

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.
Petitioner,

v.

PROXENSE, LLC,
Patent Owner

IPR2024-00232 (Patent 8,352,730 B2)
IPR2024-00233 (Patent 8,886,954 B1)

Record of Oral Hearing
Held: April 22, 2025

BEFORE: THU A. DANG, KEVIN F. TURNER, and
DAVID C. MCKONE, Administrative Patent Judges.

IPR2024-00232 (Patent 8,352,730 B2)

IPR2024-00233 (Patent 8,886,954 B1)

APPEARANCES:

ON BEHALF OF THE PETITIONER:

MONTE T. SQUIRE, ESQUIRE

Duane Morris

1201 North Market Street

Suite 501

Wilmington, DE 19801

(302) 657 4918

mtsquire@duanemorris.com

PHILIP W. WOO, ESQUIRE

pwwoo@duanemorris.com

ON BEHALF OF THE PATENT OWNER:

JAMES ZAK, ESQUIRE

Hecht Partners LLP

125 Park Ave

25th Floor

New York, NY 10017

(212) 851-6821

jzak@hechtpartners.com

DAVID. L. HECHT, ESQUIRE

dhecht@hechtpartners.ocm

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P R O C E E D I N G S

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JUDGE MCKONE: Good afternoon and welcome. We are here for a final hearing and *inter partes* review for IPR2024-00232 and the joined case IPR2024-01334, as well as IPR2024-00233 and its joint case IPR2024-01333. All captioned, *Apple Inc. v. Proxense, LLC*. I'm Judge McKone. With me are Judges Dang and Turner. Let's get the party's appearances. Who do we have appearing on behalf of Petitioner?

MR. SQUIRE: Good afternoon, Your Honors. This is Monte Squire appearing on behalf of Petitioner, Apple, Inc., and I'm also joined by my colleague, Philip Woo. We're both from the Law Firm of Duane Morris. And we also have listening, Your Honors, Christopher Hahn from in-house counsel at Apple, as well as Diek Van Nort is also in-house counsel at Apple. They'll be listeners in this proceeding. I will be leading the argument, accompanied by Mr. Woo.

JUDGE MCKONE: Okay. Who do we have appearing on behalf of Patent Owner?

MR. HECHT: Good afternoon, Your Honor. This is David Hecht from the Law Firm Hecht Partners. With me is James Zak and listening on the phone is Tanner Murphy. And I just wanted to say, when you started talking, there seemed to be some feedback initially, and then when Mr. Squire started talking, it got better. Just wanted to flag that. I don't know if someone's mic is experiencing some feedback or anything.

JUDGE MCKONE: Okay. I'll try again. Are you hearing any feedback with my mic right now?

1 MR. HECHT: I think it's okay. Thank you.

2 JUDGE MCKONE: And Mr. Hecht, will you be doing the
3 speaking today?

4 MR. HECHT: Mr. Zak will be leading.

5 JUDGE MCKONE: Okay. All right. We've set forth a procedure
6 for today's hearing in our oral argument order. Each party will have 60
7 minutes of total time to present its arguments. Petitioner has the burden of
8 proof and will go first. Patent Owner will then present opposition
9 arguments. Then to the extent Petitioner has reserved time, Petitioner will
10 present arguments in rebuttal. And then if Patent Owner has reserved sur-
11 rebuttal time, Patent Owner may present its short sur-rebuttal.

12 As we noted in the hearing order, although we were all appearing
13 from different locations and many of us not in hearing rooms and in virtual
14 settings, members of the public still do have the option to attend, either in
15 the gallery of one of the hearing rooms or via a public line. For example, a
16 journalist might be able to attend. In the oral hearing order, we requested
17 that if there were any concerns about the disclosure of confidential
18 information at this hearing, you were to contact the Board. Neither party
19 indicated that they intend to present confidential information. Petitioner, can
20 you confirm that you don't intend to discuss confidential information?

21 MR. SQUIRE: Yes, Your Honor. That is correct.

22 JUDGE MCKONE: And Patent Owner?

23 MR. HECHT: That is correct, Your Honor.

24 JUDGE MCKONE: Thank you. For clarity in the transcript and
25 since all of us are appearing from different locations, when you refer to an
26 exhibit on the screen, please identify the exhibit number and page number.

1 And when you refer to the demonstrative slides, please identify the slide
2 number. Counsel should unmute only when speaking.

3 If at any time during the hearing you encounter technical or other
4 difficulties, please let the panel know immediately so that we can make
5 adjustments and also there is technical staff listening in and they will try to
6 keep their eyes out for technical problems, as well. Are there any questions
7 on behalf of Patent Owner at this time? Any questions on behalf of
8 Petitioner at this time?

9 MR. SQUIRE: No, Your Honor.

10 JUDGE MCKONE: Okay. Petitioner, would you like to reserve a
11 certain amount of time for rebuttal?

12 MR. SQUIRE: Yes. Petitioner would like to reserve 15 minutes,
13 Your Honor, for rebuttal.

14 JUDGE MCKONE: Give me one moment to get the timer going
15 and you can begin whenever you are ready.

16 MR. SQUIRE: Yes, Your Honor. Monte Squire speaking on
17 behalf of Petitioner, Apple, Inc., and Your Honor, I did have one issue -- a
18 preliminary matter to raise with the Board. There were objections made to
19 Patent Owner's demonstratives and those objections were filed and these
20 specific slides that are objected to identified in the portions of those slides
21 identified -- and the question, Your Honors, should that be -- is that an issue
22 that we should wait until the demonstrative -- until Patent Owner's
23 presentation or is that an issue that the Board would like the parties to
24 address at the outset?

25 JUDGE MCKONE: Well, I think what we would prefer at this
26 point, since we haven't heard the arguments around the slides yet, we will

1 remind both parties that demonstrative slides are not evidence. So at this
2 point, we're going to see how things proceed and see what arguments are
3 made around these slides. If you feel you need to make an objection, please
4 do so on your time. Mr. Zak, if you're objecting to Petitioner's slides, or Mr.
5 Squire, if you feel you need to object to Patent Owner's slides after they've
6 been presented, please do so. But it's hard for us to gauge right now until
7 we've heard what people are going to say about them as to whether they
8 should be excluded. But as I said before, they're not evidence.

9 MR. SQUIRE: Yes, Your Honor. With that, I'd like to proceed
10 with Petitioner's presentation. I'm going to be sharing my screen
11 momentarily, and it should be sharing screen. It's Petitioner's Demonstrative
12 Exhibit Slide 1.

13 JUDGE MCKONE: Yes, I can see it.

14 MR. SQUIRE: Your Honor, I want to start with just an outline of
15 where -- the points that we'd like to address as part of this oral argument.
16 And so it's part of our outline, we want to first talk about the '730 patent
17 claims and the '954 patent claims, which are the two patents at issue and the
18 claims that are challenged in both IPRs. Then I will also provide an
19 overview of the specific issues that are disputed or that were raised, at least
20 in the IPRs and the papers that were involved in the IPRs.

21 And we also have some additional slides. The overview of both
22 the patents, as well as claim construction and an overview of the primary
23 prior art reference, which is a reference called Ludtke. I do not intend to talk
24 in detail about these particular sections, unless the Board has some specific
25 questions, but we do have slides that -- I'm prepared to discuss those
26 particular sections, again, if the Board has questions about those.

1 Primarily, what the focus is going to be on is the issues related to
2 the unpatentability of the challenged claims. I'll also flag for the Board or
3 make a point that the arguments for both the '954 and the '730 patents are the
4 same and so although I may be talking about the '954 patent in some of the
5 discussion, those same arguments and that same analyses applies to the
6 unpatentability of the '730 patent claims, as well.

7 So I'll start with the '730 patent claims. Proxense has already
8 conceded that those claims are unpatentable in this proceeding. The '730
9 claims are substantially identical to the '954 claims. They're part of the same
10 patent family as the '954 claims. They are being challenged in both IPRs
11 based on the same prior art as the '954 claims. And so Proxense has already,
12 in their request for adverse judgment, which was filed as Paper 29 in the
13 '730 IPR, has conceded that those claims are unpatentable over the prior art.
14 And as part of the request for adverse judgment, the regulations, the rules
15 that govern that, that's a concession of unpatentability over the contested
16 subject matter.

17 And in this case, the contested subject matter is the prior art
18 reference and for the claims, the prior art that is asserted in both the IPRs.
19 And so that's an admission, Your Honors, and we think that, really, there's
20 nothing further regarding the '730 claims that really need to be addressed.
21 They're unpatentable over the asserted grounds.

22 JUDGE MCKONE: And I think we discussed at the pre-hearing
23 conference -- I think one of the concerns here is we don't have -- the request
24 for adverse judgment came a little bit too late for us to get any real briefing
25 to consider the impact of a concession in the '233 -- or '232 case what the
26 impact would be on the '233 case. It may be as straightforward as you're

1 saying, but I'm not convinced right now that it is. Were the parties able to
2 meet and confer and discuss procedure to try to sort this out or is that
3 something that we need to take care of after this hearing?

4 MR. SQUIRE: We did meet and confer about the estoppel issue,
5 Your Honor, and we do have a -- and we can discuss that at the end of -- at
6 the conclusion of this hearing. But Your Honor, the arguments I flag and in
7 the next slide, I kind of discuss in detail, the arguments that we're basing --
8 these are the arguments. This concession is something specific to the '730
9 claims. The request for adverse judgment was entered against the '730
10 claims.

11 The argument we're making with respect to the '954 claims is not
12 really an estoppel argument. It's really an argument about the patentability
13 arguments that were made by Patent Owner in this proceeding, specific to
14 the '954 claims. So we're not necessarily saying that estoppel applies to the
15 '954 claims. What we're saying is -- and I'll go to the next slide, Your
16 Honor, is that the same arguments that were made in this proceeding for the
17 patentability of the '954 claims and for the '730 claims are the same claims.
18 The scope of those claims are identical, nearly identical and there's no
19 dispute from Patent Owner that there's any distinctions between the two
20 claims.

21 And so what we're saying is it's not really -- it may be an estoppel
22 issue, which we'll address in the briefing, but it's not an estoppel argument.
23 It's the fact that these arguments happen to be the same arguments for the
24 same claims with the same scope. If the '730 claims are unpatentable, in
25 which we will show just on this record, even for final written decision, not
26 withstanding what's happening with respect to the re-examination or the

1 request for adverse judgment.

2 We're saying that necessarily so, if those are the same arguments
3 for patentability with respect to those claims and those arguments fail or
4 conceded, or are not failed in the merits, the same would apply -- that same
5 analysis, because they're the same arguments and because there's no
6 distinction between the scope of the claims, that same argument would apply
7 to the '954.

8 And so perhaps it's related to some extent the request for adverse
9 judgment, but it's not really -- we don't really need to rely on the request for
10 adverse judgment because we have briefing, we have papers, a petition, we
11 have Patent Owner's papers, we have Patent Owner's arguments, which
12 happen to be the same for both patents in both cases, and so it's really on the
13 merits.

