1 IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
2 WACO DIVISION

3 ALIGN TECHNOLOGY, INC. *
* May 27, 2026
4 VS. *
* CIVIL ACTION NO. 6:24-CV-187
5 CLEARCORRECT OPERATING, *
LLC, ET AL. *
6

BEFORE THE HONORABLE ALAN D ALBRIGHT
7 MOTIONS HEARING (via Zoom)

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ALIGN – EXHIBIT 2040
25 ClearCorrect Operating, LLC. v. Align Technology, Inc. IPR2025-00821

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16 Proceedings recorded by mechanical stenography,

02:01 17 transcript produced by computer-aided transcription.

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02:01 1 (Hearing begins.)
02:01 2 DEPUTY CLERK: The Court calls the
02:01 3 following: 6:24-CV-187, Align Technology, Incorporated
02:01 4 versus ClearCorrect Operating, LLC, et al., for a
02:01 5 motions hearing.
02:01 6 THE COURT: Starting with plaintiffs,
02:01 7 counsel?
02:01 8 MS. DURIE: Good morning, Your Honor.
02:01 9 This is Daralyn Durie from Morrison and Foerster. I'm
02:01 10 joined by my partners Brian Nash, Rich Hung, and Dan
02:01 11 Muino from Morrison and Foerster, and Michael Tubach
02:01 12 and Tim Durst from O'Melveny and Myers, as well as
02:02 13 various other attorneys from our firm and client
02:02 14 representatives who will not be speaking today.
02:02 15 THE COURT: I can't believe there are any
02:02 16 attorneys left after all that. That's on -- what a
02:02 17 great -- how lucky am I to have all those just on one
02:02 18 side.
02:02 19 I get to hear now who's going to be
02:02 20 representing the defendant.
02:02 21 MR. UNDERWOOD: Thank you, Your Honor.
02:02 22 This is Travis Underwood for ClearCorrect. With me, I
02:02 23 have Joe Mueller, Mark Ford, Todd Zubler, Bob Gunther,
02:02 24 Jordan Hirsch, Vinita Ferrera, Omar Khan, Marissa
02:02 25 Lalli, Holly Ovington, and Tyler Shearer, in addition

02:02 1 to two in-house client representatives, Dave Scannell
02:02 2 and David Mlaver. And we are ready to proceed with the
02:02 3 hearing.
02:02 4 THE COURT: Well, I appreciate the
02:02 5 clients being here. And just -- and I shouldn't even
02:02 6 get paid for this next couple of hours just getting to
02:02 7 be with such talent. So.
02:02 8 The first issue I have is --
02:02 9 MR. DURST: Your Honor, this is Tim
02:02 10 Durst. I might add that we have clients on the line as
02:02 11 well from Align Technologies. General counsel Julie
02:03 12 Coletti is on the line. Also on the line with us are
02:03 13 lawyers in her legal department, Arthur Hirsch --
02:03 14 pardon me, Arthur Hsieh, Reed Willis, and I think James
02:03 15 Hemmings may join us, though I don't see him on the
02:03 16 call right now. And Kelsey Simmerson is also on the
02:03 17 line, Your Honor.
02:03 18 THE COURT: Okay. Thank you for
02:03 19 identifying them for the record. And I'm glad they're
02:03 20 here too. I always think it's good when clients take
02:03 21 the time to attend these.
02:03 22 First up I have is plaintiff's motion for
02:03 23 preclusion pursuant to FRCP 37, and I will hear from
02:03 24 the movant.
02:03 25 MR. FORD: Good afternoon, Your Honor.

02:03 1 Mark Ford for ClearCorrect. It's good to meet you by
02:03 2 Zoom.
02:03 3 THE COURT: I've stopped asking. I
02:03 4 didn't think I'd met you, but a week or two ago, I
02:03 5 said, have we met before? And they said, yes, Your
02:03 6 Honor. I've tried two cases in front of you. So I've
02:04 7 stopped saying that. So.
02:04 8 But it is a pleasure to have you here.
02:04 9 MR. FORD: Thank you very much.
02:04 10 So I have some slides. I'm going to ask
02:04 11 our hot seater Scott to bring up the Rule 37 slides, if
02:04 12 you'll just bear with me for a moment.
02:04 13 But, Your Honor, Judge Gilliland entered
02:04 14 an order in this case to prevent Align from using the
02:04 15 privilege both as a sword and a shield in its antitrust
02:04 16 defense. Align's been trying to circumvent that order
02:04 17 ever since.
02:04 18 The sword and shield here relates to a
02:04 19 decision Align made to terminate an agreement it had
02:04 20 with a scanner company called 3Shape. That agreement
02:04 21 had allowed 3Shape users to send scans for Invisalign
02:04 22 aligners directly from the 3Shape scanner. They call
02:04 23 that the interoperability agreement.
02:04 24 That termination is relevant to our case,
02:04 25 because as we'll discuss, especially during the

02:04 1 antitrust summary judgment section, our case is in
02:05 2 large part about this policy that Align adopted to not
02:05 3 accept from doctors any scan unless it was from Align's
02:05 4 own iTero scanner.
02:05 5 I will briefly summarize that on this
02:05 6 slide that you see here.
02:05 7 But Align had -- and all these quotes are
02:05 8 from internal documents. Align believed the iTero
02:05 9 would be "Invisalign's competitive moat." They had a
02:05 10 dominant position in Invisalign. They took the
02:05 11 position internally that if you want to do Invisalign,
02:05 12 quote, you're forced to buy iTero and live with it.
02:05 13 That's how they knew they were going to force the iTero
02:05 14 on all doctors by refusing to accept anything else.
02:05 15 The iTero then blocks competition.
02:05 16 Again, Align internally noted, "The iTero scanner will
02:05 17 block competition from gaining business in your
02:05 18 accounts." So "an iTero customer is a locked-in
02:05 19 Invisalign customer."
02:05 20 But that's just context.
02:05 21 Align, Your Honor, will --
02:05 22 THE COURT: Counsel, if I can ask you a
02:05 23 question. I know that I've handled a couple of these
02:06 24 cases back when I was a lawyer, and sometimes it's that
02:06 25 if you go with one brand, then the equipment only works

02:06 1 with that brand and there's an advantage from that and
02:06 2 there's an advantage from getting it in.
02:06 3 I'm taking it what you're saying is --
02:06 4 here is that it's a -- the prohibition against using
02:06 5 the other ones was not something -- was something that
02:06 6 the customer could have used -- technically used the
02:06 7 other ones, they were just being blocked from doing so;
02:06 8 is that right?
02:06 9 MR. FORD: They wouldn't be able to order
02:06 10 Invisalign, and Invisalign was the dominant scanner.
02:06 11 THE COURT: Okay.
02:06 12 MR. FORD: And so if they use the other
02:06 13 ones, they couldn't get Invisalign and they were forced
02:06 14 to buy an iTero at a point when Invisalign was the
02:06 15 dominant player. And then with the iTero, they
02:06 16 couldn't buy competing scanners -- competing aligners.
02:06 17 That's how they cemented.
02:06 18 Align -- what's going to happen at trial
02:06 19 is Align's going to try to justify this policy and
02:06 20 they're going to try to justify their decision to
02:06 21 terminate an agreement with 3Shape that was a precursor
02:07 22 to this policy.
02:07 23 The real reason --
02:07 24 If you go to the next slide.
02:07 25 The real reason why Align adopted this

02:07 1 policy is because Joe Hogan, the CEO, recognized that
02:07 2 if other scanners could go to doctors and say, hey.
02:07 3 You can use both Invisalign and other aligner
02:07 4 companies, right, those doctors would have an option.
02:07 5 They would -- other clear aligner companies would be on
6 a level playing field.
02:07 7 And he wrote, "We have such a huge share
02:07 8 of the market, why do we want to give them, doctors,
02:07 9 that option?" So this is about taking choice away from
02:07 10 doctors. That's the core of the antitrust claim here.
02:07 11 Now, Align has tried to justify this
02:07 12 decision to terminate the 3Shape agreement, but the
02:07 13 justification is pretext. And more importantly for
02:07 14 this motion, Your Honor, it's advice of counsel.
02:07 15 At the motion to dismiss stage, Align
02:07 16 said, we terminated 3Shape because we had this patent
02:07 17 litigation going and we believed we had to terminate
02:07 18 the 3Shape agreement to protect our patent litigation
02:08 19 and to protect the validity of our patents because
02:08 20 otherwise we may have been vulnerable to a defense that
02:08 21 3Shape might have advanced.
02:08 22 In prior litigation --
02:08 23 If you go to the next slide.
02:08 24 In prior litigation relating to the same
02:08 25 3Shape termination, Align said quite plainly, its

02:08 1 "decision to terminate interoperability was the result
02:08 2 of legal advice."
02:08 3 And even in his deposition in that prior
02:08 4 case, Your Honor --
02:08 5 If you go to the next slide.
02:08 6 -- Joe Hogan, the CEO, was asked, why did
02:08 7 Align accept these TRIOS 3Shape scans for more than a
02:08 8 year and then ultimately stop?
02:08 9 And he said again, quite plainly: This
02:08 10 was a case where I was advised by my legal team to do
02:08 11 so.
02:08 12 We sought discovery -- if you're going to
02:08 13 say -- if your justification is going to be I was
02:08 14 advised by my legal team, that's putting advice of
02:08 15 counsel at issue. We sought discovery. Align refused.
02:08 16 And we brought the matter to Judge Gilliland. And we
02:08 17 said, Your Honor, this would be advice of counsel. If
02:09 18 they want to do that, they need to waive privilege.
02:09 19 Judge Gilliland agreed with us.
02:09 20 If you go to the next slide.
02:09 21 Judge Gilliland said at that hearing,
02:09 22 Your Honor, that what Align was putting forth sounded
02:09 23 like an advice of counsel defense, and so he made a
02:09 24 decision, very similar to how it's handled in a lot of
02:09 25 patent cases, that Align's going to make an election.

02:09 1 And Align will notify ClearCorrect by November 18th if
02:09 2 they're going to continue to do so and waive the
02:09 3 attorney-client privilege.
02:09 4 The written order, on the next slide,
02:09 5 Your Honor, couldn't be clearer. He ordered that
02:09 6 "Align must notify ClearCorrect by November 18th
02:09 7 whether, with respect to Align's decision to terminate
02:09 8 its interoperability agreement with 3Shape, Align will
02:09 9 rely on advice of counsel by presenting evidence that
02:09 10 Align's decision to terminate the agreement was
02:09 11 motivated by legal considerations related to the patent
02:09 12 litigation and, therefore, waive the privilege."
02:09 13 It was crystal clear. If they were to
02:09 14 advance this litigation-based defense, that would be
02:10 15 advice of counsel and waive privilege.
02:10 16 On November 18th, Align wrote us pursuant
02:10 17 to the order. Your Honor, and Align said it "elects
02:10 18 not to waive the attorney-client privilege" and it
02:10 19 "will not raise an advice of counsel defense."
02:10 20 And so we thought this was crystal clear
02:10 21 and we wrote them right back just to confirm. And so a
02:10 22 week later, we wrote back and said, we read your letter
02:10 23 and we read the order, and our understanding is you
02:10 24 will no longer assert this litigation-based
02:10 25 justification for the termination of 3Shape because you

02:10 1 decided you wouldn't put legal advice at issue and
02:10 2 waive privilege.
02:10 3 And importantly, Your Honor, we said, if
02:10 4 you agree with us, let us know by December 1.
02:10 5 We picked that date, Your Honor, because
02:10 6 December 1 was the day before Joe Hogan's deposition.
02:10 7 Joe Hogan was the CEO of Align. If they were going to
02:10 8 waive privilege, we needed to probe it at that
02:10 9 deposition.
02:11 10 They did not. In fact, they said nothing
02:11 11 in response to this letter for quite sometime.
02:11 12 Then, Your Honor, at the close of fact
02:11 13 discovery, it became clear that Align was trying to do
02:11 14 an end run around Judge Gilliland's order.
02:11 15 The first thing they did, Your Honor, was
02:11 16 they tried to take a deposition of 3Shape out of time.
02:11 17 Right? And in the dispute chart seeking to take that
02:11 18 deposition late, Align said, quote, it intends to prove
02:11 19 at trial that, inter alia, it needed to terminate
02:11 20 interoperability with 3Shape to preserve defenses
02:11 21 before the ITC.
02:11 22 Basically saying we are going to pursue
02:11 23 the very same justification that Judge Gilliland said
02:11 24 was advice of counsel would waive privilege. We're
02:11 25 just going to try to back door it through 3Shape.

02:11 1 Judge Gilliland agreed again. If you
02:11 2 look at the next slide, he asked: How is this not an
02:11 3 end run around advice of counsel?
02:11 4 He ultimately denied motion to take leave
02:12 5 of -- for -- to take the 3Shape deposition. We thought
02:12 6 that was the end of it, Your Honor. But on
02:12 7 January 22nd, we finally get a letter responding to my
02:12 8 letter from two months earlier.
02:12 9 And in that letter at the end of January,
02:12 10 this is a full month after the close of fact discovery,
02:12 11 Align says, nope. You got it wrong. We've decided we
02:12 12 are going to pursue this litigation-based
02:12 13 justification. This will be relevant and without
02:12 14 waiving privilege. Just defying the court order. And
02:12 15 that's why we brought this motion.
02:12 16 In opposition to this motion, Your Honor,
02:12 17 Align is trying to obfuscate. And I'm going to point
02:12 18 right to some language in their opposition brief. They
02:12 19 say: Align's business decision not to deal with an
02:12 20 infringer does not implicate privilege. Right?
02:12 21 So they're trying to reframe it. Not as
02:12 22 a legal decision, like Joe Hogan said under oath, like
02:13 23 they said to the Court, like they argued to the Court.
02:13 24 But now it's a pure business decision.
02:13 25 The problem with that -- and they

02:13 1 continue -- nevertheless they're continuing to pursue
02:13 2 this. Their experts are continuing to pursue the
02:13 3 litigation justification. But more importantly, not
02:13 4 only have they never disclosed a business decision,
02:13 5 it's clear that this business decision is just advice
02:13 6 of counsel under another label.
02:13 7 They point in this brief that a comment
02:13 8 Joe Hogan made in a prior deposition about some
02:13 9 business people expressing the view that they ought to
02:13 10 terminate 3Shape.
02:13 11 But let me show you what Joe Hogan says.
02:13 12 This is -- this is very important to carefully look at
02:13 13 what Joe Hogan said under oath. He said: I didn't
02:13 14 want to terminate the agreement but eventually I felt
02:13 15 we had to.
02:13 16 The question then, Your Honor, to Joe
02:13 17 Hogan was: And why did you feel you had to?
02:13 18 Then he got an instruction. A privilege
02:13 19 instruction. And his lawyer says: I do not want you
02:14 20 to talk about any communications that you had that
02:14 21 caused you to come up with that belief.
02:14 22 So in terms of Joe Hogan now under oath,
02:14 23 Your Honor, saying when I made the decision to
02:14 24 terminate 3Shape, I felt I had to, when asked about
02:14 25 why, they claimed privilege. That's not what you do

02:14 1 when it's a pure business decision.

02:14 2 Second, so he goes on.

02:14 3 Go to the next slide.

02:14 4 Joe Hogan then mentions the legal -- the

02:14 5 business people's reaction. So he goes on. He says:

02:14 6 So when I made a decision again to move forward with

02:14 7 the IP charges, it was my assumption at that point I

02:14 8 didn't have to cancel operability -- the operability

02:14 9 piece and didn't want to.

02:14 10 Again, this directly refutes the

02:14 11 so-called business decision not to deal with an

02:14 12 infringer. Said he didn't want to.

02:14 13 He points out that there are emotions in

02:14 14 the business. And some business people said, how can

02:14 15 you take scans and also sue these guys. But then he

02:15 16 responds in the next slide.

02:15 17 He says: My justification was, goodness,

02:15 18 they're our customers, right? Forget 3Shape for a

02:15 19 second. I didn't want to disenfranchise all the

20 doctors. I didn't want to do it.

02:15 21 So basically he's saying -- by the way,

02:15 22 this is all pretext, Your Honor. I showed you the

02:15 23 internal document where Joe Hogan said the reason he

02:15 24 wants to flood the market with iTeros is to take choice

02:15 25 away from doctors. But this is the sword and shield

02:15 1 that Align wants to do in front of the jury.
02:15 2 But Joe Hogan said, I didn't want to do
02:15 3 it.
02:15 4 Then -- and this is the critical part,
02:15 5 Your Honor. Then, other information was supplied to me
02:15 6 that convinced me it was a binary decision, that I
02:15 7 didn't have the optionality to maintain the
02:15 8 interoperability relationship with 3Shape. Right? So
02:15 9 he's saying, I rejected any business decision.
02:15 10 Information was supplied to me that said I didn't have
02:15 11 a choice.
02:15 12 And then this is a key. This is the
02:15 13 sword and shield.
02:15 14 If you go to the next slide.
02:16 15 Mr. Hogan was asked: And who supplied
02:16 16 you with that information that told you it was a binary
02:16 17 decision?
02:16 18 And the answer -- I'm sorry, the lawyer
02:16 19 interjected and said, I'm going to instruct you not to
02:16 20 answer on the grounds of the attorney-client privilege.
02:16 21 Did the parties that supplied you with
02:16 22 that information give you the reasons?
02:16 23 I'm going to instruct you not to answer.
02:16 24 And so there's no discovery. This is a
02:16 25 classic sword/shield, Your Honor. This is exactly what

02:16 1 Judge Gilliland wanted to avoid. This is exactly why
02:16 2 Judge Gilliland said, if you're going to advance this
02:16 3 defense, this 3Shape litigation defense, you need to
02:16 4 notify them right away so that there can be discovery.
02:16 5 Now, we are disadvantaged because we were
02:16 6 not able to take discovery into that attorney-client
02:16 7 privilege. Perhaps Joe Hogan said to the lawyers, come
02:16 8 up with some rationale so I can say I was required by
02:16 9 law.
02:16 10 Regardless, Judge Gilliland recognized
02:17 11 advancing this argument would be tantamount to putting
02:17 12 advice of counsel at issue and waive privilege. If
02:17 13 Align did not agree with that determination as a matter
02:17 14 of privilege law or antitrust law, it should have
02:17 15 objected to the decision and brought it to Your Honor.
02:17 16 It did not. So that decision stands.
02:17 17 What Align cannot do now is to try to
02:17 18 back door the same sword/shield in by calling it a
02:17 19 business decision, a business decision that was never
02:17 20 disclosed in fact discovery and a business decision
02:17 21 that Joe Hogan says he rejected. Joe Hogan says the
02:17 22 only reason he terminated is because he felt he had to,
02:17 23 because he was provided legal advice.
02:17 24 They cannot now go and make another
02:17 25 argument at trial. They should be foreclosed. That's

02:17 1 what Judge Gilliland intended and we respectfully
02:17 2 request, Your Honor, that's what you should enforce.
02:18 3 They should be foreclosed. We were deprived of
02:18 4 discovery of this attorney-client communications and
02:18 5 they should be foreclosed from trying to advance that
02:18 6 sword/shield argument at trial.
02:18 7 Unless you have any questions, I'll rest.
02:18 8 THE COURT: Okay. I'll hear a response.
02:18 9 MR. DURST: Good afternoon, Your Honor.
02:18 10 Tim Durst for Align Technologies.
02:18 11 Your Honor, there are a couple of
02:18 12 preliminary matters that would -- that might be useful
02:18 13 for the Court to be focused on as we discuss this
02:18 14 request for sanctions against our client.
02:18 15 First, this issue arises only if our
02:18 16 motion for summary judgment is denied. This issue is
02:19 17 only an antitrust issue and it may be eliminated from
02:19 18 the case altogether by Your Honor's ruling on our
02:19 19 motion for summary judgment.
02:19 20 The second is, Your Honor, this issue may
02:19 21 be eliminated entirely by the Court's ruling on our
02:19 22 Motion in Limine No. 1.
02:19 23 The facts related to 3Shape and the
02:19 24 decision to terminate interoperability, Your Honor, all
02:19 25 arise prior to the relevant time frame for the

02:19 1 antitrust claims. These facts arise in 2018 which is
02:19 2 well outside, Your Honor, the damages time frame for
02:19 3 antitrust. And we have argued in our first motion in
02:19 4 limine that it is irrelevant and prejudicial and should
02:19 5 be excluded for those reasons.
02:19 6 The third reason, Your Honor, that this
02:19 7 is perhaps easily disposed of by other matters pending
02:19 8 or by other issues other than the substance of their
02:20 9 sanctions motion, is Judge Gilliland was clear. He was
02:20 10 clear with ClearCorrect that if they wanted to take
02:20 11 issue with our position on attorney-client privilege,
02:20 12 they needed to do so by November 21 of 2025.
02:20 13 ClearCorrect did not do so. They missed that deadline
02:20 14 and only raised this issue a number of months later.
02:20 15 That's important, Your Honor, because
02:20 16 part of -- really the core of ClearCorrect's argument
02:20 17 here is not to focus on the language of Judge
02:20 18 Gilliland's order but rather to mischaracterize Judge
02:20 19 Gilliland's order and then argue that we didn't
02:20 20 comply -- we did not comply with the way they've
02:20 21 characterized it.
02:20 22 It is a classic strawman argument, Your
02:20 23 Honor, where they set up a strawman by saying, this is
02:20 24 what Judge Gilliland really meant, even though it's not
02:20 25 what he said, and Align has not complied with that

02:21 1 characterization.

