other stuff because we would meet the claim if we
17 combine that part of Schuhmann that talks about applying the coating over.
18 We don't have to address the other stuff.

19 MR. NEUSTEL: That's correct.

20 JUDGE OBERMANN: Okay, thank you.

21 MR. NEUSTEL: Thank you, Your Honor. I also want to talk
22 about Patent Owner's Slides 28 and 29. Well, first of all, I want to mention
23 that no amount of secondary considerations, unexpected results can
24 overcome the strong prima facie case that Petitioner has made here in this
25 case. That's well established, and particularly ones with little or no nexus to
26 the claims and are definitely not commensurate with the scope of the claims.

1 I do want to talk about this new argument that they've been
2 bringing up about maleic anhydride in this UV-curable resin, as was
3 discussed earlier. This is a new argument. They have not discussed this in
4 their opening brief. They have it in a declaration where they briefly mention
5 that that could have been the cause.

6 Of course, it's all based on hearsay. We don't know the names of
7 the customers. We don't know what the actual resin was that was used. And
8 of course, as Judge Mayberry mentioned, the Claim 1 doesn't require a UV-
9 curable resin. And actually, the patent talks about many different types of
10 curable resins, thermally curable resins, UV-curable resins in Column 1 of
11 the '882 Patent.

12 In addition, as I said before, they didn't test it. If they're really
13 trying to solve a problem, as opposing counsel said, about a chemical
14 interaction between the film and this maleic anhydride, why didn't they test
15 in the '882 Patent with a UV-curable resin with maleic anhydride in it? They
16 just tested it with adhesive tape. So it doesn't make sense. This is just a new
17 argument trying to get the patent to stay alive, basically.

18 And actually, in the '882 Patent, if you do a search of it, the words
19 maleic anhydride are only used for the adhesion promoter layers. There's
20 only two places that use the words maleic anhydride, and it relates to the
21 adhesion promoter layers. It has nothing to do with the curable resin.

22 So if that was truly the problem that the inventors solved, why
23 didn't they put that in the patent itself? Because they talked extensively
24 about the problems that they were solving, and there's nothing in there about
25 it.

26 I want to also mention opposing counsel brought up the Leo case,

1 and whether or not it overrules KSR or changes KSR. First of all, Leo case
2 is being misconstrued. Just because you determine a problem does not make
3 you the inventor. I think we all know that. They're trying to construe Leo to
4 be like, oh, we found this problem. So because we then solved that problem,
5 we're the inventors. That's not how it works. Especially, you know, we're
6 dealing with a very strong case of obviousness here.

7 In Leo, there was actually a long-felt need in the industry, in the
8 patents and all that. But over 10 years, they recognized this problem. They
9 couldn't solve this problem. Whereas here, we actually solved the problem.
10 Nagai, Schuhmann, it was well-known how to solve the problem.

11 And there were several cases later that actually discussed Leo. I'm
12 going to give you the citations to them, because this is a new argument by
13 opposing counsel. We didn't have a chance to brief this.

14 But I would refer the court to Nike v. Adidas. It's 812 F.3d 1326,
15 and specifically Pages 1337-38. And that was Federal Circuit 2016. And
16 that discusses the Leo case. And it talks about how you have to have this
17 long-felt need, and you have to also show that there was failure of others to
18 solve that problem. That's not what happened here. The Patent Owner has
19 not shown any of that.

20 There's one other case that talks about Leo that clarifies what the
21 holding is. It's In re Couvaras, I'll spell that, C-O-U-V-A-R-A-S. And that's
22 70 F.4th 1374, and specifically Pages 1381-82. And that's a Federal Circuit
23 case from 2023 that specifically discussed the Leo holding. I think, other
24 than that, I really don't have anything else for you.

25 JUDGE OBERMANN: Okay. Well, thank you very much. I
26 appreciate it, counsel.

1 MR. NEUSTEL: Thank you.

2 JUDGE OBERMANN: Before you sit down, let me just double-
3 check with my panelists. Anyone have a question before I let -- okay, thank
4 you. When you're ready, Mr. Wallace.