14 And to the extent -- aside from whatever is happening with the
15 request for adverse judgment, we'd say based on the papers and the evidence
16 as we go through, that this could be decided and we would request that it be
17 decided as a final written decision because we think that both IPRs succeed
18 on the merits and the claims are unpatentable on the merits. And I'll just
19 go -- just to talk a little bit about the close -- yes, Your Honor?

20 MR. ZAK: You know, just to address really quickly -- I don't want
21 to interrupt, Mr. Squire, but these are different claims. We objected to these
22 slides, you know --

23 JUDGE MCKONE: I understand and that's why I'm questioning
24 what the impact would be on the '954 case. And you'll have your
25 opportunity if you want to contest this when you get to speak in a few
26 minutes.

1 MR. ZAK: Appreciate that, Your Honor.

2 MR. SQUIRE: Your Honor, and so --

3 JUDGE TURNER: Counsel? Counsel?

4 MR. SQUIRE: Yes.

5 JUDGE TURNER: Counsel, this is Judge Turner. Let me ask --

6 just to go back to Slide 3 previously, one thing that sort of came out of the,
7 you know, the pre-hearing conference that we had, Patent Owner -- and I
8 don't want to necessarily put words in Patent Owner's mouth, but they're sort
9 of -- are contending that their concession here, the conceding that these are
10 unpatentable, is maybe perhaps contingent on the entry of the examiner's
11 amendment.

12 But they're really not saying, oh, well we're saying that they're not,
13 you know -- we're saying, only if the examiner's amendments actually
14 entered in the -- you know, this related and this ex-parte re-examine. Well,
15 then that's the only way that our concession has fruit, you know, that it bears
16 fruit. Until that happens, we're only conceding for purposes of, you know --
17 to get entry of this amendment.

18 MR. SQUIRE: Yes, Your Honor. We understood -- that's what
19 Patent Owner said at the pre-hearing conference and that's -- I guess that's
20 what's listed in the request for adverse judgment, but it's our point, Your
21 Honor, that there has been a concession as to the patentability of those
22 claims. But even aside from the concession point, to the -- just based on the
23 briefing and the arguments, and the evidence that was submitted in the IPRs
24 themselves.

25 So aside from the request for adverse judgment and aside from the
26 re-examination, we think on the merits, which we're contesting on the

1 merits, as well, and that's part of our, kind of what we're here to discuss also,
2 we think that if they'll -- for that reason, too, and to the extent the '730
3 claims fail on the merits, I guess the point is that the '954 claims would fail
4 on those very same merits because in these proceedings, they're saying that
5 the scope -- the claims are nearly identical. There's no argument that there
6 are a differences or specific arguments associated with one IPR versus
7 another over the specific art that was asserted.

8 And so I guess what we could underscore is, yes, they would fail
9 as part of this request for adverse judgment -- any concession -- and that's
10 what the adverse judgment means, even if it is conditional, I presume. It's
11 still a concession that it doesn't prevail over this particular prior art. But
12 even aside from that, I think once we get just to the merits and moving
13 toward a final written decision on the merits, the claims still fail for that
14 reason, too. So there are really two pieces --

15 JUDGE TURNER: This is Judge Turner. Just to follow-up, I
16 acknowledge what you're saying, but you have a whole slide here on Slide 3
17 that's talking about the concession, so I wanted to kind of drill down. I
18 understand you're going to get to the merits. You have the rest of your oral
19 argument to talk about the merits, but I think what I'm hearing you say is
20 that you see this as a statement against interest, even if it's not a full bred
21 concession?

22 MR. SQUIRE: But --

23 JUDGE TURNER: And I don't want to put words in your mouth,
24 but if that's what I'm hearing you say, you can confirm that to me.

25 MR. SQUIRE: Yes, Your Honor. I think that is exactly what
26 we're saying. We just want to make that point and it's a point to be made,

1 but to me, at least to Petitioner, it's an alternative point, right? It's an
2 alternative reason why the claims are invalid because again, as we get to the
3 merits, they're invalid on the merits, too, should the Board want to proceed
4 that route.

5 JUDGE TURNER: All right, thank you.

6 JUDGE MCKONE: The briefing that we have, Mr. Squire, is on
7 the merits and we don't have much context to decide whether you want to
8 phrase this as estoppel or whether you want to phrase this as some kind of
9 statements against interest. We don't have much to go on that and it may be
10 better to get some arguments on that in the papers first before trying to deal
11 with them on the fly here. So I think you might be better using your time on
12 the merits and then meet and confer with the other side to figure out how we
13 would sort out any collateral impact from the 232 case into the 233.

14 MR. SQUIRE: Yes, Your Honor, and I'll go right to the primary
15 issues. That's well taken. You have the demonstratives, and we can address
16 at least the estoppel issue as part of the -- and collateral issues as part of the
17 briefing, so I'll go right to the merits. And again, I think the arguments that
18 we're pointing out -- I'll underscore again -- all the arguments that were
19 made for the '730 were made for the '954, and so this is what -- these are the
20 arguments or the issues that were raised in the Patent Owner response,
21 following the Board's institution decision.

22 And so these are the merits arguments that we want to address.
23 The first one deals with the third-party elements of the claims, which apply
24 to both '730 and '954, and the third-party trusted authority elements. I'll
25 characterize those as a group of elements, but they all -- there's really no
26 dispute as to what they cover or what they relate to in both sets of claims.

1 The second is the other limitation that's at issue is the receiving an
2 application and access message from the trusted authority and the allowing
3 user access to the application. Those are the really two elements of the
4 claims that are in dispute and then we have two additional issues and the
5 person that the Patent Owner relies upon has submitted declarations for in its
6 papers, we address whether or not Mr. Carrothers is a person of ordinary
7 skill in the art.

8 And then there's also an issue with respect to arguments about the
9 '730 re-exam, and the reason that we're talking about it at this late juncture
10 and not earlier in the proceeding is when those arguments were
11 specifically -- what time in the proceeding those arguments have come up, at
12 what time in the proceeding the request for adverse judgment was submitted.
13 And so I'll go -- unless Your Honors have a specific question about the '954
14 patent or the overview, in the interest of time, I'd like to go right to -- I'll
15 mention briefly claim construction and then go right to the two primary
16 issues.

17 First, I'll start with claim construction. Really, there are no issues
18 to be construed now to resolve -- there are no terms to be construed now to
19 resolve any of the issues. The Board has -- there's a corresponding -- a
20 parallel district court litigation that's dealing with construction of these same
21 claims. Here in this proceeding, the Board has already addressed the claim
22 construction of certain -- of these terms, and there's really no dispute.

23 Particularly, with respect to access message and the third-party
24 limitations that I mentioned. Third-party limitations and entities separate
25 from the parties to a transaction, there's portions of the Board's institution
26 decision that addresses that, as well as the access message claim

1 construction. And so there's really no dispute about that and I just flagged
2 for the Board that again, in the parallel district court action, these terms have
3 also been addressed.

4 And now let's go to the merits. I also won't go through -- unless
5 the Board has any specific questions about the Ludtke reference, it is the
6 primary reference in both, the '730, as well as the '954 IPR. There's really
7 no dispute about kind of where it's directed. It's certainly in the same field
8 as the patents at issue and really, a lot of the disclosure that we'll address on
9 the merits have to do with the TPCCH or the transaction processing
10 clearinghouse -- privacy clearinghouse, that Ludtke discloses. So unless the
11 Board has any specific questions about Ludtke in general or the overview of
12 Ludtke, I'd like to go right into the issue one, which is its disclosure of the
13 third-party that operates as a trusted authority and those third-party trusted
14 authority limitations.

15 Here's where it appears in representative Claim 1, a third-party that
16 operates a trusted authority. The trusted authority is referenced in the last
17 limitation, the receiving limitation. And there really shouldn't be any
18 dispute. Ludtke's TPCCH is a third-party trusted authority. It's certainly not
19 the consumer, it's not the vendor, and in fact, there's disclosures specific to
20 Ludtke that it is the middleman in the transaction, but then Figure 4 kind of
21 illustrates that it's not -- you know, it is something separate. It is not the
22 vendor or the consumer.

23 It acts -- the disclosure and the portions in the petition, as well as
24 our expert declaration that supports it identifies that it acts in a transaction as
25 a third-party and it is a trusted authority. It's consistent with the Board's
26 construction for that third-party trusted authority. And I would flag for the

1 Board, the arguments Patent Owner raises in that Patent Owner response,
2 they're all the same arguments that previously had been raised and really that
3 the Board addressed and rejected in the institution decision.

4 And just to get just some more support or more evidence, really, as
5 to why the TPCCH satisfies that limitation, the third-party limitation, or
6 element of the claims, it meets the construction. It's an entity separate from
7 the parties to a transaction. As I mentioned, it's not the user, it's not the
8 vendor. That's not disputed. It's not the retailer, and really key to this and
9 our expert has opined specifically on this issue, it functions as the
10 middleman. It's the middleman in the transaction, and this is disclosure
11 specifically from the Ludtke reference that supports that determination.

12 And Patent Owner made some arguments in the Patent Owner
13 response. Again, arguments that were made prior and addressed by the
14 Board and rejected effectively by the Board, well, that Ludtke's TPCCH's is
15 the application, but that's not supported by evidence. It's really just attorney
16 argument and statements -- at least some statements from Mr. Carrothers
17 who we'll address, who's not a POSITA.

18 But even by the '954 and the '730 patents' disclosure, an
19 application is defined as a resource that can be accessed by or verified by an
20 authenticated user. Ludtke's TPCCH is not an application, according to that
21 definition, so it can't be, you know -- it doesn't even satisfy that definition of
22 an application, according to at least the patent's disclosure. And so really, it
23 comes back to the point that it's the middleman in the transaction. It's the
24 separate entity that's not the primary or principal parties to the transaction.

25 And here are the arguments. The arguments that Patent Owner
26 made or again, the same arguments that have been addressed. And I'll just

1 underscore, to the extent, Patent Owner cites to Mr. Carrothers' testimony --
2 one, that testimony is conclusory; and two, again, we'll get to it, but Mr.
3 Carothers is not a person of ordinary skill in the art.

4 So essentially, the arguments, these claim construction arguments
5 that -- at least that Patent Owner -- at least appears to be trying to make in
6 their Patent Owner response are really -- they were just attorney argument.
7 Unsupported by evidence, or at least unsupported by any expert testimony as
8 to what a person of ordinary skill would've understood those skills to mean
9 in the context of the claims, the prior art, and the patents at issue.

10 And so now let's go to the second issue, Your Honors, and that
11 second issue is the limitation receiving an application, an access message
12 from the trusted authority allowing the user access to the/or in an
13 application. Again, this is another limitation that's in both the '730 claims, as
14 well as the '954 claims, and I'll address how Ludtke discloses or at least
15 renders obvious this limitation.

16 Here's where it appears in at least '954 representative Claim 1.
17 Again, receiving in an application an access message from the trusted
18 authority, and the other relevant portion that I'll highlight is allowing the
19 user access to the application. Ludtke discloses this and it's really -- it
20 expressly discloses this. And from the institution decision, that third-party
21 trusted authority, which Ludtke -- corresponds to Ludtke's TPCCH, it issues
22 what they call a transaction -- what Ludtke describes as a transaction
23 confirmation.

