

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

AARON DEJULE,

Plaintiff,

No. 1:23cv969

vs.

MILLERKNOLL, INC.,

Defendant.

Before:

THE HONORABLE ROBERT J. JONKER
U.S. District Judge
Grand Rapids, Michigan
Monday, December 11, 2023
R16 Proceedings

APPEARANCES:

Warner Norcross & Judd LLP
MR. ROBERT MICHAEL AZZI
150 Ottawa Avenue, NW, Suite 1500
Grand Rapids, MI 49503
(616) 752-2507

Morgan Lewis & Bockius LLP
MR. SCOTT D. SHERWIN
MR. MICHAEL SIKORA
110 North Wacker Drive, Suite 2800
Chicago, IL 60606
(312) 324-1000

On behalf of the Plaintiff;

Banner & Witcoff, LTD
MR. ERIK S. MAURER
MR. BRIAN APEL
71 South Wacker Drive, Suite 3600
Chicago, MI 60606
(312) 463-5407

1 Honigman LLP
2 MR. MARK S. PENDERY
3 300 Ottawa Avenue, NW, Suite 400
4 Grand Rapids, MI 49503
5 (616) 649-1910

6 On behalf of the Defendant.

7 Also Present: Phoebe Bower, Defendant Corporate
8 Counsel.

9 REPORTED BY: MR. PAUL G. BRANDELL, CSR-4552, RPR, CRR
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

1 12/11/2023

2 (Proceedings, 9:57 a.m.)

3 THE CLERK: The United States District Court for the
4 Western District of Michigan is now in session. The Honorable
5 Robert J. Jonker, United States District Judge, presiding.

6 THE COURT: All right. We're here on the case of
7 DeJule against MillerKnoll, 1:23cv969, for a Rule 16 with some
8 motions pending. Let's start with appearances, please.

9 MR. AZZI: Good morning, Your Honor. Mike Azzi on
10 behalf of Plaintiff Aaron DeJule, and with me today is Scott
11 Sherwin and Mike Sikora, also on behalf of Plaintiffs for
12 Morgan Lewis.

13 MR. PENDERY: Good morning, Your Honor. Mark Pendery
14 appearing on behalf of the Defendant MillerKnoll, and with me
15 is Phoebe Bower, who is general counsel.

16 THE COURT: Okay.

17 MR. PENDERY: Erik Maurer and Brian Apel.

18 THE COURT: Okay. Apel, is that it?

19 MR. APEL: Apel, Your Honor.

20 THE COURT: Apel.

21 MR. APEL: Thank you.

22 THE COURT: Okay. And I am sorry, I missed the other
23 one. Erik Maurer?

24 MR. MAURER: Erik Maurer. Yes, sir. From Banner
25 Witcoff on behalf of Defendant MillerKnoll.

1 THE COURT: All right. Thanks. Please be seated
2 everyone.

3 So appreciate the work you all did in prepping up the
4 matters for the Rule 16 specifically. Certainly the Defense
5 position on the IPR and the upcoming motion to stay is one
6 thing that would affect scheduling. So do the motions to some
7 extent. I didn't see what I would call anything focusing or
8 seeking dismissal on the direct infringement claims directly in
9 1 through 4, is that right? And I don't know who wants to
10 speak for MillerKnoll.

11 MR. MAURER: Yes, Your Honor. Erik Maurer.

12 THE COURT: Okay.

13 MR. MAURER: That is correct.

14 THE COURT: Okay. So one way or another we are going
15 to go forward with part of the case even if all the motions
16 were granted. What I'd like to start with are the motions,
17 though, since they focus on the contributory infringement, the
18 induced infringement, and then the enhanced damages or
19 willfulness.

20 I have read the main brief. I have read the response
21 brief. I know replies would be coming later this week if we
22 get that far. What I have to say is after reading the briefs
23 it doesn't seem like a Rule 12 basis for dismissal to me
24 particularly of those aspects of the patent claims when we are
25 going forward with the direct claims anyway. I think it would

1 just delay and complicate things. I am willing to hear from, I
2 don't know if it wants to be Mr. Mauer or somebody else, as to
3 a preview of what you think you will be filing later this week,
4 whether there is any other reason that I want to wait or
5 whether I want to just deal with the motion to dismiss right
6 now, and then we'll get to summary judgment in a minute, but
7 let me start with the dismissal. Mr. Mauer, anything else you
8 would want to say to convince me to keep those alive for now
9 and at least give the Plaintiffs a chance to amend or flat out
10 dismiss if I grant your motion as you ask for?

11 MR. MAURER: Thank you, Your Honor. If we may,
12 Mr. Apel?

13 THE COURT: Sure.

14 MR. APEL: Thank you, Your Honor.

15 To the motion to dismiss on the indirect infringement
16 counts, I think perhaps short context is important here for
17 indirect infringement.

18 Typically indirect infringement arises in, for
19 example, pharmaceutical cases when a patent is directed to a
20 particular method of use, and so the defendant isn't directly
21 practicing the patent, or a software case where the patent is
22 directed to a particular way of implementing a patented process
23 and it's not necessarily the defendant software manufacturer
24 but maybe the user who actually loads the software.

25 Indirect infringement typically doesn't arise in

1 mechanical cases unless the Defendant is only supplying one
2 particular component of a product or is, you know, providing
3 assembly instructions, that kind of a thing. So I think Your
4 Honor's instinct is partially correct that, you know, how does
5 the indirect infringement counts work with the direct
6 infringement counts? They really appear thrown in, and that's
7 really the basis of our motion is that the indirect
8 infringement counts are boilerplate. There is no particular
9 identification of the direct third-party infringers. There is
10 actually no particular allegation actually in the complaint
11 that a third party infringes. The allegation that is cited in
12 the Plaintiff's opposition is that the Defendants allegedly
13 encourage third parties to sell, but never that those third
14 parties actually sell. And that might sound ticky-tacky or
15 technical, but those pleading requirements matter. They help
16 frame the context for discovery.

17 The inducement arguments, Your Honor, we think are
18 even more tenuous, because as the case law that we cited in our
19 opening brief, you know, points out, there must be an
20 affirmative act of encouragement, and ordinarily business
21 relations don't rise to that level of an affirmative act.

22 Relatedly, there is also a timing problem with their
23 inducement counts because the Plaintiff's first patent is his
24 oldest patent, the '498, I believe, issued in 2019, and the
25 accused product was launched in 2018 beforehand, and a patent

1 cannot be infringed until it issues, until it exists, and there
2 is no allegations about any kind of specific act of inducement,
3 and these are required, because again, these will help frame
4 all of the discovery that's going to be forthcoming, whether
5 discovery is sought of third parties, of MillerKnoll's
6 distributors, suppliers, and that's important in this case
7 because, again, as Your Honor is aware, the Plaintiff has
8 proposed a fairly aggressive schedule, but if these counts are
9 going to proceed and there is going to be extensive third-party
10 discovery, that needs to be a factor.

11 I am also happy, Your Honor, to discuss the portion of
12 our motion to dismiss directed to Count 5.

13 THE COURT: Well, let's wait with the contract until
14 we pick up the summary judgment, and then you can add the
15 issues that you have on the 12(b)(6) there, too.

16 MR. APEL: Yes, Your Honor.

17 THE COURT: Let's go to the Plaintiff and get a
18 response if you want to offer one to what Mr. Apel has just
19 indicated.

20 MR. SIKORA: Yes, Your Honor. This is Mike Sikora.

21 So in terms of the characterization overall as these
22 being thrown in, I think we disagree with that. There are
23 allegations, as we highlighted in our opposition, directed to
24 each of these. To the extent counsel is suggesting that a
25 particular third-party direct infringer must be identified by

1 name, that's incorrect under the law. If you look at, for
2 example, the Bill of Lading case that we cited. That's one
3 example of that. All that needs to occur is an inference that
4 at least some third party has done that. In many cases there
5 doesn't even have to be identification of who that is. It can
6 be as generic as a class of customers. One of the standards,
7 for example, is whether or not the product necessarily
8 infringes. Here it's a chair. Any use of the chair would
9 infringe because the chair itself, as alleged in the complaint,
10 is said to embody all claimed elements. So we think there is
11 plenty here in terms of, you know, facts to render plausible
12 the fact that some third party does, in fact, directly
13 infringe.

14 I think the other piece of this that is, I think,
15 incorrect, is this notion that the scope of discovery is going
16 to materially change based on eliminating these claims. I
17 think as pled here much of this discovery is going to come
18 directly from MillerKnoll and will not necessitate third-party
19 discovery. If that happens we can deal with it on a
20 case-by-case basis, but at least right now, as we see things,
21 we don't see this as being a case where expansive third-party
22 discovery is going to be required.

23 THE COURT: Okay. Anything else from your
24 perspective?

25 MR. SIKORA: At this time, no. It just seems to us as

1 if they are arguing the merits and not taking the inferences in
2 our favor.

3 THE COURT: Okay. From your perspective, Mr. Apel,
4 anything else you would want to highlight?

5 MR. APEL: Real quick, Your Honor, on the contributory
6 aspect. The law is clear that the Plaintiff must identify a
7 component that is different than the overall patented invention
8 or the patented machine, and I don't think there is allegations
9 here that the Defendant only makes part of a component or part
10 of a chair. His allegations are that there is -- that the
11 Defendant sells the entire chair. So again, this isn't really
12 a case where contributory or indirect infringement really sort
13 of fits, which is why -- which is part of the reason why we
14 have moved to dismiss.

15 I'd like to touch on the motion to dismiss willfulness
16 and enhanced damages, Your Honor, if you are ready for that.

17 THE COURT: All right. Yeah. Go ahead.

18 MR. APEL: So at bottom the Plaintiff is dependent on
19 this notion that the complaint itself can serve as a basis for
20 willfulness and that the complaint does not have to include any
21 particular facts related to egregiousness. The Supreme Court's
22 decision in Halo, which I believe was in 2016, makes clear that
23 enhanced damages are supposed to be the exception, not the
24 rule. Enhanced damages --

25 THE COURT: Well, let me cut you off there a second.

1 I mean, reading the Plaintiff's complaint for all it might be
2 worth on inference, I would say they are alleging that their
3 guy brought an idea, some specifics, to your people. That your
4 people said, that's pretty cool. Holy Grail was one of the
5 references. But we are not interested. Not really where we're
6 going right now. And the next thing he knows, he looks up and
7 they are selling a directly competing product with a very
8 similar invention, if not the same thing. Now, he may or may
9 not be able to link that all up. He might establish
10 independent creation and all the rest, but if they do that's
11 like theft, isn't it?

12 MR. APEL: So a couple points of clarification, Your
13 Honor. Our motion on willfulness is only directed to Counts 1
14 and 2, which are the two -- Plaintiff's two patents that issued
15 eight days before. We are not seeking to dismiss the willful
16 allegations relating to the newest patents. So our motion is
17 targeted to these newly issued patents for which we don't think
18 there is a basis for it. There is no basis to allege that
19 MillerKnoll was aware that these patents existed, and even if
20 they were, the two patents together I think include over 80
21 claims, and some of these claims are very, very long, and there
22 was no notice provided that the Defendant allegedly infringed
23 these two newly issued patents, and legally it doesn't make
24 sense for a Plaintiff to be able to rely on the complaint to
25 establish notice and then not be able to include any

1 allegations of egregiousness. Because if that were allowed,
2 then every patent case would turn into a willfulness case.
3 Every Plaintiff could say, I filed a complaint. I have put you
4 on notice. Now I am alleging willfulness and I don't need to
5 include any additional facts.

6 THE COURT: Well, I must say, my experience with
7 patent cases is limited, but I have certainly never seen one
8 where the Plaintiff didn't think the infringement was willful
9 and at least alleged at the start. I mean, isn't that a much
10 better place to deal with willfulness down the road on summary
11 judgment if you have a basis and if it matters that way we'll
12 know if there is something more specifically tied to the later
13 patents that isn't also covered by the earlier ones? It seems
14 like you are asking for trouble, or I'm asking for trouble if I
15 say, yeah, let's knock it out now. I don't see how you are
16 going to be able to parse some of the willfulness issues that
17 finely on a motion to dismiss.

18 MR. APEL: Your Honor, I think that if the Plaintiff
19 in discovery and with respect to the new patents uncovers
20 evidence that he thinks plausibly could constitute egregious
21 misconduct, and if he is diligent, he is free to raise that, to
22 add willfulness for these two newer patents later in the case,
23 but the reason why it matters at the outset, Your Honor, is
24 these two newly issued patents, if a willfulness claim is
25 allowed to be maintained, you know, that affects the overall

1 case assessment. That affects the overall perceived case
2 value, and as Your Honor knows, that matters when -- you know,
3 if the parties engage in any kind of alternative dispute
4 resolution.

5 So as it stands now, we don't think there is a
6 plausible claim for enhanced damages for these two newly issued
7 patents, and if the Plaintiff's proposed legal standard for
8 pleading enhanced damages were allowed to sort of persist, it
9 would allow every case, as I said, to be a case for treble
10 damages when the Supreme Court has told us that they are
11 supposed to be reserved for atypical cases, not typical cases.

12 THE COURT: Okay. Anything else on that?

13 MR. APEL: No, Your Honor.

14 THE COURT: All right. From the Plaintiff's
15 perspective?

16 MR. SIKORA: Just briefly, Your Honor.

17 We think that this is another example of attempting to
18 draw inferences inappropriately in their favor on a Rule 12
19 motion. Obviously, as Mr. Apel just noted, their motion is
20 limited to the later two patents, but its characterization is,
21 oh, these issued eight days before. Obviously, the complaint
22 alleges a whole host of conduct relating to other patents in
23 the same family, including express instructions to MillerKnoll
24 that prosecution in the family was continuing, and so when all
25 of that is taken into light, and you know, consider the

1 complaint as a whole, we think that there is more than enough
2 here, and this isn't a case where that concern of turning every
3 case into a willfulness case applies. This is one where there
4 is years of conduct preceding that would provide notice not
5 only of the patent family and of prior patents but of these
6 particular applications.

7 THE COURT: All right. What about Mr. Apel's point
8 that, look, these two recent patents were only on for a short
9 while? And I am sure all of you have already analyzed how each
10 of the claims are a little different and how that bears on
11 infringement and invalidity, but hypothetically, if what's
12 captured in the two recent ones is better for the Plaintiff in
13 one way or another, works for the Defense, it might affect case
14 assessment and case value to know whether willfulness is
15 properly pleaded on the two more recent ones.

16 I don't know. I mean, certainly when you look at the
17 patents as a layman, they seem to cover very similar things,
18 but I haven't read into every last claim in every last patent,
19 and there must be some reason that your client went on and
20 continued to get new patents. So maybe they don't, to a casual
21 observer, look like they are all that different, but maybe in
22 legal terms they are, or they are going to be dramatically
23 different in a way that affects invalidity or something like
24 that.

25 MR. SIKORA: So Your Honor, in terms of willfulness,

1 in terms of that, in terms of the assessment of, you know, if
2 we have properly pled that MillerKnoll infringed the first two
3 parts. We have patents being asserted against the exact same
4 product, right? You know, the fact that a later patent is as
5 well, I think what you are going to on invalidity, I don't
6 believe that that's going to factor inasmuch from the
7 willfulness perspective.

8 I think that this really is a situation where, you
9 know, whatever differences in claim scope there may be, and I
10 think that will in part depend on claim construction and other
11 things as it always does in cases, but this is one where the
12 applications did issue before. There was instruction in effect
13 to that further patents were coming out, and so this isn't one
14 where we think is a particularly close call.