5 MR. D. WALLACE: Would it be permissible to have my co-
6 counsel do the second?

7 JUDGE OBERMANN: I'm fine with that, but let me ask if we
8 have any objections from Petitioner. Okay, thank you. No objection being
9 heard, you may switch counsels for the rebuttal.

10 MR. T.L. WALLACE: Your Honors, I'm Lester Wallace. What
11 you just heard from Counselor Neustel about Leo Pharma is incorrect.
12 There was no recognition of the problem in Leo Pharma. And Judge
13 Obermann, what I believe you're doing with KSR is incorrect --

14 JUDGE McGRAW: You're a little hard to hear.

15 MR. T.L. WALLACE: That's what I --

16 JUDGE McGRAW: Closer to the mic, thank you.

17 MR. T.L. WALLACE: What Petitioner's counsel said about Leo
18 Pharma is incorrect. Leo Pharma is all about recognition of the problem.
19 That's what it's about. And Leo Pharma is after KSR, Judge Obermann. It
20 specifically mentions KSR. And it's by the Chief Judge of the Federal
21 Circuit.

22 And the point of Leo Pharma was there were two references. And
23 of course, and maybe it was before you all. It was an IPR decision that was
24 reversed for doing this very thing. So what the Board did was assume a
25 motivation and a problem that did not exist in the art. So there is a starting
26 point, and it's Hummel. And if there's not a problem with Hummel, as Judge

1 Rader says in Leo Pharma, there is no motivation to solve that problem.
2 That's the key thing.

3 And I believe Judge Obermann is saying that if there's two
4 references, you throw them all in the big pot to start with, and then if there's
5 suggestions in one or suggestions in another, that you can get the motivation
6 to combine from the second one. Let's say --

7 JUDGE OBERMANN: No, that's not what I'm saying.

8 MR. T.L. WALLACE: That's not what you're saying?

9 JUDGE OBERMANN: No.

10 MR. T.L. WALLACE: Okay. Well, that would be incorrect to say
11 that. So I'll read to you from Leo Pharma. It says further, quote KSR did
12 not create a presumption that all experimentation in fields where there is
13 already a background of useful information, of useful knowledge is obvious
14 to try without considering the nature of the science and the technology.

15 So the whole point of Leo Pharma was that you start with -- the
16 person of ordinary skill in the art starts with, in the real world, with a
17 problem. And in the case of Leo Pharma, I mean, I can explain the facts of
18 the case to you. It was a steroid. It was an ointment to put on for psoriasis.
19 And the ointment, you wanted -- in the prior art, you wanted to have a
20 steroid, and you wanted to also have vitamin D.

21 A problem with the steroid was that, which was not recognized as
22 the key thing, is that the steroid could degrade if it were in the wrong kind of
23 solution. And the primary reference taught or disclosed, I hate the word
24 taught because a lot of things aren't taught, they're just stated, that there was
25 an ointment and it had the steroid in it, and it happened to be that the
26 solution was such a solution that the steroid did not degrade.

1 The second reference, which was obviously picked from hindsight,
2 which is what's going on here with Nagai. This is clearly hindsight. You
3 take the claim, you do a word search, you go find the word covering
4 somewhere, which was found in hindsight as explained by the Federal
5 Circuit.

6 It said, well, you want to have steroid and you want to have
7 vitamin D together. And the Federal Circuit said that one of ordinary skill
8 would not -- but they didn't say that it worked, because I don't think, from
9 my reading of the case, it actually didn't work. It worked until it degraded.