24 And after it issues that transaction confirmation -- so that
25 transaction confirmation is an access message from the trusted authority
26 corresponding to the claims. It's issued after validating the different -- yes,

1 Your Honor?

2 JUDGE MCKONE: So in this case, if the transaction confirmation
3 is the access message, does that mean that the personal POS terminal is what
4 you're contending is the application?

5 MR. SQUIRE: No, Your Honor. The personal POS terminal is
6 part of the -- it's certainly part of the transaction, but the disclosure -- there's
7 also a disclosure and a disclosure that our expert relies upon and that's relied
8 upon in the mapping of the claims, is the transaction -- the web browser is
9 actually the application. The web browser is what corresponds to the
10 application that is actually for which access the user -- is access is allowed to
11 the user, such that the user can get the content. In this case, Ludtke
12 describes it as the electronic content or services that that web browser offers.

13 JUDGE MCKONE: In the example you have on the screen right
14 now, though, that's not the web browser, right? There's no web browser here
15 receiving the transaction confirmation?

16 MR. SQUIRE: Your Honor, maybe I should have highlighted it,
17 but if I -- I'll go back. If you look at the excerpt, I think I should've
18 probably -- we should've probably included -- I think we included it in other
19 slides. It issues a transaction confirmation back to the POS terminal, but
20 also, there's disclosure here, Your Honor.

21 If you can see my arrow, I think it begins at lines -- I'm looking at
22 lines 36 and it's the disclosure from Ludtke Column 29, I believe, lines 15
23 to, I think, 17, through 20. If you look at those lines, it talks about the
24 transaction confirmation going back to the web browser and the transaction
25 device, and so that's the disclosure of that transaction confirmation, which is
26 from the TPC. That is also -- that is sent to the web browser. And I think

1 that's -- from the access -- the transaction confirmation is issued from the
2 TPOCH and it's received at the -- eventually, at the web browser. And here's
3 that disclosure, Your Honor. This is kind of more fulsome of the same
4 disclosure.

5 I guess we're at Slide 38, Your Honor. And this is what I kind of
6 wanted to get to. TPOCH's transaction confirmation, which corresponds to
7 the access message from the trusted authority, it's reflected back to the web
8 browser, and that's the application of the claims. And after that, following
9 that secured -- or as part of that secured distribution of physical or electronic
10 content to the users perform based on that confirmation. So that maps
11 directly to the claim language, Your Honors.

12 Here's more support for that. Ludtke's disclosure that the secure
13 distribution of physical or electronic content is performed once the
14 transaction is authorized, so once that transaction confirmation is issued
15 from the TPOCH. And then it also describes, and our expert discusses, is that
16 the distributed content includes the content itself or a reference to such
17 content. And for example, that would be a web URL.

18 And with respect to the definition of application, which I don't
19 think is disputed, but we addressed just to be clear, a website is -- the '954
20 patent, as well as the '730 patent, specifically describe an application as
21 being computer software, a website, or a file. And certainly, we point to the
22 disclosure of it being a website and that's right from the patent spec itself
23 explicitly.

24 And so when you pull all that together, Your Honors, you have
25 Ludtke disclosing receiving at a web browser webpage. Again, that's the
26 application. A transaction confirmation, which is an access message from

1 the trusted authorities, issued from the TPCB of Ludtke, and it allows the
2 user to access electronic content, whereas that electronic content on the web
3 browser. So it's allowing the user to access the application. And that falls
4 squarely within the limitation and disclosure of the claims.

5 But Ludtke discloses another embodiment. There's also another
6 embodiment. That's one embodiment, but there's also another embodiment
7 that satisfies this limitation of the claim. Ludtke describes an embodiment
8 where there's downloading of new functionality of software and services and
9 in that instance, Your Honor, the application is the new functionality, the
10 software and service that are downloaded. And again, it still follows the
11 same analysis in many ways as the prior embodiment.

12 It's just a different application in this sense. And the user is
13 accessing that service or software in this sense, but it still receives and issues
14 that same transaction confirmation from Ludtke's TPCB, so it's still an
15 access message from the trusted authority, and in that case, again, the access
16 message we have, we have content provider where the content is, of course,
17 the services or software that's being accessed by the user. The application is
18 to download functionality or software, which our expert opines about and
19 which is supported by Ludtke's disclosure. And so there are really two ways
20 that our expert and that Ludtke discloses the receiving at an application,
21 allowing a user access to an application limitation of the claim.

22 And so I'll just quickly go through -- I don't think that this is
23 disputed, but I'll point -- Your Honor, Mr. Carrothers -- if you look at Patent
24 Owner's papers, they have declarations from Mr. Carrothers. Mr. Carrothers
25 is not a person of ordinary skill in the art. He doesn't have the background,
26 the agreed upon -- and what this Board adopted in the institution decision,

1 and which Patent Owner doesn't even challenge or even argue at this point
2 that Mr. Carrothers is a person of ordinary skill in the art. And so with that,
3 Your Honor, there's really no testimony -- his testimony in this regard
4 shouldn't be given any weight. The law is clear in this sense, but it shouldn't
5 be given any weight, and it certainly isn't sufficient to rebut the expert
6 testimony of our expert, Dr. --

7 JUDGE MCKONE: Are you asking us to discount his testimony
8 in its entirety or are you asking us to do that more on a piecemeal basis?
9 Because it seems like he does at least have some expertise in how banking
10 systems work, to the extent that that has a bearing on Ludtke. Shouldn't we
11 at least give him credit for areas within his expertise?

12 MR. SQUIRE: That's a fair point, Your Honor. If you look at -- if
13 the Board looks at his testimony, that information may be interesting, but it
14 doesn't really speak to the claim construction issues, the disclosures of
15 Ludtke, the specific disclosures of Ludtke with respect to the mapping and
16 the claims, and how Ludtke discloses the prior art, and that's really how
17 Patent Owner tried to use this person and provide the testimony.

18 And so to the extent there's interesting information about payments
19 and the meaning of terms related to payments, none of those really address
20 the substance of the mapping of the claims and to the extent he's offering
21 testimony that's supposed to be from the perspective of a person of ordinary
22 skill in the art, not being a person of ordinary skill in the art, that
23 information -- and the Board can obviously use its own discretion to give
24 what weight it deems necessary to what areas of his testimony that may be
25 interesting, but not being one of ordinary skill in the art, to the extent that
26 there's testimony that requires that, that testimony should not be given any

1 weight.

2 And then lastly, Your Honor, is -- and this also came up at the
3 prehearing conference, and I'll stop after making this point -- is that there are
4 a series of arguments and references and different points that were made in
5 the Sur-reply that just weren't raised at all in any kind of meaningful way, in
6 any of the prior papers or arguments that Patent Owner had filed in support
7 of the IPRs up until that point. And I'll say that the exhibits -- if you look at
8 the exhibits, Your Honors, the dates on some of these exhibits that they do
9 raise are all dates that -- I think the latest date is a date in December or
10 January of this year, or December of last year.

11 So to the extent that there was an opportunity for these arguments,
12 at least, to be made even in the mandatory disclosures or somehow made
13 aware that these were going to be arguments that were going to be presented
14 at oral argument and as part of the Sur-reply, we think that those arguments
15 should not be allowed. And with that, Your Honor, I'll --

16 JUDGE MCKONE: What arguments or which exhibits could they
17 have addressed in the Patent Owner response? Because some of these
18 exhibits, I believe, arise after the Patent Owner response, correct?

19 MR. SQUIRE: Not the exhibits that we're specifically pointing to.
20 Exhibits 2020 to 2025, Your Honor, and I'll -- just in the interest of time, I'll
21 go through -- let me stop so I can actually pull those up or we can address
22 that, but I'll -- I think those exhibits are not -- just the dates of those
23 exhibits -- the dates of those are not -- are exhibits that were available prior
24 to the Sur-reply. And our exhibits -- to the extent they wanted to be
25 argued -- there could have been a motion to supplement, supplement the
26 record, perhaps, or some other mechanism to get those specific exhibits in

1 front of -- at least the arguments associated with those exhibits in front of the
2 Board in these petitions, so I guess that's --

3 JUDGE MCKONE: The 2026 and 2027, those two exhibits, they
4 could not have been put in with the Patent Owner response, right?

5 MR. SQUIRE: I think that's correct. I think that is correct, Your
6 Honor.

7 JUDGE MCKONE: Okay. Keep going, please.

8 MR. SQUIRE: I think -- for now, Your Honor, in the interest of
9 time, I think I'm at -- right around 32 minutes on my side or something like
10 that, so I preserve, I think for now, unless there are any questions from Your
11 Honors, I rest for purposes of the opening presentation.

12 JUDGE MCKONE: I have nothing further now. Anyone else?
13 Okay. You'll have a little bit over 27 minutes. Patent Owner, are you going
14 to be displaying slides on the screen or I guess --

15 MR. HECHT: We will, Your Honor. I'm going to -- let me share
16 my screen.

17 JUDGE MCKONE: Hold on one second. Judge Dang, you had --
18 did you mean to raise your hand?

19 MR. HECHT: We're okay?

20 JUDGE MCKONE: Whenever you're ready.

21 MR. HECHT: Okay.

22 JUDGE MCKONE: Just let me know.

23 MR. HECHT: Sorry. I didn't know. Okay.

24 JUDGE MCKONE: Yes.

25 MR. HECHT: So here is the slide deck. Before Mr. Zak begins, I
26 just wanted to read something into the record, which I think is important.

1 An email that we had brought to opposing counsel, and we had asked
2 January 23rd, after Google had bowed out of this proceeding, we stated that
3 there had been advancements in a related ex parte re-examination that Apple
4 may wish to discuss.

5 And we cited to the PTAB Consolidated Trial Practice Guide and
6 we said the page 78, that talks about potential for adjusting the deadline for
7 issuing a final written decision, and we said, Proxense is willing to allow
8 Apple to file a Petitioner's reply to Patent Owner's response that either
9 supplements or replaces Google's Petitioner's reply. And we brought this up,
10 so I just want to lead with that.

11 At all times during this proceeding, we have attempted to do
12 whatever we could to flag whatever issues were at EPR to the Board and we
13 did it in conjunction with trying to get cooperation from Apple. Apple
14 declined that supplemental briefing, and Apple also did not think that it was
15 opportune to bring up any additional of the re-examination advancements
16 that we were referring to in any kind of mandatory notices. You know, the
17 theme -- and we'll get to this later, but the theme of --

18 JUDGE MCKONE: Mr. Hecht, the record is what it is now, as far
19 as the briefing. You didn't ask for any additional briefing from us, so we
20 have the Patent Owner response, and we have your Sur-reply, and those are
21 the arguments that we're considering. I'm not sure where you're going with
22 this, but I'm just letting you know, those are the arguments that we're
23 considering here today.

24 MR. HECHT: Yeah. I absolutely understand. I understand the
25 record is the record, but I also wanted to make it clear that we had always
26 tried, where it would make sense, to accommodate any kind of additional

1 briefing or whatever else for the EPRs that we'll get to because the EPR --
2 because that was in the record. I'll hand it off to Mr. Zak to talk about
3 substance and to the extent that we need to address alleged supplemental or
4 new matter, we can get to that and he can handle, potentially, those points.