15 There is a number of cases that we have cited in which
16 some knowledge of the patent family was deemed sufficient to
17 provide notice -- I'm sorry, not provide notice, but to assume
18 knowledge for purposes of either Rule 12 or in the Syncorp case
19 even to sustain a jury verdict that relied upon prior actual
20 knowledge of the patents in suit. So here we think that there
21 is more than enough on a factual basis, and it really would be
22 drawing the lines too finely to try to parse out willfulness
23 for one patent but not the other when, as Your Honor stated,
24 the claims -- I mean, to cover the same product the claims
25 obviously have to overlap at least somewhat in scope, right?

1 So this isn't a situation where they are directed to completely
2 different components to the chair. They are, you know,
3 generally directed to similar features.

4 THE COURT: All right. Thank you.

5 Mr. Apel, anything else you want to add on that?

6 MR. APEL: Yes, Your Honor. I think you picked up on
7 something important, which is these are different patents and
8 they will have different claim scope.

9 Under the law, and we cited this in our opening brief,
10 that knowledge of a patent family or pending applications does
11 not suffice for the requisite knowledge for a pleading
12 willfulness. The law treats the date that a patent issues as a
13 pretty bright line, and the reason for that is that that is
14 when sort of the property right comes into existence and it
15 cannot be infringed until after it issues. And so it is
16 impossible to have knowledge of infringement until after it
17 issues. Certainly there is no dispute that there is similar
18 subject matter here, but that -- that bright line exists for a
19 reason, because enhanced damages are supposed to be the
20 exception, not the ruling.

21 THE COURT: All right. While you are talking, why
22 don't you move over to your Count 5, the contract claim.
23 You've got the summary judgment motion pending as well as the
24 motion to dismiss, so let me just get your summation on the
25 contract position.

1 MR. APEL: Thank you, Your Honor.

2 First starting with the motion for summary judgment on
3 the statute of limitations ground, we respectfully ask the
4 Court address that issue first before addressing the motion to
5 dismiss Count 5, if the motion for summary judgment is denied.

6 As we pointed out in our opening brief, what the
7 statute of limitation applies is a wholistic gravamen analysis
8 and it is not formulaic.

9 Plaintiff's opposition really eschews that approach.
10 The word gravamen does not appear in his opposition, and he
11 instead argues that the test for what statute of limitations
12 applies is formulaic. If there is a contract and there is an
13 alleged breach, then the six-year statute of limitation applies
14 and that's it, but that's not the law. The complaint and the
15 claims must be assessed wholistically.

16 Importantly, there really is no factual dispute about
17 what Mr. DeJule knew and when he knew what he knew. He admits
18 that he had communications with MillerKnoll employees about his
19 claims well before the statute of limitations, and he also
20 admits, although in his motion to dismiss relating to Count 5,
21 that he did provide MillerKnoll with something nonpublic,
22 something that wasn't disclosed in his patent applications,
23 something that was a trade secret. And part of the reason, you
24 know, Your Honor, that this claim -- that the gravamen of this
25 claim is trade secret, and I think the most persuasive point,

1 is the relief that he is seeking.

2 In his initial disclosures that he, you know, recently
3 provided, stated that for his breach of contract claim he is
4 seeking royalties similar to royalties that he believes
5 MillerKnoll has paid to other designers. So he wants
6 compensation, Your Honor, for the use of his alleged
7 confidential information, not for the value of it having been
8 kept secret. He never sought to have the information clawed
9 back, and because the agreement was in 2015, you assess the
10 parties' expectations at that time.

11 Mr. DeJule makes no allegations about what the value
12 of his information was in being kept secret in 2015 and 2016.
13 His focus is on MillerKnoll's sales. His focus is on the value
14 of his alleged confidential information to MillerKnoll, not the
15 value to him. And that's what contract law is meant to address
16 is what is the value to the non-breaching party? What's the
17 non-breaching party's expectation interest? And I believe we
18 cited the Sixth Circuit law that makes clear that the interest
19 that's allegedly harmed, the relief that the Plaintiff is
20 seeking really gives you the insight you need into knowing what
21 the gravamen of the complaint is, and that's why the gravamen
22 of his complaint is a trade secret claim and is subject to the
23 three-year statute of limitations.

24 A couple other things, Your Honor. There is no
25 dispute from the Plaintiff that the continuing wrong doctrine

1 has been completely abrogated, and instead, he makes this
2 argument that he has pleaded a discrete breach within the
3 statute of limitations period, but there is no authority for
4 that. A Plaintiff doesn't just get to pick and chose which
5 breaches they want to rely on for the statute of limitations.
6 The law is clear that a breach of contract claim, if it is one,
7 accrues the date of the first breach, and it accrues
8 irrespective of when it's discovered and irrespective of when
9 the Plaintiff is damaged. Plaintiff doesn't dispute that's the
10 law in his opposition and instead his allegation is, well, we
11 are just going to allege that there was a breach within the --
12 conveniently within the statute of limitations period. Under
13 the law he cannot do that. That is basically a free framing of
14 the continuing law doctrine. That's exactly the kind of artful
15 pleading that the statute of limitations are designed to avoid.

16 He makes a couple arguments about fraudulent
17 concealment. Two points briefly on that, Your Honor. Under §
18 600.5855 he was required to assert his claim within two years
19 of having discovered it. The facts make clear that if -- even
20 if there was fraudulent concealment, which we absolutely deny,
21 he became aware of that well more than two years before he
22 filed this complaint. And furthermore, fraudulent concealment
23 is subject to Rule 9(b)'s heightened pleadings standards. We
24 are happy to provide the Court with authority on that if
25 requested. So there is no basis for fraudulent concealment as

1 a workaround or as an exception to the statute of limitations
2 here.

3 Finally, he makes an argument that his breach of
4 contract allegations might be relevant to his willfulness claim
5 on the older two patents, but that's an evidentiary argument.
6 That's not an argument to allow a claim to go forward. That's
7 an argument to be addressed at motions in limine or potentially
8 in discovery when assessing what is proportional to the needs
9 of the case. That's not a reason to allow a breach of contract
10 claim to go forward.

11 Last, Your Honor, regarding the Plaintiff's 56(d)
12 motion for discovery. The Plaintiff's motion does not satisfy
13 the 56(d) standard for two reasons. One, he does not identify
14 any information that is unavailable to him or any facts that
15 are unavailable for purposes of the statute of limitations. He
16 has admitted when he knew and when he knew it. What the scope
17 of the confidential information is doesn't matter. What
18 MillerKnoll might have allegedly done with that doesn't matter.
19 He has all the information he needs.

20 And second, the discovery he is seeking is not
21 essential. That's the language of 56(d). The specific
22 discovery that's requested in his opposition, in addition to
23 being quite broad, isn't directed to the statute of limitations
24 issue. If there was potentially a basis for fraudulent
25 concealment within the two-year period, maybe that might

1 justify some limited discovery, but here there is no genuine
2 dispute of the material facts. Material being, meaning what is
3 material to the motion for summary judgment or statute of
4 limitations? The relevant facts are either admitted or there
5 is no dispute. The law is clear on when the statute of
6 limitations begins to run, and it's also clear on how you
7 assess which statute of limitations applies.

8 We'd ask the Court grant summary judgment for
9 MillerKnoll on Count 5.

10 THE COURT: All right. Thank you.

11 From Plaintiff's perspective, Mr. Sikora?

12 MR. SIKORA: Again, we disagree with the
13 characterization, first beginning where counsel did in terms of
14 which statute of limitations applied. I don't believe it's
15 fair to characterize our opposition discarding the gravamen's
16 analysis. The point of the analysis is that there is authority
17 directly on point in which analogous contracts were reviewed.
18 What MillerKnoll is essentially doing with this gravamen's
19 analysis is saying if it's not patent it has to be trade
20 secret, and that's just not the case and can't be the case
21 because there could never be a breach of contract action for a
22 confidentiality agreement, and here in this particular case the
23 confidential agreement came from MillerKnoll, and if it was the
24 case that there could be no breach of contract action and it
25 would only be trade secret, then MillerKnoll would effectively

1 by using this form NDA, be soliciting people to enter into
2 contracts that aren't enforceable as a contract, and so it --
3 to me it doesn't -- it just doesn't comport with either the
4 facts on the ground or the analysis that Michigan courts have
5 previously provided.

6 You know, here the question in terms of the gravamen's
7 analysis is what is the remedy, or I'm sorry, the -- what is
8 the obligation that's giving rise to the cause of action here?
9 And the obligation that's giving cause to the rise of action
10 here is not the fact that he, Mr. DeJule, just had his own
11 confidential information. It's the fact that MillerKnoll
12 specifically agreed to hold that particular confidential
13 information confidentially. So what's being enforced here is
14 MillerKnoll's agreement to hold it. And you heard counsel use
15 a number of these terms such as, you know, what's the economic
16 value? What is he trying to get from it? Those are all
17 elements of a trade secret claim. So in some ways the analysis
18 that MillerKnoll is engaging in is somewhat presupposing the
19 outcome.

20 When we -- if you actually look at the initial
21 disclosures that we served, and unfortunately I don't have a
22 copy of them today, the way we get to the damages number of the
23 potential royalty that MillerKnoll would have paid is because
24 the value of the confidentiality is that MillerKnoll would not
25 be able to use it unless they entered into the type of

1 agreement with designers that they ordinarily do. So the way
2 that it is described is not just an, I deserve a royalty for my
3 information. It is, if my information was properly kept
4 confidential, then I likely would have entered into a design
5 agreement with MillerKnoll that would have entitled me to some
6 sort of compensation on it.

7 So that's the way it goes, is it does trace directly
8 from the breach of contract because the contract precludes
9 MillerKnoll from using information without his authority, which
10 presumably would have come in the ordinary course of business
11 with their sorts of design agreements. So that's how that gets
12 there. It's not just an, I am entitled to royalties for my
13 intellectual property. And so under any formulation of the
14 analysis we think it's very clear that this should be the
15 breach of contracts statute of limitation that applies.

16 In terms of the substance here in terms of -- I think
17 counsel agreed that we did plead that there was a breach of
18 contract that occurred after -- or I'm sorry, within the
19 statute of limitations period such as it's affirmatively pled
20 there. Whether or not that actually occurred is a question for
21 discovery. How they used Mr. DeJule's confidential
22 information, when they used Mr. DeJule's confidential
23 information, those are all things that aren't available to
24 Mr. DeJule. Those are things that are only going to come from
25 discovery through MillerKnoll, and so for that reason I think

1 we disagree with counsel's characterization of not including
2 essential facts either. If Your Honor rules and grants the
3 motion for summary -- or for summary judgment at this point in
4 time, it may well be the case that MillerKnoll never used
5 Mr. DeJule's confidential information until exactly what's pled
6 in the complaint, and he would have had no opportunity to
7 pursue that claim even though it has been properly pled, and so
8 we do think that summary judgment is premature here.

9 The other comment I wanted to make is counsel
10 referenced a 9(b) pleading standard. This statute of
11 limitations issue is not something they moved to dismiss on.
12 So to the extent that MillerKnoll is seeking to broaden out its
13 summary judgment motion and view it as kind of a dual summary
14 judgment and Rule 12 motion, we would object to that because if
15 you -- their Rule 12 motion is limited to an entirely separate
16 issue. It does not once make mention of the statute of
17 limitations. So as we see it, the only issue properly before
18 the Court right now as to the statute of limitations is on a
19 Rule 56 summary judgment standard.

20 THE COURT: All right. Let's go back to Mr. Apel and
21 see if you would like to add anything based on what you have
22 just heard?

23 MR. APEL: Yes, Your Honor.

24 Mr. Sikora's argument is that under our analysis there
25 could never be a breach of confidential claim or a breach of

1 contract claim based on a confidentiality agreement is
2 absolutely not true. Cases are filed all the time in which a
3 high level executive leaves one company, goes to another, was
4 required to keep confidential information, and you know, the
5 former employer sues to enforce that because they had
6 expectation interests in the value of keeping their information
7 confidential.

8 Those parties assert breach of contract claims
9 frequently. So again, it's not formulaic. It's not that every
10 breach of a contract -- breach of contract claim involving a
11 confidential agreement becomes a trade secret claim. It
12 depends. It depends on the gravamen of the analysis.

13 Mr. Sikora's argument that the application is what
14 gives rise to determine the statute of limitations is simply
15 incorrect. The law is what the type of interest that's
16 affected, the type of interest that's allegedly harmed, that is
17 what drives the analysis.

18 Lastly. No, Your Honor, we are not seeking to convert
19 our motion for summary judgment into some sort of a hybrid Rule
20 12 motion. Our point about fraudulent concealment is that any
21 requested discovery about fraudulent concealment is not a
22 material fact here because mainly the two-year time period
23 under § 600.5855 has already run. But that if he -- if it was
24 an issue in the case it would be required to be pleaded with
25 particularity.

1 Unless Your Honor has questions about Count 5
2 regarding summary judgment I'd like to move onto the motion to
3 dismiss regarding Count 5.

4 THE COURT: All right. I thought -- I thought you
5 were bundling it. You didn't really address anything
6 specifically that you wrote on the dismissal, so go ahead and
7 take a couple seconds for that.

8 MR. APEL: Yes, Your Honor. I will be brief.

9 The essence here is that it is undisputed that he
10 filed patent applications that became public in August 2016,
11 which is beyond the six-year statute of limitations by the way.
12 The agreement does not affirmatively require one provide
13 documentation to the other. It's simply about when the
14 information became public. There is no dispute about that. So
15 that begs the question of what is the confidential information
16 that is the subject of this claim? And it's telling that he
17 can't identify in his opposition anything that it might be, a
18 component shape, a particular metal alloy or some manufacturing
19 process, something beyond what's in his patents that gives rise
20 to this breach of contract claim, which is why we have moved in
21 the alternative for a more definite statement, because as it
22 stands now we don't know what the confidential information is
23 that can be the basis of this claim.

24 And as a helpful analogy, in trade secret cases a
25 Plaintiff is required to identify what its alleged trade secret

1 is with particularity. I understand he has labeled his Count 5
2 breach of contract, but that principle still applies here
3 because a Plaintiff should not be able to get access to the
4 Defendant's confidential information, the Defendant's trade
5 secrets without first having to be specific about what it was,
6 because, Your Honor, otherwise the Plaintiff could get full
7 discovery from the Defendant of the Defendant's own
8 confidential information and processes, pick and choose and say
9 that's the process that I gave you. So to avoid that kind of
10 natural gamesmanship, Plaintiffs are required to identify what
11 the confidential information is at the outset, and based on the
12 facts as alleged, it is implausible that he could have
13 disclosed to MillerKnoll anything beyond what's in his patent
14 applications given the timing and whether they became public.

15 MR. COURT: All right. Thank you.

16 Mr. Sikora?

17 MR. SIKORA: So I think there is a couple things that
18 are incorrect there. In terms of not specifying, I think the
19 complaint does mention that. Of course, the reference is more
20 generally to presenting ideas and designs, but the complaint
21 also refers to written materials that were provided to
22 MillerKnoll. So if MillerKnoll is wondering what the materials
23 are, it can certainly presumably look up in its own files what
24 was e-mailed to Mr. Hoyt, I believe it was, that's described in
25 the complaint.