10 So the Federal Circuit said one of ordinary skill in the art would
11 not look to the primary reference to modify the primary reference to avoid
12 the steroid from degrading in the combination if the person of ordinary skill
13 in the art didn't recognize the problem. So recognition of the problem is key
14 to finding a motivation to go search in the prior art to solve that problem.
15 That's the holding of Leo Pharma. And to state that Leo Pharma --

16 JUDGE MAYBERRY: Excuse me, counsel?

17 MR. T.L. WALLACE: Yes, Your Honor.

18 JUDGE MAYBERRY: This is Judge Mayberry. Could you
19 please articulate what the problem is that the inventors discovered that was
20 not known in the art --

21 MR. T.L. WALLACE: That's an excellent question. So there was
22 a little bit of confusion here in the prior discussion, because there's two
23 problems. One problem --

24 JUDGE MAYBERRY: I'm sorry, counsel, I can't hear you. Could
25 you --

26 MR. T.L. WALLACE: Is this thing on? Hello?

1 JUDGE MAYBERRY: Yeah.

2 MR. T.L. WALLACE: Is it on now?

3 JUDGE MAYBERRY: Now it is.

4 MR. T.L. WALLACE: I'm really sorry about that. One thing that
5 was a little confusing in the prior discussion is that there were actually two
6 problems, as Judge Obermann mentioned. The problem confronting the
7 inventor is the question pertaining to obviousness. And the Board cannot
8 ignore that. It's improper to ignore that. Obviousness requires the totality of
9 the evidence to be analyzed when you determine whether it's obvious to one
10 of ordinary skill in the art. It's not just a game of playing papers.

11 However, if you're saying that we're not looking at the way the
12 invention was invented, if we're taking out there in the art, it can be that a
13 combination is obvious to combine.

14 JUDGE MAYBERRY: I'm sorry, counsel. I'm sorry, my question
15 must not have been clear. I just want an articulation of the problem.

16 MR. T.L. WALLACE: Which problem? So the --

17 JUDGE MAYBERRY: That the inventor solved.

18 MR. T.L. WALLACE: Well, okay. What happened in this case
19 was that there was no problem with Hummel. And for this Board to find --
20 so there was, in 2012 --

21 JUDGE MAYBERRY: Excuse me, counsel. My question is, for
22 the challenged patent, what problem did the inventor of the challenged
23 patent first discover?

24 MR. T.L. WALLACE: Thank you. Let me answer that. At the
25 time of Hummel, this problem did not exist. In 2012, for the first time, some
26 of Buergofol's customers started using a new type of resin. And I think we

1 give way too much credit and obviousness to it. It happened to be that that
2 resin had maleic anhydride in it.

3 And a chemist who is an inventor realized that the maleic
4 anhydride in the new resin was bonding not to polypropylene in Nagai or
5 some other thing, to polyamide in the Buergofol inner film. And that was
6 causing the tearing problem. Prior to that, there was no tearing problem.

7 For the Board to find there was a tearing problem would be error.
8 There was no tearing problem. That's when the tearing problem was
9 recognized. And the science behind it, most likely, is that maleic anhydride
10 was chemically bonding, not mechanically bonding, with the polyamide.
11 And the solution to that is to form a covering.

12 Now, Judge Mayberry, you mentioned a covering. And you said,
13 well, how much is that, whatever? Well, it's, you know, how do you know
14 when you paint something? Well, you paint it, and you can see that there's a
15 layer. But you can paint a spot over here and a spot there and a spot there.
16 At some point, the English language says, that's a coating. It's functionally
17 defined.

18 And with respect to solving the problem that the inventors had, it's
19 enough material to block the chemical reaction between the maleic
20 anhydride in the new type of resin and the polyamide.

21 JUDGE MAYBERRY: Thank you, counsel. And where does that
22 problem -- let me ask it a different way. Is that problem identified in the
23 challenged patent?

24 MR. T.L. WALLACE: No.

25 JUDGE MAYBERRY: All right. Thank you.

26 JUDGE OBERMANN: Okay, thank you. Any questions from my

1 co-panelists for anyone? Okay. Thank you very much, counsel. The case is
2 submitted, and a decision will issue in due course.
3 (Whereupon, the above-entitled matter went off the record at 11:43
4 a.m.)

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