5 MR. SQUIRE: And Your Honors, just for the record, I object to
6 that disclosure of Mr. Hecht's information of providing us that additional
7 new evidence or new information that's not in the record.

8 JUDGE MCKONE: Well, your objection is noted.

9 MR. HECHT: Do you see my screen for the slides?

10 JUDGE MCKONE: Right now, I just see a screen that says -- has
11 Figure 17 on it.

12 MR. HECHT: Okay. Mr. Zak, do you want the slide deck?

13 MR. ZAK: Yeah, but let's start with Figure 17 while we have that
14 up. It's just a good opportunity. Because this gets to one point that I want to
15 address right off the bat, and this is something that's confusing me with the
16 petitions. They keep saying the web browser is the application that's being
17 accessed in this shopping activity that they're talking about, but as you can
18 see at the beginning of the shopping activity, the user accesses the web
19 browser way before they get that transaction confirmation message, near the
20 bottom two-thirds of the page, they get that transaction confirmation
21 message, but well at the beginning of that process, they already access the
22 web browser. So --

23 JUDGE MCKONE: The argument is pretty clear to me that they're
24 getting additional functionality from the web browser when they get a
25 transaction confirmation, or at least that's the contention on the part of
26 Petitioner.

1 MR. ZAK: Oh. Okay. I'm sorry. That was never clear to me.
2 Thank you, Your Honor. But if we move on. You know, it's time to really
3 look at what's going on with these IPRs and with the assertions and the
4 invalidity contentions presented here. Google at first and now Apple
5 stepping into its shoes is attempting to use the claim language of the '905
6 patent to invalidate the claims of the '730 and '954 patents, but this shouldn't
7 be allowed because these have different claims. Now, I'd like to go to --

8 JUDGE MCKONE: I don't think we've understood the Petitioner
9 to be arguing the '905 patent here. I mean, I've gone through the petition in
10 both of the cases that we're looking at here and they're discussing the '730
11 patent and the '954 patent.

12 MR. ZAK: Yes, Your Honor, and I will explain that as we go, if I
13 may. So if we go to the next slide, these are the claims of the patents that
14 are actually in front of us today. The claims of the '730 and the '954 patent.
15 And this is what our attention should be on. But now if we pull up the
16 claims of the '905 patent and we contrast them, it becomes clear why we're
17 doing -- why limitations from one are being imported into the other.

18 MR. SQUIRE: Your Honor, I hate to interject their presentation,
19 but we object to this comparison of the '905 or some analysis in connection
20 with the '905. That's not in the Patent Owner response and not something
21 that has been argued prior in this litigation, at least as a patentability defense
22 or defense to the patentability of the claims by Patent Owner.

23 JUDGE MCKONE: Understood, Mr. Squire.

24 MR. ZAK: And we will address why the '905 patent is relevant to
25 these proceedings as I get towards the end.

26 JUDGE MCKONE: To be clear, Mr. Zak, the panel is going to

1 compare the claims of '954 and the '730 patents to the prior art, not the '905
2 patent.

3 MR. ZAK: Well, I don't accuse that you're going to. I am not.
4 But when we talk about the district court claim interpretations, the '905
5 patent was in front of it. When we talk about other issues that are in the
6 case, the '905 patent was there for a good portion of them and colored them.

7 JUDGE MCKONE: Okay. I don't believe there are any claim
8 construction disputes anymore, are there?

9 MR. ZAK: Yes, there are. Not a dispute, but we have to put that
10 claim construction in context and we have to understand where it came from.

11 JUDGE MCKONE: You're agreeing on the claim construction,
12 but you're disputing --

13 MR. ZAK: No, I am not agreeing on the claim construction. I'm
14 not agreeing on their application of the claim construction, but if I may
15 continue (CROSSTALK) --

16 JUDGE MCKONE: I understand that.

17 MR. ZAK: So --

18 JUDGE TURNER: Counsel, this is Judge Turner. Can you point
19 to me on your slides or perhaps in the papers, where you're objecting to the
20 claim construction and you're citing a different claim construction? That
21 might be helpful for the panel, I think.

22 MR. ZAK: Okay. I think the best thing to do then is to look at --
23 we're all going with the claim construction from the district court. That is
24 100 percent. We've kept consistent with that throughout all the litigations
25 and throughout all the proceeding, and if Mr. Hecht could pull up the claim
26 construction from the district court, I believe that that's Exhibit 2002 and I

1 have bookmarked one specific passage of that. You see the bookmark I put
2 in there, Mr. Hecht? And if we zoom in on the bottom of the page -- the top
3 page -- we zoom in on the bottom of that, we see the district court's claim
4 construction. The district court said, access message means enabling. That's
5 what it means, but there is this indicating language in the '905 patent that
6 means notification.

7 So what did the district court have in front of it? It had two patents
8 that used the claim -- the access message differently. In the '905 patent, it
9 had the term "indicating", which the district court says, okay, yeah, that
10 indicates -- that is a notification. Indicating means a notification. But in the
11 '730 patent, it doesn't say indicating. It says allowing access. And the
12 district court said, oh, that means enabling. That means it's performing --

13 JUDGE TURNER: Counsel?

14 MR. ZAK: -- the function of enabling access. And so the --

15 JUDGE TURNER: Counsel?

16 MR. ZAK: -- district court has --

17 JUDGE TURNER: Counsel? Counsel, this is Judge Turner again.
18 Let me try again because I understand you're pointing to Exhibit 2002. I'm
19 looking for where Patent Owner has made an argument, so again, those
20 would be --

21 MR. ZAK: Oh, we've always argued --

22 JUDGE TURNER: -- in the preliminary response, in the response,
23 in the Sur-reply, I'm looking for where you're saying, well, here's where
24 we're contesting claim construction and here's -- I want to know what the
25 basis here -- so you can refute me if I say, well aren't you making this
26 argument for the first time here with no support and any of the papers from

1 arguments that you've actually made. Maybe they're supporting an exhibit,
2 but you know, the --

3 MR. ZAK: Of course.

4 JUDGE TURNER: -- record is voluminous. I could probably
5 make lots of arguments that I haven't made previously based on exhibits
6 here.

7 MR. ZAK: Of course, Your Honor. We have consistently argued
8 that the access message has to allow access to the application. Not notify of
9 access. Allow access. We are saying the access message performs the
10 function of allowing access. We are not saying it's an indication that access
11 is allowed. It is actually allowing access. We reiterated that argument in
12 our Sur-reply, and in fact, we even in our Sur-reply said, okay, this
13 construction is going way too far under *In re Suitco*. This construction is
14 just going way too far because the -- and we also said this when we started
15 in our petition. We said the transaction is a user being allowed access to an
16 application. Now, in the --

17 JUDGE MCKONE: Counsel, I can see the claim language in
18 Claim 1 of the '954 patent, for example. It says, allowing user access to the
19 application.

20 MR. ZAK: Yes.

21 JUDGE MCKONE: But where -- rather than, you know, trying to
22 pull the '905 patent in here for reasons that are completely unclear to me,
23 you may be better served showing us where Ludtke doesn't -- or why Ludtke
24 doesn't show this allowing the user access to the application that you say is
25 required.

26 MR. ZAK: Of course, because they always say the vendor

1 completes the transaction. The vendor receives the confirmation message
2 and then they complete the transaction, so that's a notification. And if we
3 pull up their slide deck -- Mr. Hecht, I think I bookmarked for you two
4 things on their slide does. Does it show? If you'd go to the first bookmark,
5 please.

6 They say it right here. You can see. The TPCCH validates the
7 transaction device, sends a transaction confirmation. Not something that
8 actually does something. It just confirms. And then the content provider
9 sees that transaction confirmation -- that notification -- and then they
10 perform the action of providing access by sending the content. So the access
11 message isn't allowing access, it's not enabling access, it's not performing the
12 action of enabling or allowing access. That's the content provider.

13 The access message that they're saying about is just a notification,
14 that's if it were in the '905 patent, and that's key because if we can go to my
15 next slide, please, in the slide deck -- the next slide, please. The next slide,
16 please. I'm kind of doing my slide decks out of order because of the
17 questioning and I'm sorry. Again, next one, please.

18 JUDGE TURNER: This is Judge Turner. Can you let me know
19 what slide you're on? That might be helpful.

20 MR. ZAK: Sure, sure. Slide 6 of our demonstratives, Your
21 Honor.

22 JUDGE TURNER: You can put a marker, as well.

23 MR. ZAK: Slide 6 of our demonstratives. And I'm sorry about
24 this, Your Honor. Your questioning has just kind of thrown me a little out
25 of order, but we'll work with it. This is relevant because they've based their
26 institution decision -- their petitions on the '905 patent. They said because

1 the '905 patent has been through EPR, you have to institute. This is just
2 substantially the same, but these claims aren't.

3 JUDGE MCKONE: But I will note that the papers that you cited
4 to here, that you called the petition, they're not the petition in either matter.

5 MR. ZAK: I --

6 JUDGE MCKONE: But in any case, we will compare with the
7 arguments that they made in the petition to -- as far as how they
8 characterized Ludtke in the petition to the claims that are at issue in these
9 cases. Not the '905 patent.

10 MR. ZAK: Yes, and that's what I'm trying to make clear. The
11 notification, as much as he was saying there's no dispute about claim
12 construction, yes, we don't dispute that the '905 patent gets a notification, but
13 what we do dispute is that the '730 and the '954 patents do not require it to
14 allow access. Not just notify. No, it can't notify. In fact, the '730 patent
15 doesn't even care about notifications. It doesn't say the indicating language,
16 it doesn't say the notifying language. This is only the allowing language.
17 Only the -- it has to perform the function of allowing.

18 The '954 is a little different. It says indicating and allowing access.
19 So it has to both, indicate, has to give that notification, that confirmation
20 message that they keep talking about, and then it has to actually do some
21 kind of allowing. And that is really our main point. Now, to differentiate
22 between those claims. And that's really where we're getting a little bit kind
23 of confused. We should call that a distinction between claim construction or
24 to say, yes, we got this claim construction from the district court, but we
25 have to put that in context. Part of it doesn't apply to these proceedings here
26 today.

1 And as we argued in our response and as we argued in our Sur-
2 reply, the claims require allowing. Not notifying, but actually allowing. But
3 there's another difference, too.

4 JUDGE MCKONE: Before you transition, I will apologize. I
5 didn't ask you at the beginning of your presentation whether you wanted to
6 reserve any rebuttal time, so I will ask you that now. You have about 44
7 minutes left. Do you want to reserve -- is it --

8 MR. ZAK: Yes. I think we'll be reserving 15 minutes of rebuttal
9 time.

10 JUDGE MCKONE: Okay.

11 MR. ZAK: I'm sorry, Your Honor.

12 JUDGE MCKONE: No, my fault. So please, keep going.

13 MR. ZAK: Okay. So the other thing we need to focus on is that
14 they keep referring to purchase activity, but the claims do not recite purchase
15 activity. If we look at the institution decision -- and Mr. Hecht, do you have
16 that ready to be pulled up? This would be the institution decision for the
17 '232 patent. I believe they're very similar. It's going to be, I think, page 10,
18 page 11. There's no bookmark, Mr. Hecht, I'm afraid.