1 So in terms of that, in terms of clarity on what
2 exactly the scope of Mr. DeJule's confidential information that
3 was disclosed to MillerKnoll is, I think that that's an issue
4 that's just going to come out through discovery. There is
5 never going to be in a complaint or even some sort of
6 disclosure, if we were to provide one, a perfect definition
7 delineating exactly what is and is not something that he
8 provided. Those are things that are going to likely come out
9 through, in fact, multiple depositions of either Mr. DeJule and
10 MillerKnoll's representatives who are at their meeting and
11 their understanding of what information was and was not
12 provided, and then, of course, copies of any of the written
13 materials that there were.

14 Now, the other piece that Mr. Apel mentioned is this
15 idea that, oh, because trade secret cases involve an early
16 disclosure we should do one here. I think there is an issue
17 with that. First, it seems to be an end run around the 12 --
18 the requests for a more definite statement that they sought
19 here, which is not appropriate under the law. I think the
20 other thing is missing the point of why some of those
21 procedures have been implemented in cases. In California, for
22 example, California trade secret actions, there is a statute
23 requiring that type of disclosure at the outset of a case, but
24 that's not something that federal courts have adopted for even,
25 you know, for example, the Federal Trade Secret Act. So it is

1 not the case that that's some sort of universal procedure
2 that's used. It's used in particular instances often where
3 there is a statutory requirement to do so.

4 Now, obviously, you know, Your Honor has discretion to
5 govern discovery however you'd like, but this does not appear
6 to be one of those cases where this is going to be a, you know,
7 far reaching foray without any preconceived notion of what the
8 written materials are. I think there is already a fairly clear
9 conception of it relating to this particular chair and the auto
10 harmonic lift design as well as anything that's in Mr. DeJule's
11 written materials that were mentioned. So I think it's the
12 other piece of that going back to the fundamental question that
13 their Rule 12 motion raises is that has there been something
14 pled that could be a non-confidential piece of information that
15 was provided that there could be a breach of contract for? And
16 I think counsel's argument implicitly demonstrates that the
17 motion should be denied. We have identified things that are --
18 that the pleading has identified that nonconfidential
19 information other than the patented information was provided,
20 and so you know, there is the question about documentation and
21 when patented information comes into the public domain. But
22 just in terms of the question of is this a count that should be
23 dismissed? I think it's very evident that there is at least
24 some material that is unpatented that was confidential for
25 which a breach of contract is adequately pled.

1 THE COURT: All right. We'll go back for your last
2 word if you have any, Mr. Apel?

3 MR. APEL: I think I'll just reiterate, Your Honor,
4 that it's telling that the best that they can do in an
5 opposition is ideas and designs, and that is too amorphous to
6 know what -- what that is. He has all the information he
7 needs. He knows what he disclosed supposedly to MillerKnoll.
8 He can look at the accused products. They are publicly
9 available. In the complaint I think there is even evidence
10 that he has disassembled some of them. The fact that they
11 can't articulate anything is telling.

12 THE COURT: All right. Well, thank you both sides for
13 highlighting some of the briefing that you already addressed
14 and certainly Mr. Apel's case anticipating some of what I think
15 I'm sure you'd have in a reply brief if we get that far later
16 this week. Before I finally make a call on what I want to do
17 with the motions I want to talk with the parties a little bit
18 about other more traditional case management matters for a Rule
19 16.

20 I know the parties have spent a lot of time detailing
21 their different visions for where we go. I want to start out
22 in a fairly high level and then get in the context of this each
23 side's perspective a little bit more focused.

24 So I certainly get from the Defense perspective they
25 say they have asked for an IPR on a couple and they intend to

1 ask for an IPR on the other two as soon as they can, and
2 they'll file a motion for stay. They don't say exactly when.
3 They presumably could do it now or they may choose to wait
4 until they actually get a decision from the patent office on
5 whether or not IPR will be granted. At least I didn't see in
6 the papers a representation that one has actually been accepted
7 yet by the patent office. I might have missed that.

8 So you know, at that high level, you know, I don't
9 automatically stay just because an IPR is granted and pending,
10 but I'll certainly consider it. I don't know that we can do
11 much with it today because there isn't a stay in front of me.
12 I don't have the facts in front of me, so today I don't plan to
13 grant any kind of a stay or even suggest, well, let's wait and
14 see if the patent office grants IPR, and then we can look at
15 it. I am happy to hear at least a preview of what the Defense
16 intends to put in the stay motion, but I wanted to start with
17 that.

18 And this isn't exactly the flip side, but the other
19 piece of this is, you know, how fast do we go with the
20 schedule? And both sides have an interest in that in a
21 different point of view. My own sense is today if we go ahead
22 and give a schedule, which I intend to do unless the parties
23 convince me we should wait for some reason, I'd only give you a
24 schedule really through fact discovery and a Markman hearing,
25 because I think the expert reports and discovery probably

1 should await a Markman decision, and then we'd also be in a
2 better position to schedule final pretrial and trial matters.

3 When I look at that, you know, I really don't think
4 what we call in our jurisdiction the kind of standard six
5 months is enough to do it. I think that's incredibly
6 aggressive in a case like this. I do think we could do
7 something within a schedule that gives you fact discovery
8 through, say, November of next year, which is almost a year,
9 not quite, and if we built in the 60 days before that for
10 substantial completion of the document disclosure and for
11 disclosure of the advice of counsel defense, if there is going
12 to be one, I think we could get a long ways down the road.

13 I'll give you some more specific dates on what I
14 intend or expect anyway for the contentions on infringement and
15 validity, Markman and the like, but that's what I want to start
16 with as an overview. If we do work toward Markman, toward fact
17 discovery on a schedule like that, talk to me about your
18 concerns about it, whether you think it works, doesn't work,
19 and what you think I ought to be considering in addition to
20 that. I don't know if that's enough of a target to shoot at or
21 if we have to get more specific, but let's at least start out
22 at that high level, and we'll start with the Plaintiff on this
23 one.

24 MR. AZZI: Thank you, Your Honor.

25 At a high level sort of starting where you started on

1 the schedule, typically in this jurisdiction with patent cases
2 based on my own, you know, experience with them, including with
3 Your Honor, the typical schedule lands between seven and nine
4 months for fact discovery to conclude. That was the case in
5 the Magna case that proceeded before you and other cases that
6 you have entered that initial scheduling order, and we set
7 another one in our JSR. So I think, respectfully, November
8 2023 is a little long in our view.

9 I appreciate the comments regarding the aggressiveness
10 of our own case schedule. Part of that is informed by the fact
11 that in contrast with many cases where the first a defendant is
12 learning about infringement allegations is with the complaint,
13 here, as set forth in the complaint, there is an established
14 history between the parties. These IPRs were clearly ready to
15 go and they were filed pretty contemporaneous with the case
16 being filed, and there is a lot of work that goes into those as
17 Your Honor is aware.

18 So from a broad perspective, while we believe that a
19 firm fact date for discovery should be provided for, I'd
20 respectfully submit it should be a little earlier than November
21 2023. Using the typical seven to eight months I think that
22 would put us, from today's date if my math is right, closer to
23 the August timeframe, and I think that would be more
24 appropriate here, particularly where it's a single Defendant
25 case. We have one product. There is different permutations of

1 that product in terms of size. However, it is the same
2 mechanism, as we understand it, in each. So some of the
3 complexities there I would respectfully submit are not what the
4 Defendant proposes them to be.

5 With respect, Your Honor's comments about the IPR, a
6 few responses to that. One, the IPR was -- I believe the two
7 that have been filed, institution decisions are not by statute
8 required to be made until March of 2024. So to Your Honor's
9 question, those two IPR petitions have been filed, but no
10 institution as to whether from a gating standpoint the patent
11 office is going to undertake those have been made.

12 With respect to the argument on the impact vis-a-vis
13 this case in claim construction, a few comments on that. One,
14 we are uncertain as to what the patent office in their divine
15 discretion will decide to do with any type of claim
16 construction argument. It is not uncommon that both parties
17 seek different constructions in an IPR petition, and the PTAB,
18 because they are only concerned with validity, sidesteps the
19 issue entirely for purposes of institution. So we will have
20 waited for no purpose there.

21 Additionally, the concept of the stay presumes that
22 the IPRs will be granted on those two patents, and we would
23 respectfully submit, as will be detailed in opposition to those
24 IPRs, that is simply not the case.

25 Additionally, as Your Honor notes and as set forth in

1 our pleadings, there are four patents at issue. Only two have
2 been filed, two challenges of the IPR process with the patent
3 office. The additional two post-grant review was promptly
4 available upon their issuance. Post-grant review provides a
5 much broader panoply of provider art that can be used to
6 challenge the validity of the patents. It appears that
7 Defendants have chosen not to undertake that, which is not
8 uncommon given that the estoppel provisions accompanying an
9 unsuccessful PGR petition are much more severe than IPR. So
10 even if we run the gauntlet of IPR, we are going to find out
11 down the road that, well, we've got an additional invalidity
12 defense and we are back to square zero -- square one. Excuse
13 me. And our chosen forum is here.

14 As indicated in our paper, they could have challenged
15 these patents at any time over the past -- that -- the first
16 two at least since issuance. They chose to wait until we filed
17 in our chosen forum and we don't believe there is a basis to
18 delay now.

19 The only other comment I'll make on the schedule is,
20 typically, you know, the schedule -- and I appreciate the
21 Court's comments about just going through fact discovery like
22 other recent scheduling orders the Court has put in place. You
23 know, claim construction, I think there is a usual cadence.
24 The Court often looks to the Northern District of Illinois for
25 guidance there. Opening claim constructions briefs. There is

1 a lot of commonality there. I think one issue that's important
2 to us and is in dispute is we've -- the parties agree on an
3 opening subset of claims so as to narrow the issues in dispute,
4 and then further narrow in a final infringement contentions to
5 a much more manageable number for trial, and there's not a
6 commiserate narrowing of prior art and invalidity positions.
7 Basically, Defendants get the world and we are funneling
8 through the process, and I think to accommodate a more
9 traditional case schedule making that a two-way street, as we
10 propose in our portion of the JSR, would go a long way to
11 streamline the process with this case.

12 THE COURT: Okay. Thanks. Yeah. And we'll talk more
13 specifically about the contention exchanges in a minute. Let
14 me go to the Defense at the higher level issue as I call them.
15 Just try to get your overview on where you want to go, and I
16 don't know who is going to address that.

17 MR. MAURER: Yes. Thank you, Your Honor. Mr. Maurer.

18 THE COURT: Great. Thanks.

19 MR. MAURER: I'd like to start with the stay motion.
20 After Your Honor denied our request to postpone this Rule 16
21 conference we made a housekeeping decision that I hope was in
22 order to not file the motion to stay before today's conference.
23 We are preparing to file our motion requesting a stay pending
24 the IPR petitions today, and we can do that later this
25 afternoon.

1 This case, it is accurate, the petitions are pending.
2 The IPRs have not yet been instituted. The patent office's
3 decision on institution is coming in March of 2024. Counsel
4 suggested that if the PTAB does not constitute the IPR we will
5 have waited for no purpose. That is not correct. The PTAB's
6 institution decision, even if it is not to institute, will
7 speak to claim construction issues, will probably speak to
8 priority issues that are raised in the petitions, will speak to
9 the relevance of prior art references that have been asserted.

10 And in that regard, Your Honor, this case is in a
11 similar procedural posture to the St. Martin case that was
12 decided by Judge Maloney, where he instituted a stay in the
13 same posture that is with IPR petitions pending, not yet
14 instituted. And in this case we think that makes good sense
15 for a whole host of reasons. As Your Honor will see in our
16 motion later today, there are -- the two patents that have been
17 subject to the pending petitions are the two parent patents,
18 the first two that were issued to Mr. DeJule. There are
19 complex questions of claim construction and priority, and in
20 the patent context, Your Honor, priority is the question of
21 whether individual patent claims on a claim-by-claim basis are
22 entitled to an early -- what is the earliest date of invention
23 that they can claim, that they can be entitled to? And in this
24 case, Your Honor, Mr. DeJule filed what is known as a
25 provisional application before he came and met Herman Miller

1 personnel in 2015.

2 That provisional application is rudimentary. It's
3 just a few pages. It includes what almost look like Polaroid
4 photographs of a relatively incomplete prototype and just a
5 bare minimum of text. It's that document, it's that
6 provisional patent application that all of Mr. DeJule's
7 subsequent patents claim priority to, and it will be our
8 position throughout this dispute, Your Honor, that as this
9 patent portfolio evolved -- and Your Honor made a good
10 observation earlier that there must have been a reason why
11 Mr. DeJule continued to prosecute patents. And we, of course,
12 believe that the reason was to move his patented claims closer
13 and closer to the accused MillerKnoll Cosm product. But as
14 this patent portfolio evolved from the two original parent
15 patents to the two most recently issued patents, that came out
16 just before the complaint was filed, the claims read like night
17 and day. The 85 patent claims that popped out of the patent
18 office just before DeJule filed this lawsuit are far removed
19 from the disclosure and the invention that's claimed in the
20 original two parts, and therefore, we believe there is that
21 break in the priority chain back to the provisional
22 application, meaning, Your Honor, that other inventions that
23 came between, other prior art that came between, is relevant
24 and can invalidate the two most recently issued patents.

25 We expect that the PTAB, the office that decides the

1 inter partes review petitions, will be climbing in on those
2 significant issues. So waiting until March 2024, far from
3 being a potential waste of time, will, in fact, likely confer
4 significant benefits to this Court's management and resolution
5 of the issues that will be presented going forward.

6 So we would respectfully urge the Court to not issue a
7 case management plan at this juncture. To, at the very least,
8 wait to review the motion to stay that will be forthcoming, and
9 then to determine whether it seems likely that this case should
10 be stayed pending the institution decision in March. And many
11 courts do this, Your Honor. If -- if the -- if it turns out
12 that the PTAB ends up not instituting the IPRs, it will have
13 been a short delay over the holidays. Not much time will have
14 been wasted and we can carry on with the informed guidance from
15 the experts at the PTAB. And if the IPRs are instituted, well
16 then, we'll have much more to learn in just a year of further
17 delay while the PTAB decides the invalidity of the parent two
18 patents at issue in this case.

19 Touching briefly, Your Honor, on this notion of
20 MillerKnoll should have filed IPRs earlier or could have or
21 should have filed a PGR proceeding, you heard reference to that
22 acronym. It's a post-grant review. It's the analog of an IPR
23 that comes within the first nine months after a patent issued.

24 In terms of why MillerKnoll didn't file the IPRs
25 earlier, MillerKnoll is not the aggressor here and didn't want

1 to be the aggressor here. Mr. DeJule has known of his
2 potential claims against Herman Miller and subsequently
3 MillerKnoll for over four and-a-half years. He chose not to
4 sue. MillerKnoll didn't want to provoke a fight. We waited
5 until the complaint was filed and then, in fact, waited until
6 it was served to file the IPRs.

7 In terms of the PGRs, Your Honor, one of the ways that
8 PGRs vary from IPRs is that IPRs are limited to printed
9 publication prior art. Other patents typically. PGRs expand
10 the scope of available prior art to products and physical
11 things. The two most recently issued patents that are only
12 subject at this point to PGRs include 85 new claims, and based
13 on our initial investigation that has unfolded over just the
14 past two months is that there is a substantial body of product
15 prior art available, including from foreign locales, that could
16 be relevant.

17 So frankly, Your Honor, there is a -- there is a
18 timing issue that we are not prepared to file PGRs, and within
19 the statutory framework, MillerKnoll is entitled to and
20 anticipates that it will file IPRs in a timely manner in June
21 of 2024.