02:21 2 And one of the things they admitted, and

02:21 3 it was noticeably absent from Mr. Ford's presentation,

02:21 4 Your Honor, was that Judge Gilliland set that deadline

02:21 5 and ClearCorrect did not comply.

02:21 6 Even the letter that they complain that

02:21 7 we didn't respond to in a timely fashion, Your Honor,

02:21 8 that letter from Mr. Ford came days, four days, I

02:21 9 believe, after Judge Gilliland's deadline for them to

02:21 10 raise this issue. So this motion can be denied at its

02:21 11 outset because it has been filed too late.

02:21 12 Now, this is, Your Honor, fundamentally a

02:21 13 motion for sanctions. It's a Rule 37 motion for

02:21 14 sanctions. And sanctions should be denied here, Your

02:21 15 Honor, because we complied with Judge Gilliland's

02:21 16 order. Judge Gilliland ordered that we respond by

02:21 17 November 18th. We did so. He also said to

02:21 18 ClearCorrect, if you don't like their response, bring

02:21 19 it back to me by November 21. They did not do that.

02:22 20 Your Honor, Align has no intention -- and

02:22 21 we've made this clear in our briefing, we have no

02:22 22 intention of relying on advice of counsel on these

02:22 23 issues at trial. We are relying or we will be relying,

02:22 24 if this claim survives and it avoids the motion in

02:22 25 limine, we will be relying on the fact that there was

02:22 1 patent litigation. Align has no interest and no duty
02:22 2 to do business with a patent infringer.
02:22 3 Align had sued 3Shape for patent
02:22 4 infringement at the time of the termination. And the
02:22 5 business decision to terminate interoperability turned
02:22 6 at least in significant part, Your Honor, on the fact
02:22 7 that we believe 3Shape was infringing our patents.
02:22 8 The case law in this area, Your Honor,
02:22 9 about injection of legal advice is very clear. There
02:23 10 has to be -- in order for there to be waiver, there has
02:23 11 to be an affirmative injection of what was the legal
02:23 12 advice given?
02:23 13 Here, was there legal advice? Yes. Are
02:23 14 we going to rely on that legal advice at trial? No.
02:23 15 We will be pointing only to the objective fact that we
02:23 16 don't do business with infringers, and we had sued them
02:23 17 for patent infringement. There is no sword and shield
02:23 18 here. We are not trying to rely on our business
02:23 19 advice. We are pointing to the basis -- pointing as a
02:23 20 basis to the fact of patent infringement litigation.
02:23 21 And case law says absent an express and
02:23 22 explicit injection and reliance, then there is no
02:23 23 waiver.
02:23 24 So, Your Honor, again, this is -- the
02:23 25 starting point for this analysis is Judge Gilliland's

02:23 1 order about what we were to do. We were required by
02:24 2 Judge Gilliland to: Notify ClearCorrect by
02:24 3 November 18th whether, with respect to the decision to
02:24 4 terminate its interoperability agreement with 3Shape,
02:24 5 Align will rely on advice of counsel by presenting
02:24 6 evidence that Align's decision to terminate the
02:24 7 agreement was motivated by legal considerations related
02:24 8 to the patent litigation.
02:24 9 We're not going to do that, Your Honor.
02:24 10 We are not going to rely on advice of counsel by
02:24 11 presenting evidence that Align's decision to terminate
02:24 12 the agreement was motivated by legal considerations.
02:24 13 Full stop. We're not going to do that. And we told
02:24 14 them that way back in November and they've sat on this
02:24 15 issue until now to bring it to Your Honor.
02:24 16 Your Honor, now, this is at its core a
02:24 17 sanctions motion and they are asking the Court to
02:24 18 sanction us. The Fifth Circuit sets out very clear
02:24 19 standards on what circumstance -- what circumstances
02:24 20 warrant sanctions, and they have a four -- the Fifth
02:24 21 Circuit expresses a four-factor test.
02:25 22 One, was there compliance? As I believe
02:25 23 we have demonstrated in our papers and here this
02:25 24 afternoon, Your Honor, we complied. We complied with
02:25 25 the letter and the spirit of Judge Gilliland's order.

02:25 1 There is no flagrant disregard of the Court's order.
02:25 2 At a minimum there can be no serious
02:25 3 doubt that we were attempting to comply, even if
02:25 4 somehow through some lens our compliance came up short.
02:25 5 But we believe, Your Honor, and I think we did, we
02:25 6 fully and fairly complied with Judge Gilliland's order.
02:25 7 Second, there is no unfair prejudice to
02:25 8 ClearCorrect. As you've seen, this issue came up a
02:25 9 number of times in discovery. They've known of this
02:25 10 issue for nine years, Your Honor. We issued a press
02:25 11 release when we terminated this interoperability. And
02:25 12 we were -- pointed then to the fact of patent
02:25 13 infringement litigation. And ClearCorrect's been on
02:25 14 notice of that for nine years.
02:25 15 They asked us discovery about it. We
02:25 16 responded to discovery. Some of which was assertion of
02:26 17 privilege, but we responded to discovery about the
02:26 18 facts and circumstances surrounding this.
02:26 19 And ClearCorrect is ready to respond,
02:26 20 Your Honor. So they have not been prejudiced, they've
02:26 21 not been caught flat footed, and they in fact have
02:26 22 designated an expert to bring testimony at trial on
02:26 23 this issue if it comes before the jury.
02:26 24 That's the second factor. There is no
02:26 25 unfair prejudice.

02:26 1 And the third factor is --
02:26 2 THE COURT: Have they -- Mr. Durst, have
02:26 3 they provided a report to you from that expert?
02:26 4 MR. DURST: They have.
02:26 5 THE COURT: Okay. Thank you.
02:26 6 MR. DURST: The third factor, Your Honor,
02:26 7 is that can the Court correct any prejudice. Because
02:26 8 there was no prejudice here, there is no need for
02:26 9 correction.
02:26 10 And then the fourth factor, and this is
02:26 11 important, Your Honor, is the importance of this
02:26 12 evidence. If these claims survive summary judgment and
02:26 13 if this old, out of period activity actually comes into
02:26 14 evidence at trial, Align needs to be able to tell the
02:27 15 jury that we had a justification for what we did with
02:27 16 respect to 3Shape.
02:27 17 And the law on that, Your Honor, says
02:27 18 that, as we've argued, puts us in a position where the
02:27 19 fact that we had sued 3Shape for patent infringement
02:27 20 litigation, that can be a legitimate business
02:27 21 justification for our actions which is a defense to the
02:27 22 antitrust claim.
02:27 23 And it's not just advocacy that brings us
02:27 24 to the point that this is important evidence and that
02:27 25 that is in fact a viable defense. Your Honor, this

02:27 1 issue's actually already been ruled upon in related
02:27 2 litigation.
02:27 3 In the Northern District of California,
02:27 4 Judge Chhabria granted us summary judgment that
02:27 5 terminating because of patent infringement was a
02:27 6 legitimate business judgment. Legitimate business
02:27 7 reason for what we did that was alleged to violate
02:27 8 antitrust laws.
02:27 9 So, Your Honor, none of the Fifth
02:28 10 Circuit's four factors, compliance, unfair prejudice, a
02:28 11 need to correct prejudice, or importance of the
02:28 12 evidence, none of those factor in support of the motion
02:28 13 for sanctions. And, Your Honor, we request that the
02:28 14 Court deny the motion for sanctions filed by
02:28 15 ClearCorrect.
02:28 16 MR. FORD: Your Honor, may I just respond
02:28 17 for a few minutes to some of those points?
02:28 18 THE COURT: Of course.
02:28 19 MR. FORD: So first, interesting that
02:28 20 Mr. Durst did not address the testimony from Mr. Hogan.
02:28 21 When Mr. Hogan testified under oath that it wasn't a
02:28 22 business decision. That it was only because of legal
02:28 23 advice. He's making -- this is pretext and it's clear.
02:28 24 They're trying to advance an argument that their own
02:28 25 CEO foreclosed under oath.

02:28 1 Second, as to the argument advanced in
02:28 2 the other case, that they thought was critical, the
02:28 3 argument advanced in the other case was not that they
02:29 4 terminated 3Shape because they didn't want to deal with
02:29 5 an infringer. It was because they felt they needed to
02:29 6 in order to avoid defenses. They were advised by legal
02:29 7 advice.
02:29 8 In that case, Your Honor, they committed
02:29 9 not to presenting subjective evidence of that, that
02:29 10 they would only do that through objective evidence.
02:29 11 Right? In that case, they did not advance this newly
02:29 12 framed it was just a business decision not to deal with
02:29 13 an infringer.
02:29 14 Second, they say we've been on notice for
02:29 15 a while. Every single time Align described this
02:29 16 defense in discovery, they described it in terms of the
02:29 17 legal considerations. That they felt they needed to.
02:29 18 That they felt they needed to do so to avoid waiver.
02:29 19 Not --
02:29 20 THE COURT: Could you give me just one
02:29 21 second? I'll be right back.
02:30 22 (Pause in proceedings.)
02:30 23 THE COURT: Okay. If this screws you all
02:30 24 up too much, and it might screw me up worse than you
02:31 25 all, but before -- I'm good with the arguments I've

02:31 1 heard so far. But Mr. Durst said that the resolution
02:31 2 of the motion for summary judgment might obviate the
02:31 3 need to rule on this or it might impact it.
02:31 4 So why don't we -- if you're able to --
02:31 5 if we're able to jump to that -- I know -- I think it
02:31 6 was farther down the road. But if I can find it -- I
02:31 7 think I -- I'll make sure I'm on the right motion. I
02:31 8 have -- it's Docket No. 358, the motion for summary
02:31 9 judgment, defendants -- let's take that up and argue
02:31 10 that and then I'll decide -- I'll rule on that and
02:31 11 we'll take up the first motion that y'all have already
02:31 12 argued.
02:31 13 MR. TUBACH: Good afternoon, Your Honor.
02:32 14 This is Mike Tubach. I represent Align Technology.
02:32 15 THE COURT: Welcome back.
02:32 16 MR. TUBACH: Thank you, sir. And I'll
02:32 17 be -- I'll be arguing the motion for summary judgment
02:32 18 here.
02:32 19 THE COURT: Okay.
02:32 20 MR. TUBACH: The motion for summary
02:32 21 judgment is based on -- it's challenging ClearCorrect
02:32 22 and Straumann's claim that Align is a monopolist who
02:32 23 engaged in anticompetitive conduct.
02:32 24 Now, to be clear, Straumann did not
02:32 25 apparently decide that we were monopolists until after

02:32 1 we had sued them for patent infringement.
02:32 2 The fact is, in the last ten years, the
02:32 3 clear aligner business has seen huge growth, many new
02:32 4 entrants, lots of product improvements, and perhaps
02:32 5 most importantly, lower prices. Those are the
02:32 6 hallmarks of a thriving business. And the exact
02:32 7 opposite of what you would expect to see if Align were
02:33 8 a monopolist engaging in anticompetitive behavior.
02:33 9 The fact is, notwithstanding the dynamic
02:33 10 nature of this industry, ClearCorrect has seen its
02:33 11 sales decrease substantially since 2020 while its
02:33 12 competitors have grown. ClearCorrect is a failing
02:33 13 business using our intellectual property, and now
02:33 14 they're trying to pin those problems on Align.
02:33 15 As we have shown on our papers,
02:33 16 Straumann's antitrust claim is basically a hodgepodge
02:33 17 of complaints about how Align runs its business. They
02:33 18 complain about our discount programs. They complain
02:33 19 about the number of clicks it takes to order a
02:33 20 competing aligner from our scanners. They even
02:33 21 complain we won't take scans from other companies to
02:33 22 make our own product. It sort of reads almost like a
02:33 23 bad Yelp review. But nowhere in those lengthy
02:33 24 allegations is there an actual antitrust violation.
02:34 25 So let's start, and that's what I want to

02:34 1 walk the Court through now.

02:34 2 In order to make out a Section 2 claim,

02:34 3 Straumann has to prove both monopoly power in a

02:34 4 relevant market and the willful acquisition or

02:34 5 maintenance of that power by exclusionary conduct.

02:34 6 And the same goes for attempted

02:34 7 monopolization, they have to show predatory or

02:34 8 exclusionary conduct, a specific intent to monopolize,

02:34 9 and a dangerous probability that they would succeed.

02:34 10 Now, in this analysis, the Fifth Circuit

02:34 11 and other courts have said you have to take each

02:34 12 conduct, each type of conduct and analyze it separately

02:34 13 under settled principles of antitrust law. And so when

02:34 14 you do that, you have to decide does each conduct that

02:35 15 they've alleged violate the antitrust laws? Is it

02:35 16 anticompetitive?

02:35 17 As Judge Rodriguez said in the Doctors

02:35 18 Hospital of Laredo case: Adding up instances of such

02:35 19 lawful conduct cannot total unlawful conduct. Or maybe

02:35 20 put more simply, zero plus zero plus zero equals zero.

02:35 21 So what are the claims that we have here?

02:35 22 The four claims that Straumann has

02:35 23 brought here relate to our discount loyalty programs,

02:35 24 alleged exclusivity provisions, what I'll call scanner

02:35 25 interoperability, and then finally a Walker process

02:35 1 claim.

02:35 2 Now, each of these, they have claimed,

02:35 3 are exclusive dealing. It's an exclusive dealing

02:35 4 claim. To make out an exclusive dealing claim, they

02:35 5 have to prove two things. Not surprisingly, they

02:36 6 generally have to prove that there's an agreement to

02:36 7 deal exclusively.

02:36 8 The second thing they have to show is

02:36 9 substantial foreclosure. Substantial foreclosure. And

02:36 10 this is true both for the monopolization claim and for

02:36 11 the attempted monopolization claim.

02:36 12 Now, they essentially concede that there

02:36 13 are no meaningful actual exclusive contracts here that

02:36 14 substantially foreclose any part of the market. What

02:36 15 they're saying instead is that some of the conduct that

02:36 16 Align has engaged in to run its business amounts to

02:36 17 what they call de facto exclusive dealing.

02:36 18 And here, where those -- those are the

02:36 19 first three buckets there. And then Walker process

02:36 20 relates to the patent claim.

02:36 21 Let's talk first about the discount and

02:36 22 loyalty programs. I think I'd start with some -- what

02:36 23 I think is maybe low-hanging fruit here.

02:37 24 They argue that our discount programs are

02:37 25 somehow exclusive. I -- honestly, I just don't

02:37 1 understand this argument. This is a discount program
02:37 2 like you get when you go to Starbucks. Or if you fly
02:37 3 American Airlines. The more you -- the more you buy a
02:37 4 product, the more you get a discount.
02:37 5 These are entirely voluntary. Nobody's
02:37 6 required to sign up to get these discounts. And
02:37 7 doctors can buy the aligners or not buy the aligners.
02:37 8 The more they buy, the more discounts they get. The
02:37 9 fewer they buy, the lower the discount is.
02:37 10 This is absolutely commonplace in the
02:37 11 economy. Starbucks does it, airlines do it, hotels do
02:37 12 it. Straumann does it.
02:37 13 This kind of discount pricing is the
02:37 14 exact opposite of an antitrust violation. It is
02:37 15 competition by lowering price. The great irony here is
02:37 16 that Straumann is literally complaining that our prices
02:38 17 are too low.
02:38 18 Now, the only way that Straumann could
02:38 19 actually make out a claim for low prices is if they
02:38 20 could argue that we were selling our product below
02:38 21 cost. That's called predatory pricing. And the
02:38 22 Supreme Court has long held that as long as you're
02:38 23 selling above cost, there is no liability for
02:38 24 discounting for low prices.
02:38 25 But Straumann doesn't even argue that

02:38 1 we're selling below cost. That entire theory doesn't
02:38 2 apply here.
02:38 3 So what's their argument? Their argument
02:38 4 is that the structure of the discount, the structure of
02:38 5 the discount makes it de facto exclusive. And that
02:38 6 structure is that every six months, you reset whether
02:38 7 you get the discount.
02:38 8 But that makes no sense. This is just
02:38 9 like an airline. When you -- however much you fly in
02:39 10 one year, the next year determines what your level is.
02:39 11 That'll determine all the goodies you get and better
02:39 12 pricing and everything else. That's -- it's
02:39 13 commonplace.
02:39 14 Now, they can't really argue with that
02:39 15 because it's so common. So instead, what they say is,
02:39 16 well, there may be instances where a doctor is just
02:39 17 about to get to a next tier and so, therefore, he might
02:39 18 not buy a ClearCorrect aligner because he's trying to
02:39 19 get to that next tier, that next Align tier discount.
02:39 20 But they have no evidence of this. It's
02:39 21 just pure speculation. Their expert talked about it
02:39 22 for a few paragraphs but didn't offer any data on it.
02:39 23 Absolutely nothing. This is not a motion to dismiss
02:39 24 here, we're at summary judgment. And they've offered
02:39 25 no evidence of this.