19 The Board says in Figure 7 with reference -- there's one
20 embodiment that talks about the transaction being a user allowed access to
21 an application. You say the parties to the transaction are the user and the
22 application, and that's exactly what the claims recite. They say, allowing the
23 user access to an application. That is explicitly the transaction recited in the
24 claims, and they recite the parties to the transaction -- the user and the
25 applications. Okay, so now we know who the user and the application are.

26 It doesn't recite a purchase. It doesn't recite a financial transaction.

1 A financial transaction is from the '905 patent. These claims don't recite
2 financial transactions. They don't recite purchase, they don't recite vendor,
3 they don't recite POS. They don't recite anything that would indicate a
4 purchase. They recite a transaction between a user and an application. The
5 embodiment the Board recognized. The question then becomes, do they
6 recite another embodiment. And the answer to that is going to be no, that
7 they don't. If we could pull up the '730 patent and go through the bookmarks
8 in there, Mr. Hecht.

9 JUDGE MCKONE: Now, are you arguing that we should further
10 construe the claims here?

11 MR. ZAK: Yes. I'm arguing that you gave a construct -- yes,
12 Your Honor, yes. And I'll expand this now.

13 JUDGE MCKONE: Because I thought the parties had agreed to
14 the constructions.

15 MR. ZAK: We have always argued in our brief that the
16 transaction recited in the claim is not a purchase. We've always argued in
17 our brief that the transaction is the user being allowed access to the
18 application. That the transaction specifically recited in the claims is a -- is
19 allowing a user access to an application wherein the parties of the
20 transaction are the user and the application. That has always been our
21 construction. We have never --

22 JUDGE MCKONE: Of which term?

23 MR. ZAK: The whole kit and kaboodle. The claims say allowing
24 a user to access an application. That is the specific transaction recited in the
25 claims. The transaction recited in the claims is not a purchase. There's no
26 description of a purchase anywhere in the specification.

1 MR. SQUIRE: Your Honor, again, I think -- Your Honor, I hate to
2 interrupt --

3 JUDGE MCKONE: Mr. Squire, you can raise your objections in
4 your time.

5 MR. SQUIRE: Yes.

6 MR. ZAK: And we argued this in our initial response that there is
7 no support in the specification for a purchase. And I will go through that
8 right now, if I may, or if the Court wants me to move on, I can.

9 JUDGE MCKONE: If you do, please go through with reference to
10 where you made the arguments in your papers.

11 MR. ZAK: We made the arguments in our initial -- in our
12 response. We specifically said, the transaction is a user being allowed
13 access to an application and the parties to the transaction are the user and the
14 application. I don't have -- I'm sorry, Your Honor. I can't answer your
15 question because I don't have my response brief memorized word for word.

16 JUDGE TURNER: Counsel, not to belabor the point, but I think
17 you could look up the exhibit or the paper and point to it. I understand that
18 maybe that decreases from your flow, but I'm trying to look at the Patent
19 Owner response under the claim construction where you're talking about
20 receiving an access message, allowing access to an application. I'm trying to
21 find where the support for that point is. And when you said initial, maybe
22 you meant the Patent Owner's preliminary response, but I'm -- and that's
23 another thing that maybe I'm slightly confused about.

24 MR. ZAK: Well, Your Honor, while I look this up, I'm afraid I'm
25 going to have to let Mr. Hecht start his presentation as I try to answer these
26 specific questions for you. Mr. Hecht, would you --

1 JUDGE TURNER: If you'd prefer to wait and bring it back up on
2 rebuttal, I find that absolutely fine and --

3 MR. ZAK: Or what may be more convenient --

4 JUDGE TURNER: -- you're allowed to present however you want
5 to.

6 MR. ZAK: What may be more convenient is I could e-mail the
7 Board the cites after our arguments.

8 JUDGE TURNER: Well, I'm going to insist that you probably do
9 it on rebuttal, but you know, you can -- you don't have to answer any
10 questions that we pose, I suppose, but it's your oral argument. You may
11 handle it however you want.

12 JUDGE MCKONE: Right. You can rest assured that we have and
13 we will read the briefs and consider the arguments you made on that.

14 MR. ZAK: Yes. Okay, here it is under third-party trusted
15 authorized. Page 10, 232, Patent Owner response. The '730 patent only
16 displays embodiments where the parties to the transaction are a user and an
17 application being accessed by the user. No other embodiment is provided in
18 the specification that would permit the parties to be anything other than the
19 user and an application that the user is trying to access. Nor does the
20 grocery store example at B expand the scope of the '730 patent claims, such
21 as a grocery merchant can be the claimed application. The grocery store
22 example of the patent at issue refers to the location of the application being
23 accessed. It does not discuss the transaction between a merchant and a user,
24 and it even cites that portion of the '730 patent. I can continue.

25 In an open system -- now, an open system is a system open to the
26 public, that's defined earlier in the patent -- where unknown uses can attempt

1 authentication, e.g. in a public grocery store -- well, that's saying it's
2 occurring in a grocery store. That's saying the location of the transaction.
3 It's not saying who the parties to the transaction are. It's not saying the
4 transaction is to purchase. No, we've said the transaction is a user being
5 allowed access to an application. The parties to the transaction are the user
6 and the application, and this is consistent with what you said in your
7 institution decision. It was one embodiment of the invention. Okay. Now
8 we're saying, but there's no other embodiment disclosed, and there's no
9 written description support for our purchase.

10 JUDGE MCKONE: So essentially, you want us to expand on the
11 agreed construction to add wherein the parties are limited to the user and the
12 application? Is that essentially what you're asking us to do now?

13 MR. ZAK: No, Your Honor.

14 JUDGE MCKONE: Okay.

15 MR. ZAK: I'm asking you to read the claims, quite bluntly. The
16 claims say, receiving an access message allowing the user to access an
17 application. That defines the transaction right there.

18 JUDGE MCKONE: Okay, but here we're talking about --

19 MR. ZAK: Because --

20 JUDGE MCKONE: I thought you were arguing who the parties
21 had to be.

22 MR. ZAK: Yes, because if the transaction is allowing the user to
23 access an application, the parties to the transaction then are the user in the
24 application.

25 JUDGE MCKONE: So you want us to amend the claim
26 construction to specify that the parties are required to be the user and the

1 application?

2 MR. ZAK: Yes, I guess that's one way of putting it. I would say
3 that --

4 JUDGE MCKONE: You want us to do that because that's the
5 preferred embodiment?

6 MR. ZAK: No, that's the only embodiment and there's no support
7 for their construction, which is a purchase. There's no support for a vendor
8 being a party to a transaction here. It doesn't say we have a transaction with
9 a vendor. All the figures in the patent doesn't show a vendor. They show a
10 third-party trusted authority, an authentication module -- that's a relay -- a
11 biometric key, and an application being accessed. The question --

12 JUDGE MCKONE: So you want us to take the description of the
13 preferred embodiment what you characterize as the only embodiment as
14 what -- I'm just trying to figure out the claim construction framework you
15 want us to put this in. Is this a words of --

16 MR. ZAK: I think it was said best by --

17 JUDGE MCKONE: -- manifest -- please let me finish. Is this
18 words of manifest exclusion or disavowal? What is it?

19 MR. ZAK: Well, it's two things, Your Honor. One is if we
20 construe the claims to cover a purchase where a vendor is a party to the
21 transaction, with the transactions between the vendor and the user, I don't
22 have any written support for that in the specification, so that would be
23 rendering the claims invalid under 112 for lack of written description.

24 So there's that, but even assuming that there was, the claims
25 specifically limit themselves to the embodiment recognized in the institution
26 decision, where you said the parties to the transaction are the user and the

1 application, and the transaction is the user being allowed access to the
2 application. And I would say that's -- I would direct the Court to *Rolls*
3 *Royce PLC v. United States Corp.*, 603 F.3d 1325 et 1334, and we discuss
4 these cases in our Sur-reply, so you can get the citations from there -- where
5 we understand that although reluctant to exclude an embodiment, this Board
6 must not allow the disclosed embodiment to outweigh the language of the
7 claims.

8 The language of the claims here is very clear about what the
9 transaction is, what they are limited to. We can't just say, well, there's this
10 other embodiment, but no, that's excluded by the claims. The language of
11 the claims controls.

12 There's also *Tip Systems v. Phillips Brooks and Goodwin*, 529 F.3d
13 1354 1373 where the Federal Circuit said to construe the claims to
14 encompass the alternative embodiment in this case would contradict the
15 language of the claims. Our precedent is replete with examples of subject
16 matter that is included in the specification but is not claimed. And that's
17 what we have here. We have the claims clearly limited to one type of
18 transaction and they're asserting a transaction that's outside the scope of
19 those claims -- that's outside of that. They're asserting a purchase, but the
20 claims don't recite a purchase. The claims don't recite a vendor as a party.

21 Everything that's based on the party -- their whole entire grounds is
22 based on the parties to the transaction being the vendor and the user, but the
23 claims just don't permit that. They're restricted to that embodiment where
24 the parties to the transaction are the user in the application -- the transaction
25 is the user being allowed access to the application, and there's no support for
26 anything else in the specification. So no matter which way you want to

1 come around to it, at the end of the day, we can't construe the claim so
2 broadly that we can apply their invalidity grounds to it. That would be
3 applying their invalidity grounds to an improper construction of the claims.

4 But then again, this brings us back to the beginning where I said --
5 where we talked about how they said, you should institute because of the
6 '905. The '905 recited a financial transaction and in the '905 EPR, the
7 examiner construed a financial transaction to be a vendor and a user -- a
8 transaction between the vendor and user. We tried desperately to get the
9 examiner to narrow that construction and he refused. And finally, we said,
10 okay, if that's the broadest reasonable interpretation of those claims, then
11 there's no written description supporting them and we killed the EPR by
12 applying the statutory disclaimer.

13 Actually, funny store was I called the SPE and I said, hey, we've
14 got to kill this because, you know, if you're going to maintain this
15 construction, there's no written description support and I don't disagree with
16 you, this is probably the broadest BRI, so I have to kill this. And he
17 screamed at me and said, I have never heard of an attorney calling me up to
18 tell me a claim didn't have written description. Well, it didn't. I'm kind of
19 honest about that. I'm not going to waste the Office's time. So we got rid of
20 the '905. But this, like I said, brings us back to the beginning.

21 They want to bring in this idea of financial transactions and
22 purchases from the '905 -- from the claims in the '905, into claims that
23 clearly don't have it. Just clearly don't have it. And to the extent they want
24 to do that, then Mr. Carrothers is a person of ordinary skill in the art.
25 Because why? Because he is the person -- now they're saying that the claims
26 cover financial transactions. The claims cover purchases, the claims cover

1 processing of payments and purchases, and if the claims cover those things,
2 then we need somebody who is an expert in processing a payment or
3 purchases and financial transactions, and that would be Mr. Carrothers. But
4 now they --

5 JUDGE MCKONE: You agree that he's not a person of ordinary
6 skill in the art that can opine on the technical details of Ludtke or the
7 challenged patents, correct?