22 Turning briefly, Your Honor, to the proposed schedule
23 and a close of fact discovery in November of 2024. We -- we
24 think that this case is unique and more complex than a typical
25 patent case. Even just seven to nine months of fact discovery

1 would be extraordinarily quick in this case. Cases -- patent
2 cases that move through the ITC, the International Trade
3 Commission, typically have about a seven-month fact discovery
4 period, and those are the experts who see patent cases all the
5 time.

6 This case is going to involve foreign discovery.
7 The -- the accused tilt mechanism was created independently by
8 a Berlin, Germany, based industrial design company named Studio
9 7.5. There will be foreign language documents to deal with.
10 There may be foreign privacy issues to deal with in terms of
11 securing their documents, in addition to which the four
12 asserted patents include a total of 129 claims at this point.
13 As I mentioned 85 that just recently issued.

14 And you know, there is -- there is the huge question,
15 Your Honor, of whether Count 5 is going to be in or out of this
16 case, and if Count 5 is -- is included in this case, we will be
17 -- we will be administering parallel complex patent disputes
18 with what appears to us at this point to be a complex trade
19 secret misappropriation case, because at this point Mr. DeJule
20 has not articulated what it is he thinks was secret that he
21 allegedly disclosed to MillerKnoll. And while we have heard
22 Plaintiff's counsel say that there were papers provided, this
23 was back to 2015, we would suggest that it would be on
24 Plaintiff's burden to produce those papers or to identify them
25 in a disclosure that identifies the alleged trade secret,

1 because presumably it is Mr. DeJule who is best positioned to
2 know what it is that he allegedly submitted that was
3 confidential, and discovery around those questions, Your Honor,
4 alone could take many months.

5 The last point on the schedule, and I know Your Honor
6 wants to talk about the various contentions and scheduling
7 within the schedule later, so we'll save that, but just as a
8 high level point, Your Honor mentioned closing fact discovery
9 in November of 2024. It would -- that potentially could be a
10 workable schedule, particularly depending on whether Count 5 is
11 in or out if the Court is inclined not to stay the case. That
12 said, we think it is very important that the Markman claim
13 construction process would -- would take place before the close
14 of fact discovery and then lead into expert discovery.

15 So with that in mind, Your Honor, I think from our
16 perspective it may be a better target to plan on doing claim
17 construction in this case in late 2024, which will include
18 technology tutorials, and potentially, depending, again, on the
19 stay, claim construction involving both means plus function
20 claims and whatever number of the 85 claims from the new
21 patents are at issue. But it will be a substantially -- we
22 anticipate it will be a substantial claim construction process
23 to complete that in the end of 2024, and then probably to close
24 fact discovery in the beginning of 2025, and move onto expert
25 discovery once the Court has issued its claim construction

1 ruling, so that we are all playing out of the same reference
2 book in terms of what these claim terms really mean.

3 THE COURT: All right. Why don't we do this.
4 Let's -- and I am sure from Plaintiff's perspective there is
5 some concrete things you want to respond to in what you have
6 heard and that's fine, but let me change the platform to
7 discuss it more in the context of the contention provisions,
8 both the infringement contentions and invalidity and
9 potentially priority contentions which I think the Defense
10 wants and at least as I am reading the joint status report that
11 the Plaintiff doesn't.

12 Talk to me about the issue. I think you mentioned it
13 toward the end of your comments, Mr. Azzi, you know, trying to
14 use the contention process to limit the number of claims at
15 least a little, and there certainly are tons of potential
16 claims here of infringement, and then also the way you are
17 proposing that the invalidity contentions come from the Defense
18 tied more specifically to your claims of infringement than to
19 just sort of an open-ended disclosure of prior art.

20 So let me hear what you think about that, and I think
21 I have each of your competing time proposals. I'll just add to
22 the discussion getting a little more concrete. My own goal and
23 view would be that I'd try to structure the contentions and
24 then the Markman process so that we'd actually have a Markman
25 hearing probably in June of next year, which would certainly be

1 before the end of fact discovery in my view if we went with the
2 11-30 date. And I do think that Markman should come before the
3 end of fact discovery, but let me put that in the mix as well
4 and then get the next layer of comments from the Plaintiff
5 first on scheduling.

6 MR. AZZI: Okay. Thank you, Your Honor.

7 With respect to sort of what I'll call the claim
8 winnowing process, as the opposing counsel noted, we have four
9 patents, and it's over a hundred claims that are in play with
10 the patents, and to make this process useful to both the
11 parties and the Court, it's Plaintiff's position that we should
12 put to use the infringement and invalidity contention process,
13 and the parties have agreed that Plaintiff's initial
14 infringement contentions would be limited to no more than 10
15 claims from each patent, not more than a total of 32 claims,
16 which would bring it down substantially. And under this
17 proposed schedule both parties, we obviously have a big dispute
18 regarding timing but there would be a further winnowing of
19 claims and final infringement contentions that would bring it
20 down to -- I believe it was -- and I am on the bottom of page
21 18.

22 THE COURT: Right. And it's fine to talk about final
23 winnowing, but in my imagined structure, which is still
24 hypothetical at this point I guess, but in my imagined
25 structure we'd deal with final claim winnowing later in a

1 second case management order.

2 MR. AZZI: Right.

3 THE COURT: After Markman.

4 MR. AZZI: I just didn't want to leave Your Honor with
5 the impression that we thought that we would be going to trial
6 with 32 claims in front of a jury.

7 THE COURT: Well, you clearly won't if I have the
8 case, but I -- you know, I have managed to string out Magna
9 long enough so that we got a new judge and she got to do the
10 trial, but anyway, go ahead.

11 MR. AZZI: And the salient point here from our
12 perspective, Your Honor, is in winnowing down the claims in
13 those initial contentions there should be a commiserate
14 winnowing of prior art combinations, and what we have proposed
15 in ours is there should be four prior art arguments per
16 asserted claim, and we define what that prior argument is, but
17 simply stated it would be if we have claim one of the patent
18 they get four arguments in response, and each argument it could
19 be a, this anticipates, this one reference anticipates under
20 102. That could be one of their arguments, or this combination
21 of reference A and B renders obvious this claim under § 103.
22 And what this process will do is actually put meat on the bones
23 of what the claims at issue are and what the prior art is in
24 response.

25 Left to Defendant's proposal you would have, and I

1 would have -- I have done it this way in other jurisdictions,
2 Your Honor. You wind up with a wide list of references, 20
3 references, 30 references, 40. It's the kitchen sink approach.
4 You are left to divine those combinations, and it's not a
5 useful process. It leaves Plaintiffs guessing of what the
6 ultimate invalidity position actually will be for both fact
7 discovery and deposition. And what we are proposing here is
8 simply we are out of the gate narrowing down the claims
9 asserted. We are asking for a fairly modest, in our respective
10 view, reduction in the number of prior art combinations which
11 give Defendants, in our position, plenty of room to play with
12 there. And then post-claim construction, as Your Honor alluded
13 to in a subsequent case management order, that would be further
14 reduced both in terms of the number of claims and prior art
15 combinations in advance of trial.

16 So I think that it's a symmetrical approach and it
17 accomplishes the ultimate goal of what this infringement
18 contention invalidity process is supposed to be, which is
19 narrowing the issues, fine tuning the arguments so everybody
20 knows what they are actually arguing about when we are here
21 before claim construction and ultimately trial with Your Honor.

22 On the priority date issue, and you know, this
23 touchdown with the IPR, a couple points I think bare
24 clarifying. First off, only two of the IPRs have been filed.
25 Those two that have been filed, very limited in terms of the

1 priority date issue. It's a handful of dependent claims. The
2 priority date issue is likely to come up with the patent
3 offices as briefed in those two IPRs. My understanding from
4 Counsel's comments is I would anticipate the later the IPRs
5 number 3 and 4 might have broader arguments with respect to the
6 priority date issue, but those were not before the patent
7 office, and therefore, would not be something that would be
8 helpful in any type of Marks 2024 institution decision.

9 The second comment I would have that was done more in
10 the state context but more broadly as I understood the comments
11 is there is going to be a number of patents -- numbers 3 and 4
12 are going to be IPRs that aren't going to be filed until June.
13 So under statute we aren't going to have an institution
14 decision on those for another six months, which will put us out
15 in January of '25, and if they are instituted another year
16 which puts you to January of '26.

17 This is obviously hypothetical, but the point being
18 this is not going to be far from a tight or efficient process,
19 and we believe that the case should move forward on a schedule
20 at least through the close of fact discovery to get this case
21 on track.

22 I'll pause there for a moment, Your Honor, if you had
23 any questions regarding the sort of what I'll call the meat of
24 the winnowing process and our position regarding invalidity
25 combinations that we proposed to Your Honor in the joint status

1 report.

2 THE COURT: All right. So on the what I take the
3 Defense to be asking for in the early round of contentions is
4 some opportunity for you to articulate your priority
5 contentions and I guess for them to respond, and I got the
6 impression you don't want to do that. So I want to hear why
7 you don't want to do that.

8 MR. AZZI: Yes, Your Honor.

9 Well, a couple comments on that. One is the priority
10 contention issue we -- depending on what the prior art that
11 they select is in the invalidity contentions could render it
12 moot. If they've got prior art going back that predates even
13 our earliest date, it's an issue that does not come to the
14 forefront on what we need to do here.

15 Second, is we have valid -- presumptively valid
16 patents subject to the clear and convincing evidence burden or
17 substantial evidence burden on invalidity here in the district
18 court, and we believe that frankly -- and it's interesting the
19 juxtaposition of Defendant's comments that they don't want to
20 have to disclose intrinsic evidence in the claim construction
21 process, but we need to do priority date.

22 We all have the same four corners of the patent to
23 work with here. They have clearly a position that they are
24 going to articulate about what priority date is attributable to
25 what. It's based on the four corners of the document. You

1 have -- either have it in the early provisional application or
2 you don't. This isn't a situation we are -- we are reaching
3 outside the four corners of the patent document for priority
4 issues in the first instance. You either capture it or you
5 don't.

6 So I think that it's fair to leave them with the
7 intrinsic record as they have it if that's what they want to
8 do, to articulate the priority date and what prior art
9 anticipates that, and us in response deal with it in response,
10 but I don't think we have to affirmatively in the first
11 instance provide our priority contentions for each and every
12 element of our claims when ultimately, you know, it's -- it's
13 not something that we believe is necessary here.

14 THE COURT: The priority issues that I vaguely
15 remember in Magna, and it is pretty vague, seemed a little
16 different, but there is certainly some echoes in my mind as I
17 hear the discussion now, and my memory is we dealt with that on
18 motion.

19 MR. AZZI: That's correct.

20 THE COURT: Not during contention.

21 MR. AZZI: That is correct.

22 THE COURT: Okay.

23 MR. AZZI: And Your Honor, by way of refresh on that
24 one, which admittedly dates my memory a bit, too, that was one
25 where we had the issue of whether the earlier patents -- it was

1 a one-part or two-part mirror construction. Ultimately it was
2 not part of the claim construction process. It was dealt on --

3 My apologies, Mr. Brandell.

4 My recollection is we did not deal with that on the
5 claim construction disclosures and exchanges, and my
6 recollection was, in fact, that we dealt with it through expert
7 reports and ultimately summary judgment motions, but I would
8 need to go back and look to confirm that point with a hundred
9 percent certainty.

10 THE COURT: All right. All right. Thanks. Let's go
11 back over to Mr. Mauer or whoever is going to speak for the
12 Defense on these issues.

13 MR. MAURER: Yes. Thank you, Your Honor.

14 Let's start with the priority issue. And we would
15 agree that a question of priority in terms of how and when the
16 Court would resolve it would likely be handled during summary
17 judgment. That said, the reason that parties exchange
18 contentions in patent cases is because we could waste an awful
19 lot of interrogatories asking about your contention on the
20 relevant prior art or the asserted claims on things like
21 infringement and invalidity.

22 The same is true especially in this case, Your Honor,
23 with respect to priority. So we believe that in this case,
24 priority contentions make perfect sense for the same reasons
25 that infringement and invalidity contentions make sense, is

1 that we could waste an awful lot of interrogatory discovery
2 over something that the parties can easily exchange as part of
3 a typical patent process, and we know that there are going to
4 be significant priority issues in this case. There already
5 are. They are pending with the PTAB. And as I explained, the
6 priority issues grow as Mr. DeJule continued to prosecute and
7 morph his patent portfolio out of the original two parent
8 patents.

9 So Your Honor, it's not that the priority contentions
10 would resolve priority issues. Far from it. But just as with
11 infringement and invalidity contentions, they would help the
12 parties focus and prioritize dispositive issues for later
13 treatment in summary judgment. So that's the framework, Your
14 Honor, of our -- of our proposal for priority contentions and
15 why we think they make sense in this case.

16 Turning to the question of invalidity contentions on
17 our disagreement, I guess let's start with our agreement. We
18 fully agree with narrowing the case and setting some limits for
19 infringement contentions and invalidity contentions. Our
20 concern, Your Honor, is that Plaintiff's proposal, although --
21 although described as a streamlined version of an approach
22 adopted in Delaware, the Plaintiff's proposal here is actually
23 half of what the district of Delaware adopted in this case,
24 which had some significant procedural hurdles crossed before
25 they even got to that stage, and that in this case Plaintiff's

1 proposal would really just be a hamstring of MillerKnoll's
2 ability to develop its prior art arguments.

3 As I mentioned, we believe that there will be
4 significant sources of product prior art of older chairs that
5 anticipate or would have rendered obvious Mr. DeJule's
6 invention. We are in the process of discovering and looking
7 for that information now. But being limited to four prior art
8 arguments from the outset at the get-go before we even fully
9 develop our invalidity arguments would be highly restrictive
10 here, especially given the vast number of potential claims at
11 issue. And as Your Honor is no doubt aware, Plaintiff is
12 likely to assert both independent and dependent claims.
13 Dependent claims are significant because they typically add one
14 new element, one new limitation to the claimed invention, and
15 that new element, from an invalidity perspective, may require
16 an entirely different prior art reference to address.

17 So from our perspective, and MillerKnoll is proposing
18 that we be limited to 12 references per patent, per patent,
19 right, not per claim, with a total of 40 references from the
20 outset, and that is, we believe, perfectly reasonable under the
21 circumstances and would afford MillerKnoll a fair opportunity
22 to develop its -- its anticipation and its obviousness
23 arguments depending on what is asserted.

24 I am happy to address the point about intrinsic
25 disclosures --

1 THE COURT: Before you do that, so what's appealing
2 about tying your invalidity contentions to their specific
3 infringement and giving you some kind of a limit, is it ensures
4 for my purposes that we are going to have issues joined. And I
5 understand, there is a whole raft of possible infringement
6 theories or claims that they could put at issue, but if they
7 have to start out by no more than 10 claims per patent, topped
8 out at 32, they are already having a natural limit. If you get
9 four, you know, opportunities, four prior art or invalidity
10 theories with respect to each of those, certainly at least one
11 could include a whole series of prior art references to other
12 products and whatnot else that in combination makes something
13 obvious. I am not -- I am not sure I understand exactly why
14 you are hamstrung if you have to tie your invalidity
15 contentions to specific infringement contentions?