02:39 1 And moreover, even if there is a doctor,
02:39 2 or two or three who said, you know, this one additional
02:39 3 sale, I'm going to give to Align because I want to get
02:39 4 to that next tier, that's not a substantial foreclosure
02:40 5 of the market. That's a lost sale. So they've made no
02:40 6 showing at all that the discounts are anything other
02:40 7 than a pure competition on price.
02:40 8 Now, they cite only one case in their
02:40 9 brief that they say shows that they should win here.
02:40 10 That's the Surescripts case. But the case -- a
02:40 11 district court case for the Northern District of
02:40 12 Illinois and that involved actual exclusivity where
02:40 13 they agreed to buy all of what they were getting from
02:40 14 Surescripts. And most importantly, if they decided to
02:40 15 buy anybody else's, there was a clawback provision
02:40 16 saying they had to pay back all of the discounts.
02:40 17 Nothing like that is here. Absolutely
02:40 18 nothing. So this is just pure discounts like you would
02:40 19 find anywhere. Absolutely nothing anticompetitive or
02:40 20 foreclosing about it. And that part of the claim
02:41 21 should be dismissed.
02:41 22 What I want to also focus on here is they
02:41 23 have argued that every sale made pursuant to these
02:41 24 discounts is a foreclosed sale. That's just wrong as a
02:41 25 matter of law. Foreclosure means they never even had a

02:41 1 chance to get in because the door was locked.
02:41 2 Here, there is no such claim that they
02:41 3 were locked out of competing for those sales. They
02:41 4 just lost those sales.
02:41 5 And the best case I can cite for that,
02:41 6 Your Honor, is Eisai out of the Third Circuit. That's
02:41 7 821 F.3d 394. And there, the expert made exactly the
02:41 8 same claim. There was a discount program and the
02:41 9 expert there said, well, every sale that went to the
02:41 10 defendant was a foreclosed sale. And that counts in
02:42 11 foreclosure analysis.
02:42 12 And the Court said, no. That's not how
02:42 13 foreclosure works. Just because you lost the sale
02:42 14 doesn't mean it's a foreclosed sale. They rejected the
02:42 15 analysis. They granted summary judgment in favor of
02:42 16 the defendant.
02:42 17 So the discount and loyalty programs,
02:42 18 that just goes absolutely nowhere, Your Honor.
02:42 19 The next thing they complain about is
02:42 20 that Align has certain exclusivity provisions -- what
02:42 21 they call exclusivity provisions. And the one that
02:42 22 they focus on most is one that tells doctors, you
02:42 23 should not divert patients who are prospective
02:42 24 Invisalign patients to other companies.
02:42 25 We don't think that's exclusive at all.

02:42 1 That's just saying they come and say they want
02:43 2 Invisalign, don't try to sell them an inferior product
02:43 3 and maybe not even tell them about it.
02:43 4 But we don't need to win that argument to
02:43 5 win this part of the motion. Because there's no
02:43 6 foreclosure. The only foreclosure number they offer is
02:43 7 one that is below 20 percent. And I'll not say the
02:43 8 number, but the Court has that slide. Below
02:43 9 20 percent.
02:43 10 The law's pretty clear that you're under
02:43 11 40 percent, there's no foreclosure. And here, they're
02:43 12 not even above 20.
02:43 13 You can look at the Kidd case and Bepco
02:43 14 case cited in our brief. They both say that, you know,
02:43 15 discounts of 20 percent is virtual safe harbor. 21.5
02:43 16 and 18.5 percent, far short of what's needed to have
02:43 17 this foreclosure.
02:43 18 Now, Align offers other contracts also.
02:43 19 For example, you can -- if you don't want to just buy
02:44 20 your iTero, your scanner from us outright, you could
02:44 21 buy it outright or you can go finance it with a bank.
02:44 22 But if you want -- if you want to get a financing
02:44 23 program with us, then for that 12-month period, then
02:44 24 you -- some contracts say you can only sell Invisalign.
02:44 25 They can't even argue that that's

02:44 1 foreclosure because it's very short and they've done
02:44 2 absolutely no analysis of the percent of the
02:44 3 foreclosure over the entire period of the claim that
02:44 4 they're arguing. None of those provisions that
02:44 5 actually have an exclusivity clause in them are in any
02:44 6 way foreclosing any meaningful part of the market. And
02:44 7 most importantly, their expert doesn't have any
02:44 8 analysis saying otherwise. So it's undisputed.
02:44 9 So as I said, the only claim -- the only
02:44 10 data they show at all to show foreclosure for these
02:44 11 alleged exclusivity provisions, that are really the
02:44 12 anti bait and switch provisions, is this number under
02:45 13 20 percent. And so they can't make out a claim for
02:45 14 those alleged exclusivity provisions.
02:45 15 And just to be clear, they're perfectly
02:45 16 lawful unless they foreclose a substantial part of the
02:45 17 market.
02:45 18 Let me talk about scanner
02:45 19 interoperability. Here, what they're claiming is
02:45 20 really two different things. First, that it's -- that
02:45 21 we won't accept scans from other people's scanners to
02:45 22 build our own product. That's what we're calling
02:45 23 inbound.
02:45 24 Now, they also complain that we made it
02:45 25 too difficult, there are too many clicks to take a scan

02:45 1 from our scanner and buy somebody else's aligners.
02:45 2 And we think, just as a matter of basic
02:46 3 principle, we don't have a duty to deal with other
02:46 4 businesses. We can decide who we want to do business
02:46 5 with. If we don't want to take other people's
02:46 6 scanners, that's our business. Other people's scans,
02:46 7 that's our business. And if we don't want to design
02:46 8 our product to help other people sell their scanners,
02:46 9 that's our business. We have no duty to deal with
02:46 10 them. We have no duty to deal with ClearCorrect at
02:46 11 all.
02:46 12 We also say even if we take their framing
02:46 13 of it, well, these are all exclusive dealings,
02:46 14 Straumann still loses.
02:46 15 Let's talk about inbound
02:46 16 interoperability. So this is one where some other
02:46 17 scanner has scanned a patient, and ClearCorrect is
02:46 18 complaining, Straumann's complaining that they can't
02:46 19 send that scan to us to make Invisalign. We have
02:46 20 absolutely no duty to accept somebody else's scans.
02:47 21 This is our business. We can say we'll accept scans
02:47 22 from our scanner and not from any else's.
02:47 23 In fact, it's not really even exclusive.
02:47 24 You can still do what's called PVS, the goop, that --
02:47 25 where you can make a physical impression and send it

02:47 1 in. We still allow that.

02:47 2 The only way that they could try to

02:47 3 attach liability for this inbound interoperability is

02:47 4 if they could show this very limited exception under a

02:47 5 Supreme Court case called Aspen Skiing, where there's a

02:47 6 prior course of dealing and then you cut it off and you

02:47 7 lose money by cutting it off in the short term. And

02:47 8 Straumann hasn't even tried to make that showing.

02:47 9 So that very limited exception to the

02:47 10 basic rule that you would expect, which is that

02:47 11 businesses get to decide who they're going to do

02:47 12 business with does not apply here.

02:48 13 And then finally, it's a very odd

02:48 14 argument. What they're saying is that here this doctor

02:48 15 has done this scan. It's, okay. Now, who can I send

02:48 16 this scan to? And we say, well, if it didn't come from

02:48 17 an iTero, we don't want it because we want to make sure

02:48 18 we're getting the scan from a scanner that we know and

02:48 19 trust.

02:48 20 ClearCorrect has suffered no injury if we

02:48 21 won't take that scan. Exactly the opposite, if

02:48 22 anything, it enhances their chance of making a sale.

02:48 23 So there's absolutely no injury that they've suffered

02:48 24 whatsoever on inbound --

02:48 25 THE COURT: Explain that to me. Why does

02:48 1 it enhance their --

02:48 2 MR. TUBACH: Because if the doctor's

02:48 3 trying to decide who he's going to buy an aligner

02:48 4 from -- who he's going to buy the aligners from and

02:48 5 we're saying, well, you can't buy it from us, he's more

02:48 6 likely to turn to them.

02:48 7 He might turn to somebody else, but if we

02:48 8 take our sales out of the running, and they are, you

02:49 9 know, pick a number, I'll just randomly say there are

02:49 10 five, six, seven, eight aligner companies out there and

02:49 11 we say, no. Well, that increases his -- that increases

02:49 12 their chances of making that sale.

13 THE COURT: Okay.

02:49 14 MR. TUBACH: So that's inbound. Let's

02:49 15 talk about outbound.

02:49 16 Again, as I've mentioned before, we have

02:49 17 no duty to make it easy for our product to sell

02:49 18 somebody else's product. We generally have no duty to

02:49 19 deal with competitors.

02:49 20 And here, they make an exclusivity

02:49 21 dealing argument. But to be clear, there's no

02:49 22 exclusivity agreement here. Doctors can use the

02:49 23 scanners to order companies' aligners. That is what

02:49 24 makes this case fundamentally different than the other

02:49 25 cases on which Straumann relies. In particular, Google

02:49 1 and Microsoft.

02:49 2 There, there were actually contracts with

02:50 3 third parties that were exclusivity contracts. Google

02:50 4 said, you have to -- to various phone makers, for

02:50 5 example, you have to preload Google Search on the

02:50 6 phone. Exclusively. Nobody else's, just Google.

02:50 7 And the Microsoft case, they said you

02:50 8 have to preload Microsoft Internet Explorer to the

02:50 9 various computer manufacturers.

02:50 10 And then the question is, what was the

02:50 11 consequences of those exclusive contracts? We don't

02:50 12 have any exclusive contracts here.

02:50 13 What they're claiming is that -- it's a

02:50 14 little convoluted. Honestly. They spend many pages

02:50 15 talking about how we tied Invisalign sales to purchases

02:50 16 of the iTero. But then you get to end of those six or

02:50 17 seven pages, and they say, well, actually we're not

02:50 18 making a tying claim. No tying claim at all. Nor

02:51 19 could they.

02:51 20 Because in order to make a tying claim,

02:51 21 they have to show that we use the tying product, which

02:51 22 is here Invisalign, to somehow harm the tied product,

02:51 23 which is the scanner market. They have not even

02:51 24 attempted to show that there's any harm in the tied

02:51 25 market. And so they don't have a tying claim. It's a

02:51 1 complete red herring, that argument.
02:51 2 What they're really saying is that it
02:51 3 just takes too many clicks from when you scan on an
02:51 4 iTero to buy a competing aligner. But the fact is the
02:51 5 iTero is used to order competing aligners.
02:51 6 And here, we've redacted the specific
02:51 7 numbers so we don't have an issue about sealing, but
02:51 8 the Court has the unredacted version and we've sent
02:51 9 that to opposing counsel also.
02:51 10 The -- it's clear that the iTero is used
02:52 11 to order competing scanners and quite a bit, including
02:52 12 for ClearCorrect aligners. And so there is no
02:52 13 foreclosure. Their only estimate of foreclosure is
02:52 14 wrong as a matter of law. And it's like -- it's what I
02:52 15 said before, a fore -- a lost sale is not a foreclosed
02:52 16 sale.
02:52 17 Here, what they're saying is foreclosure
02:52 18 is every sale, every sale that went to Align. And
02:52 19 that's not how you calculate foreclosure. Foreclosure
02:52 20 is were you -- were you barred from making a sale in
02:52 21 some way. And we know that's not the case because we
02:52 22 know the iTero is -- we know the iTero is used to buy
02:53 23 competing aligners. So there isn't actually
02:53 24 foreclosure at all.
02:53 25 And so their only estimate of foreclosure

02:53 1 is this everything that went to Align is a foreclosed
02:53 2 sale. That's barred by the Eisai case that I cited and
02:53 3 discussed earlier.
02:53 4 I want to just ask, does the Court have
02:53 5 those slides with the actual numbers in them? I think
02:53 6 we e-mailed them.
02:53 7 THE COURT: Yes. My clerks do. Yeah.
02:53 8 MR. TUBACH: Wonderful. Thank you very
02:53 9 much, Your Honor.
02:53 10 So their only argument of foreclosure is
02:53 11 just wrong as a matter of law.
02:53 12 So for their entirety of what they're
02:53 13 arguing truly about in the antitrust sphere, there are
02:53 14 no exclusivity provisions that matter. We don't have a
02:53 15 duty. They haven't shown exclusivity. And they
02:53 16 certainly haven't shown the kind of foreclosure they
02:54 17 have to show in order to make out an antitrust claim.
02:54 18 And the last thing that they argue is
02:54 19 this Walker process argument, that we -- that we
02:54 20 procured the patent by fraud. And I'm sure the Court
02:54 21 is quite aware of those kinds of allegations.
02:54 22 And here, with the Court's permission,
02:54 23 because it's related to the patents, we're going to
02:54 24 have a lawyer from Morrison & Foerster argue that
02:54 25 because, as I'm sure the Court is well aware, the

02:54 1 Walker process counterclaim rises and falls with the
02:54 2 inequitable conduct defense.
02:54 3 And so with the Court's permission, I
02:54 4 will turn this over to Mr. Hung from Morrison &
02:54 5 Foerster unless the Court has questions about any of
02:54 6 the points that I've made today.
02:54 7 THE COURT: I will on rebuttal, but I
02:54 8 don't now.
02:54 9 MR. TUBACH: Thank you very much, Your
02:54 10 Honor.
02:54 11 MR. HUNG: If I could take control of the
02:54 12 slides.
02:55 13 Your Honor, Richard Hung of Morrison &
02:55 14 Foerster. Good afternoon.
02:55 15 THE COURT: Welcome.
02:55 16 MR. HUNG: I'm sure Your Honor is very
02:55 17 familiar with inequitable conduct. Inequitable conduct
02:55 18 really focuses on the --
02:55 19 THE COURT: Not personally, I'm not.
02:55 20 (Laughter.)
02:55 21 MR. HUNG: Well, Your Honor, you're
02:55 22 familiar with the doctrine and the Therasense --
02:55 23 THE COURT: I am. I am.
02:55 24 MR. HUNG: -- case from way back in 2011.
02:55 25 And you remember that the case was groundbreaking

02:55 1 because Judge Rader talked about the scourge and the
02:55 2 plague of inequitable conduct allegations and how they
02:55 3 needed to reset the standard for this.
02:55 4 And so in the en banc decision, they said
02:55 5 you have to have both elements, intent and materiality,
02:55 6 separately by clear and convincing evidence. So
02:55 7 there's no sliding scale. You can't point to just
02:55 8 materiality and say the intent exists or vice verse.
02:55 9 Here, we have a problem with both
02:55 10 elements, intent and materiality. If we look at what
02:55 11 their main claim is, their main claim is that the Li
02:56 12 inventor of the materials patents, Chunhua Li, Dr. Li,
02:56 13 that she lied in declarations -- in a declaration -- in
02:56 14 the 2019 declaration to the Patent Office. And their
02:56 15 basic argument is that she knew that Zendura existed,
02:56 16 she amended her claims, and the declaration that she
02:56 17 submitted in support is basically a lie.
02:56 18 They're trying to benefit from a narrow
02:56 19 exception in the Therasense case that says for an
02:56 20 unmistakably false declaration, they can, in their
02:56 21 view, forego but-for materiality.
02:56 22 This isn't an unmistakably false case.
02:56 23 We know that because unmistakably false case involved
02:56 24 cases like the Intellect Wireless case that they cite
02:56 25 in which no one's disputing that there were lies in the

02:56 1 declaration.

02:56 2 Here, our expert Maureen Reitman explains

02:56 3 at length why Dr. Li told the truth, why her

02:56 4 declaration was accurate, and why the positions that

02:56 5 she took were consistent with the data that she had

02:57 6 done -- the experiments that she and her co-inventor

02:57 7 had done.

02:57 8 Moving into but-for, the issue is, well,

02:57 9 can they show any but-for materiality? And simply

02:57 10 can't. The reason is that Align submitted this

02:57 11 declaration by Dr. Li in connection with then pending

02:57 12 claims, and the Patent Office responded by rejecting

02:57 13 the claims.

02:57 14 And you see this right here at Docket

02:57 15 358, Document 8:249. There's an Office Action in which

02:57 16 they say they're just rejecting all the claims relating

02:57 17 to the declaration that Dr. Li submitted.

02:57 18 And so fast-forward, Align amends the

02:57 19 claims, narrows them, and then again, the Patent Office

02:57 20 rejects the claims yet again. Finds those claims not

02:57 21 patentable.

02:57 22 And so Align amends the claims yet again

02:57 23 to arrive at the current claims that we have. The

02:58 24 claims require three or more polymer layers, a hard

02:58 25 polymer layer, a soft polymer layer with very specific

02:58 1 characteristics.

02:58 2 It is only then that the Patent Office

02:58 3 allows the claims. And when you see why the Patent

02:58 4 Office allows the claims, the notice of allowance, they

02:58 5 say, look. The main prior art reference that we've

02:58 6 been relying upon doesn't teach the limitations that

02:58 7 you've amended.

02:58 8 So the Patent Office wasn't relying upon

02:58 9 the declaration. There is no but-for materiality. The

02:58 10 main prior art reference just didn't disclose the

02:58 11 claims as then twice amended after that declaration.

02:58 12 Straumann's going to come and say, well,

02:58 13 no. In the notice of allowability, you will see that

02:58 14 there's a reference to finding the applicant's

02:58 15 affidavit persuasive.

02:58 16 But if you look carefully at what the

02:58 17 Patent Office actually said, first, they say it's also

02:58 18 persuasive. Meaning there's no but-for. They'd

02:58 19 already determined that the claims were patentable.