8 MR. ZAK: I would agree that if I was going to make this a digital
9 wallet, I would have to know two things. I would have to have somebody
10 who is skilled in computer science to pass the messages back and forth
11 between the various parties -- between their devices, their computers, their
12 servers -- to make what would be called the rest requests -- the POST, the
13 PUTS, the GETS, and all that stuff. How to store the information on the
14 very respected devices. These would be the skills of a computer scientist,
15 but what that information means --

16 JUDGE MCKONE: Mr. Carrothers does not have those skills,
17 correct? And he can't opine on them?

18 MR. ZAK: He can opine on that, but he didn't. He opined on what
19 that information means once it gets to the other side. He didn't opine on
20 storing the information, passing the information, receiving the information.
21 No. That's the job of a computer scientist. He opined on what that
22 information means within the system of a clearinghouse. Remember,
23 they're asserting Ludtke's transaction processing clearinghouse.

24 JUDGE MCKONE: Is this an aspect of a person of ordinary skill
25 in the art that you argued? I don't remember you contesting the level of
26 skill.

1 MR. ZAK: That's because we didn't construe the claims as
2 broadly. We said the construction of the claim is a transaction between a
3 user and an application. Accessing an application has nothing to do with
4 financial transactions. It has nothing to do with vendors or purchases or any
5 of those things. So if you go with our construction, which we -- which is the
6 correct construction that the claims themselves limit themselves away from
7 purchases to just a user accessing an application -- like I would access my
8 email -- then no, Mr. Carrothers is not a person of ordinary skill in the art
9 because the claims don't require financial transactions or anything else.

10 But if you construe the claims like they're asking you to, such that
11 it includes financial transactions and purchases and vendors and payment
12 approvals --

13 JUDGE MCKONE: Did you ever make the -- did you make the
14 argument in your response that you were offering Mr. Carrothers under a
15 different level of skill based on a different construction?

16 MR. ZAK: We presented Mr. Carrothers' testimony. You see,
17 they're conflating -- I think they get --

18 JUDGE MCKONE: I'm asking -- we have to determine whether to
19 credit his testimony and if he's not a level of a person of ordinary skill in the
20 art, it's probably going to be the case that we won't credit his testimony.

21 MR. ZAK: Well, then that depends on the claim construction,
22 Your Honor. What are the claims --

23 JUDGE MCKONE: Have you argued that the level of skill
24 depends on how we construe the claims?

25 MR. ZAK: I would think that was established by the case law,
26 Your Honor, that I wouldn't have to argue.

1 JUDGE MCKONE: Is this bedrock case law available to you?

2 Because it doesn't sound familiar to me.

3 MR. ZAK: You know what, Your Honor? I have never -- I would
4 have to get back to you on that. I'm sorry.

5 JUDGE MCKONE: Okay.

6 MR. ZAK: But again --

7 JUDGE TURNER: This is Judge Turner. Perhaps just -- let's try
8 logically here. So the level of ordinary skill in the art would change
9 depending on the construction? Is that Patent Owner's position?

10 MR. ZAK: Yes, exactly.

11 JUDGE TURNER: So I can't just define who would be one of
12 ordinary skill in the art based on the technology. It would be purely
13 dependent upon the claim construction. So if the claim construction changes
14 just a little bit, then I may have nobody in front of me who actually has
15 expertise. Is that -- I get -- I think that's where you're going.

16 MR. ZAK: Yes. I mean, let's put that into a different context.

17 JUDGE TURNER: Perhaps we've lost counsel.

18 JUDGE MCKONE: Mr. Hecht --

19 JUDGE TURNER: Mr. Hecht, would you --

20 JUDGE MCKONE: -- should we pause now or do you want to
21 present the --

22 MR. HECHT: I'm trying to communicate with him.

23 JUDGE MCKONE: I'll pause real quick on the timer.

24 JUDGE TURNER: I guess we can assume my question was just
25 that devastating, so I guess we won't make that assumption.

26 MR. ZAK: (INDISCERNIBLE - TECHNICAL DIFFICULTIES).

1 JUDGE MCKONE: You're still garbled.

2 MR. ZAK: (INDISCERNIBLE - TECHNICAL DIFFICULTIES).

3 MR. HECHT: James, we cannot hear you.

4 MR. ZAK: (INDISCERNIBLE - TECHNICAL DIFFICULTIES).

5 JUDGE MCKONE: So while Mr. Zak tries to get back online, Mr.

6 Hecht, how do you want to handle this? Do you want to use some of your

7 remaining time to discuss the points that you were going to make?

8 MR. HECHT: Yeah. I would like -- can we just get about -- like a

9 couple minutes just to have him reconnect? Because I want him to know

10 where I am in the presentation.

11 JUDGE MCKONE: That's fine.

12 MR. HECHT: Okay. Apologies for the technical issue.

13 JUDGE TURNER: No, I think we're paused.

14 JUDGE MCKONE: One second.

15 MR. ZAK: Am I back? I am so sorry. I think my internet

16 dropped for a second.

17 JUDGE MCKONE: Yeah, you're back. We can hear you.

18 MR. ZAK: But just to summarize --

19 JUDGE MCKONE: (CROSSTALK). Go ahead.

20 MR. ZAK: But just to summarize, so if we're talking about a

21 transaction processing clearinghouse and these claims can be construed for

22 financial transactions, especially when you're talking about a transaction

23 processing clearinghouse, which is a banking institution, then yes. I don't

24 know how a computer scientist would understand how a transaction

25 processing clearinghouse works. A clearinghouse is a banking institution.

26 And so to do that type of system, you would need the collaboration of two

1 people with two different skills -- a team effort.

2 JUDGE TURNER: I understand your position. I'll let you move
3 on.

4 MR. ZAK: And that basically concludes what I really have to say.
5 I mean, we are -- again, we are looking at these constructions and the whole
6 process here, the whole thing we're here before is they took what invalidated
7 the '905 patent and they brought it into here and said, give us the same
8 result.

9 Well, the '905 patent had different claims. They are applied
10 differently. We don't have something that just notifies access. We have to
11 have something that actually allows access and makes that access happen.
12 We can't just go to somebody else who's going to do it once he gets that
13 notification. No, it actually has to do it itself. That's what allowing means.
14 It has to perform that allowing function. Not just the indicating function.
15 They've never shown that.

16 These talk about a web URL, but that cited portion that they cited
17 doesn't even support a web URL, so I have no idea where they pulled that
18 from. They may cite to the declaration, but their declaration just cites to the
19 same portion of Ludtke that doesn't disclose a web URL. So all in all, it just
20 feels like they're trying to invalidate these patents on claims from another
21 patent. And with that, I'll hand it over to Mr. Hecht.

22 MR. HECHT: Thank you. Your Honors, I was going to briefly
23 cover the redheaded stepchild here, the EPR, and why I think that it's
24 relevant. We have not had the briefing, but I want to make it clear and, you
25 know, hopefully you have seen some of these slides already regarding the
26 supplemental evidence. Obviously, opposing Counsel has objected, but I

1 just want to --

2 JUDGE MCKONE: I would like -- since we're short on time, I
3 would like to cut to the chase. What is it that you're asking us to consider
4 from the EPR? Is it what you've cited in your Sur-reply brief? The exhibits
5 you've cited in your Sur-reply brief and the arguments that you've made
6 around that? Is that what we're being asked to consider?

7 MR. HECHT: So at core, you know, we're basically saying the
8 EPR, and we believe the case law also makes it clear that EPR --

9 JUDGE MCKONE: I guess what -- can we start with a yes or a no
10 to that? Are you asking us --

11 MR. HECHT: Well --

12 JUDGE MCKONE: -- if either --

13 MR. HECHT: -- it's a little conditional. The question is a little
14 conditional. I would say yes, but there's more. We could not have included
15 everything in terms of -- we didn't have the time to supplemental briefing.
16 We would have, but that didn't happen, but let me just make it clear. From
17 the beginning, this was not a hide the ball. We did everything. We
18 communicated with opposing Counsel. Google itself that, you know, put in
19 the petition to institute this IPR had mentioned the various EPRs. The --

20 JUDGE MCKONE: But what I'm still trying to understand is what
21 is the -- what are you trying to get into this case that's not already in the
22 record of this case?

23 MR. HECHT: Well, what made --

24 JUDGE MCKONE: I'm trying to get into what -- okay, I'm not
25 going to hide the ball. Are you trying to get in a new argument that the
26 claims of the '233 are patentable because of what the examiner said in the

1 '052 re-exam? Is what where you're trying to go?

2 MR. HECHT: I think that is. I mean, I think that's the whole point
3 here because that sort of moots this proceeding, saves everyone a lot of time,
4 at least with respect to '730. That's why we --

5 JUDGE MCKONE: But we had a process where you made your
6 arguments for patentability in your Patent Owner response and you were
7 able to also weigh in your Sur-reply and you didn't raise any new
8 patentability distinctions there. I know you think that the patent examiner in
9 the '052 re-exam has raised a new patentability distinction that you didn't
10 raise in either the Patent Owner response or the Sur-reply. Why were you
11 not able --

12 MR. HECHT: So --

13 JUDGE MCKONE: Why were you not able to raise that argument
14 in the Patent Owner response?

15 MR. HECHT: The examiner asserted new grounds of rejection,
16 so --

17 JUDGE MCKONE: Okay. Why were you not able to raise that
18 argument? Is it because you didn't think of it?

19 MR. HECHT: It was --

20 JUDGE MCKONE: Or --

21 MR. HECHT: It was a different -- so each proceeding had -- we
22 had to confirm that the examiner moved on from the initial grounds and
23 that's why we didn't know where that proceeding --

24 JUDGE MCKONE: As far as I can see, you could have argued in
25 the '233 case that certain claim language, for example, "at an application,"
26 wasn't shown in Ludtke, for whatever reasons you wanted to argue at the

1 time. That claim language was still there in the '954 patent. Why were you
2 not able to make the argument similar to what the examiner made in the '052
3 re-exam -- why were you not able to make that argument in the Patent
4 Owner response of the '233?

5 MR. HECHT: So as I understand it -- and I will defer somewhat to
6 Mr. Zak because he fully prosecuted -- he communicated with the
7 examiners, he did calls with the examiners. The examiners, I understand it,
8 did not clarify the amendment until very recently. So this wasn't that we
9 were trying to craft new arguments to get around things. This was --

10 JUDGE MCKONE: No, I understand the examiner came up with
11 an argument that you like now. Why were you not able to raise that
12 argument in your Patent Owner response?

13 MR. HECHT: I'll have to pass it to Mr. Zak because he had been
14 the one communicating with the Patent Office on the EPR.

15 JUDGE MCKONE: But this isn't a matter of communicating with
16 the Patent Office. This is -- you could have -- as far as I can see, you could
17 have raised the same argument in the '233 case from the get go.

18 MR. ZAK: Yes, we did raise the argument. We said the access
19 message has to allow access to the application. It's not a notification, but it
20 actually has to allow access to the application.