16 MR. MAURER: Yes, Your Honor. And maybe to put a
17 finer point on it, Plaintiff's proposal is that MillerKnoll's
18 invalidity arguments be limited to their asserted claims. We
19 are certainly in agreement that our invalidity contentions
20 would be tethered to their infringement contentions. We are
21 just counting up how you get to a total limit differently. And
22 as a specific example, if MillerKnoll was limited to under
23 Plaintiff's proposal four prior art arguments per claim, and we
24 discover a manufacturer in Italy that made four different
25 chairs that used what we think are anticipatory tilt

1 mechanisms, we would -- we would be out of our prior art
2 arguments just based on those Italian prior art chairs. And
3 the reality is, there are highly likely to be older patents
4 that anticipate the same claim and that combinations of older
5 known information that would render obvious those claims, which
6 is why probably in that Delaware case the Plaintiff cites to
7 the Court allowed eight prior art arguments per claim for
8 initial invalidity contentions. So that at least there is some
9 flexibility just out of the gates when discovery is just
10 beginning for the accused infringer to develop a full spectrum
11 of the potential prior art, both printed publications, old
12 patents, and products, that can be brought to bear in the case,
13 which is why, Your Honor, and again, I think we are just really
14 counting differently, that Plaintiff's proposal is based on
15 prior art arguments. We are counting by prior art references,
16 and our proposal is simply that there would be a limit of 12
17 references per patent, not per claim, Your Honor. Per patent.

18 THE COURT: All right. Did you have another point you
19 were going to make on these issues?

20 MR. MAURER: I was going to respond, Your Honor, to
21 the point about the disclosure of intrinsic evidence, but that
22 really is a Markman process.

23 THE COURT: All right. Let's hold that, then.

24 MR. MAURER: Yeah.

25 THE COURT: Go back to Mr. Azzi and give you an

1 opportunity for direct response to Mr. Mauer on his worry that
2 your proposal hamstringing his invalidity positioning.

3 MR. AZZI: I would respectfully submit it doesn't and
4 here is why. As a practical matter, as drafted, Defendant's
5 proposal, what these, you know, 12 references or 40 total
6 references, in practice how I have seen this in invalidity
7 contentions is it's truly, here is references. They invalidate
8 all these claims, and functionally -- and I am not trying to be
9 to glib here, Your Honor -- go figure out how. It's not a
10 precise combination of references and how it anticipates,
11 because as Your Honor is aware, one does not invalidate a
12 patent. One invalidates a patent claim.

13 So what we are asking for here in our proposal with
14 the four prior art arguments is clear combinations or
15 references on their own that they are going to assert against
16 the infringement claim -- or the claims that we are asserting
17 are infringed here.

18 It is not an unfair ask in our view to do that work,
19 just like we have to strategically decide what subset of claims
20 we are going to press forward through this initial process and
21 ultimately at trial.

22 With respect to the concern -- the hypothetical that
23 there would be four Italian references, for example, that could
24 anticipate a single claim. First off, I think there is avenues
25 to deal with that from a motion for recon or motion under good

1 cause shown to extend limits, but in the abstract here, to give
2 a much higher threshold with no concrete evidence in support, I
3 mean, these -- ultimately outside counsel is paid to make those
4 difficult strategic calls. What is our best prior art that we
5 are going to push through summary judgment and trial? That is
6 the impetus behind this entire Markman process, infringement
7 contentions and invalidity contentions as was first adopted in
8 the Eastern District of Texas, Delaware, and other patent
9 jurisdictions.

10 And as drafted here and if implemented, the
11 Defendant's proposal, it does not bring clarity to what their
12 invalidity contentions will be, and all we're asking for is a
13 reasonable limit so we have the clarity and a manageable number
14 to deal with, similar to what they will be getting in our
15 infringement contentions, so that we can ultimately move this
16 case forward in a productive fashion and frame that up for Your
17 Honor at claim construction, summary judgment and ultimately at
18 trial.

19 THE COURT: All right. Thanks.

20 We'll go back to Mr. Mauer. I'm sure you'll want to
21 respond.

22 MR. MAURER: Thank you, Your Honor.

23 I would suggest that perhaps there is not as much
24 disagreement here as maybe it seems, and MillerKnoll would be
25 willing to accept the limits that were established in the

1 Conformis v Zimmer case from the District of Delaware in 2020
2 that Plaintiff referenced on page 19 of the joint case
3 management plan. In there the Defendant was allowed eight
4 prior art arguments per claim for initial invalidity
5 contentions with four prior art arguments for claim for final
6 invalidity contentions. Your Honor, we would accept that.
7 That is a -- that would accommodate what -- the
8 counter-proposal that we offered, which was based more just on
9 references while at the same time affording known restrictions
10 and giving Plaintiff some assurance that we will be limiting
11 the universe here. We certainly will. But you know, again,
12 the Plaintiff's suggestion that they have proposed a
13 streamlined version of the Delaware schedule is one half of
14 what was permitted in Delaware and we think just unfairly
15 limiting in the first instance.

16 THE COURT: All right. Any comment, Mr. Azzi?

17 MR. AZZI: If Your Honor will permit my indulgence
18 here, conformance was handled by my co-counsel and he can speak
19 to the particulars on that. I think that's the only point in
20 response we'd make.

21 THE COURT: All right. And who will we have?

22 MR. SIKORA: Your Honor, this is Mr. Sikora.

23 And so for clarity, I represented Defendants in that
24 case, and so that was what we were permitted. Eight and four I
25 can represent was too many. And that's something that

1 realistically narrowed things. Ultimately it was the four that
2 mattered and for trial it ultimately would have been fewer than
3 that obviously. So this was done based on our own experience
4 as the Defendants in that case what was actually reasonable.

5 And the other distinguishing factor there is that
6 related to arthroplastic products for knees, shoulders, and
7 even hips, so part of the distinction there was there was a
8 variety of different technology even amongst the four asserted
9 patents. The four asserted patents were -- did not have
10 identical specifications. Had actually quite a bit of added
11 subject matter in later patents. So there were quite a few
12 differences among there that there was a reason for that.

13 The other thing that's actually probably the biggest
14 distinction is when that scheduling order was put in place
15 there were multiple Defendants and multiple outside counsel.
16 So the intent of having additional prior art arguments was
17 intended to accommodate multiple different counsel from
18 multiple different Defendants whose outside counsel might have
19 reasonably disagreed. Here that's not the case. We have got,
20 you know, four patents that are fairly similar out of the same
21 family and one set of Defense counsel.

22 THE COURT: All right. Let me move onto the next
23 issue both sides have already touched on or at least alluded to
24 on the Markman process. My overview comment is that the
25 Markman process I have come to like the most is where each side

1 file an opening brief and then file a responsive brief, and
2 that's painful enough. The idea of having sequenced briefings
3 and replies and sur-replies and everything else doesn't
4 illuminate things much for me. Patent counsel might not think
5 you can illuminate a generalist judge, I get that, but for me I
6 like that process better where each side comes up with their
7 opening brief, each side comes up with their responsive brief,
8 and then we have a hearing.

9 And in prepping for that, it's not clear to me in this
10 case, and I haven't looked at the four patents enough to know
11 if there is going to be, you know, common terms that cut across
12 all four patents, if they are really significantly different,
13 especially the latter two, for example. I have no idea if
14 people are anticipating 20 terms, 10 terms, 3 terms that
15 matter, and that's the process I'd like to set up early,
16 getting the parties to propose their terms and constructions to
17 each other, filing it with me. If there is, you know, 30
18 claims that -- or 30 terms that you want construed I probably
19 am not going to do that. I am probably not going to, you know,
20 pick more than 10 or 12, and I want to talk with you about how
21 to work that down.

22 My own notes suggest to me that we could have the
23 parties exchange proposed terms of constructions by the middle
24 of February, meet and confer by middle of March, file with me,
25 with the Court by the end of March what your proposed terms for

1 construction are and what your competing instructions are and
2 then opening briefs probably about April 15 and response briefs
3 about May 15, and then I could do the hearing in June.

4 So that's what I am thinking in overview, but talk to
5 me about that general overview of the timeframe, but then also
6 what would be the best way to winnow the terms that are
7 ultimately going to need construction. And I know you probably
8 have some differences of opinion on that, too, but I'll start
9 with the Plaintiff on that and we'll go from there.

10 MR. AZZI: Your Honor, I guess to your initial
11 question at a high level, I think you are going to have a lot
12 of commonality in terms of the first two patents and then a lot
13 of commonality in terms in the second two patents.

14 THE COURT: Okay.

15 MR. AZZI: With respect to the briefing approach,
16 obviously that mirrors what we had proposed in opening briefs
17 and then responsive briefs, and frankly, especially with a June
18 construction date, we think the schedule you proposed and the
19 steps in that process are reasonable from our perspective.

20 With respect to how to get those to a manageable
21 number? I think there's basically two ways you can do it. I
22 have done it three. One is no limits, and that's terrible, so
23 please don't do that.

24 No. 2 is the Court -- you know, I think they still
25 have this from the Northern District of Illinois, although my

1 counsel all from Illinois can probably tell me I'm wrong, is
2 the Court says you get 10 and figure it out.

3 The other way that I have seen it done and have done
4 it is where through this meet and confer process if you can't
5 get it down to 10 or 11 terms, which I think is in our view
6 probably a manageable and upper bound cap, and that assumes
7 that we have that many disputes. Often times a lot of those
8 disputes fall by the way side.

9 THE COURT: I'm sure this group won't have many
10 disputes at all.

11 MR. AZZI: I'm sure, Your Honor. But in the unlikely
12 event that we can't arrive at a common 10, the parties could
13 respectfully submit in their proposals the ones they think in
14 order of priority are most important and dispositive and Your
15 Honor could simply review those and determine whether all of
16 them are appropriate to brief or if we have a subset that
17 require, you know, in your estimation, briefing and the rest
18 not so much.

19 I do believe that having a number that we are briefing
20 is the way to go. It's just how Your Honor chooses to get
21 there. I think there is a couple different paths forward you
22 could adopt there, both of which we would be comfortable with
23 from the Plaintiff's perspective.

24 THE COURT: All right. Thank you.

25 Let me go over to Mr. Mauer or whoever is going to

1 speak on this for the Defense.

2 MR. MAURER: Thank you, Your Honor.

3 We agree with the initial point, which is that the
4 original two patents will probably have similar terms and the
5 second two patents will likely have some similar terms,
6 although not as much as -- not as close as the original two
7 patents.

8 I don't know, sitting here today, what the right
9 number is in terms of setting a limit on the number of claims,
10 whether it's 10 or 15, or as an initial proposal to Your Honor.
11 I think that the bigger question here is going to be that there
12 will be potentially significant claim construction issues. The
13 original two patents used a particular type of claim structure
14 that's referred to as means plus function. And in this case
15 it's -- it's -- it's a nonce term, means plus function patent
16 claims structure. So there will be some intricacies there.

17 And then in the second patent -- the second group of
18 patents, the most recently issued to, as mentioned, the claim
19 terms evolved and morphed significantly, Your Honor, and there
20 will be -- there will be questions of whether the terms
21 themselves actually sufficiently are tethered to the intrinsic
22 disclosures of the patents, and those issues might be raised
23 and come up during claim construction. We are talking about
24 issues of enablement and full written description under § 112.
25 So our sense is that it's not so much the harder point is not

1 going to be putting a concrete number of how many terms, but
2 rather that they are going to be significant issues, and with
3 that in mind, Your Honor, we -- the general timing, we would
4 suggest maybe pushing it back a bit with an opening to you
5 perhaps in May or June. And part of the reason for that, Your
6 Honor will be that we will get the PTAB's institution decision
7 on March 27th of 2024. So having the insights from the PTAB
8 and allowing the parties to digest that information and
9 incorporate it into the opening claim construction proposals
10 that come to the Court could be significant.

11 And then finally, Your Honor, I'd like to speak to the
12 notion of simultaneous verse sequential briefing. Our
13 experience has been that with simultaneous briefing often times
14 the parties spend their opening brief making their argument but
15 then spilling a significant amount of ink anticipating what the
16 other side is going to argue and why, anticipating intrinsic
17 support and extrinsic support, and the sequential approach
18 eliminates that and generates -- and results in good clash and
19 crystallization of the claim construction issues between the
20 parties.

21 And the district courts that handle a lot of patent
22 litigation seem to be coalescing around a sequential approach.
23 The Conformis case from Delaware that we were talking about
24 just a minute ago used the sequential approach. The Northern
25 District of Illinois, Northern District of California, Southern

1 District of New York, Eastern District of Texas all use
2 sequential approaches.

3 We propose what seems to be the guiding or the
4 majority thinking, which is that Plaintiff submits the first
5 brief, Defendant responds, Plaintiff replies, Defendant goes
6 next. Frankly, the ordering of who goes first is not as
7 significant as having the sequential approach to really
8 crystallize the claim construction issues.

9 THE COURT: All right. You had earlier alluded to the
10 difference between the two of you, and then neither of you
11 addressed it, on whether or not your construction or your
12 statement on the terms should include intrinsic evidence. And
13 go ahead. And I mean, on the one hand my general sense is,
14 well, you know, we all know what the intrinsic evidence is.
15 It's all there, and you are going to brief that, but on the
16 other hand, when I hear that means plus function are going to
17 be part of the first two I think, well, maybe there is some
18 value. So let me hear from you first and then we'll hear from
19 Mr. Azzi.

20 MR. MAURER: Thank you, Your Honor.

21 We would be happy to identify relevant supporting
22 intrinsic evidence with our -- with our proposed constructions.
23 The issue is that, you know, we don't want to be 100 percent
24 bound and locked in that, oh, you missed a pin cite in the file
25 history to a similar statement and prejudiced if, in fact, when

1 we get to oral argument on the Markman hearing there is another
2 item of intrinsic evidence that we cite to.

3 THE COURT: You haven't heard of the well run doctrine
4 of pin cite estoppel?

5 MR. MAURER: You know, our experience has been, Your
6 Honor, that you can get satellite battles over disclosing
7 intrinsic evidence and it becomes a game of gotcha and frankly
8 unproductive for anyone, because to Your Honor's point, we are
9 all working out of the same intrinsic record so there really is
10 no prejudice. It's in the intrinsic record and we should be
11 free to cite to it and we are happy to cite to what we believe
12 to be the intrinsic support in our proposed constructions
13 without prejudice to identifying related intrinsic evidence
14 later. And of course, extrinsic evidence would need to be
15 cited as well.

16 THE COURT: All right. Go back to Mr. Azzi on that
17 latter point.

18 MR. AZZI: If I find myself arguing about a missing
19 pin cite in initial disclosures I should be escorted out of the
20 building. I'll start there. Joking aside, however, Your
21 Honor, our point with this request is the intrinsic evidence is
22 we want fulsome disclosure so we know what the arguments can be
23 and both sides can brief them efficiently for purposes of claim
24 construction. I don't believe that it is a tall order to
25 provide that fulsome disclosure. And I also, as Your Honor

1 alluded to, when there are allegations and issues and arguments
2 surrounding means plus function in § 112, whether that's
3 indefiniteness or enablement providing that intrinsic support
4 helps crystallize the issues both for, you know, getting that
5 in front of your judge -- or Your Honor and getting that
6 briefing set up in a way that that makes sense is helpful to
7 the Court and the parties.

8 So I think that it sounds like we don't have much
9 disagreement here in terms of the intrinsic evidence being
10 something both parties should disclose. I guess we'll
11 represent that I will not be arguing about a missing pin cite
12 as a condition for that agreement, but the fact here is what we
13 are looking for is to avoid surprises in the intrinsic record
14 that they are using, you know, page 22 for a means plus
15 function argument we did not anticipate and we'd rather get
16 those cards on the table, and that's really what we are looking
17 to do through this intrinsic evidence proposal.