02:58 20 And secondly, if you look at what they're

02:58 21 actually pointing to, they point to statements that

02:59 22 Straumann is not contesting are false. They're

02:59 23 pointing to statements in the declaration where they

02:59 24 say this invention is great because in clinical

02:59 25 studies, it really improves teeth movement, stress

02:59 1 relaxation, things like that.
02:59 2 And in fact, those are true. That is
02:59 3 true. Align conducted a clinical study and the results
02:59 4 are discussed in the specification. It was very good
02:59 5 at improving the movement of teeth over the prior EX30
02:59 6 product. So there's just no but-for materiality. The
02:59 7 Patent Office rejected the amend -- even the amended
02:59 8 claims before finally allowing them.
02:59 9 That brings us to the issue of intent,
02:59 10 Your Honor. As you know from the Therasense case,
02:59 11 intent has to be the single most reasonable inference.
02:59 12 Also in Therasense, there's no sliding scale. You
02:59 13 can't rely upon the evidence relating to materiality to
02:59 14 show intent. You just can't say because there's -- it
02:59 15 references material, the person intended to deceive.
03:00 16 Or the opposite. It has to be the single most
03:00 17 reasonable inference that you can find from the
03:00 18 evidence.
03:00 19 We also know from the Exergen case that
03:00 20 you have to identify a who. So you can't just say
03:00 21 Align's a bad actor. You have to point to someone at
03:00 22 Align specifically that is a bad person, that committed
03:00 23 fraud on the Patent Office. And in this case, that
03:00 24 person they're pointing to is Dr. Li.
03:00 25 But then you look at the evidence that

03:00 1 they offer to support. In support, their first four
03:00 2 exhibits don't involve Dr. Li at all. They point to a
03:00 3 press release announcing the accused product in this
03:00 4 case. They point to three e-mails between Joe Hogan
03:00 5 and Srini Kaza and Raj Pudipeddi, two other individuals
03:00 6 who aren't Dr. Li and who also aren't inventors on the
03:00 7 patent.
03:00 8 The only thing that they point to
03:00 9 relating to Dr. Li is the fact that she was aware of
03:00 10 Zendura FLX itself. They say that it's wrong because
03:01 11 she was trying to get claims to cover Zendura FLX,
12 therefore, you can assume inequitable conduct. You can
13 assume intent.
03:01 14 And that doesn't work because, again,
03:01 15 intent must be the single most reasonable inference.
03:01 16 And when you look in this case, Kingsdown Medical, it's
03:01 17 a pretty old case but it's still good law. It says
03:01 18 that it's okay to amend claims to cover the accused
03:01 19 infringer's product. There's nothing -- absolutely
03:01 20 nothing wrong with that. The case makes very clear the
03:01 21 fact that someone wants to do that is irrelevant and
03:01 22 cannot of itself evidence deceitful intent.
03:01 23 Which then brings us to the other things
03:01 24 that they try and throw up to try and justify intent.
03:01 25 The only other things they point to is

03:01 1 they say, hey. There were other pending applications
03:01 2 and Align did not specifically disclose those to the
03:01 3 Patent Office as relating to rejections of other
03:01 4 applications, ergo, Dr. Li is a bad person.
03:02 5 What they're missing is, number one, they
03:02 6 concede this. This is from Page 33 of their own brief,
03:02 7 their opposition brief at Note 20. And they say: To
03:02 8 be sure, Align listed on an IDS the two pending
03:02 9 applications.
03:02 10 So it's undisputed that the Patent Office
03:02 11 actually had these applications and could have looked
03:02 12 them up themselves if they wanted to to find those
13 rejections that they say were withheld.
03:02 14 But more importantly, there is zero
03:02 15 evidence in the record, there's zero testimony that
03:02 16 Dr. Li knew anything about any of these things, that
03:02 17 she was involved in the submission of these specific
03:02 18 IDSes or intended to conceal to withhold.
03:02 19 Therasense also again is very clear on
03:02 20 this, if you're going to argue that someone withheld
03:02 21 something, you have to show that that person, the who,
03:02 22 in this case Dr. Li, knew of the reference, knew it was
03:02 23 material, and made a deliberate decision to withhold
03:02 24 it.
03:02 25 If you look at their brief, Your Honor,

03:02 1 you'll see that there is a single cite, just one cite
03:02 2 in the entire brief to testimony by Dr. Li. In fact,
03:03 3 it's only eight lines. And it's the following:
03:03 4 They asked her: Did you review testing
03:03 5 results before you prepared your declaration?
03:03 6 She says: Yeah. I normally do that.
03:03 7 And is that what you did?
03:03 8 She says: Yes.
9 This is the sum total of the testimony
03:03 10 that they have on intent from Dr. Li, the lead
11 inventor, the person that they're accusing of
03:03 12 inequitable conduct and intent, intent to deceive.
13 Instead, they're pointing to people, Joe Hogan, Raj
03:03 14 Pudipeddi, Srini Kaza, all of these other individuals
03:03 15 that have nothing to do with Dr. Li.
03:03 16 And, therefore, there's just a -- simply
03:03 17 an absence of evidence on intent. Much less intent
03:03 18 that goes to the single most reasonable inference for
03:03 19 such a powerful, what Judge Rader calls an atomic bomb
03:03 20 of trying to kill all these patents based on
03:03 21 inequitable conduct.
03:03 22 Thank you, Your Honor.
03:03 23 THE COURT: A reply?
03:03 24 MR. MUELLER: Yes, Your Honor. Joe
03:03 25 Mueller on behalf of ClearCorrect and the other

03:03 1 defendants. Good to see Your Honor.
03:03 2 THE COURT: Good to see you again.
03:04 3 MR. MUELLER: And before I jump in, Your
03:04 4 Honor, if I could just give a minute or so on the big
03:04 5 picture and then take it down to the level of the
03:04 6 antitrust motion and more specifically the Walker
03:04 7 process issues that Mr. Hung just concluded with.
03:04 8 And then we'll also address and my
03:04 9 colleague Mr. Ford will take on some of the legal
03:04 10 arguments on the competition issues.
03:04 11 So, Your Honor, at a high level, this is
03:04 12 a case between competitors. The plaintiff Align is the
03:04 13 dominant supplier of clear aligners.
03:04 14 And, Your Honor, I'm not going to pull it
03:04 15 up because there's some confidential information, but I
03:04 16 don't know if you have Slide 4 of our deck in front of
03:04 17 you. It has some market share information on a
03:04 18 diagram. And I won't -- again, I won't pull it up
03:04 19 because it includes some third-party confidential
03:04 20 information that the respective client representatives
03:04 21 are not privy to.
03:04 22 But this is a chart prepared by our
03:04 23 economic expert for this case, Dr. Perryman. And as
03:04 24 you can see, Your Honor, in the unredacted version of
03:05 25 this, the share held by the Invisalign product supplied

03:05 1 by the plaintiff Align is by far and away the dominant
03:05 2 product in this market.
03:05 3 And this type of product, clear aligners,
03:05 4 relate to other technologies that are used in tandem
03:05 5 with clear aligners. And in particular, scanners are
03:05 6 used to scan patients' mouths to get, you know, imaging
03:05 7 of the teeth and the topography of the teeth, that in
03:05 8 turn allows for planning or developing a plan for the
03:05 9 use of these clear aligners in a patient's mouth.
03:05 10 So we have scanners, and you've already
03:05 11 heard about those today, that are used to create plans
03:05 12 for the application of these clear aligners. And
03:05 13 Align, again, the plaintiff, is the dominant supplier
03:05 14 in this marketplace.
03:05 15 ClearCorrect, you can see towards the
03:05 16 bottom, clustered with some of the other incipient
03:05 17 competitors in this market. And this is a case that
03:05 18 involves interlocking and overlapping intellectual
03:06 19 property and competition claims.
03:06 20 And to make that a little bit more vivid,
03:06 21 we prepared a Venn diagram of sorts. This is Slide 2
03:06 22 of our deck.
03:06 23 And if we could pull that up.
03:06 24 Here, Your Honor, we have the claims in
03:06 25 the case or our best attempt to depict the claims in

03:06 1 the case. And I'll actually start on the right-hand
03:06 2 side just to clear the brush here a bit.
03:06 3 There's two patents on the right-hand
03:06 4 side, one in a triangle, one in a square. The '936
03:06 5 patent which relates to a particular type of scanner
03:06 6 technology, and the '444 patent which relates to a
03:06 7 particular type of treatment planning system.
03:06 8 Your Honor, you'll hear more about those
03:06 9 later today in the context of the Section 101 summary
03:06 10 judgment motion that Your Honor has asked to hear about
03:06 11 today.
03:06 12 I'll just note that there's literally no
03:06 13 damages claim being made at this point on those
03:06 14 patents. There's been no damages expert opinion
03:07 15 offered by the plaintiff in this case. We've actually
03:07 16 sent multiple Octane letters asking Align to drop those
03:07 17 patents. But for today, the issue is Section 101.
03:07 18 The core of the case, though, really is
03:07 19 on the left-hand side. And here, we have the other
03:07 20 patent claims, so the other patents in the case which
03:07 21 relate to very particular types of configurations of
03:07 22 the materials used within certain clear aligners.
03:07 23 We have Align's infringement claims. Of
03:07 24 course we dispute those.
03:07 25 We have invalidity claims, including for

03:07 1 lack of written description and enablement. And in a
03:07 2 bit, we'll discuss the written description issues.
03:07 3 And then relatedly, we have antitrust
03:07 4 claims, a Walker process, as you just heard, and some
03:07 5 inequitable conduct claims and defenses.
03:07 6 In addition to all of that -- so our
03:07 7 position is the assertion of these patents is itself --
03:07 8 is itself a form of attempt to suppress competition
03:07 9 from ClearCorrect. So part of the antitrust conduct at
03:08 10 issue are the patent claims.
03:08 11 And early on today, you heard that
03:08 12 there's been no complaint by ClearCorrect on these
03:08 13 antitrust issues until this complaint was filed. Well,
03:08 14 that's part of the complaint. Our complaint, from a
03:08 15 competitive standpoint, is the assertion of having
03:08 16 claims that we believe are based on patents procured by
03:08 17 inequitable conduct and misleading statements to the
03:08 18 Patent Office.
03:08 19 But that's not all. There's also
03:08 20 marketplace conduct which works in tandem, again, with
03:08 21 the improper patent claims to attempt to suppress
03:08 22 competition from ClearCorrect.
03:08 23 This scanner lock-in dynamic, you've
03:08 24 heard a bit about that in the context of the Rule 37
03:08 25 motion. And that's an attempt by Align to use its

03:08 1 scanner technology to lock in dentists for using
03:08 2 Invisalign.
03:08 3 Restrictive contracts and an improper use
03:08 4 of loyalty programs.
03:08 5 So that's the case, Your Honor, at a high
03:08 6 level, is we have these material patent claim
03:09 7 assertions, we have defenses to those claims, some of
03:09 8 which we believe. Also -- we don't believe. Some of
03:09 9 which also form predicates for our antitrust claims.
03:09 10 And then we have marketplace conduct in addition to
03:09 11 that.
03:09 12 We greatly appreciate -- and this is
03:09 13 maybe getting ahead of the issues that we'll take up
03:09 14 towards the end. But we greatly appreciate Your
03:09 15 Honor's willingness to give us some additional trial
03:09 16 time for the trial, and we are extremely confident that
03:09 17 we can provide a full factual record on all these
03:09 18 issues within the time that you are proposing to give
03:09 19 us.
03:09 20 And we think that factual record is going
03:09 21 to reveal --
03:09 22 THE COURT: I only did that because I
03:09 23 have such enormous respect for the lawyers in this
03:09 24 case. So.
03:09 25 MR. MUELLER: We really appreciate that.

03:09 1 THE COURT: It'll be my benefit to have
03:09 2 the extra hours.
03:09 3 MR. MUELLER: We really appreciate it,
4 Your Honor.
03:09 5 And we think it's going to be good for
03:09 6 the case because it'll allow us to ventilate these
03:09 7 issues which are factually intensive in a variety of
03:09 8 ways and to provide Your Honor with the most robust
03:10 9 record possible on both the patent and the antitrust
03:10 10 issues.
03:10 11 So let me turn to the Walker process
03:10 12 which not only is relevant to the Walker process per
03:10 13 se, but I think will also give you a window into the
03:10 14 factual story that brings us here today and that brings
03:10 15 us to this case.
03:10 16 So if we go to Slide 5, I want to take
03:10 17 you through a bit of a timeline here, Your Honor.
03:10 18 So in October of 2012, Align launched a
03:10 19 version of its Invisalign product using something
03:10 20 called SmartTrack materials. And these are the actual
03:10 21 materials in the aligner. And it had what we call a --
03:10 22 and not just what we call, what they call a
03:10 23 soft-hard-soft design, meaning the layer that would
03:10 24 contact your gum and your cheek is soft, soft on the
03:10 25 inside, soft on the outside. And there was a harder

03:10 1 layer of material within those two soft layers.
03:11 2 Soft-hard-soft.
03:11 3 Now, over the next few years --
03:11 4 And if you go to the next slide, please,
03:11 5 Slide 6.
03:11 6 -- between 2012 and 2017, Align secured
03:11 7 patents on its soft-hard-soft design or aspects of its
03:11 8 soft-hard-soft design. And we'll take you through some
03:11 9 of the back-and-forth they had with the Patent Office
03:11 10 in that time period, Your Honor, which is we think
03:11 11 revealing as to what they actually had developed in
03:11 12 that time period.
03:11 13 And I'll make one note here, Your Honor,
03:11 14 which we'll pick up as we go through this. This is not
03:11 15 a so-called predictable art in terms of developing
03:11 16 these clear aligners. The particular research and
03:11 17 development process required to develop an efficacious
03:11 18 clear aligner is very complicated and frankly very
03:11 19 unpredictable. And it takes a lot of experimentation
03:11 20 to develop an efficacious clear aligner that will
03:11 21 function for its purpose of straightening teeth that
03:11 22 will be safe, that will be sufficiently comfortable,
03:12 23 sufficiently stain resistant. This takes an enormous
03:12 24 amount of work to develop these types of aligners.
03:12 25 And what Align had developed in this time

03:12 1 period was a soft-hard-soft design. And they had
03:12 2 represented to the Patent Office that this
03:12 3 soft-hard-soft design had, in their own words,
03:12 4 "surprisingly superior properties."
03:12 5 And so if we go to Slide 7.
03:12 6 Here is a declaration from Align's lead
03:12 7 inventor, Dr. Li, who you heard about from Mr. Hung.
03:12 8 We understand that she will testify at trial in this
03:12 9 case. And she stated in her declaration to the Patent
03:12 10 Office that this is a field that involves technology
03:12 11 that is not predictable, not predictable.
03:12 12 That's very relevant to the written
03:12 13 description and also our enablement defenses, which
03:12 14 we'll talk about a bit later today. Written
03:12 15 description at least.
03:12 16 But it's also relevant here in terms of
03:12 17 whether Dr. Li was forthcoming to the Patent Office
03:13 18 years later.
03:13 19 But back in this time period, she was
03:13 20 telling the Patent Office that the field is not
03:13 21 predictable, and moreover, that: SmartTrack, the
03:13 22 soft-hard-soft material, had surprisingly superior
03:13 23 properties of modulus of elasticity, elongation, time
03:13 24 stress-relaxation, durability, and thermoform ability.
03:13 25 And she also said: In the course of

03:13 1 developing the ST, SmartTrack, 30 material, we
03:13 2 evaluated numerous multi-layer material combinations
03:13 3 and determined that merely combining the materials into
03:13 4 multiple layers was insufficient to improve
03:13 5 performance.
03:13 6 And that's a critical point, Your Honor.
03:13 7 The representation at that time, at that time was this
03:13 8 is an unpredictable field. Merely coming up with a
03:13 9 multi-layer composition of materials is not enough, is
03:13 10 not enough, insufficient to improve performance. And
03:14 11 that they had arrived at a particularly efficacious
03:14 12 combination that had, in their own words, "surprisingly
03:14 13 superior properties."
03:14 14 And based on these representations and
03:14 15 then other materials that were submitted by Align,
03:14 16 Align received multiple patents on this soft-hard-soft
03:14 17 design.
03:14 18 Now, if you go back to the timeline and
03:14 19 go to Slide 8, in November of 2018, Bay Materials,
03:14 20 which is now today a subsidiary of defendant Straumann,
03:14 21 launched another type of material that could be used in
03:14 22 applications like clear aligners called Zendura FLX,
03:14 23 Zendura FLX.
03:14 24 This had a very different design based on
03:14 25 Bay Materials' own hard work and innovation over many

03:14 1 years. It had a hard-soft-hard configuration.
03:14 2 So again, if you think about this in a --
03:15 3 inside a patient's mouth, that means hard layer on the
03:15 4 outside, hard layer on the inside, including in contact
03:15 5 with the teeth and gums, and a softer layer in the
03:15 6 interior. So it's the exact opposite of SmartTrack,
03:15 7 which is soft-hard-soft. Zendura FLX was
03:15 8 hard-soft-hard. Again, based on Bay Materials' own
03:15 9 hard work and innovation. And at trial, we intend to
03:15 10 show exactly how that was created and all of the work
03:15 11 and ingenuity that went into it.
03:15 12 Now, when this hit the market, within
03:15 13 days, within days Align was concerned.
03:15 14 And if we go to the next slide, please.
03:15 15 This is Joe Hogan. And as my colleague
03:15 16 Mr. Ford mentioned earlier, CEO of Align. He's asking
03:15 17 the head of research and development of Align, Srini
03:15 18 Kaza, in November of 2018, that -- he asked the
03:15 19 question, quote: Do you think we have any IP at all we
03:16 20 could hit them with?
03:16 21 We could hit them with. Meaning Zendura
03:16 22 FLX.
03:16 23 If we go to the next slide, please,
03:16 24 Slide 10.
03:16 25 Here, in January of 2019, a couple months

03:16 1 later, second sentence from Mr. Hogan to, again, his
03:16 2 head of R&D. He's "really worried about marginalizing
03:16 3 ST," meaning his own product SmartTrack.
03:16 4 And so we have Align expressing concern
03:16 5 about the effective competitive impact of this new
03:16 6 product, Zendura FLX. Again, we understand Mr. Kaza
03:16 7 will be a witness at trial as well.
03:16 8 If we go to the next slide, we can see
03:16 9 his words.
03:16 10 He said: Unless we can stop with IP,
03:16 11 they will keep coming. In other words, unless we can
03:16 12 stop with IP, there's going to be competition.
03:16 13 Competition for SmartTrack, and more importantly,
03:16 14 competition for Invisalign which was using SmartTrack.
03:17 15 And they were concerned about the possibility of clear
03:17 16 aligners using this new material, Zendura FLX.
03:17 17 Now, Align studied Zendura FLX at a very
03:17 18 detailed level and there's nothing wrong with reverse
03:17 19 engineering, there's nothing wrong with studying your
03:17 20 product out in the marketplace. But it speaks to
03:17 21 their, here, their attentiveness to this new product.
03:17 22 And if we go to Slide 12.
03:17 23 Here, we have Dr. Li again. I'm sorry.
03:17 24 Here, we have a reference to some work that Dr. Li had
03:17 25 done in terms of -- we have the wrong one here.