21 JUDGE MCKONE: Okay. And (CROSSTALK) --

22 MR. ZAK: We have said that over and over again and that
23 (CROSSTALK) at the application in order for it to allow access.

24 JUDGE MCKONE: Okay. Then if we can consider the argument
25 you made in your brief, then Mr. Hecht, why do we need to have the
26 additional record of a re-examination of a different patent in the '233 case?

1 MR. ZAK: Because the examiner stated that the addition of
2 language that would be very much identical rendered the '730 patent clearly
3 patentable over the prior art. Now, that was a negotiation process and we
4 get to these negotiation processes. That's what examination is. It's a give
5 and take, a tit and tat. I sometimes don't agree with a lot of the things
6 examiners say, but we come to a compromise, so we save the Office time
7 and money, me going up for appeals, or if they say my client has
8 (INDISCERNIBLE) of me fighting appeals. Everything is good. That's
9 what this comes down to. We came to that compromise. We came to that
10 compromise in good faith. The Office made the determination.

11 JUDGE MCKONE: Well, you made a negotiation in a different --
12 regarding a different patent. Why should we consider that here --

13 MR. ZAK: Because the language is nearly identical.

14 JUDGE MCKONE: -- for part of the '233 case?

15 MR. ZAK: The language is nearly identical. The examiner made
16 those negotiations with full knowledge of the '233 case. We even
17 specifically referred her to the '954 patent.

18 JUDGE MCKONE: I'm going to ask it this way. Is it your
19 position that the claims with the amendment that you want in the '052 re-
20 exam would be substantially identical to the claims of the '954 patent?

21 MR. ZAK: I would say they would be very much substantially
22 identical to Claims 1 and 16 of the '954 patent and --

23 JUDGE MCKONE: So with that, if we were to reach a final
24 written decision in the '233 case and find that the claims of the '954 patent
25 are unpatentable, does that mean that you would be estopped from pursuing
26 this amendment that you want in the '052 re-exam?

1 MR. ZAK: No, Your Honor. I would say you are creating an
2 inconsistent result with the CRU and therefore, acting in violation of the
3 Administrative Procedure Act.

4 JUDGE MCKONE: Okay, I'm not sure I understand you there, but
5 we have -- there is an estoppel provision in our rules where --

6 MR. HECHT: I know there's an estoppel provision in your rules,
7 Your Honor.

8 JUDGE MCKONE: And would that trigger estoppel in the re-
9 exam because you would be pursuing claims that are substantially identical
10 to claims that we determined were unpatentable?

11 MR. ZAK: I would say the examiner has already made that
12 determination for you, Your Honor.

13 JUDGE MCKONE: You've got about 30 seconds left and you'll be
14 into your rebuttal time. Mr. Hecht, do you have anything else that you
15 wanted to argue at this point?

16 MR. HECHT: No, we can reserve for the rebuttal.

17 JUDGE TURNER: This is Judge Turner. I had a quick question
18 because I had asked Petitioner's Counsel. When Patent Owner filed the
19 request for adverse judgment, the statement there about that they've
20 conceded unpatentability, how is that not at least a statement against
21 interest?

22 MR. HECHT: I think we should look at what we actually wrote.
23 Patent Owner has conceded the unpatentability of the claims at issue in this
24 proceeding by authorizing entry of the examiner's amendment. So its
25 invoking the EPR, right? Because we say, okay, well we have to give up the
26 claims as they are in order to have them amended as the examiner suggests

1 in the EPR. That's why it's not a statement against interest.

2 We're not acknowledging directly that any of the prior art is
3 directly applicable. This is a blanket statement that says essentially what
4 Mr. Zak was expressing that this is the bargain. We're giving up something.
5 We're saying that this is unpatentable. We're making that admission in
6 exchange for the amended claims by virtue of the examiner's amendment.

7 JUDGE TURNER: So just to be clear, so this is out of the
8 goodness of Patent Owner's heart? You know, it wasn't because there was
9 art, it wasn't because there was a rejection. You're just magnanimous and
10 you wanted to go along to get along with the examiner, so this isn't really --
11 you're not saying anything about the unpatentability of the claims. You're
12 just being a nice guy, I suppose, and --

13 MR. HECHT: No, not at all, Your Honor.

14 JUDGE TURNER: -- being a little bit tongue and cheek there.

15 MR. HECHT: Yeah. I mean, we appreciate the -- the point is, in
16 every proceeding, you have this back and forth, and in any amendment type
17 of proceeding. And here, we're talking about potential -- prior art, right, that
18 was flagged, and the examiner found a pathway forward. And so what we're
19 saying is, okay, you know what, your pathway forward makes sense to us,
20 the amendment makes sense, so we're conceding on these issues. We're
21 not -- so I do not take this as a statement against interest at all. I think this is
22 just showing that in this context, we're just bargaining for the amendment in
23 exchange for admitting that as they were, these claims were unpatentable.

24 JUDGE TURNER: I understand your position. Thank you.

25 MR. HECHT: And we'll reserve for rebuttal.

26 JUDGE MCKONE: You'll have almost 13 minutes.

1 MR. HECHT: Thank you, Your Honor.

2 JUDGE MCKONE: And Petitioner, let me know when you're
3 ready to start your rebuttal.

4 MR. SQUIRE: Yes, Your Honor. I'm ready to start now. And
5 I've been holding a bunch of objections to -- again, renewing objections to
6 the slides and all the arguments that are, in fact, new arguments. I can
7 answer affirmatively, the arguments that Your Honor asked about the EPR
8 and the comparison to the claims, they're not in the Patent Owner response.
9 They're not in the preliminary Patent Owner response and they're not in the
10 Sur-reply. The only arguments that are in the Sur-reply regarding this re-
11 exam are the arguments that we objected to and are spelled out in our
12 demonstrative slides. So that's one point.

13 With respect to -- now that we're talking about it -- specifically,
14 with respect to the re-exam and what the tactic or what the strategy was with
15 respect to the re-exam, I think Your Honor -- Judge McKone -- I think you
16 spelled it right. There was exactly -- something that was liked about the
17 examiner's epiphany or the examiner's analysis to come up with the
18 proposed amendment after conferring and having a conference with Patent
19 Owner's Counsel, and there's no reason that those arguments were not
20 included at some point earlier in this proceeding.

21 They're admitting that -- Patent Owner is admitting that the claims
22 of the '954 are identical or patentably identical to the -- at least what the
23 amendment would be in the '730. So they're having it one way, but on the
24 other end, they're trying to have it another way where, well let's not worry
25 about what's happening in the IPR, although I had a burden to present that
26 evidence and make this a fair proceeding so that we could actually --

1 Petitioner could respond to those arguments, respond to all these new claim
2 construction arguments that were never made, in an organized proceeding,
3 rather than some ex parte proceeding where there's no competing discussion.

4 And the other thing, Your Honor, Patent Owner had all the
5 information here. They could have -- and there's no evidence in the record
6 that this occurred and that's what troubling, at least for Petitioner. They
7 could have -- when the examiner asked about -- or had suggested the
8 amendment -- they could have explicitly said, hey, we never raised this
9 petition -- this argument in the IPR, in these pending IPRs. In fact, that's an
10 argument that we never said anything about the scope of the claims,
11 including this limitation. In fact, we argued something differently in the
12 IPR.

13 They never raised that with the examiner. There's no indication
14 that the examiner was fully aware of the arguments, the claims, and the
15 analysis of the prior art that was taking place in the IPR or that that was
16 affirmatively raised -- these issues were affirmatively raised with the
17 examiner. So no fault to the examiner.

18 It's really Patent Owner who had all this information. It's also
19 Patent Owner who did not update their mandatory disclosures about what
20 was happening in the IPR. That there's some shift in the examiner's
21 amendment. So again, Your Honor, I'm loathe to make accusations about
22 gamesmanship or some kind of -- I don't know if it's gamesmanship or just
23 missing -- not, you know, fulfilling the duty of candor, but in any event, this
24 is why we're here and you asked -- Your Honors asked about estoppel. I
25 think that the law is pretty clear.

26 The statute is pretty clear about that and we'll brief this issue, but

1 this is in fact estoppel. If the claims are identical and the examiner hasn't
2 entered the amendment, that prosecution or that re-examination is still
3 ongoing, and if the final written decision comes out invalidating those
4 claims based on all the arguments and the process that we had in these IPR
5 proceedings, then to try now after the fact to try to get claims issued that are
6 substantially or not patentably distinct from claims that have already been
7 invalidated, it's not -- the statute expressly addresses that very circumstance.

8 So I just want to underscore -- if we're talking about it now, again,
9 we can handle this in the briefing, but I think the answers have all been
10 made and the acknowledgements have all been made as to where this should
11 go. And I'll go back to my very initial point at the outset of the proceeding.
12 Yeah, there's a request for adverse judgment and yes, there is a re-
13 examination going on. I don't even have to talk about that. We've talked
14 about what the merits are, what the arguments were made in both of the
15 proceedings, and on those proceedings alone.

16 Even if these other proceedings didn't exist, the claims are invalid
17 and there's nothing said here -- no expert testimony from a person of
18 ordinary skill in the art. Nothing in the papers really to address or even say
19 that there's a dispute on claim construction, but hearing it here. And so I
20 think on the merits, we succeed, even if this other proceeding didn't even
21 exist. So I'll leave it there and just to clear the record -- to make points from
22 the record, with respect to the question about the access message, I'm
23 looking at the Sur-reply, which is paper -- and I can pull it up -- which it's
24 paper that --

25 JUDGE MCKONE: Which matter?

26 MR. SQUIRE: It's in the '232 proceeding and it's -- let me just pull

1 up the exact -- I apologize, Your Honor. It's the Patent Owner's response
2 filed in the '232 proceeding. I believe it's Paper 10, but it's that. And if you
3 go to page 5 of the Sur-reply -- this is Patent Owner's words. Patent Owner
4 and Petitioner agree to the following constructions. At page 5, there is the
5 construction access message and it's a signal or notification enabling or
6 announcing access. That was agreed upon, that's what we're working from
7 in the proceeding.

8 So now to hear some other construction is striking because that
9 was not our understanding. That's one point. The other point about a person
10 of ordinary skill in the art, there's -- that was agreed upon and if you look at
11 the institution decision, there's no dispute against that in any of the Patent
12 Owner responses or even the Sur-reply that this person is not a person of
13 ordinary skill in the art. And to the extent there's some kind of conditional
14 language, it all depends on the technology. Petitioner is not -- it depends on
15 the claim construction. Petitioner is not aware of any body of case law that
16 supports any conclusion in that regard.

17 And let me just go through my list here. I don't want to run out of
18 time, Your Honors. The last point, there was some discussion about the
19 preferred embodiment. The Board specifically addressed that this preferred
20 embodiment issue -- if I understood Mr. Zak correctly, he said that there was
21 some disclaimer or that the preferred embodiment of the claims deal with an
22 application -- the parties to the transaction being an application and the user.