18 THE COURT: Okay. There are a number of other issues
19 that the parties are divided on, like how long the deposition
20 of the Plaintiff ought to be, whether e-mail or more generally
21 electronic discovery ought to be sequenced to later in the
22 process, and whether there ought to be an early disclosure
23 obligation for what I think the Plaintiff terms core technical
24 and financial information.

25 I'll tell you -- I'll give you a chance to address

1 those. I'll tell you what my general impression is after
2 reading your materials. One is that in a case like this I
3 think it's appropriate and reasonable to give the Defense two
4 days, seven hours each, with the Plaintiff. There is a lot of
5 ground to cover, and he is in a sense the personal embodiment
6 of the Plaintiff's version of all of this in a way that, you
7 know, the Defendants are going to have to distribute that among
8 in all likelihood multiple different parties, and the
9 Plaintiffs will naturally want to take all those depositions. So I
10 recognize the Plaintiffs say, hey, we'll cooperate on 30(b)(6)
11 witnesses and all the like. I'm sure they will, but I still
12 think two days for the Plaintiff is probably okay.

13 When we get to the core technical and financial
14 disclosure proposal, I am inclined to say no. I am not really
15 opening the door to another set of disclosures. We are not a
16 court that does a lot of patent work. We don't have a body of
17 expectations that both sides can count on, and I think probably
18 general discovery is a more appropriate way to go.

19 When we get to should we sequence e-mails for later,
20 my sense is no. That's part and parcel of what ought to be
21 going on during fact discovery right from the start,
22 particularly in a case where we can already see from the
23 limited pleadings we have e-mails likely to be an important
24 source of information. So whether that's in the particulars of
25 the Plaintiff's proposal on how that gets worked out or not, we

1 can talk about it. I didn't see an alternative proposal from
2 the Defendants, simply a claim that we ought to sequence it.
3 So I'll give you all a chance to comment on those issues
4 starting with the Plaintiff.

5 MR. AZZI: All right. On the core technical and
6 financial information disclosures, Your Honor, that's fine.
7 Part of it was, as you noted, elsewhere in the joint status
8 report Defendants expressed a desire to mediate this case in
9 early 2024, and without that core technical and financial
10 information that's not going to be a fruitful early endeavor.
11 If they are going to delay in giving it to us, and we do it
12 through the normal discovery process, we've already pushed out
13 obviously written discovery in this case. That's fine, but
14 that was sort of the genesis of that ask, but, you know, defer
15 to Your Honor's preference on that point.

16 On the deposition point, you know, Your Honor's point
17 is well taken. You know, we thought 10 was fair, but we are
18 fine with 14 for the reasons Your Honor noted.

19 And on the e-mail, I guess that's the only one I'd
20 speak substantively on, and we agree with Your Honor that this
21 should proceed and not be bifurcated either through how we have
22 to frame the request or staging discovery in any way. We know
23 this is going to be where e-mails are probative and relevant
24 based on, you know, the complaint and the facts alleged and
25 just the nature of this is 2023, and we should get that process

1 moving with, you know, ESI proposals and just using the usual
2 proportionality standards that the Court applies in discovery
3 disputes as those arise.

4 So you know, I'll stand on that in terms of those
5 three points, but in sum, we are okay with the 14 hours for
6 Plaintiff's dep. The core financial and technical documents,
7 that's fine. It's just early mediation as Defendants propose
8 is not going to be fruitful. And the e-mails, I do believe
9 that should proceed in the ordinary course as this Court
10 typically does and subject to the proportionality standards of
11 Rule 34.

12 THE COURT: All right. Thanks.

13 Mr. Mauer, are you going to address those, too?

14 MR. MAURER: Yes. Thank you, Your Honor.

15 Just briefly on the mandatory disclosures, Your Honor,
16 we did, during the Rule 26(f) conference, suggest that perhaps
17 it would make sense to mediate this case in 2024, and we
18 offered in the context of that proposal to produce technical
19 documentation and summary financials, and in fact, we are still
20 offering to produce that information in exchange for an
21 extension of time for Defendant to provide written responses to
22 Plaintiff's first set of written discovery requests. So we
23 don't think that this is a real contentious issue and we expect
24 that one way or another Plaintiff will end up with their core
25 technical information and summary financials soon, hopefully

1 with a somewhat longer extension on our discovery responses.

2 Turning to the ESI and e-mail discovery proposal.
3 There are really two issues here, Your Honor. The first
4 regarding relevance and proportionality. The e-mails really
5 strike us as only becoming relevant and proportionally
6 burdensome if Count 5 is in the case.

7 As we cited in the proposed plan, e-mails aren't
8 really relevant to patent infringement, and the issue here
9 regarding alleged e-mail communications all flow to -- are
10 tethered to, chained to Count 5. So if Count 5 is in then we
11 would probably agree that e-mail discovery, there is at least a
12 basis for suggesting that it is relevant.

13 Our bigger problem here, Your Honor, is that
14 Plaintiff's ESI proposal calls for the identification of 10
15 custodial sources with no restriction on the number of
16 custodians, and then using search terms -- 15 different search
17 terms for each custodial source. And you know, thinking about
18 this, the old paper analog, Your Honor, would be to say
19 identify the 10 buildings where MillerKnoll keeps files and
20 then go and search every file cabinet within those custodial
21 sources, the buildings where those files are kept, and that
22 is -- that is wildly overbroad and has significant potential to
23 unduly burden MillerKnoll.

24 Plaintiff is an individual who presumably has a laptop
25 and not many custodial sources. MillerKnoll is an enormous

1 company with many custodial sources. So our proposal, Your
2 Honor, was to follow the ordinarily Rule 34 course and serve
3 written discovery requests. We will, of course, go search the
4 most relevant sources and -- and as Your Honor of course knows,
5 the first step is to find out who was involved and had touches
6 on the ball and go speak with those witnesses and figure out
7 where they kept their records and then search those particular
8 sources tethered to custodians, not whole warehouses of file
9 cabinets. And you know, our proposal is consistent with what
10 happens in the district of Delaware, where if a party uses
11 search terms to search for custodian records, you disclose the
12 search terms that you used for those searches, and if Plaintiff
13 thinks that we missed a term or we should go back and do some
14 more searching, the parties can obviously hash that out and
15 through an iterative process get everyone satisfied with the
16 scope of e-mail search or e-mail or ESI search terms that were
17 used.

18 But our bigger concern, Your Honor, is in the
19 framework that Plaintiff specifically proposed in the -- in the
20 Rule 1626 report. It's enormous. The universe of information
21 that is going to have to be searched on MillerKnoll's end is
22 enormous because it is only restricted by custodial sources,
23 not custodians.

24 THE COURT: I expect one of the things you'll hear in
25 response is, well, let's find out. Do the numbers get the

1 hits? Let's see how many it is. Maybe you are right and we
2 are going to get back, you know, millions of hits. Maybe not.
3 How do we know that unless we try it?

4 MR. MAURER: We certainly can, Your Honor.
5 MillerKnoll is a sophisticated company with sophisticated IT
6 resources. We suspect, Your Honor, that if there are search
7 requests like, look for Cosm, in a custodial resource, which is
8 like a share point, a shared share point resource for the
9 entire company that -- to your point, we could find out, but my
10 guess is that search isn't even possible to run.

11 THE COURT: That's not the term I'd be looking for if
12 I were at the Plaintiff's table, but we'll let the Plaintiffs
13 come up with their own terms and we'll let you come up with
14 yours if we do it that way.

15 Do you want to address that further, Mr. Azzi?

16 MR. AZZI: Just briefly.

17 Two points. One, e-mail is going to be relevant with
18 or without Count 5. Willfulness has been well pleaded. It has
19 not been challenged here on purposes of Rule 12, and what they
20 knew, when, what was misappropriated, what wasn't, is
21 clearly -- e-mails usually is where that lies. So I think
22 Count 5 or not, e-mails are highly relevant and probative and
23 are going to be the subject of discovery in this case.

24 My second point is Defendant's proposal was first
25 e-mail discovery should be bifurcated, should only be provided

1 with good cause shown, and I point to the top of page 15 of the
2 joint status report for that position. From counsel's comments
3 it seems like that is being backed off somewhat. If this is
4 truly an issue of the scope of ESI and the number of hits that
5 search terms come back with, as Your Honor, you know,
6 indicated, we'll see. It might come back with a high count.
7 It might come back with a manageable count, and if the former
8 we are going to meet and confer as we are required to do
9 discharging our discovery obligations and try to reach
10 resolution for what's driving those hits and get a more
11 tailored search, and if we can't resolve it we will be filing a
12 motion, one of the parties, either protective order or motion
13 to compel, to get that sorted, and I assume that's going to be
14 referred rather quickly to a Magistrate Judge in this case to
15 hammer out, but I think that dealing in the abstract here it's
16 premature and we should adopt what is the typical process. We
17 have got Rule 34 requests out there. We've proposed a process
18 by which the parties put their cards on the table on custodians
19 and search terms in order to front the issue if something is
20 driving hit counts. You know, we don't want to review four
21 million pages of documents either, so we'll get that sorted.
22 We both have counsel that understand ESI issues and how to
23 navigate those and I don't think -- I think it's something we
24 can probably work out at the end of the day.

25 THE COURT: All right. Well, thank you to both sides

1 for walking through that sequence with me. It does help me
2 focus some of your issues and concerns more generally and more
3 specifically at the same time.

4 From either side's perspective, before I start making
5 decisions on some of this, are there things you would want me
6 to know that we haven't been able to talk about or that you
7 need to highlight from your perspective at Plaintiff's table?

8 MR. AZZI: From our perspective I don't believe, Your
9 Honor. I think this is fairly covered, Your Honor.

10 THE COURT: All right. Defense table?

11 MR. MAURER: Yes, Your Honor.

12 There is an issue with respect to the protective order
13 which was submitted as Exhibit C along with the Rule 26(f)(16)
14 report.

15 THE COURT: Right. I thought the parties had agreed
16 on that.

17 MR. MAURER: Yup. We were worried that it was going
18 to get lost, Your Honor. It's not specifically called out in
19 the report. It's -- the dispute is synthesized in Exhibit C at
20 page 5 of the proposed protective order, which is ECF No. 18-3,
21 page ID 295.

22 The parties have agreed to virtually every aspect of
23 the proposed protective order, Your Honor. It is a two-tier
24 order that calls for higher -- highly confidential outside
25 counsel eyes only proposal. The disagreement, Your Honor, is

1 between who has access to highly confidential outside counsel
2 eyes only.

3 What this boils down to, Your Honor, is MillerKnoll
4 has included in the definition of this designation, this
5 confidentiality designation, customer, sales, costing and
6 financial information. And the reason for that, Your Honor, is
7 that Mr. DeJule is actively consulting in this industry,
8 actively consulting with MillerKnoll competitors. Recently
9 just had a design patent issue, which has nothing to do with
10 this case, but it was immediately assigned to a company known
11 as KI, who makes seating and furniture. And Mr. DeJule, as an
12 active consultant in this industry, should not have access to
13 MillerKnoll's customer, sales, costing and financial
14 information, and that information should probably be permitted
15 to be designated as outside counsel eyes only. And we say
16 that, Your Honor, with the accompanying representation that of
17 course, Mr. DeJule will need to have some understanding of the
18 financial implications of this case, and MillerKnoll will agree
19 to cooperate with Plaintiff's counsel to provide summary
20 financial data for Mr. DeJule's reference in the context of
21 settlement negotiations and solely for purposes of litigating
22 this case, but he has no need for customer data, sales
23 information, certainly costing information, and other detailed
24 financial information.

25 THE COURT: All right. Well, I am glad you called out

1 the issue because I hadn't noticed that. I think I saw
2 somewhere that you all had agreed on it and so I just went
3 through to double check some of the things that are usually of
4 concern to me and I didn't focus on this.

5 My immediate reaction when I see customer sales,
6 costing and financial information, is that, I mean, I can
7 construe that to mean almost anything with a number on it, and
8 that's a problem because certainly not everything with a number
9 on it is highly confidential. So how do we know or how does
10 the magistrate know or how does counsel know for that matter
11 what they can pass on and what they can't? It's a pretty
12 generic category.

13 MR. MAURER: Well, Your Honor, we'd be happy to put
14 some more granularity on it, but I think customer information
15 would be customer lists and who particularly MillerKnoll is
16 selling to, which presumably would be the same customers that
17 the companies that Ron DeJule is consulting with would want to
18 sell to. Sales would constitute the costing of sales, the way
19 that sales are made and sales strategy.

20 THE COURT: It's the word includes that's troubling.
21 Sales are part of the damages proofs if we get that far. How
22 can you avoid that? That's not just not highly confidential.
23 That's going to be public information.

24 MR. MAURER: At some point, Your Honor, certainly some
25 information likely in summary form through expert testimony

1 would become public. I would offer, Your Honor, that this --
2 the balance of this proposed protective order, and it is agreed
3 upon how to request redesignation of documents, and that for
4 purposes of redesignation this is a relatively finite universe,
5 and as represented we understand that Mr. DeJule is going to
6 need to have access to some of these types of information but
7 not all of it.

8 THE COURT: Okay. Is there any other issue in the
9 protective order, by the way, that I am missing?

10 MR. MAURER: That is the only issue that the parties
11 were not able to agree on, Your Honor.

12 THE COURT: Thank you.

13 From your perspective, either Mr. Azzi or whoever is
14 going to speak?

15 MR. AZZI: Your Honor, simply, the only issue is the
16 little -- paragraph 3. The three little Is. That fourth one
17 on there is the same on both. And it's so broad. I mean, any
18 e-mail. If they have an e-mail to a customer extolling the
19 virtues of the chair and all the awards its won and why it --
20 something should be purchased from MillerKnoll, that would be
21 triggered under the outside counsel only designation, but it's
22 got no information that I think would rise to that level. And
23 the fact is, Mr. Knoll(sic) is the Plaintiff in this case and
24 has to be able to make informed decisions with respect in this
25 case, and even confidential information has with it

1 restrictions under this protective order that can only be used
2 for purposes of this litigation.

3 If this was a proposal that was limited to they can
4 designate their full customer list as attorneys eyes only,
5 that's fine. But to anything related to sales, anything
6 related to financials, it's just not workable from our
7 perspective. And when engaged in that dedesignation process
8 where somebody designates everything under the sun and it's
9 left to us to challenge it in the meet and confer process, it
10 sort of flips the burden of that on its head and it dovetails,
11 frankly, in our view, with this Court's broader concerns on
12 motions to seal and what is and is not in the case. And I just
13 don't think that something this amorphous and this broad should
14 get AEO protection. If there was a more concrete and granular
15 subset, such as the customer list that MillerKnoll has, we
16 would be amenable to that be designated to outside counsel's
17 eyes only certainly, but the balance of this just doesn't work
18 from our perspective.

19 THE COURT: Okay. I was going to ask you about
20 Mr. Mauer's argument on redesignation and then you got to it,
21 and I guess, you know, who knows. We don't do baseball
22 arbitration here, but on the other hand, if you come in and
23 they have designated as highly confidential thousands of pages
24 of, obviously, stuff that isn't, don't you like your chances on
25 winning the ones that are tighter? Why not? Why not try it

1 and see if they are in good faith before you go down that road?

2 MR. AZZI: The concern there, Your Honor, is the
3 practical reality that despite our -- the merits of that
4 position and that we would ultimately prevail, it adds time and
5 expense and another round of briefing on something that if they
6 have designated thousands of documents it becomes in and of
7 itself another discovery process that we just don't think is
8 necessary here. And again, if it was a tighter definition of
9 what was AEO we'd be willing to meet and confer and consider
10 that, but as it stands we just think it's unworkably broad.
11 Yes. Do I like our chances if they go too broad? I do. But
12 the time that adds through the Magistrate process, the briefing
13 process, we just don't think it's warranted here.