03:17 1 Give me one moment, Your Honor.
03:17 2 Yeah. Go to the next slide, actually.
03:17 3 I'm sorry.
03:17 4 So here, we have Align identifying
03:17 5 Zendura FLX as a "big threat," a big threat to
03:17 6 SmartTrack which is consistent with the e-mails between
03:17 7 Mr. Hogan and Mr. Kaza in the months after this was
03:18 8 released to the marketplace.
03:18 9 And if you look at the second highlighted
03:18 10 bullet point, Your Honor, towards the bottom of this
03:18 11 document here, it says: Bay Materials hard-soft-hard
03:18 12 structure big threat to superiority of SmartTrack.
03:18 13 Again, Bay Materials, their Zendura FLX
03:18 14 hard-soft-hard structure big threat to superiority of
03:18 15 SmartTrack.
03:18 16 If we go to Slide 14.
03:18 17 Here, we have Mr. Hogan to various
03:18 18 colleagues at Align. Here, Mr. Pudipeddi. And he said
03:18 19 in the highlighted sentence here, Your Honor: I just
03:18 20 wanted to get this asset off the market.
03:18 21 And so this is the backdrop for what
03:18 22 happened next in the Patent Office. We have a very
03:18 23 clear set of internal materials within Align
03:18 24 demonstrating acute concern over the competitive impact
03:18 25 of this new competitive product, the Zendura FLX

03:19 1 material, and clear aligners that could be based on
03:19 2 that material.
03:19 3 Those are exactly the types of aligners
03:19 4 that are accused of infringement in this case, Your
03:19 5 Honor. The accused products are the types of aligners
03:19 6 that Align was concerned about after Zendura FLX, the
03:19 7 underlying material, was launched to the market.
03:19 8 And if we go back to the timeline in
03:19 9 Slide 15.
03:19 10 Against that backdrop, Align began to
03:19 11 amend pending claims in the patent family that had
03:19 12 originally been filed on soft-hard-soft in an attempt
03:19 13 to eliminate requirements that are idiosyncratic to
03:19 14 soft-hard-soft.
03:19 15 Now, I want to be very clear about one
03:19 16 point right now, Your Honor, which is we don't think
03:19 17 that they succeeded in eliminating all of the
03:19 18 requirements that would have been -- that would have
03:19 19 needed to have been eliminated to have a viable
03:19 20 infringement claim against Zendura FLX or against the
03:19 21 ClearCorrect clear aligners that use that type of
03:20 22 material in their aligners. There's no infringement
03:20 23 and we very much intend to prove that at trial.
03:20 24 But our point for now or for present
03:20 25 purposes is that there was a concerted effort to try to

03:20 1 get there to suppress competition from ClearCorrect.
03:20 2 And so the claims were amended. And if
03:20 3 we go to Slide 16, we can see an example of this.
03:20 4 We see Align deleting language stating
03:20 5 that a hard polymer layer was, quote, disposed between
03:20 6 a first soft polymer layer and a second soft polymer
03:20 7 layer. So they're deleting language about the hard
03:20 8 layer being disposed between two soft layers. And the
03:20 9 obvious reason for that was Zendura FLX is the
03:20 10 opposite. Zendura FLX is hard-soft-hard, not
03:20 11 soft-hard-soft.
03:20 12 And so they're trying to amend their
03:20 13 claims to eliminate requirements that explicitly
03:20 14 require that hard layers be disposed between soft
03:21 15 layers.
03:21 16 If we go to Slide 17.
03:21 17 I showed you earlier the -- a portion of
03:21 18 Dr. Li's declarations to the Patent Office back in the
03:21 19 earlier original applications on soft-hard-soft. Well,
03:21 20 Dr. Li at this point, as part of this new campaign to
03:21 21 try to get broader claims that could be used against
03:21 22 Zendura FLX and products like what's ultimately accused
03:21 23 in this case, the ClearCorrect aligners, essentially
03:21 24 red lined the declaration or changed it in very
03:21 25 significant ways that made it false and misleading in

03:21 1 critical respects for the Patent Office.
03:21 2 So here, you can see some of the changes
03:21 3 that were made, Your Honor. References, for example,
03:21 4 to SmartTrack were eliminated. References to
03:21 5 SmartTrack were eliminated. And there's language about
03:21 6 testing which we'll come to shortly that were not true.
03:21 7 And moreover, there was some language that was meant to
03:22 8 demonstrate possession and -- for other issues that --
03:22 9 we also have enablement issues in this case, Your
03:22 10 Honor, although they're not before you today.
03:22 11 But there's representations about Dr. Li,
03:22 12 quote, expecting or I would expect the presence of only
03:22 13 two such layers, i.e., a hard polymer layer and a soft
03:22 14 polymer layer according to the current claims, would
03:22 15 also provide beneficial and surprisingly superior
03:22 16 properties.
03:22 17 Well, if you look at that language, it's
03:22 18 very carefully written. I would expect that these two
03:22 19 such layers would provide, as opposed to saying I have
03:22 20 seen this done. I have testing to prove it. In fact,
03:22 21 she didn't.
03:22 22 Years before she had told the Patent
03:22 23 Office that this is an unpredictable field, and now
03:22 24 she's making statements about what would be expected
03:22 25 that are contrary to the representations of

03:22 1 unpredictability that had been made previously.
03:23 2 If we go to the next slide, Slide 18.
03:23 3 I'm sorry. The next one, the timeline.
03:23 4 Here we go.
03:23 5 So we have the amendment of the pleading
03:23 6 to try to eliminate the soft-hard-soft, and then at
03:23 7 some point, the '613 patent, which is one of the
03:23 8 patents that had pending claims when Align began this
03:23 9 campaign to try to eliminate requirements that were
03:23 10 idiosyncratic to soft-hard-soft, issued.
03:23 11 That conduct continued, however. It
03:23 12 continued while Align pursued other patents, three more
03:23 13 continuation patents based on amended claims like the
03:23 14 ones that we just looked at.
03:23 15 And if we go to Slide 20.
03:23 16 After having mounted this campaign to try
03:23 17 to get broader patent coverage to cover the
03:23 18 hard-soft-hard aligners, a campaign that wasn't
03:23 19 ultimately successful, we don't infringe, but was based
03:24 20 on misrepresentations to the Patent Office, they had
03:24 21 patents which they then unveiled in court and brought
03:24 22 in this lawsuit.
03:24 23 So in April of 2024, Align sued
03:24 24 ClearCorrect and its parent company for its use of
03:24 25 Zendura FLX in its aligners.

03:24 1 Now, let me just pause here, Your Honor.
03:24 2 So under Therasense, the question isn't
03:24 3 whether Align can offer some alternative explanation
03:24 4 for what they told the Patent Office -- and we're going
03:24 5 to go into some more detail on what was said to the
03:24 6 Patent Office in this time period very shortly -- it's
03:24 7 whether any reasonable juror can find that intent to
03:24 8 deceive is the most reasonable inference.
03:24 9 I'll note, Your Honor, we, for our part,
03:24 10 the defendants' part, are not suggesting that the jury
03:24 11 would receive an inequitable conduct instruction.
03:24 12 There's a dispute between the parties on that issue.
03:24 13 Jury would receive, however, an
03:24 14 instruction on fraud --
03:24 15 THE COURT: They won't receive one.
03:24 16 MR. MUELLER: Right. We understood that
03:24 17 Your Honor would be taking that up yourself.
03:25 18 THE COURT: Right.
03:25 19 MR. MUELLER: But the trial record would
03:25 20 give you all of the factual information needed to fully
03:25 21 assess whether or not the representations made to the
03:25 22 Patent Office were in fact false, were in fact material
03:25 23 to these patents that are at issue in this case being
03:25 24 granted by the Patent Office.
03:25 25 And again, the issue for today is just

03:25 1 could any reasonable fact finder find that the pattern
03:25 2 of facts suffices to meet the inequitable conduct
03:25 3 standard, relatedly the fraud standard for the Walker
03:25 4 process antitrust claim. So even though inequitable
03:25 5 conduct would not go to the jury, the Walker process
03:25 6 antitrust claim would. And the full trial record would
03:25 7 help both the jury on the antitrust claims and Your
03:25 8 Honor on the inequitable conduct claims.
03:25 9 And we think that full picture, the
03:25 10 events that were occurring in the marketplace, the
03:25 11 claim amendments based on the motivation expressed from
03:25 12 the CEO on down to knock out a competitive upstart
03:26 13 product, and the false declaration plainly would permit
03:26 14 at least a reasonable fact finder from finding
03:26 15 inequitable conduct and from finding the necessary
03:26 16 predicate for a Walker process antitrust claim.
03:26 17 So if we go to Slide 22.
03:26 18 So again, it's legal background.
03:26 19 Slide 21, we'll just hit briefly.
03:26 20 As legal backdrop -- and this is in our
03:26 21 briefing as well, Your Honor -- the Federal Circuit has
03:26 22 held that the requisite intent can be proven by
03:26 23 indirect and circumstantial evidence. The bar is
03:26 24 unquestionably a significant bar, and as Mr. Hung said,
03:26 25 the Therasense case set the bar.

03:26 1 THE COURT: I don't need -- I'm good on
03:26 2 the law.
03:26 3 MR. MUELLER: Understood. So we'll go
03:26 4 here to the particulars, Your Honor.
03:26 5 So we have here that Align and Dr. Li
03:26 6 engaged in a pattern of lack of candor with the Patent
7 Office.
03:26 8 And if you go to the next slide, please.
03:26 9 They misrepresented what materials had
03:27 10 surprisingly superior properties beyond the
03:27 11 soft-hard-soft configuration used in SmartTrack.
03:27 12 They misrepresented what materials met
03:27 13 Align's own development criteria. Again, the
03:27 14 unpredictability of this art relates to what will be
03:27 15 efficacious for these types of products. And Align and
03:27 16 other similar companies have development criteria that
03:27 17 set milestones for what would be a truly efficacious
03:27 18 composition of materials for this type of product. And
03:27 19 there were misrepresentations made about which
03:27 20 materials would meet those criteria.
03:27 21 And then finally, there's a failure to
03:27 22 disclose all of the technical data that was relevant to
03:27 23 the issues that were being considered by the Patent
03:27 24 Office.
03:27 25 Go to the next slide, please.

03:27 1 So here, Dr. Li in the later declaration,
03:27 2 not the earlier one from the applications that led to
03:27 3 early patents on soft-hard-soft, rather than just
03:27 4 saying that -- as she did in her original declaration
03:28 5 that the resulting orthodontic appliances, meaning
03:28 6 clear aligners, incorporating the SmartTrack material
03:28 7 had surprisingly superior properties, they excised the
03:28 8 language or Dr. Li excised the language of
03:28 9 incorporating the SmartTrack material and said: We
03:28 10 found that materials with both hard and soft polymer
03:28 11 layers according to the current claims in orthodontic
03:28 12 appliances had surprisingly superior properties.
03:28 13 So there's now representation being made
03:28 14 that something greater than SmartTrack had these
03:28 15 surprisingly superior properties. And that wasn't
03:28 16 true.
03:28 17 In the course of discovery, we received
03:28 18 access to the data that Align had collected on all of
03:28 19 the materials with, quote, with both hard and soft
03:28 20 polymer layers that it had tested. And our technical
03:28 21 expert, who you would hear from at trial, Dr. Stephen
03:29 22 Spiegelberg, he's a material scientist, reviewed that
03:29 23 data and assessed whether this was correct, whether it
03:29 24 was true or false in terms of the characterization
03:29 25 being made to the Patent Office about the data.

03:29 1 And if we go to the next slide, please.
03:29 2 Dr. Spiegelberg concluded it was not
03:29 3 true. He first identified the materials identified by
03:29 4 Align that had both hard and soft polymer layers
03:29 5 according to the current claims, using the infringement
03:29 6 theory articulated in this case. There were 23 of
03:29 7 them.
03:29 8 He then compared the properties of those
03:29 9 23 materials to the properties of an earlier available
03:29 10 material called EX30. And he did this for the four
03:29 11 metrics identified in Dr. Li's declaration. And those
03:29 12 are elongation, time-stress relaxation, durability, and
03:29 13 thermoform ability.
03:29 14 And he found that not a single material
03:29 15 of those 23 outperformed the earlier EX30 material on
03:30 16 those metrics, Dr. Li's own metrics. In fact, he found
03:30 17 that many of those 23 materials were worse than EX30
03:30 18 with respect to one or more of those metrics. And
03:30 19 there were even a few that were worse on every single
03:30 20 metric for which we were provided data in discovery.
03:30 21 And this is a classic example, Your
03:30 22 Honor, of a factually intensive issue that would
03:30 23 benefit from a full trial record to demonstrate whether
03:30 24 or not what was said to the Patent Office was in fact
03:30 25 false.

03:30 1 If we go to the next slide, please.
03:30 2 Here's a chart --
03:30 3 THE COURT: If you could hold on one
03:30 4 second. I'll be right back.
03:30 5 MR. MUELLER: Sure.
03:30 6 (Pause in proceedings.)
03:34 7 THE COURT: Okay. Here's what I'm going
03:34 8 to do, Mr. Mueller. I typically handle inequitable
03:34 9 conduct claims at the end of the trial and have the
03:34 10 evidence put on while the jury is out waiting because
03:34 11 it's just going to come before me.
03:34 12 Now, you have to remember whatever your
03:34 13 time limit is on both sides. If you were to run out of
03:34 14 time, let's say the minute before you did your closing
03:34 15 arguments, then there will be no inequitable conduct.
03:34 16 So you have to reserve time for it.
03:34 17 But that -- I'm going to sever out the
03:34 18 inequitable conduct claim here and I'll take that up at
03:34 19 the end of the trial. I will say -- I won't say it.
03:34 20 But is there anything else you wanted to
03:34 21 say with respect to just the motion for summary
03:35 22 judgment?
03:35 23 MR. MUELLER: No, Your Honor. That's
03:35 24 helpful. And that's consistent with what we expected
03:35 25 in terms of the trial structure.

03:35 1 I will note that much of this evidence
03:35 2 will be relevant for the Walker process antitrust
03:35 3 claim. It doesn't have the same -- exact same legal
03:35 4 requirements as inequitable conduct, but some of the
03:35 5 facts here will be relevant there as well.
03:35 6 THE COURT: No. And that's why I didn't
03:35 7 interrupt y'all earlier and make the suggestion because
03:35 8 I thought it might -- I thought there might be overlap
03:35 9 there and it was worth me hearing all of it. So.
03:35 10 But I felt like you were kind of getting
03:35 11 towards the end and I thought I would let you know now.
03:35 12 So.
03:35 13 MR. MUELLER: That's very helpful, Your
14 Honor.
03:35 15 So I'll just briefly take you through the
03:35 16 facts because these facts are relevant to the antitrust
03:35 17 claims as well. But just -- I can take you through it
03:35 18 relatively quickly.
03:35 19 So here, we have, Your Honor, again, a
03:35 20 chart from -- we have a chart from the other side's
03:35 21 expert Dr. Reitman, and it lists the 23 materials
03:35 22 identified by Dr. Spiegelberg. For each material, it
03:36 23 includes the material's properties across the four
03:36 24 metrics that I discussed a moment ago from Dr. Li's
03:36 25 declaration.

03:36 1 One of the material's property exceeded
03:36 2 the standard of care based on the preexisting EX30
03:36 3 material. Dr. Reitman colored the box green. So this
03:36 4 is their expert's own coloring. And as you can see,
03:36 5 there's not a single row that's all green, meaning
03:36 6 there's not a single material that beat EX30 on each of
03:36 7 the other four metrics that Dr. Li called out.
03:36 8 So again, this is an example of factually
03:36 9 intensive evidence about the accuracy or inaccuracy of
03:36 10 statements made to the Patent Office.
03:36 11 To take you through a couple additional
03:36 12 ones, if we go to Slide 26? 28, I'm sorry.
03:36 13 Yeah. Here, we have, again, a portion
03:36 14 from the declaration -- the later declaration of
03:36 15 Dr. Li. Before learning of Zendura FLX, the
03:37 16 competitive product that's at issue in this case,
03:37 17 Dr. Li had told the Patent Office, if you read the
03:37 18 original source material kind of behind the red lines:
03:37 19 Only the material of the instant claims. That was the
03:37 20 original language in the original declaration.
03:37 21 The claims at that time expressly
03:37 22 required soft-hard-soft, which means in the original
03:37 23 declaration, Dr. Li told the Patent Office that only
03:37 24 soft-hard-soft met the criteria. But then in the red
03:37 25 line, the changes were an attempt to broaden that out

03:37 1 to change it from the soft-hard-soft claims to
03:37 2 something broader. And again, the underlying test data
03:37 3 did not support that.
03:37 4 If we go to the next slide.
03:37 5 When we asked Align's -- one of Align's
03:37 6 experts about this shift in Dr. Li's representation to
03:37 7 the examiner, he conceded this "was unfortunate" and
03:37 8 imprecise. And we think it was more than that, but
03:37 9 again, this goes to the factual record that is going to
03:37 10 be relevant to the antitrust claims, also relevant to
03:38 11 inequitable conduct.
03:38 12 If we go to Slide 30.
03:38 13 Final point here, Your Honor. There was
03:38 14 a failure to disclose relevant technical data and other
03:38 15 examiner rejections. This was data that was available.
03:38 16 She -- Dr. Li and a colleague, another inventor
03:38 17 Ms. Chin, had compiled test results in a single Excel
03:38 18 spreadsheet that could have been shared with the
03:38 19 examiner. Dr. Li also did not disclose that she had
03:38 20 submitted similar declarations in other patent
03:38 21 applications filed in 2019 and 2020.
03:38 22 So we think the underlying data would
03:38 23 have been relevant to the Patent Office's assessment of
03:38 24 whether the new claims, the amended claims were based
03:38 25 on accurate and full information, including the

03:38 1 characterizations of the surprisingly superior
03:38 2 performance results and what types of materials those
03:38 3 were based on.
03:39 4 And then finally, Your Honor, and this
03:39 5 goes to the but-for materiality, which I won't spend
03:39 6 too much time on. It is certainly something Your Honor
03:39 7 can take up when you take up inequitable conduct after
03:39 8 having a full record.
03:39 9 But there's no requirement that there be
03:39 10 only one but-for materiality clause. And I think
03:39 11 Mr. Hung may have been suggesting there needs to be a
03:39 12 cause, and that here, there could be multiple causes of
03:39 13 the claims issuing, including amendments that had been
03:39 14 made by Align before the issuance of the final claims.
03:39 15 There's no such requirement. You can
03:39 16 have two but-for causes for the same thing, and of
03:39 17 course there's many examples in both the patent world
03:39 18 and real life. I'm starting a fire with a match. The
03:39 19 match is one but-for cause of the fire and my own
03:39 20 striking of the match to light it is another but-for
03:39 21 cause. They're both but-for causes. In the absence of
03:39 22 either one of them, there would be no fire.
03:39 23 And here, in the absence of Dr. Li's
03:39 24 statements, we believe these claims would not have
03:39 25 issued.