23 And I'll pull this one up because we have a slide that addresses this
24 in our demonstratives. That's exactly -- what is black letter law is that the
25 claims, when read by a person of ordinary skill in the art, are what they stand
26 for and are not -- unless there's some specific language limiting, they're not

1 limited to preferred embodiments. So let me just pull that up, I think just to
2 get those arguments in the record, Your Honors. I'll share that. Give me one
3 second. I think it's at -- if you look at our demonstratives, I think I address
4 that at -- I'm looking at --

5 JUDGE TURNER: Slide 47.

6 MR. SQUIRE: Yeah, Slide 47. Thank you, Your Honor. I'm
7 trying to speak quickly. I apologize for speaking quickly.

8 JUDGE MCKONE: What slide?

9 MR. SQUIRE: I think Slide 47. It should be --

10 JUDGE MCKONE: Okay.

11 MR. SQUIRE: -- one of the -- I think Slide 47. Yes. If that's the
12 construction -- so the '954, patent Owner said, well, the claim should be
13 limited to -- the parties should be limited to a user in an application, but if
14 you look at their -- the '954 patent discloses an application being a bunch of
15 different things. It could be a slot machine, for example, and in a slot
16 machine, the parties aren't the user in the application. The parties are, you
17 know -- the parties are the user in the financial institution that's with respect
18 to that.

19 The other thing is, it would exclude -- and the Board made this
20 point in the institution decision. There's also a disclosure where an
21 application can be an ATM machine. The specification makes that clear. In
22 that instance, the parties aren't the user and the ATM machine. The parties
23 are the user and the bank. The ATM machine is just an application that's
24 being accessed to be -- to facilitate the transaction. It's not the parties to the
25 transaction. It just doesn't make sense and our experts specifically address
26 this analysis as part of his expert opinion.

1 It's consistent with the disclosure in the '954 patent and it's also
2 consistent with the Board's interpretation of what parties to the transaction --
3 or what a third-party is relative to the parties -- to the transaction, what the
4 definition or what that construction was met -- has been met. So to now
5 kind of shift that or try to -- some narrowing claim construction, it's not
6 supported and it's inconsistent with the prosecution history, the disclosures
7 in the patent, and certainly the perspective of one of -- a person of ordinary
8 skill in the art. And with that, Your Honor, unless there are any other
9 specific questions, I think I've addressed the points that I've wanted to
10 address.

11 JUDGE MCKONE: I don't have anything further. It doesn't sound
12 like either of the other two Judges do either, so we appreciate it. Thank you
13 very much. I think Patent Owner has about 13 -- just shy of 13 minutes
14 remaining, if you want to do a sur-reply or a sur-rebuttal.

15 MR. HECHT: Of course, Your Honor. Like I said before, we've
16 always argued, again and again, that the transaction specified in the claim is
17 allowing the user to access an application. That is the transaction. Now, just
18 because I may access that application to do another transaction doesn't make
19 that party to another transaction a party to the transaction of me accessing
20 the application. The claims clearly recite what the transaction is, allowing
21 the user to access an application that clearly cite what the access message
22 does. It allows the user to access the application. It clearly recites the
23 parties through the transaction -- the user and the application. Again, just
24 because I may use that application to do something else doesn't make that
25 other person a party to the transaction.

26 Now, this is also consistent with what the Board said. They said in

1 the institution decision that Figure 7 is a transaction between a user and an
2 application, where the principle parties are the user and the application being
3 accessed. This is also consistent with what the Board said that they evaluate
4 a third-party trusted authority with respect to the underlying transaction.
5 They keep trying to change the claims so that the underlying transaction can
6 be whatever they want, but the claims are clear. We've consistently argued
7 that the claims are clear.

8 Now, as for the construction of access message, yes, I've explained
9 that construction was given and it's part of a litigation. Part of it's
10 applicable, part of it's not. We're not disagreeing with it in its entirety, but
11 we're saying, certain parts of it aren't applicable here, and as we've always
12 argued, the claims require that the access message not just notify -- in fact,
13 the '730 doesn't even require that it notify -- but all the claims of the '730 and
14 the '954 all recite allowing access. It actually has to do that thing of
15 allowing access.

16 This entire proceeding has been started upon an overly broad
17 construction imported from another patent. A construction that we have
18 argued in our initial -- in our Patent Owner response -- is not supported by
19 the underlying specification. So then again, we get to a problem. If we go
20 to with that broad construction, one, it's not even -- there's no written
21 description support for it. And two, even if there was written description
22 support for it, the claims are clearly limited to the embodiment the Board
23 recognized that occurs at least in Figure 7, and that should be controlling in
24 and of itself.

25 And then finally, with regard to the EPR, we did our best to bring
26 it to the Board's attention as the matters developed, but I was not going to

1 bring something to the Board's attention until I knew darn well what the
2 examiner's position was. If I would've brought it early and I would've been
3 wrong, I could -- it would've been unconscionable. I decided to wait and if
4 waiting to make sure that every position was well known is somehow
5 making me a bad attorney, fine, then please report me to OED. Please.

6 JUDGE MCKONE: Are you serious about that? I mean, that's --

7 MR. HECHT: Yeah. If --

8 JUDGE MCKONE: (CROSSTALK) --

9 MR. HECHT: -- expression makes me a bad attorney, please
10 report to OED.

11 JUDGE MCKONE: You're being foolish right now. See, the
12 concern that we had was that papers were being issued in the '052 re-exam
13 that you now, and probably at the time thought were relevant, and yet we
14 were not getting mandatory notices about that. And we follow mandatory
15 notices because they're mandatory. We require them so that we know what
16 is happening in related proceedings, in case it impacts us, so that we can
17 make adjustments. We were not afforded that opportunity because you
18 weren't telling us about it.

19 MR. HECHT: Well, you --

20 JUDGE MCKONE: I understand you wanted to wait until you had
21 a final decision in your favor to then come weigh it to us, but what we
22 needed were all the interim steps.

23 MR. HECHT: Well, Your Honor, I will say, I looked at the rules
24 and the rules say I had to tell you about related proceedings. I never
25 interpreted that to be every development in a related proceeding. We told
26 you about the related proceedings, we briefed it extensively in our

1 preliminary response. We said, please don't do this. This is going to cause a
2 cumulative nightmare.

3 I then waited for the proceedings to get to what was near a finality
4 point so I knew exactly what the Office's final determination was in those
5 proceedings and then brought that. I was not comfortable bringing
6 something to the Board's attention before I knew what I was bringing to the
7 Board's attention. And I apologize for erring on the side of caution. And I
8 will also say, I have done everything I could to try to even make Apple
9 aware of these proceedings. But with that, I'll end my time.

10 JUDGE MCKONE: Okay, thank you. And any other questions
11 from the Judges here? No? All right. Well, we appreciate both parties' help
12 in this matter. It has been very helpful fleshing out your positions. I do
13 have a couple of matters. One, have the parties agreed on any kind of
14 procedure for dealing with the potential estoppel or other issues like that or
15 do the parties need some more time to meet and confer and then propose
16 something to us by email?

17 MR. HECHT: We have a briefing scheduled that we had
18 negotiated -- myself and Mr. Squire. Do you have those dates in front of
19 you, Mr. Squire?

20 JUDGE MCKONE: Actually, it sounds like you've reached --

21 MR. HECHT: Yeah, we've reached consensus.

22 JUDGE MCKONE: -- a decision. Why don't you make a proposal
23 to us by email and keeping in mind that we have our statutory deadline that's
24 going to govern us.

25 MR. HECHT: Understood. Yeah, we were trying to make it as
26 quick as possible on the briefing schedule.

1 JUDGE MCKONE: Yeah, okay. And I understand there's been a
2 request for a motion to submit supplemental information. At this stage, we
3 have the -- most of the re-exam paperwork in the record that has been
4 submitted with the Sur-reply, and so far, we've had no motion to strike. So it
5 doesn't seem like there's -- there'd be a necessity to move to enter other
6 paperwork in there. I think the statement that you like -- Patent Owner from
7 the examiner happened in Exhibit 2007, correct? I know there's been
8 reiterations of that, but substantively, it sounds like Exhibit -- is it 2007 or
9 2027? It has a statement --

10 MR. HECHT: I'm sorry. You're referring to our demonstratives?

11 JUDGE MCKONE: No. The --

12 MR. ZAK: 2027 sounds right, Your Honor, but I don't have Etabs
13 open in front of me. If you give me a second, I can do that and double-
14 check.

15 JUDGE MCKONE: Right. What I'm wondering is since you've
16 asked for a motion to -- you know, for supplemental information, I don't see
17 it as necessary because I think we have all the relevant information in our
18 record. It's just a matter of how much weight we give it, given the
19 circumstances of how it came in. And we're in a position to weigh that, so
20 I'm -- what I'm wondering, is there anything else we need to do as far as a
21 motion for supplemental information? Or can we consider that the records
22 in these cases. It is what it is and then we'll give the exhibits appropriate
23 weight as we see --

24 MR. ZAK: Your Honor, I have to address this with a little bit of
25 context. I'm from Minnesota, so we're kind of a polite state. So when you
26 said raised questions about new evidence in the -- in our last conference, I

1 just made the polite offer of, oh yeah, we're willing to brief that, if the Court
2 would like us to.

3 JUDGE MCKONE: Okay.

4 MR. ZAK: It was a polite offering.

5 JUDGE MCKONE: All right. Well, then if -- I'd like to close that
6 issue so that's not hanging open. It sounds like there isn't anything that
7 you're asking us to put into the record that's not already there, and at this
8 stage is just -- I think we have the parties' positions as to how much weight
9 we ought to give these exhibits. So can we have our paralegals reply to this
10 issue as closed?

11 MR. ZAK: I would say so, Your Honor. Again, we were just
12 making the request. In case the Court wanted more briefing, we were saying
13 we are amendable to giving you more briefing, if you would like it.

14 JUDGE MCKONE: Okay. That's understood. It sounds like we
15 don't want more briefing on that issue, and we will consider the evidence
16 and weigh it as we think is appropriate. I think that's all the outstanding
17 issues -- the side issues of the parties. Mr. Squire, am I missing any?

18 MR. SQUIRE: No. I think that captures it, Your Honors.

19 JUDGE MCKONE: Okay. And then Mr. Zak or Mr. Hecht, am I
20 missing any?

21 MR. HECHT: That's all, Your Honor.

22 JUDGE MCKONE: Okay.

23 MR. HECHT: Thank you.

24 JUDGE MCKONE: And with that, we are adjourned.

25 (Whereupon the above-entitled matter went off the record at 2:50
26 p.m.)

IPR2024-00232 (Patent 8,352,730 B2)

IPR2024-00233 (Patent 8,886,954 B1)

PETITIONER:

Erika Arner

Kara Specht

Cory Bell

Safiya Aguilar

Shawn Chang

erika.arner@finnegan.com

kara.specht@finnegan.com

cory.bell@finnegan.com

safiya.aguilar@finnegan.com

shawn.chang@finnegan.com

Philip W. Woo

D. Stuart Bartow

Monte T. Squire

Paul Belnap

DUANE MORRIS

pwwoo@duanemorris.com

dsbartow@duanemorris.com

mtsquire@duanemorris.com

phbelnap@duanemorris.com

PATENT OWNER:

David L. Hecht

James Zak

HECHT PARTNERS LLP

dhecht@hechtpartners.com

jzak@hechtpartners.com