14 THE COURT: All right. Any last words?

15 MR. MAURER: Yes. Thank you, Your Honor.

16 You know there is no burden shift here and we like
17 Your Honor's suggestion. Paragraph 3 of the order sets the
18 initial burden, which is that the heading and designations are
19 to be made in good faith. So counsel's suggestion that, you
20 know, sales under an AEO designation could sweep in anything is
21 certainly not an appropriate way to read this order. And to
22 your point, we will be making good faith determinations on our
23 outside counsel only designations, and there is clearly
24 competitive information that Mr. DeJule should not have in his
25 head because once it's in there there is no way to get it out

1 and it could be revealed to the competitors of MillerKnoll who
2 Mr. DeJule is consulting with.

3 So I think that read in light of the obligation to
4 make designations in good faith, and the understanding that
5 Mr. DeJule is, although not a competitor, finds himself and
6 puts himself in competitive positions, the proposal here is
7 appropriate. That said, if the Court would like, we would be
8 happy to go back and continue our discussion with Plaintiff's
9 counsel and see if we can't come up with some tighter language.

10 THE COURT: All right. Well, part of the problem with
11 the redesignation process, or even the initial designation
12 process, is that it's not Mr. Mauer and Mr. Azzi who are doing
13 it. It's usually people way downstream, and they are all
14 paranoid about missing something and then having to account to
15 Mr. Mauer or Mr. Azzi or the client, and so there is strong
16 institutional pressure, at least in my experience, which
17 admittedly now has been a while, but I don't think the pressure
18 is any less. There is strong institutional pressure to over
19 designate, and that's a concern to me when we have buckets of
20 information that are really pretty undefined like customer
21 sales, costing and financial information. But unless either of
22 you have more to say on that I think I understand your
23 respective positions, and anything else before I start making
24 some decisions?

25 MR. AZZI: No, Your Honor.

1 THE COURT: Defense table?

2 MR. MAURER: I don't believe so, Your Honor. No.
3 Thank you.

4 THE COURT: All right. We have been going a couple
5 hours. Mr. Brandell, are you okay to keep going or do you need
6 a break?

7 Then let me go forward and make some rulings based on
8 what all of you have said today and what you have put in the
9 papers before coming here, and I guess the place to start from
10 our perspective is with the motions that are pending on Rule 56
11 and Rule 12.

12 I know the reply brief window hasn't closed. That's
13 permissive filing that certainly a moving party can make, and I
14 am sure this moving party would make, but I am honestly not
15 persuaded that there is anything I am going to see in the reply
16 briefing that's going to push me off where I am on those
17 motions right now after reading both sides' initial
18 submissions. So I am going to go ahead and rule, and certainly
19 from the Defense perspective, because I intend to deny both of
20 them at this point, you can file motions for reconsideration or
21 otherwise find a way to present what you think I am missing or
22 what you want to put or would have put in a reply brief.

23 But I think the most natural pathway forward now, and
24 I think one consistent with the generic standards of Rule
25 12(b) (6) and Rule 56, is to move forward with the case and deny

1 the motions on the present record, recognizing there is going
2 to be at least some of these issue that I have to revisit in
3 later motion practice after both sides have a chance to do some
4 discovery.

5 Let me start with what I think is in some way the
6 easiest one to deny. I know patent litigation is aggressive
7 and maybe more apt to push the limits on advocacy than any
8 other regimen of cases that I have seen, and partly that's what
9 makes it fun because you tend to have really good lawyers on
10 both sides, and I can see we have that here, but a preanswer
11 summary judgment motion is pretty extreme, and I think the
12 easiest way to deny the summary judgment from my perspective is
13 to say, and I am persuaded by the 56(d) declaration if nothing
14 else, that there are areas of inquiry here that are relevant,
15 that are material, and that both sides, in particular the party
16 responding to this motion, needs to have access before I can
17 say as a matter of law that they lose on a limitations issues.

18 At an initial point I am not as confident as the
19 Defense is that the statute of limitations here under Michigan
20 law is going to be three years. I honestly think it's much
21 more likely to be six years. I don't have to make that holding
22 today, but for previews of coming attractions that's what I
23 think.

24 I think when you are dealing with what we have here, a
25 written contract that specifically prohibits use or

1 dissemination of the information, has other provisions that
2 both parties are on notice of and a signed document, it's going
3 to be hard for me to find a case in Michigan or elsewhere that
4 says nonetheless we are going to recharacterize that as a trade
5 secret case and give you only three years. I think Judge Neff
6 In Re Pratt from this district walked through that and found
7 appropriately that for the most part when you have a written
8 contract, and that's what the party is suing on, and that's
9 what the Plaintiff is suing on here, even if it has elements
10 that look like a trade secret claim, it's still the contract
11 that's going to control the parties' rights, obligations and
12 defenses, and that ought to be, at least in most cases that I
13 can imagine, a six-year statute. And In Re Pratt you probably
14 know is 2016 West Law 9777358, one of my colleagues, from
15 January 29, 2016.

16 But regardless, I realize the Defense is saying, well,
17 we still should win because it's clearer what Mr. DeJule knew
18 and that even the six years has run, if not the three years.
19 And I think the main response to that is, well, maybe, but I
20 think that's where the Plaintiff necessarily and appropriately
21 says, we need some discovery. We want to find out what of our
22 information got used when, from their perspective misused. And
23 there is certainly the possibility that even in an individual
24 contract, even a provision in a contract that prohibits use and
25 dissemination, that there could be independent wrongs based on

1 the date of a use or disclosure. I don't think that's a
2 continuing wrongs doctrine. I think that's different, and I
3 don't think it's simply a repackaging of the continuing wrongs
4 doctrine. There could be a discreet use or misuse or
5 dissemination of discrete information.

6 And that I think, also, finally, when I say that, I
7 mean the Defense motion I think is not taking seriously the
8 potential for fraudulent concealment extension on similar
9 theories, and all of this may come back on summary judgment,
10 but at that point both sides will have had an opportunity to
11 question witnesses that are germane to their position on these
12 issues.

13 It does cost time and money for the parties to move
14 forward. It does mean that I will have to read through more
15 stuff than if I could do this on the current record alone, but
16 I think the only fair way to deal with it is to give the
17 Plaintiffs an opportunity to discover what they think is
18 material, what they think will support their claim, see if it
19 does and have the parties brief it down the road. So I do deny
20 the motion for summary judgment on the contract claim on that
21 basis.

22 Moving to the motion to dismiss, which, of course, is
23 dealing with a different standard, and starting with 5, the
24 contract claim. The theory here is I think a little different
25 than the limitations period. Partly the Defendant is saying,

1 look, ultimately within a matter of days, in fact, you know,
2 very short time, we have the Plaintiff effectively disclosing
3 the information to the world in an application for the patent,
4 and so how in the world could there be any possible basis for a
5 contract theory that he is asserting here that covers the same
6 kind of ground? And although I don't have access to the
7 parties' initial disclosures, they did allude to them here, and
8 I hear the Defense saying today, our view of the Plaintiff's
9 disclosure reinforces that because basically what they are
10 asking for is the same kind of damages they will be seeking on
11 the -- on the patent claims anyway, and I think there is a
12 couple responses to that on a 12(b)(6).

13 One, the contract doesn't simply prohibit disclosures.
14 It also prohibits use, and so it's conceivable that even in the
15 following full disclosure of the patent process, even assuming
16 there is complete overlap, that there is some use by the
17 Defendant that could still violate the contract, and that could
18 be the premise of a contract claim. Maybe it's the same
19 damages. Maybe it's not.

20 But second and related, at least at this stage, there
21 is a plausible possibility that the Plaintiff's claim on the
22 contract might not entirely overlap the patent claims. There
23 might be something different, and partly that might depend on
24 how the Court ultimately construes some of the terms in a
25 Markman process. What, if any, of the claims are ultimately

1 deemed invalid, either here or in the patent process, or the
2 PTAB process, and it's just too early to make those calls.

3 What I think is fairly pleaded at this stage is a
4 breach of the contract terms, and the details of that will need
5 to be fleshed out as we move forward, and it may be that down
6 the road once everyone has a better defined idea of the
7 Plaintiff's theories on these things there will be a basis for
8 motion practice, but I think discovery is adequate to the task
9 of marshalling those proofs. I don't see the need for a motion
10 or for anymore definite statement. I am satisfied the parties
11 can go forward and should, so I am going to go ahead and deny
12 the motion to dismiss on Count 5.

13 With respect to the rest of the motion to dismiss,
14 it's targeting the inducement and contributory, the indirect
15 theories of infringement as well as a willfulness and enhanced
16 damages on the most recent two patents. That's not, as I
17 understand it, challenging the direct infringement theories or
18 even willfulness on the original two patents. And I think at
19 this stage what is satisfying to me anyway from a Rule 12 point
20 of view is that, you know, there are plausible claims stated, I
21 think, for the indirect infringement. Let's start with that.

22 I agree that it's not terribly detailed, and in fact,
23 the Plaintiff, I think, pleads these things on information and
24 belief largely in a couple of paragraphs, but when I put
25 together these information and belief paragraphs at the end of

1 a much more lengthy and more detailed statement of how from the
2 Plaintiff's point of view the relationship began, evolved, and
3 now unwound into this litigation, I think it's fair to infer a
4 plausible basis for both theories of indirect infringement.

5 Certainly contributory, or rather induced infringement
6 can naturally be tied to any kind of a manufacturer that has a
7 dealer network, which is what the MillerKnoll website
8 indicates, and there is certainly direct linkage from the
9 Herman Miller website to its buy now button, which you might be
10 able to complete on-line or you might move over to a dealer,
11 and that's at least at this stage of the case I think enough to
12 support a plausible theory, albeit on information and belief,
13 of the induced infringement.

14 And similarly, although it's true that there is not
15 some specific description of a component imported and sold as
16 part of another chair, for example, by a competitor or by
17 MillerKnoll, I do think that from a plausibility point of view
18 the information and belief that's detailed at the end, and I
19 say detailed, that's pleaded at the end, when I put it together
20 with the overall details that preceded, does create a plausible
21 inference for what would be needed for contributory
22 infringement on that basis, too.

23 And when we get to the willfulness and enhanced
24 damages, it's certainly true, as counsel indicates here, that
25 they have limited their arguments to the most recent two

1 patents which issues quite a bit later, not too long before
2 this litigation, and you know, how, consistent with Halo, could
3 there be a finding of enhanced damages, willfulness or
4 otherwise on those? And I think, again, the answer lies
5 largely in what's plausible to infer from the history and the
6 story of the relationship as told from the Plaintiff's
7 perspective in the rest of the complaint. I don't know if the
8 Plaintiff will be able to support that. If he does, it seems
9 to me, as I summarized in one of my questions, you really have
10 a story of an entrepreneur who comes to a big company. Tells
11 him what he knows. They are excited about it. One of the
12 individuals, whose name escapes me, was supposedly difficult to
13 impress, but he was impressed according to the Plaintiff.
14 There was even reference in one of the e-mails to the Holy
15 Grail of this kind of potential new product, and then they tell
16 the entrepreneur, yeah, we are not really interested. Doesn't
17 really fit with where we're going. The next thing you know
18 they are on the market with a product that they say is
19 independently created, but from the Plaintiff's perspective
20 looks like what he told him.

21 I have no idea if the Plaintiff manages to prove that
22 story up, but he has pleaded it, and from that story line,
23 which has already some evidence attached to the papers, there
24 is enough basis to infer, I think, a Halo basis for an award of
25 willful and enhanced damages, particularly because part of what

1 the Plaintiff alleges is that there was early disclosure and
2 discussion of, you know, ongoing intentions to develop and
3 promote product and product designs based on this initial
4 discovery.

5 So I think at this stage there is plausible basis
6 pleaded for all these things. I do, therefore, deny the
7 12(b)(6) motion as well, and we can proceed with the Defense
8 answer, potentially counterclaims, probably will be for
9 invalidity or noninfringement or whatever else, but I think
10 that's the most appropriate way to proceed at this point, and
11 so we'll enter an order to that effect incorporating my
12 comments here.

13 The -- and certainly nothing I have said here is meant
14 to be a final determination on anything, including whether the
15 contract limitations period is three years or six years.
16 That's something that'll be open for debate and argument down
17 the road after we have a more fully developed record.

18 On the stay for the IPR, at this point it's not in
19 front of me so I can't formally stay things, but the Defense
20 suggests, why don't you just wait a few months? We have the
21 holidays in between anyway. Let's not even start the case
22 management process. And I am not willing to do that. As I
23 said in my opening comments, I don't always grant a stay on an
24 IPR pending. Sometimes I do. Sometimes I don't. I look at it
25 individually, and I want to do that here when the motion to

1 stay is filed, maybe as early as this afternoon. But in the
2 meantime, I think it's sensible for the parties to begin the
3 process of working up the case. Otherwise, from a Plaintiff's
4 perspective, things are frozen, and I don't think that's
5 appropriate in the absence of a specific showing from the
6 Defense and a satisfying showing to me that that's a fair,
7 better, and more efficient process for everybody in this
8 particular case.

9 So I am going to go ahead and give you proposed dates
10 for what I am calling a first case management order. It's not
11 going to get all the way through expert discovery or all the
12 way down to trial for sure, but hopefully will get you through
13 Markman, through fact discovery, and at least to a point where
14 we can all as a group more reasonably anticipate what's coming
15 in expert discovery, eventual summary judgment practice, and of
16 course, trial if we get that far.

17 So here is what I am proposing. The 26(a) disclosures
18 I think have already been exchanged, so that's done.

19 With respect to amendments to the pleadings or joinder
20 of parties, I am not going to give you a separate deadline. I
21 am simply going to say do it by motion or by stipulation if you
22 agree on something. Of course, the Defense has to answer, and
23 if there is a counterclaim the Plaintiffs will have to respond.
24 I don't put that in the amendment bucket, but anything beyond
25 that, if you need to make an amendment or add parties, do it by

1 stipulation or by motion if you need to.

2 Moving forward, let me move to the end first. I am
3 going to put a fact discovery cut off of 11-30-24, end of
4 November '24, and that's -- that's almost a year. It's quite a
5 bit longer than we normally do. It's longer than what I have
6 done in other patent cases. Although the one that Mr. Azzi
7 noted most recently, the Magna case, I did go back and look
8 when you brought that up. There were at least two extensions
9 on that in the early going, and I didn't add up how long the
10 ultimate fact period was, but it came pretty close to a year.
11 So I think when I look at what's already transpired, what's
12 likely to come, a year is reasonable. It does put some focus
13 on the parties, and I think it's actually a manageable time
14 limit. I think people will be able to get done what they need
15 to get done.

16 With that, I am planning to include the, I guess it
17 will be September 30, '24, 60 days in advance deadline for
18 substantial completion of the document discovery and for
19 disclosure from the Defense of an advice of counsel defense or
20 not, and of course, if it's disclosed for the relevant
21 documentation. I think that's an appropriate deadline to build
22 into that process.

23 Leading up to that, starting with the infringement and
24 invalidity contentions, the infringement contentions from the
25 Plaintiff, the maximum of 32, and I won't be disappointed if

1 there are fewer, but maximum of 32, no more than 10 for any one
2 patent at issue by December 15, which was the date the
3 Plaintiffs said they would be ready to go on that. I am fine
4 with that and I think that's a good way to kick off the
5 process.