03:39 1 And one way to see that, Your Honor, is
03:39 2 if we go to Slide 34.
03:39 3 The examiner in the notice of allowance
03:40 4 for the '613 patent noted that the examiner found
03:40 5 persuasive the applicant's affidavit. That's the one
03:40 6 that had been changed as compared to the one earlier,
03:40 7 that was submitted years earlier. And notes explicitly
03:40 8 the "unexpectedly positive results."
03:40 9 Well, those unexpectedly positive results
03:40 10 were not true. And we believe that the full trial
03:40 11 record will show that they are not true.
03:40 12 So again, Your Honor, we think this is a
03:40 13 record that shows a lack of candor and false statements
03:40 14 to the Patent Office. Part of this will be for Your
03:40 15 Honor in the inequitable conduct request that we'll
03:40 16 make to you on the full record. But then part of it is
03:40 17 for the antitrust claim.
03:40 18 And at this point, Your Honor, I'll turn
03:40 19 it over to Mr. Ford, who can explain how this ties in
03:40 20 with that broader pattern of conduct that was designed
03:40 21 to suppress competition from ClearCorrect. It includes
03:40 22 this, this is part of it, the attempt to get IP claims
03:40 23 to stop -- to stop the new product, as we saw in the
03:41 24 CEO e-mails. But it goes beyond that as well.
03:41 25 And I'll turn it over to Mr. Ford to give

03:41 1 the fuller picture and the law that shows that we have
03:41 2 a tenable claim that should go to the jury.
03:41 3 MR. FORD: Thank you. Good afternoon
03:41 4 again, Your Honor.
03:41 5 I'm going to address the arguments that
03:41 6 Mr. Tubach made sometime ago concerning the marketplace
03:41 7 conduct. And so if we can pull up the slides for
03:41 8 antitrust summary judgment portion.
03:41 9 He mentioned there were three sort of
03:41 10 buckets of activity that we, ClearCorrect, identified
03:41 11 as having an effect of locking doctors in exclusively
03:41 12 to Invisalign.
03:41 13 The first bucket he called
03:41 14 interoperability. I'll call it the iTero moat. And
03:41 15 the reason why I'll call it the iTero moat is because
03:41 16 that's what Align calls it. You'll find over the next
03:41 17 20 minutes what Align says about its conduct is a far
03:41 18 cry from what Mr. Tubach says about it.
03:41 19 The second is loyalty pricing. Not
03:41 20 discounts, loyalty pricing that creates penalties
03:42 21 exactly of the type the Surescripts case mentioned.
03:42 22 And not only a few contracts, but literally tens of
03:42 23 thousands of contracts that locked doctors in.
03:42 24 If we could jump to Slide 7, I want to
03:42 25 talk about the iTero moat.

03:42 1 I'm sorry, Slide 8.
03:42 2 Around the time, and this is around 2017,
03:42 3 2018, that Align began anticipating the entry of new
03:42 4 clear aligner competitors, it decided it wanted to
03:42 5 create what it called a competitive moat around
03:42 6 Invisalign. You see here a presentation where they
03:42 7 literally say it's time to "build a moat around your
03:42 8 business." The business was Invisalign. The moat was
03:42 9 the iTero.
03:42 10 Go to the next slide.
03:42 11 You don't have to take my word for what
03:42 12 "moat" meant. The speaker notes, as part of that
03:42 13 presentation, Your Honor, literally says: The iTero
03:43 14 scanner will block competition from gaining business in
03:43 15 your account.
03:43 16 They knew the iTero scanner would block
03:43 17 competition.
03:43 18 In fact, Align's senior director of
03:43 19 strategy --
03:43 20 If you go to the next slide.
03:43 21 -- noted some years before internally:
03:43 22 As we're preparing for serious competition in the next
03:43 23 three to five years, an iTero customer is a locked-in
03:43 24 Invisalign customer.
03:43 25 We should be locking in every Invisalign

03:43 1 customer into the iTero now.

03:43 2 Your Honor, Mr. Tubach went through the

03:43 3 elements of a monopolization claim. And he implicitly

03:43 4 noted they're not challenging on this motion that

03:43 5 Invisalign has monopoly power. They do. You saw the

03:43 6 slide that Mr. Mueller showed you.

03:43 7 What they're challenging is

03:43 8 anticompetitive conduct. Anticompetitive conduct,

03:43 9 under the Fifth Circuit law, is conduct that tends to

03:44 10 impair the opportunities of rivals. And the most

03:44 11 common form, what the Fifth Circuit said is the

03:44 12 quintessential form of anticompetitive conduct, is

03:44 13 foreclosing access to customers. What the Fifth

03:44 14 Circuit's called barricading access to markets.

03:44 15 This internal document from Align is a

03:44 16 confession, Your Honor. It's a confession of the

03:44 17 anticompetitive nature of their conduct. An iTero

03:44 18 customer is a locked-in Invisalign customer.

03:44 19 And the reason --

03:44 20 If you go to the next slide.

03:44 21 The reason why an iTero customer's a

03:44 22 locked-in Invisalign customer is not because, as

03:44 23 Mr. Tubach says, there's a couple more clicks. Far

03:44 24 from it. When a doctor has an iTero, they can order

03:44 25 Invisalign at the click of a button. But to get a scan

03:44 1 from the iTero to send to a competing aligner, it's a
03:44 2 15- to 18-step process across three different
03:44 3 platforms. It's incredibly complicated and time
03:45 4 consuming.
03:45 5 In fact, that is exactly what Align
03:45 6 noticed.
03:45 7 Go to the next slide.
03:45 8 When Joe Hogan took over as CEO, he
03:45 9 actually asked: Can the iTero really be used to order
03:45 10 a competing aligner?
03:45 11 And the answer he got I think is quite
03:45 12 revealing. The answer was: Whilst customers could
03:45 13 potentially use the iTero for submitting a scan to any
03:45 14 company today, the workflow is not simple and we would
03:45 15 of course not support it.
03:45 16 Right? It's possible but it's difficult
03:45 17 and we're not going to make it any easier.
03:45 18 If you look at the next slide.
03:45 19 Align's director of product design, the
03:45 20 person who's literally responsible at Align for
03:45 21 designing products that work well, he confessed
03:45 22 internally that the STL export process, that process of
03:45 23 trying to get a scan off the iTero to send to a
03:45 24 competing aligner company, "is highly manual, time
03:46 25 consuming and thus will never be widely adopted."

03:46 1 And the reason is, Your Honor, we'll
03:46 2 bring an expert, a former orthodontist from Waco, to
03:46 3 testify that in this industry, doctors' time is money.
03:46 4 Anything that causes a few more minutes across 80
03:46 5 patients a day is going to undermine not only their
03:46 6 patients' satisfaction but their profitability. Align
03:46 7 knew that.
03:46 8 Go to the next slide.
03:46 9 This is another statement from a senior
03:46 10 director at Align. He said to Joe Hogan: I don't
03:46 11 think we are ever going to cross the threshold of
03:46 12 allowing iTero to scan for other aligners in any
03:46 13 meaningful way.
03:46 14 That is another confession.
03:46 15 Mr. Tubach will say, well, they do
03:46 16 actually send some scans. ClearCorrect does get some
03:46 17 scans from the iTero. The problem is they're
03:46 18 microscopically few. And there's the admission
03:47 19 internally. They knew the iTero would not scan for
03:47 20 competing aligners in any meaningful way. That's why
03:47 21 they're locked in.
03:47 22 And so Mr. Hogan --
03:47 23 If you look at the next slide.
03:47 24 Mr. Hogan took this information and
03:47 25 that's when he decided, I'm going to force every

03:47 1 Invisalign doctor to get an iTero. The reason why is I
03:47 2 know that if a doctor has another scanner where it's
03:47 3 just as easy to buy Invisalign as another aligner, that
03:47 4 puts us on a level playing field with competitors. He
03:47 5 didn't want that.
03:47 6 He said, why would we allow other
03:47 7 scanners to work with Invisalign? They, the competing
03:47 8 scanner companies, can say to docs you can do
03:47 9 Invisalign or other clear aligners. We have such a
03:47 10 huge share of the market, why do we want to give them,
03:47 11 doctors, that choice?
03:47 12 This answers the question you asked
03:47 13 Mr. Tubach. Mr. Tubach said why would it -- it would
03:48 14 benefit ClearCorrect if other scanners didn't work with
03:48 15 Invisalign. Right? That is completely false and Align
03:48 16 knew it.
03:48 17 The reason why is that this policy, once
03:48 18 you force doctors to buy an iTero, means that the iTero
03:48 19 will dominate the market for scanners among doctors
03:48 20 doing clear aligners. It's not there will be many
03:48 21 doctors have other scanners. The policy forces doctors
03:48 22 to buy scanners from Align and that iTero doesn't work
03:48 23 in any meaningful way with other clear aligner
03:48 24 companies.
03:48 25 I said the word "force." That's not my

03:48 1 word. That's Align's word.
03:48 2 If you look at the next slide.
03:48 3 This is -- this is the silver bullet, so
03:48 4 to speak, in a monopolization case. Invisalign is a
03:48 5 monopoly product. That's what we have to assume under
03:48 6 this motion. And they write internally: If you want
03:48 7 to do Invisalign, you're forced to buy an iTero and
03:49 8 live with it. That's what they say. That, Your Honor,
03:49 9 creates the moat around an Invisalign.
03:49 10 If you go to the next slide.
03:49 11 It locks doctors in. Doctors want to
03:49 12 offer Invisalign because it is the 90 plus percent
03:49 13 market share. They need to be able to offer that, at
03:49 14 least some of it. They're then forced to buy an iTero.
03:49 15 And so as a result of that, 75 percent plus of the
03:49 16 clear aligner prescribing volume in the U.S. is an
03:49 17 iTero. And that iTero blocks competition.
03:49 18 This is a summary judgment motion. We
03:49 19 have admissions from Align. Admissions that they have
03:49 20 a huge share of the market. Admissions that they force
03:49 21 doctors to buy an iTero. Admissions that they do so to
03:49 22 deprive those doctors of choice. Admissions that it's
03:50 23 a time consuming, complex process and will never widely
03:50 24 be used. Admissions that it won't ever work for
03:50 25 competing aligners in any meaningful way. Admissions

03:50 1 that an iTero customer is a locked-in Invisalign
03:50 2 customer.
03:50 3 They can try to throw data. That's just
03:50 4 a disputed fact. We have by far enough to get that
03:50 5 question to a jury.
03:50 6 And so what Align then pivots to is they
03:50 7 try to give you legal arguments for disposing the claim
03:50 8 despite this damning factual evidence from their own
03:50 9 documents. Evidence that is clearly monopolistic.
03:50 10 But here's the problem, Your Honor. And
03:50 11 this is important. Every single rule Mr. Tubach
03:50 12 provided you is not a rule that applies to
03:50 13 monopolization claims. This is important. He is
03:50 14 providing you antitrust rules that don't apply to this
03:51 15 statute.
03:51 16 There are, as you may know --
03:51 17 If you go to the next slide.
03:51 18 -- two principle statutes that the
03:51 19 antitrust law has. There's Section 1 of the Sherman
03:51 20 Act which deals with contracts, combinations or
03:51 21 conspiracies and restraint of trade. And there's
03:51 22 Section 2, monopolization, which is what -- it's what
03:51 23 we're dealing with here.
03:51 24 Section 1 requires there to be an
03:51 25 agreement among market participants. And Section 1

03:51 1 only requires mere market power. That is not the
03:51 2 statute we're bringing a claim under.
03:51 3 Section 2 is about monopolization.
03:51 4 Monopolization reaches unilateral conduct. No
03:51 5 agreement is required. It does require more power.
03:51 6 Instead of mere market power, it requires us to show
03:51 7 monopoly power which is an extreme form of market
03:51 8 power.
03:51 9 Now, they have conceded on summary
03:51 10 judgment that we get to the jury on that question. But
03:52 11 because Section 2 requires more power, the cases
03:52 12 recognize they have more ability to harm competition.
03:52 13 And so the type of conduct that can violate Section 2
03:52 14 is, as the Seventh Circuit in Viamedia said, broader
03:52 15 and less categorical in its definition than conduct
03:52 16 under Section 1.
03:52 17 I tee this up because I want to point you
03:52 18 to the first legal argument that Mr. Tubach presented
03:52 19 you. And that's this.
03:52 20 If you go to the next slide.
03:52 21 He argued that exclusive dealing requires
03:52 22 a contract, an agreement. Right? He said the Google
03:52 23 case had an agreement in it. The Microsoft case had an
03:52 24 agreement in it. And at least with respect to the
03:52 25 iTero moat, he says there's no agreement.

03:52 1 Let's put aside the fact that there is an
03:52 2 agreement. There's an agreement to sell every one of
03:52 3 these scanners and there's a subscription agreement.
03:52 4 So this argument is factually flawed. But it's legally
03:53 5 flawed in a significant way.
03:53 6 Your Honor, they cite one case for this
03:53 7 proposition, ZF Meritor. And they cite in the brief
03:53 8 what's quoted on the left, this proposition that:
03:53 9 Generally, a prerequisite to any exclusive dealing
03:53 10 claim is an agreement to deal exclusively.
03:53 11 They quote that to you.
03:53 12 They ignore the footnote. The footnote
03:53 13 says everything. The footnote says: Evidence of an
03:53 14 agreement is expressly required under Section 1 of the
03:53 15 Sherman Act and Section 3 of the Clayton Act. However,
03:53 16 an agreement is not necessarily required under
03:53 17 Section 2 of the Sherman Act, which can provide a
03:53 18 vehicle for challenging a dominant firm's unilateral
03:53 19 imposition of exclusive dealing on consumers -- on
03:53 20 customers.
03:53 21 The one and only case they cited for
03:53 22 Mr. Tubach's proposition that we needed a contract says
03:54 23 180 degrees the opposite.
03:54 24 In fact, if you go to the next slide, I
03:54 25 have an excerpt from a treatise by a Professor Areeda

03:54 1 and Professor Hovenkamp.

03:54 2 The Areeda treatise is the leading

03:54 3 treatise on antitrust law. It's been cited by over 20

03:54 4 Fifth Circuit cases. It is the source of the

03:54 5 monopolization standard that you, Your Honor, endorse

03:54 6 by accepting Judge Gilliland's report and

03:54 7 recommendation.

03:54 8 Areeda says the following: Section 2 is

03:54 9 also properly brought to bear when a defendant is a

03:54 10 monopolist. Indeed, as we point out later, Section 2

03:54 11 may be better suited for the task, given that exclusive

03:54 12 dealing is best considered as a unilateral exclusionary

03:54 13 practice rather than an agreement between a

03:54 14 manufacturer and its dealers.

03:54 15 An occasional practice may have

03:54 16 exclusive-dealing-like effects, not satisfy the

03:54 17 agreement requirement and raise concerns under

03:54 18 Section 2.

03:55 19 Align offers no evidence or case law to

03:55 20 the contrary. So that one legal principle they offered

03:55 21 to try to get rid of the iTero moat is flawed and

03:55 22 flawed according to their own theory.

03:55 23 Now, the next thing they say in their

03:55 24 reply brief is that we have not offered a case where

03:55 25 technical impediments constitute any competitive

03:55 1 conduct absent an agreement. That's false. Microsoft
03:55 2 does.
03:55 3 Microsoft, Your Honor, this is the U.S.
03:55 4 v. Microsoft case. It is the seminal monopolization
03:55 5 case of this century. In a lot of ways, is one of the
03:55 6 most cited monopolization cases.
03:55 7 Now, there was contracts at issue, just
03:55 8 like there's contracts at issue in this case. But the
03:55 9 DC circuit in Microsoft separately analyzed as
03:55 10 standalone anticompetitive conduct the technical
03:55 11 impediments Microsoft inserted. Microsoft had the
03:56 12 dominant operating system platforms in the Windows --
03:56 13 in Windows. And they tied it to Internet Explorer.
03:56 14 And their hope was to block browsers that would come in
03:56 15 the market.
03:56 16 And one of the things Microsoft did is
03:56 17 they took and they made it really hard for OEMs to take
03:56 18 Explorer off the computer, out of Windows. They
03:56 19 deleted the Explorer from the add/remove program. They
03:56 20 commingled the code. And what the Court said is that
03:56 21 this made it difficult for OEMs to take Explorer out
03:56 22 and provided a disincentive to add Netscape, other
03:56 23 competing browser. Right? Because it's difficult.
03:56 24 That in turn provided a deterrence to
03:56 25 consumers who would have to go out and load Netscape.

03:56 1 And few did.

03:56 2 These were technical impediments that

03:56 3 restrained competition by locking in customers to

03:57 4 Explorer. And they were actionable in and of

03:57 5 themselves, if you look at that opinion. That section

03:57 6 had nothing to do with any agreement.

03:57 7 You go on. This type of choice friction,

03:57 8 next step, next slide.

03:57 9 This type of choice friction is most

03:57 10 certainly actionable to show substantial foreclosure.

03:57 11 Align's own expert, Your Honor, acknowledged that one

03:57 12 of the ways monopolists can achieve substantial

03:57 13 foreclosure is by imposing what he called operational

03:57 14 frictions that materially impede customers' ability to

03:57 15 access competing options.

03:57 16 That is exactly what Align has done here.

03:57 17 They force the iTero on most of the clear aligning

03:57 18 prescribing population in the U.S., and those technical

03:57 19 frictions make it hard and almost impossible for those

03:57 20 doctors to use anything else.

03:57 21 If you go to the next slide.

03:57 22 Many of the leading cases -- I'll just

03:58 23 move quickly here. But many of the leading cases

03:58 24 impose monopolization liability based on this type of

03:58 25 friction. Right?

03:58 1 The Google Play case is very much on par
03:58 2 with our case. There, Google Play tied the Android
03:58 3 operating system to the Google Play Store in devices
03:58 4 like phones.
03:58 5 Now, it was possible to load in another
03:58 6 app store, but it was a 14-step process that was very
03:58 7 complicated, and the evidence showed that few would.
03:58 8 Right? So this choice friction is exactly what
03:58 9 underlies a lot of the most significant antitrust
03:58 10 verdicts.
03:58 11 If you go to Slide 25, I want to talk
03:58 12 about the next fundamental error in law that Mr. Tubach
03:58 13 pitched you.
03:58 14 They talk about the tie. And it's true,
03:59 15 we argued and alleged that Align tied Invisalign to the
03:59 16 iTero. And this is the depiction of a tie. Doctors
03:59 17 wanted the Invisalign and so they must buy an iTero.
03:59 18 That's the policy. That's exactly what Align wanted.
03:59 19 And so in this case, Align was the --
03:59 20 Invisalign's a tying product and the iTero's the tied
03:59 21 product. And you may have heard Mr. Tubach said -- say
03:59 22 that this tying theory doesn't make any sense because
03:59 23 we are using this tie to demonstrate how Align
03:59 24 insulated its Invisalign monopoly in the tying market.
03:59 25 And he told you that a tie to the

03:59 1 actionable must foreclose competition in the tied
03:59 2 market. Right? In the iTero market. That's not what
03:59 3 we do. He's 100 percent false.
03:59 4 If you go to the next slide.
03:59 5 He is again applying Section 1 principles
04:00 6 to a Section 2 case. Right? Align says tying only
04:00 7 matters if you prove monopolization of a tied market.
04:00 8 The leading authority says: The
04:00 9 principal difference between ties addressed under
04:00 10 Section 2 and those considered under Section 1 are,
04:00 11 among other things, the competitive harm must result
04:00 12 from unreasonable exclusion in a market in which the
04:00 13 defendant has or threatens to have monopoly power.
04:00 14 Thus, the harm can result in either the tying or tied
04:00 15 market. Right?
04:00 16 He goes on to say at the bottom: The law
04:00 17 of monopolization generally looks for anticompetitive
04:00 18 effects in the market being monopolized, which is
04:00 19 usually the tying market.
04:00 20 And so once again, Align has urged you to
04:00 21 throw this case out based on a principle of law that
04:00 22 applies to an entirely different statute in the Sherman
04:00 23 Act. And that is crystal clear it doesn't apply to a
04:01 24 Section 2 claim.
04:01 25 We pointed out in our brief that the

04:01 1 Microsoft case is very much a model for this Court's
04:01 2 decision here and for thinking about this case. In
04:01 3 Microsoft --
04:01 4 If you go to the next slide.
04:01 5 Microsoft had a dominant position in
04:01 6 Windows. OEMs wanted Windows and they were forced to
04:01 7 take Explorer. So Windows was the tying product. And
04:01 8 Internet Explorer was the tied product. Right?
04:01 9 The reason why this tying worked to
04:01 10 protect the Windows operating system monopoly was
04:01 11 because Windows was concerned that if Netscape became
04:01 12 very popular as a browser, app developers could develop
04:01 13 apps that would work on Netscape and, therefore, OEMs
04:01 14 wouldn't have to use Windows in order to have a
04:01 15 platform for applications.
04:01 16 So the tie was about protecting and
04:01 17 insulating the tying market. And Microsoft court found
04:02 18 that to be monopolization.
04:02 19 Now, if you go to the next slide.
04:02 20 Align says that in Microsoft, the Court
04:02 21 required showing of the essential elements of a tying
04:02 22 claim, including harm in the tied product market. Once
04:02 23 again, they improperly conflate Section 1 and
04:02 24 Section 2. They -- Microsoft had an entire section on
04:02 25 Section 2, an entire section on Section 1.