6 In terms of the invalidity contentions, there needs to
7 be some way of streamlining. That much is clear to me. And I
8 don't know for sure whether the appropriate base starting point
9 is four or eight or something in between. What I am satisfied
10 with is that, you know, if whatever number I come up with turns
11 out to be inadequate in a way that, you know, is prejudicial in
12 this case to the Defense, I would hope and expect and
13 anticipate a motion from the Defense to say, no, we want -- we
14 need more. We can't adequately respond. But I do think,
15 No. 1, it makes sense to tie the invalidity contentions
16 specifically to the infringement contentions so that from the
17 parties' perspective and from my perspective eventually, I will
18 have a better idea of where the prior art that the Defense is
19 relying on actually fits. I think that's appropriate, and I am
20 proposing that we start with five per claim. I think that is
21 five per infringement claim. That may not be enough. It may
22 be too much, but it's at least some limit, some ability to
23 marshal and focus. And of course, it's not requiring or it's
24 not preventing the Defense from coming back to me if they think
25 they need more, but at least it will begin to put some kind of

1 a focus on where we need to be. So that's what I intend to do
2 on that.

3 With respect to priority, I don't intend to put any
4 specific priority contentions on either side right now. The
5 parties can certainly ask for that in interrogatories. I
6 realize that clutters up the interrogatories some, but I think
7 that that's a more appropriate pathway forward rather than have
8 another set of contentions as a part of the case management
9 order.

10 On Markman, I do want Ms. Bourque to stick with an
11 effort to find a June hearing, and then my schedule in working
12 up to that is that the parties would propose, in terms of
13 construction, proposed construction to each other by February
14 15, and complete a meet and confer on it by March 15 so that
15 they can file with the Court on that day. So you know, it's
16 got to be ready to file with me what your proposed terms and
17 your proposed constructions are, and I am going to start with
18 12, 12 terms that I think, I hope will be enough, and if it
19 isn't, if the parties just can't manage, you know, pick your
20 top 12 that you agree on and then you can prioritize the ones
21 you don't and I'll pick and let you know what that is by March
22 31. That'll be my deadline so that you know by April 15 for
23 the opening brief what the terms are that are at issue. And
24 the response brief would be May 15.

25 I'll give you each 10,000 words, and at least in my

1 experience, whether I do sequential or mutual, the parties
2 spend all kinds of time anticipating what the other guy is
3 going to say. I don't think it matters all that much. What
4 does matter to me is limiting the number of briefs, the timing
5 of the briefs, and I think each of you with 10,000 words on
6 that schedule, ultimately 20,000 words because you get to
7 respond, will be more than enough to make your positions known
8 on Markman in terms of construction.

9 In terms of, you know, the intrinsic references, which
10 I think is the only dispute between the parties on that, I do
11 think it makes sense to include the intrinsic references here,
12 albeit, you know, no pin cite estoppel. We'll make that clear.
13 You know, things even in the space of a few months can change.
14 I get that. But without putting anything in, particularly if
15 we have means plus function as part of the first two patents, I
16 think we are going to risk slowing down the process and
17 potentially making the briefing less effective than it would
18 otherwise be. So I do think that the intrinsic evidence
19 disclosures will have to be part of that, albeit without any
20 kind of a pin cite estoppel. Both sides need to be free when
21 they get to that briefing to give me their best hold.

22 In terms of another Rule 16, that's something I didn't
23 specifically talk with the parties about. My hope is we'll
24 have that Markman hearing in June. What I'd like to also have
25 is targeting a second Rule 16 for next fall some time, probably

1 October, second half of September, first part of October, and
2 that will be a deadline for me so that I can hopefully get you
3 a claims construction before that, because I think the most
4 useful second Rule 16 would be with claims construction in
5 hand.

6 I might have to move that depending on what happens
7 following the hearing and what else I have on the docket, but I
8 am -- that would be my target so that you could come back here
9 next fall even before fact discovery is totally over, and we
10 can start shaping then what comes next.

11 I think from my perspective that covers what I wanted
12 to do in the first case management order with the exception of
13 ADR. I do want to talk about that in a minute.

14 Oh, what about the ESI process? So I don't intend to
15 sequence that. I don't intend to push off discovery on
16 electronic information whether it's e-mail or otherwise. I
17 think that goes simultaneous. Yes, Rule 34 and the general
18 process potentially is one pathway forward, but it's much
19 slower, and I think particularly in today's age there is a
20 reasonable basis, especially among sophisticated parties, that
21 can advance the discovery of ESI, you know, short of mutually
22 assured destruction, because that's what both sides are worried
23 about, even a Plaintiff that's a much smaller operation than
24 the Defense.

25 I don't know for sure what the final process ought to

1 look like. My sense is that at the end of the day
2 proportionality for both sides is going to depend on some
3 testing. You know, whether it's starting out with 10 custodial
4 and noncustodial sources and then 15 search terms or whether
5 it's something less, we need to start, and what I am going to
6 propose in here is that there be a deadline of March 15 for the
7 parties to either come to agreement on what they are going to
8 do along those lines or either side, I don't care who or I
9 suppose you could file simultaneously as well, file something
10 that puts it on my or the Magistrate's docket. If you can't
11 agree on what the protocol ought to be by January 15, file a
12 motion so that it's teed up, and that way people won't have to
13 wait for the normal Rule 34 process, what a responding party
14 first says they have done or haven't done. I think it should
15 be manageable for the parties by January 15 to work through
16 what's reasonable and proportionate in their view or at least
17 to isolate in their respective minds what isn't, and then you
18 can bring that to me or to the Magistrate Judge.

19 On the other issue that I haven't really thought about
20 a lot before coming in today, and that's the protective order
21 exhibit, the parties have agreed on virtually all the terms,
22 and I am overall satisfied with it, too. I just wanted to
23 start with paragraph 27, the disclosure by the court reporter
24 of deposition transcripts that have confidential or highly
25 confidential information.

1 I take it what the parties mean to include, let's say
2 we have a nonparty deponent, and the language says, well, the
3 court reporter can give that to counsel, but nobody is
4 suggesting that counsel has to hold on to that? Counsel can
5 give that to the nonparty I take it for use consistent, because
6 otherwise how does the party read and sign? I mean, the
7 nonparty. Am I reading that right from the parties' point of
8 view?

9 MR. AZZI: Yes, Your Honor.

10 MR. MAURER: Yes, Your Honor.

11 THE COURT: Okay. There are a couple of provisions
12 that address what might or might not happen at trial. I am not
13 going to sort of red pencil that. I'll just tell you all I am
14 going to deal with that at final pretrial conference. So just
15 because there are provisions in here there is going to be no
16 26(c) protective order estoppel on the Judge, okay? I will
17 reserve the right to bring all that up when we get to final
18 pretrial conference. And in general, I have a pretty strong
19 inclination for public trials with very limited, if any,
20 confidential information once we are in a public forum like
21 that.

22 Paragraph 23, a similar caveat. If any confidential
23 information or any material designated as confidential gets in
24 the court file, say on a discovery motion for example, even if
25 it's under seal, the Court doesn't return any of that to any

1 party. It's there forever, or the court record, sealed or
2 otherwise. So I won't red pencil that or add that, but I'll
3 say that to you so you are not surprised.

4 And then the one issue that the parties have
5 identified for me, I am going to give you a little bit of time
6 to consult with each other to see if you can cabin that
7 language in a way that works for both of you. My sense is as
8 it currently stands it's just too broad even with a
9 redesignation possibility because of the internal pressure I
10 mentioned that the people doing these designations almost
11 inevitably have pressure to over -- over label something or
12 over designate. And it may well be that the parties can come
13 up with something. I don't think the Plaintiff wants -- well,
14 they might want customer lists, but I think they understand why
15 that shouldn't go to the individual Plaintiff, and maybe you
16 can put similar constraints around financial information or
17 sales or cost data. Not totally sure. I guess cost data could
18 even be relevant in damages, too, but my point is, if the
19 parties can come together on that and submit something that
20 they both agree on, recognizing at the Plaintiff's table that
21 you'll have some ability to seek redesignation, fine. If not,
22 I'll make my call, but I am going to do baseball arbitration in
23 this sense. I am going to pick one. I am not going to try to
24 red pencil it. So I am either going to pick the Plaintiff's or
25 the Defense if you tell me that you don't have agreement, and

1 if I give you -- if I give you till December 21, 10 days, is
2 that enough?

3 MR. MAURER: Certainly, Your Honor.

4 MR. AZZI: Yes, Your Honor.

5 THE COURT: Okay. So we'll make a December 21
6 deadline for that.

7 Let me ask you this now that I've got you at December
8 21. What if I do December 18? And here is what I am thinking.
9 You know, nobody is going to disclose anything until you have a
10 protective order, and I don't want to delay it needlessly. I
11 don't know. You might be able to work it out on the way down
12 the elevator, but can you do it in a week?

13 MR. AZZI: Yes, Your Honor.

14 MR. MAURER: Yes, Your Honor.

15 THE COURT: Okay. Let's do that. 12-18.

16 Now, I think I have covered everything that was on my
17 plate, but if I missed anything or if there are confusions,
18 objections, or other things that you need clarification on,
19 I'll start at the Plaintiff's table?

20 MR. AZZI: Just two questions, Your Honor.

21 THE COURT: Okay.

22 MR. AZZI: One, I don't think you gave the date for
23 the invalidity contentions, so...

24 THE COURT: I didn't. You are right. January 31.

25 MR. AZZI: Okay. And the other question I had was on

1 the ESI deadline to agree you had said January, which I liked,
2 and then you made March, and then you said January again. So I
3 didn't know what Your Honor had in mind for that deadline?

4 THE COURT: If I said March it was totally wrong.

5 MR. AZZI: Okay.

6 THE COURT: Yeah. So January is what I meant.

7 MR. AZZI: Okay.

8 THE COURT: I think what I was looking at was in my
9 notes was it January 15 or January 31, but I think I settled on
10 January --

11 MR. AZZI: You said January 15.

12 THE COURT: That's what I have in my notes here.

13 MR. AZZI: Okay.

14 THE COURT: So January 15, 2024, to work out the
15 e-mail protocol or the ESI protocol or failing that to file a
16 motion.

17 MR. AZZI: Those were the -- those were the only two
18 questions I had, Your Honor. Thank you.

19 THE COURT: Okay. Defense?

20 MR. MAURER: One additional point of clarification,
21 Your Honor, on the invalidity contentions. We gather, based on
22 the way you articulated it, that your limit would be five prior
23 art arguments per claim, which is the way that Plaintiff had
24 proposed the invalidity contentions should flow. We wanted to
25 confirm that that was accurate?

1 THE COURT: That's what I had in my --

2 MR. AZZI: Yeah. That's the way we understood it as
3 well. Thank you.

4 THE COURT: You mean as opposed to an overall limit on
5 prior art references?

6 MR. MAURER: Correct, Your Honor.

7 THE COURT: Okay. So we'll have five per claim with
8 3,722 prior art references or something like that.

9 MR. MAURER: I promise not.

10 THE COURT: All right. The other thing I didn't say
11 directly, I do approve up to two days, seven hours each for the
12 deposition of the Plaintiff. I think that makes sense.

13 Were there any other discovery limits that the parties
14 wanted other than the general?

15 MR. AZZI: No, Your Honor. Not from Plaintiff's
16 perspective.

17 MR. MAURER: Not at this time, Your Honor.

18 THE COURT: Okay. Ms. Bourque, do you need anything
19 else? She said I can't believe you are even asking me that.
20 All set. Okay. Thank you all. Have a great -- okay.

21 We're back. She said, are we going to talk ADR or
22 not? So yes. We are.

23 There was a reference in the papers to that, I think
24 of mediation with, you know, a patent literate, maybe patent
25 skilled even, maybe a patent expert lawyer. Normally if I do

1 VFM on our system I require you to pick somebody on our list,
2 and there are some people who understand patents on our list
3 and who work in the area. If you want to do somebody who is
4 not on the list, that's not a deal breaker for me but I am not
5 going to administer it. That's on you, and I'll make you do
6 something else.

7 I want you to do something during this first phase,
8 whether it's with us in our VFM or whether it's on your own.
9 Do you know at this point who you'd be picking or whether that
10 is likely to be a person on our list or is that something you
11 don't know yet?

12 MR. AZZI: We wouldn't know that, Your Honor. My -- I
13 think our preference, and we have done this with other patent
14 cases, is give us the date and we'll either go off the list
15 understanding that runs through the process or we do private,
16 but I'd like -- I think we'd want to meet and confer on the
17 names because when you take out the conflicts it becomes a
18 pretty short list here in the district with that skill set you
19 described.

20 THE COURT: All right. Let's do this. By the end of
21 January, January 31, advise the Court what you want to do, and
22 you can say, we'll do mediation on your schedule and here is
23 our mediator, or you can say, we are going to do mediation on
24 our own with somebody else. Tell me who that is, but I am not
25 going to administer it, and if you say we don't want to talk

1 about ADR at all, tell me that, but then I'll probably order
2 you to do something. I don't know what it will be yet, but
3 I'll think about it, and so as of January 31 we'll know one way
4 or the other.

5 When we get down to later Rule 16s, like the second
6 one, I might get more forceful about requiring you to do
7 something on our list, but as long as you are thinking and
8 talking about it in the first go I think that's fine. With a
9 bunch of skilled people at both tables I can probably only get
10 in the way. So -- but I would like to know what you are
11 planning by January 31. Okay. Thank you.

12 Now before we break a second time, am I missing
13 anything else?

14 THE CLERK: Not that I am aware of. Yeah.

15 THE COURT: Okay.

16 MR. AZZI: I'll ask one question then.

17 THE COURT: Okay.

18 MR. AZZI: On the January 31 filing with that, if we
19 are in bucket one or bucket two, do we have a date certain we
20 need to complete that mediation by? Do we need to put that in
21 there or is there a date that Your Honor wants to set now,
22 understanding your comment, Your Honor's comment about it being
23 in the first phase? I just want to raise that.

24 THE COURT: If you pick somebody on our list then I'll
25 give you a date by which you have to make initial contact. In

1 a case like this I won't give you an ending date. I'll say an
2 initial contact where you talk to the person, set up
3 parameters, see what each side needs before it's a meaningful
4 engagement. If you pick somebody off my list I just say
5 good-bye and good luck. And that's fine in a case like this.
6 Sometimes that works better.

7 MR. MAURER: Your Honor, may I just add, that whether
8 the case is stayed or not, the PTAB's March 27 deadline
9 potentially opens settlement windows. We will get some ruling
10 on what's going to happen with those IPRs. So from our
11 perspective it'll probably be early April.

12 THE COURT: All right. Well, I'll wait to hear from
13 you at January, the end of January where you are on it.

14 MR. MAURER: Thank you.

15 THE COURT: Thank you.

16 MR. AZZI: Thank you.

17 THE CLERK: Court is in recess.

18 (Proceeding concluded, 12:33 p.m.)
19
20
21
22
23
24
25

REPORTER'S CERTIFICATE

I, Paul G. Brandell, Official Court Reporter for the United States District Court for the Western District of Michigan, appointed pursuant to the provisions of Title 28, United States Code, Section 753, do hereby certify that the foregoing is a full, true and correct transcript of the proceedings had in the within entitled and numbered cause on the date hereinbefore set forth; and I do further certify that the foregoing transcript has been prepared by me or under my direction.

/s/ Paul G. Brandell

Paul G. Brandell, CSR-4552, RPR, CRR

U.S. District Court Reporter

399 Federal Building

Grand Rapids, Michigan 49503