04:02 1 They pointed you to the section on
04:02 2 Section 1. Overlooking the fact that the exact same
04:02 3 tying allegations were part of the monopolization claim
04:02 4 and found to be part -- a valid part of the claim in
04:02 5 which Microsoft was found to have monopolized the
04:02 6 Windows market in the tying market.
04:02 7 If you go to the next slide.
04:02 8 Again, Your Honor, you don't have to take
04:02 9 my word for it. Let's look at the leading treatise.
04:02 10 The leading treatise says: The law of monopolization
04:02 11 generally looks for anticompetitive effects in the
04:03 12 market being monopolized, which is usually the tying
04:03 13 market.
04:03 14 Again, that's what we're doing here.
04:03 15 Because this is a monopolization case, not a Section 1
04:03 16 case.
04:03 17 For example, one analyzing Microsoft's
04:03 18 tying of its Windows operating system to Internet
04:03 19 Explorer under tying doctrine of Section 1 would likely
04:03 20 look for impairments of competition in the tied market,
04:03 21 the browser market. By contrast, one analyzing the
04:03 22 same tying as unlawful monopolization under Section 2
04:03 23 would likely look at the tie's propensity to maintain
04:03 24 or extend power in the tying market.
04:03 25 And so that argument that Mr. Tubach made

04:03 1 that we can't have a tying claim here that's based on
04:03 2 maintaining monopolization in the Invisalign market is
04:03 3 dead wrong. Dead wrong.
04:03 4 The next thing I'll -- point he makes is
04:03 5 that they have no duty to deal. He frames this all as
04:04 6 a duty to deal. Align doesn't have a duty to deal with
04:04 7 any competitors. Your Honor, you already rejected that
04:04 8 argument in this case by adopting Judge Gilliland's
04:04 9 report and recommendation.
04:04 10 If you go to the next slide.
04:04 11 Judge Gilliland explained that Aspen
04:04 12 Skiing -- remember the Aspen Skiing case that
04:04 13 Mr. Tubach referenced -- did not involve conduct
04:04 14 directed at customers such as here, where the customers
04:04 15 were allegedly forced to accept any competitive
04:04 16 conditions. And he cites Chase Manufacturing. And you
04:04 17 adopted this. Right?
04:04 18 They're trying to get you to reverse
04:04 19 course now. Duty to deal is implicated when a
04:04 20 monopolist is selling to or entering a joint venture
04:04 21 with or otherwise contracting with a competitor.
04:04 22 That's not at all what we're dealing with here.
04:04 23 They don't need to contract with any
04:05 24 competitor to accept from doctors scans that doctors
04:05 25 take with another aligner. Every other aligner company

04:05 1 in the world just allows doctors to upload scans from
04:05 2 wherever they get it. They just have to deal with
04:05 3 their customers.
04:05 4 And you want to know why we know you
04:05 5 don't need a contract to accept scans? Because
04:05 6 Mr. Tubach said to you that the iTero can be used to
04:05 7 order competing aligners. Well, Align doesn't have any
04:05 8 contract with any competing aligner companies. Those
04:05 9 aligner companies just accept from their doctors scans.
04:05 10 We're not asking to do any deal.
04:05 11 And so if you go to the next slide.
04:05 12 The case law here is clear. You and
04:05 13 Judge Gilliland were right and you're in really good
04:05 14 company. The Court in Google, a recent decision, said:
04:05 15 Courts have contrasted the refusal to deal doctrine
04:05 16 from a monopolist's more direct interference with
04:06 17 rivals, such as limiting ability of third parties to
04:06 18 deal with rivals, exclusive dealing like we do here,
04:06 19 requiring third parties to purchase a bundle of goods
04:06 20 rather than just ones they really want, tying, as here.
04:06 21 You may have heard of the recent Live
04:06 22 Nation monopolization decision. The Court there said
04:06 23 the same thing. To the extent plaintiffs can make out
04:06 24 a claim that Live Nation is engaged in tying --
04:06 25 THE COURT: Counsel, can you give me just

04:06 1 a couple minutes? I'll be right back.
04:06 2 (Pause in proceedings.)
04:10 3 THE COURT: My understanding is Kristie's
4 back.
04:10 5 I'm going to deny the motion for summary
04:10 6 judgment.
04:10 7 With respect to the first motion we took
04:10 8 up, the motion for preclusion pursuant to Rule 37, the
04:11 9 Court is going to grant that.
04:11 10 What I have up next is Align's partial
04:11 11 motion for summary judgment of validity. I'll take
04:11 12 that up next.
04:11 13 MR. NASH: Good afternoon, Your Honor.
04:11 14 THE COURT: Good afternoon, Mr. Nash.
04:11 15 MR. NASH: Can you hear me okay?
16 THE COURT: Yes.
04:11 17 MR. NASH: It's good to see you, Your
18 Honor.
04:11 19 Give me one moment to get the slides set
04:11 20 up, if that's all right.
04:11 21 THE COURT: I don't know how to stop you.
04:11 22 (Laughter.)
04:11 23 MR. NASH: Well, I appreciate your
04:11 24 patience, Your Honor.
04:11 25 I think I have the wrong screen, Your

04:11 1 Honor. Hold on. I apologize.
04:12 2 Okay. Your Honor, are you able to see my
04:13 3 slides?
04:13 4 THE COURT: Yes.
04:13 5 MR. NASH: I don't know how helpful these
04:13 6 are frankly going to be, Your Honor. I think this is
04:13 7 actually a pretty open-and-shut issue. So I'm just
04:13 8 going to start pretty quick.
04:13 9 I think you've heard a lot about sort of
04:13 10 what we call the materials patents. And at a high
04:13 11 level, there's four of them. They refer to the
04:13 12 material that's being used in these aligner devices or
04:13 13 appliances, if you will.
04:13 14 And this is one that's representative, if
04:13 15 you can see it up on my screen, Your Honor. It's got
04:13 16 the -- it's called the '613 patent. And I'm going to
04:13 17 use this to illustrate the issues that we've been
04:13 18 talking about with respect to this.
04:13 19 But you've heard a lot about
04:13 20 soft-hard-soft, soft-hard-soft, the various
04:13 21 configuration of these layers. And I don't think
04:14 22 that's a fair characterization of what these claims
04:14 23 necessarily cover.
04:14 24 So if you look at the claim language we
04:14 25 see here, we're talking about a method of making a

04:14 1 dental appliance for positioning a patient's teeth.
04:14 2 I've highlighted in the green that it must be a
04:14 3 multi-layer material. That multi-layer material has
04:14 4 three polymer layers.
04:14 5 In blue, I've highlighted that one of
04:14 6 those polymer layers needs to be a hard layer. And
04:14 7 specifically the material type for that hard layer is a
04:14 8 co-polyester. And the particular co-polyester must
04:14 9 have a physical property of a flexural modulus greater
04:14 10 than about 150 PSI (sic). So that's highlighted in
04:14 11 blue.
04:14 12 Then highlighted in pink on my screen,
04:14 13 Your Honor, is another layer requirement for that
04:14 14 multi-layer material. Another layer must be a soft
04:14 15 polymer layer that comprises a thermoplastic
04:14 16 polyurethane elastomer, TPU, Your Honor. That's the
04:15 17 material type. And then there's also physical
04:15 18 properties associated with that TPU layer. It has to
04:15 19 have an elongation of break at 200 percent or greater.
04:15 20 It has to have a hardness from about 60 A to 85 D.
04:15 21 That's on the Shore Hardness Scale, Your Honor.
04:15 22 And so it's a specific multi-layer
04:15 23 configuration, but it's configured according to the
04:15 24 layer types and the physical properties associated with
04:15 25 that layer.

04:15 1 It also continues with two other
04:15 2 limitations which I don't think are really at issue
04:15 3 today. There has to be a positive model for the
04:15 4 patient's teeth. And then you fabricate an appliance
04:15 5 on a negative of that positive model.
04:15 6 What's important, though, about what
04:15 7 these claims require is more what they do not require.
04:15 8 There is nothing specific in this claim that requires a
04:15 9 particular order or arrangement of the multi-layer
04:15 10 materials as to how that soft and hard layer are
04:15 11 arranged according to each other. There's nothing that
04:16 12 says it has to be a soft-hard-soft arrangement, a
04:16 13 hard-soft, soft-hard-soft, or hard-soft-hard, or any
04:16 14 configurations thereof. It's a multi-layer material
04:16 15 and it requires those specific structural features that
04:16 16 are described there.
04:16 17 Now, the reason why we've brought this
04:16 18 partial motion for summary judgment is because the
04:16 19 entirety of ClearCorrect's written description theory
04:16 20 is premised not on comparing this claim to the
04:16 21 specification, it's premised on comparing the
04:16 22 specification to their accused product.
04:16 23 And you heard a lot already in
04:16 24 Mr. Mueller's upfront discussion about the history
04:16 25 involving these two parties and their competing

04:16 1 products.

04:16 2 And one thing I think that they've tried

04:16 3 to make and what I see in their slides is ample

04:16 4 discussion about their Zendura FLX material. And they

04:16 5 do that because their Zendura FLX material, they

04:16 6 contend, has their hard layers on the outside, whereas

04:17 7 what is disclosed in the specification as one

04:17 8 embodiment, Your Honor, just one embodiment. It's

04:17 9 never limited to that embodiment, but is a

04:17 10 configuration with effectively the same materials but

04:17 11 soft is on the outside rather than hard.

04:17 12 And so what they've argued in this case

04:17 13 and what their expert's argued over the course of his

04:17 14 expert report and in deposition is a position that

04:17 15 because the specification doesn't disclose that

04:17 16 configuration in the accused product, then there's a

04:17 17 problem with the written description.

04:17 18 Now, they contend or argue that that's a

04:17 19 full scope argument or they try to argue it as a

04:17 20 genus-species, as you've seen, Your Honor. Frankly, I

04:17 21 think they're already starting with the wrong

04:17 22 framework, the wrong inquiry.

04:17 23 The inquiry is what is disclosed in this

04:17 24 claim, or what's claimed by the claims, and is that

04:17 25 supported in the spec. And that's a pretty simple

04:17 1 inquiry, Your Honor.

04:17 2 In fact, the reason why this I think is

04:18 3 amenable to summary judgment is because when you look

04:18 4 at the spec, it's obviously disclosed, each of these

04:18 5 layers, and specifically the materials, and the

04:18 6 materials having those physical properties are

04:18 7 disclosed. And their expert kind of concedes that

04:18 8 these are there.

04:18 9 The expert's only qualification on those

04:18 10 concessions is, ah, yes. But it's in the context of a

04:18 11 soft-hard-soft arrangement. Yes, but it's in the

04:18 12 context of soft-hard-soft. And he's making that

04:18 13 qualification, Your Honor, because he's tried to

04:18 14 effectively import that into the claim language, like

04:18 15 that's something that needs to be shown as well. It's

04:18 16 a back door to either rewrite the claim language or

04:18 17 it's a back door noninfringement position.

04:18 18 And I think effectively what their

04:18 19 expert's trying to do and what ClearCorrect's trying to

04:18 20 do in this case is when it says in this green

04:18 21 limitation you see in front of you, Your Honor, a sheet

04:18 22 comprising three or more polymer layers, I think they

04:18 23 want to import a requirement with soft on the outside.

04:18 24 That's effectively what they're trying to argue.

04:19 25 That's obviously not existent in this claim language.

04:19 1 So to illustrate just quickly, Your
04:19 2 Honor, because I did make these color-coded slides and
04:19 3 they're kind of fun.
04:19 4 That first limitation, multi-layer
04:19 5 material. We see that more than adequately disclosed
04:19 6 in the specification. Here's one example from Column
04:19 7 3, Lines 46 to 54. It discusses having a sheet
04:19 8 comprising a hard polymer layer disposed between two
04:19 9 soft polymer layers. So three layers. It's a
04:19 10 multi-layer sheet.
04:19 11 And their expert, as we saw during
04:19 12 deposition, conceded, yes. That is disclosed in the
04:19 13 specification.
04:19 14 Does it disclose three polymer layers?
04:19 15 He says: Yes, in a soft-hard-soft
04:19 16 configuration.
04:19 17 Well, Your Honor, there's nothing
04:19 18 requires a specific configuration. The concession that
04:19 19 there are three polymer layers, no material dispute of
04:19 20 fact.
04:19 21 Similarly on the blue, Your Honor, that's
04:19 22 the hard layer. Now, remember, the hard layer has
04:19 23 structural features associated with it. It has to have
04:20 24 a material type. It's a co-polyester. There's other
04:20 25 types of hard polymer layers disclosed in the spec, but

04:20 1 one of them is a co-polyester.

04:20 2 Has to have a flexural modulus greater

04:20 3 than 150 PSI (sic). And that's disclosed as we see in

04:20 4 the specification right here. This comes from

04:20 5 Column 5, Lines 62 to Column 6, Line 1, and from Column

04:20 6 6, Lines 34 to 39. You see that it's a hard polymer

04:20 7 layer of one type of material, e.g., a co-polyester.

04:20 8 That's your material type.

04:20 9 And then we see specific properties that

04:20 10 are associated with that hard polymer layer. Among the

04:20 11 physical properties that are disclosed is a flexural

04:20 12 modulus greater than 150 PSI (sic).

04:20 13 Expert also conceded this point in

04:20 14 deposition: You're not disputing, sir, that the

04:20 15 specification discloses a hard polymer layer comprised

04:20 16 of a co-polyester?

04:20 17 He said: No. I'm not disputing that.

04:20 18 But it's soft-hard-soft configuration.

04:21 19 Again, the hard polymer layer is -- has a

04:21 20 flexural modulus greater than 150 disclosed in the

04:21 21 spec, right?

04:21 22 He says: The hard polymer layer in the

04:21 23 hard -- soft-hard-soft discussed in this application,

04:21 24 meaning the spec, has a flexural modulus greater than

04:21 25 150. So again, he's qualifying it --

04:21 1 (Clarification by Reporter.)
04:21 2 MR. NASH: So again, we see him importing
04:21 3 this soft-hard-soft aspect into the claim language when
04:21 4 it doesn't exist.
04:21 5 And then similarly with the soft layers,
04:21 6 Your Honor, we see that it's disclosed in the
04:21 7 specification. This is Column 6, Lines 23 to 28 --
04:21 8 sorry, Kristie -- and Column 6, Line 34 to 39.
04:21 9 And we see there a discussion in the
04:21 10 specification of soft polymer layers of thermoplastic
04:21 11 polyurethane, TPU. That's the material type. And then
04:21 12 we have a disclosure of the specific properties.
04:22 13 Several different options, but among those, Your Honor,
04:22 14 are the specific ones that are claimed in the claims.
04:22 15 We have a property of at least hardness
04:22 16 between 60 A to about 85 D. We also have a property
04:22 17 with an elongation of break greater than about
04:22 18 200 percent. Both of those are fully disclosed in the
04:22 19 specification and both of those, the expert concedes,
04:22 20 are disclosed there.
04:22 21 So again in deposition, we see, as
04:22 22 Dr. Spiegelberg testified: Specification discloses a
04:22 23 soft polymer layer that is comprised of a thermoplastic
04:22 24 polyurethane elastomer, correct?
04:22 25 He says: Yeah, it's describing a soft

04:22 1 layer is a polyurethane elastomer with specific
04:22 2 properties.
04:22 3 Then he adds: But it's on the outside of
04:22 4 a hard layer.
04:22 5 It's not anywhere required in the spec or
04:22 6 required in the claims, Your Honor.
04:22 7 Then he says again: Well, so the spec,
04:22 8 sir, discloses a soft polymer layer having an
04:22 9 elongation at break. That's one of the properties for
10 the soft layer.
04:23 11 And he says: Yes. It's describing a
04:23 12 multiple soft polymer layer. So he puts his qualifier
04:23 13 in there. And the soft polymer layers have the
04:23 14 properties of an elongation of break greater than 200
04:23 15 and a hardness of 60 A to 85 D.
04:23 16 So in each of these instances, Your
04:23 17 Honor, he's conceding what is in the claims is in the
04:23 18 specification and is described there.
04:23 19 What he wants to do with these qualifiers
04:23 20 and what ClearCorrect is advancing as part of their
04:23 21 written description argument, though, is an attempt to
04:23 22 try and either import a soft-hard-soft requirement into
04:23 23 the claims or try to convince the jury to be looking
04:23 24 for the accused product somewhere in the specification
04:23 25 and then argue it's not there.

04:23 1 We see that borne out in his expert
04:23 2 report. Here's Paragraph 18, Your Honor. Sorry, 810,
04:23 3 Your Honor.
04:24 4 He says: It's my opinion that the
04:24 5 written description describes only one configuration of
04:24 6 the so-called hard and soft polymer layers. That
04:24 7 configuration, he says, is soft-hard-soft.
04:24 8 And then he says it doesn't disclose
04:24 9 other configurations, in particular the hard-soft-hard
04:24 10 configuration used in the Zendura FLX material, accused
04:24 11 product, and is the opposite of the soft-hard-soft
04:24 12 configuration described.
04:24 13 So he's advancing a position on written
04:24 14 description that's going to ask the jury to compare the
04:24 15 accused product to the spec when that's not the right
04:24 16 inquiry. The right inquiry is to compare the claim
04:24 17 language to the specification.
04:24 18 Similar discussion in his report at
04:24 19 Paragraph 962. In that paragraph, he says: The
04:24 20 specification fails to disclose any other configuration
04:24 21 than soft-hard-soft. And then he compares it again to
04:24 22 ClearCorrect's own aligners. He says that because
04:25 23 Align asserts that the asserted claims cover the
04:25 24 ClearCorrect aligners, which uses a hard-soft-hard
04:25 25 arrangement, a person of skill in the art would not

04:25 1 know how to compare that -- or sorry, would not know
04:25 2 how to modify from soft-hard-soft to hard-soft-hard.
04:25 3 Your Honor, again, we're comparing, in
04:25 4 the context of written description, the specification
04:25 5 to the accused product. And that's legally improper.
04:25 6 So from a legal perspective, I realize
04:25 7 that written description is a question of fact, but
04:25 8 there is no dispute between the parties that what is
04:25 9 claimed is what is disclosed. What their expert is
04:25 10 advancing and what ClearCorrect's trying to advance is
04:25 11 an improper legal analysis that compares accused
04:25 12 product to the spec.
04:25 13 And this I think is most apparent in this
04:25 14 question from the deposition that is up on the screen,
04:25 15 Your Honor.
04:25 16 So in the context of asking about the
04:26 17 positions on noninfringement, we asked, do you intend
04:26 18 to offer any opinion on noninfringement, that Zendura
04:26 19 FLX does not infringe other than this one that they
04:26 20 believe on the elongation of break.
04:26 21 And then your response, Your Honor, you
04:26 22 see this right here at Lines 21 to 25 of what I'm
04:26 23 showing on the screen, the expert says: Well, taking
04:26 24 into account the entire patent, which only describes
04:26 25 soft-hard-soft configuration, and the fact that the

04:26 1 accused product, Zendura FLX, only has a hard-soft-hard
04:26 2 configuration, it's outside the scope of the claims.
04:26 3 That's a noninfringement position that
04:26 4 their expert testified to.
04:26 5 And to clarify, we said: Well, that's
04:26 6 your written description argument, correct, sir?
04:26 7 He says: Oh, it is.
04:26 8 So that's the problem, Your Honor. I
04:26 9 think what we're seeing is if it was a position by
04:26 10 ClearCorrect that the claims required soft-hard-soft,
04:27 11 as their expert testifies to here in deposition, if
04:27 12 that was a requirement, they should have brought that
04:27 13 up in the context of claim construction. Because it's
04:27 14 not anywhere in the claims. What they want to do is
04:27 15 try and limit this to a specific embodiment, and that's
04:27 16 not -- that's not proper, Your Honor.
04:27 17 So I think they want to try and turn this
04:27 18 into a genus-species debate, Your Honor. I don't think
04:27 19 that's the proper legal analysis. I think in a typical
04:27 20 genus-species case, Your Honor, you've got a claim that
04:27 21 covers a broad class of things, you have a
04:27 22 specification that only discloses like a member or two
04:27 23 within that broad class, and the big dispute is over
04:27 24 whether the handful of species within that broad class
04:27 25 represent the broader class.

04:27 1 And it's often done in functional terms.
04:27 2 And that's exactly what we see in this case that they
04:27 3 rely on, this Brita in the briefing case. The
04:27 4 functional terms would be like anything of this sort of
04:27 5 genus that achieves blank. So it's like a functional
04:28 6 result-based claim mechanism. And the big issue is how
04:28 7 do you identify all of the members of that genus?
04:28 8 That's not I think what we have here.
04:28 9 We've got specific layers. We have a specific
04:28 10 description of what those required layers comprise.
04:28 11 They have a specific type of polymer, specific type of
04:28 12 properties. There's not a dispute over like this order
04:28 13 arrangement because it's frankly just not part of the
04:28 14 claim language.
04:28 15 So there isn't this issue of what's the
04:28 16 sort of members of this sort of species because the
04:28 17 species is already defined and identified by the claim
04:28 18 language itself.
04:28 19 I think even if you were to engage in a
04:28 20 genus-species debate, I think they've framed the genus
04:28 21 in an improper or incorrect way. I do not believe that
04:28 22 it is simply a debate over soft-hard-soft. I think
04:28 23 they want to talk about this arrangement. They've said
04:28 24 it's a vast broad genus. And I saw some pictures from
04:29 25 their slides that are -- just have Ss and Hs. That's

04:29 1 not the correct analysis, Your Honor.
04:29 2 When we looked at the claim, and we can
04:29 3 go back, but in each of these sort of layers that are
04:29 4 required by the claims, it's a specific TPU, it's a
04:29 5 specific co-polyester, and each of those have
04:29 6 properties associated with them.
04:29 7 So if you do an Areeda-type analysis --
04:29 8 and again, I don't think that's really the right
04:29 9 framework for it, but if you do an Areeda-type
04:29 10 analysis, Areeda, if you remember, says there's
04:29 11 sufficient written description support either if
04:29 12 there's a representative number of species or whether
04:29 13 there's specific structural requirements that would
04:29 14 give a skilled artisan a vision of what the scope is.
04:29 15 And here, with the specific properties
04:29 16 we've identified associated with the specific material
04:29 17 types, that absolutely meets that requirement.
04:29 18 I'm happy to talk more about some of the
04:29 19 cases, Your Honor. I think this is a lot more like In
04:30 20 Re Ernesto and some of the district court cases we've
04:30 21 cited out of California, Texas, where what we really
04:30 22 have is someone trying to bring in under the guise of
04:30 23 written description what is effectively a
04:30 24 noninfringement or claim construction position, and
04:30 25 that's legally improper, Your Honor.

04:30 1 THE COURT: A response?
04:30 2 MR. MUELLER: Yes, Your Honor.
04:30 3 So maybe I'll start at the big picture
04:30 4 level and then go to the details of the arguments that
04:30 5 my friend Mr. Nash made.
04:30 6 First, at a big picture level, Your
04:30 7 Honor, if we look at the timeline that we showed you
04:30 8 earlier, this is Slide 15. We have this chronology.
04:30 9 We have this chronology where there was
04:30 10 an earlier set of Align patents that were expressly
04:30 11 limited to soft-hard-soft, a hard layer disposed
04:30 12 between two soft layers. And then we have these later
04:31 13 patents in the same family for which amendments were
04:31 14 made. And we believe what the record will show is an
04:31 15 attempt to broaden out claims to use against Zendura
04:31 16 FLX material and the ClearCorrect aligners more
04:31 17 specifically in this case.
04:31 18 And so the question is, are these later
04:31 19 claims for which there was a manifest attempt to have
04:31 20 broader claim scope supported by the written
04:31 21 description? And the more specific question for today
04:31 22 is, would every reasonable juror find that the written
04:31 23 description suffices to support the claim scope?
04:31 24 There's two ways of looking at the claim
04:31 25 scope and our expert has analyzed it under both. One

04:31 1 is under the claim scope, according to the requirements
04:31 2 that are expressly recited in the claim itself.
04:31 3 Mr. Nash showed you those.
04:31 4 Second, we are also analyzing and our
04:31 5 expert has analyzed the sufficiency of the written
04:31 6 description under their infringement theory, which we
04:31 7 believe rests on an overextension of those claims to
04:31 8 cover material that's outside the boundaries of the
04:32 9 claims.
04:32 10 So I'm going to address it from both
04:32 11 perspectives, Your Honor, because our expert has done
04:32 12 the same. And I'll just start with the very simple
04:32 13 analogy, Your Honor, which I think shows the logic of
04:32 14 what we're trying to argue in this case and the clash
04:32 15 between the parties.
04:32 16 If I had a patent that said I claim a
04:32 17 blue truck with an electric engine and a sunroof, and I
04:32 18 file a claim on that basis, and it's described in the
04:32 19 patent, blue truck, electric engine, sunroof, and my
04:32 20 claim requirements in my original patent application
04:32 21 say blue truck, electric engine, and sunroof, and I get
04:32 22 a patent with that claim language, I'd of course be
04:32 23 limited to blue trucks that also have a sunroof and an
04:32 24 electric engine.
04:32 25 If I then years later eliminated the

04:32 1 words "electric engine" and "sunroof," I've now changed
04:32 2 the scope of the claims to cover the genus of blue
04:32 3 trucks, all blue trucks, regardless of engine and
04:32 4 regardless of roof.
04:32 5 And so I would need to show in my example
04:32 6 that my written description has a sufficient number of
04:33 7 trucks, blue trucks in particular, to support the
04:33 8 broader genus of all blue trucks as distinct from the
04:33 9 narrower genus of just blue trucks that have an
04:33 10 electric engine and a sunroof.
04:33 11 And here, we have something similar going
04:33 12 on. We have claims that originally said soft-hard-soft
04:33 13 where requirements are being excised, the declaration
04:33 14 is being modified by the inventor in support of these
04:33 15 new amended claims, and the scope is changing.
04:33 16 Now, we think the expanded scope still
04:33 17 does not reach the accused products. There's no
04:33 18 infringement. But there clearly was an attempt to
04:33 19 extend out the coverage of the claims in the later
04:33 20 applications.
04:33 21 And so the question is not, do these
04:33 22 words appear in the patent? The same would be true in
04:33 23 my example, blue truck appears in the patent. But the
04:33 24 question is, in my example, is there a representative
04:33 25 number of species to support the claiming of all blue

04:33 1 trucks? And here, the question is, is there a
04:33 2 sufficient number of representative species to support
04:34 3 the claims as amended in the later applications?
04:34 4 And the briefing on this issue, Your
04:34 5 Honor, to Your Honor was quite terse. The opening
04:34 6 brief was about a page and a half on these issues in
04:34 7 Align's summary judgment motion.
04:34 8 Just to give you some sense of the extent
04:34 9 of the analysis, if we could pull up the table of
04:34 10 contents from our expert's report on these issues. And
04:34 11 this will just take a second, Your Honor. I just want
04:34 12 to show you the table of contents.
04:34 13 This starts at Page 254, if we go to
04:34 14 Section 15. And the page number is 254 for the section
04:34 15 of the report -- no, I'm sorry. Go back to the table
04:34 16 of contents. Which is Section 15.
04:34 17 One more page here. And one more after
04:34 18 that.
04:34 19 Okay. So, Your Honor, you see here a
04:34 20 little bit down from the top of the page, the asserted
04:35 21 claims are invalid for insufficient written
04:35 22 description. There is about 100 pages of analysis by
04:35 23 our expert Dr. Spiegelberg with respect to this genus
04:35 24 issue, with respect to this species issue. It's done
04:35 25 under the proper scope of the claims, including the

04:35 1 explicit requirements that Mr. Nash showed you. It's
04:35 2 also done under Align's application of the claims in
04:35 3 their infringement theory.
04:35 4 And there's a variety of technological
04:35 5 issues that fall within the rubric of this written
04:35 6 description section of the report. As I mentioned
04:35 7 earlier, Your Honor, Dr. Li, the inventor, one of the
04:35 8 inventors in this patent family, herself told the
04:35 9 Patent Office years ago, this is an unpredictable
04:35 10 science. That's what she said years ago to the Patent
11 Office.
04:35 12 And that was right. I mean, that was in
04:35 13 fact correct. This is an unpredictable field for which
04:35 14 experimentation is required to determine if particular
04:35 15 compositions of materials are efficacious in terms of
04:36 16 arriving at teeth distributions that the dentists want
04:36 17 to achieve within a mouth of a patient, safety, stain
04:36 18 resistance, comfort, on and on. And those customer or
04:36 19 patient-facing characteristics rest on technological
04:36 20 characteristics that are hard to achieve.
04:36 21 Dr. Li had it right in her original
04:36 22 declaration when she said that this is an unpredictable
04:36 23 science.
04:36 24 So it's an unpredictable science for
04:36 25 which we believe the trial record will show in great

04:36 1 detail by our expert, by our own engineers, material
04:36 2 scientists who worked on the accused technology, we
04:36 3 believe by their witnesses, that the amount of work
04:36 4 required to arrive at an efficacious aligner is
04:36 5 immense. This is hard to do and it is analogous, Your
04:36 6 Honor, to some of the biotech cases for which the
04:36 7 species-genus issues often come up. There's a similar
04:36 8 degree of unpredictability.
04:37 9 And so that's important here because in
04:37 10 the particular patent specification for the patents at
04:37 11 issue, there is not a description of representative
04:37 12 species commensurate with the scope of either the
04:37 13 claims as written or especially the infringement theory
04:37 14 that's being articulated by Align in this case.
04:37 15 If we go to Slide 21.
04:37 16 The patents only disclose, only disclose,
04:37 17 only disclose a soft-hard-soft configuration in the
04:37 18 body of the patents. The specification talks about a
04:37 19 hard polymer layer disposed between two soft polymer
04:37 20 layers. There's no description of the inverse.
04:37 21 There's no description of a hard -- a soft polymer
04:37 22 layer disposed between two hard polymer layers. Zero.
04:37 23 None.
04:37 24 Now, even just a soft -- a hard polymer
04:37 25 layer disposed between the soft interior and exterior

04:38 1 embraces a broad genus of species, and I'll come to
04:38 2 that in just a moment. But the genus-species problem
04:38 3 is exacerbated and amplified by the infringement theory
04:38 4 in this case.
04:38 5 Now, Mr. Nash said a few times that you
04:38 6 can't just do a written description analysis by
04:38 7 comparing something in the specification to the accused
04:38 8 product, and that's 100 percent correct. And that's
04:38 9 not all we would be doing, not all that Dr. Spiegelberg
04:38 10 did in his nearly 100 pages of analysis in his report.
04:38 11 But it is 100 percent relevant to the
04:38 12 analysis what is being accused. Because for the
04:38 13 infringement theory to be tenable, the boundaries of
04:38 14 the claims would need to embrace what's being accused
04:38 15 and, therefore, those boundaries would require a
04:38 16 sufficient written description.
04:38 17 The written description needs to support
04:38 18 the full boundaries of the claims. We don't think the
04:38 19 written description is sufficient either under a proper
04:38 20 application of the claims for which we believe there's
04:39 21 no infringement, but it is certainly not sufficient to
04:39 22 support the expansive infringement theory which, as a
04:39 23 logical matter, embraces hard-soft-hard. That's the
04:39 24 accused product.
04:39 25 So for the infringement theory to be

04:39 1 tenable, the boundaries of the claims would need to
04:39 2 reach hard-soft-hard and, therefore, the boundaries of
04:39 3 the claims would need to describe a sufficient number
04:39 4 of species to support a hard-soft-hard genus coverage.
04:39 5 That's the issue.
04:39 6 So the issue is, whether you look at the
04:39 7 claims as written, which we believe of course is the
04:39 8 only way to do it, and under which we believe there's
04:39 9 no infringement if you apply the requirements of the
04:39 10 accused products, there's a written description problem
04:39 11 even there, that the written description problem is
04:39 12 exacerbated by the more expansive infringement theory
04:39 13 that Align is articulating in this case.
04:39 14 And if we go to the next slide.
04:39 15 If we look beyond what I just showed Your
04:39 16 Honor, there's only just the boilerplate language, any
04:40 17 combination of the above described elements is
04:40 18 contemplated. And that's, you know, the sort of
04:40 19 language that we see in many patent applications. But
04:40 20 that is not enough under the case law to describe
04:40 21 representative species. That would support either the
04:40 22 genus as written in the asserted claims or the
04:40 23 infringement theory which overextends those claims.
04:40 24 If we go to Figure 4, for example, in the
04:40 25 specification, it doesn't provide any example of a

04:40 1 hard-soft-hard multi-layer sheet.

04:40 2 So there's this very limited disclosure

04:40 3 in the specification which is expressly directed to

04:40 4 soft-hard-soft, and that makes good sense. What they

04:40 5 were working on at the time was soft-hard-soft, that

04:40 6 SmartTrack product for which Dr. Li said there were

04:40 7 surprisingly superior performance characteristics. And

04:40 8 then tried to change her declaration years and years

04:40 9 later.

04:40 10 There's no description at all, top to

04:40 11 bottom, front to back in these patents of anything

04:41 12 other than that in terms of a species and, therefore,

04:41 13 at least a reasonable fact finder could find, which is

04:41 14 the only question for present purposes, that there's

04:41 15 insufficient written description.

04:41 16 If you go to the next slide.

04:41 17 Even under --

04:41 18 Or Slide 25, actually. One more.

04:41 19 If we look at different ways of

04:41 20 considering the potential genus coverage here, Mr. Nash

04:41 21 said the only requirements are the ones that are

04:41 22 written in the claims. And those requirements alone,

04:41 23 we believe, are not met by the accused products.

04:41 24 But if you think about what the

04:41 25 infringement theory is as being articulated in this

04:41 1 case, they are saying these claims are not limited to
04:41 2 soft-hard-soft. That's that dark shaded region towards
04:41 3 the bottom of this Venn diagram. And what that means
04:41 4 is it could cover things like hard-soft,
04:41 5 hard-soft-hard, hard-soft-soft. And so on and so
04:41 6 forth. And the mathematical implications of this are
04:42 7 profound.
04:42 8 If you go to the next slide.
04:42 9 Even with respect to soft-hard-soft,
04:42 10 there are -- and the record at trial would show -- over
04:42 11 50 options for the thermoplastic polyurethane layers
04:42 12 and over 50 plus options that would be practically
04:42 13 available to material scientists in this area. 250
04:42 14 plus options for co-polyesters.
04:42 15 So if you have the softer TPU layer and
04:42 16 the harder co-polyesters, if you just do the math, 50
04:42 17 plus times 250 plus times 50 plus, that's 625,000
04:42 18 combinations only within a soft-hard-soft subgenus.
04:42 19 And if you expand that out to include other types of
04:42 20 combinations, hard-soft-hard and on and on, the math
04:42 21 only becomes more daunting.
04:42 22 And in theory, they could have broad
04:42 23 coverage of a broad genus but they need a sufficient
04:42 24 number of representative species to support such a
04:43 25 claim, especially so in an area of technology that's

04:43 1 unpredictable.

04:43 2 And here, the named inventor, Dr. Li,

04:43 3 expressly represented to the Patent Office in the early

04:43 4 applications that this is an unpredictable science that

04:43 5 requires experimentation.

04:43 6 I'll also note, Your Honor, they did not

04:43 7 move for summary judgment on enablement, so the jury is

04:43 8 going to need to hear in any event about whether

04:43 9 there's undue experimentation required to arrive at the

04:43 10 claimed configurations.

04:43 11 And that fits hand in glove with the

04:43 12 evidence that would go to written description. And we

04:43 13 think that evidence is more than sufficient to allow a

04:43 14 reasonable juror to find a lack of written description

04:43 15 support.

04:43 16 And just a couple final pieces of

04:43 17 evidence to show illustrations of what the trial record

04:43 18 would make abundantly clear.

04:43 19 If we go to Slide 25, please.

04:43 20 I'm sorry, 28.

04:43 21 So here, we have Align concluding that

04:43 22 layer configuration impacts properties of materials,

04:44 23 and if you have certain configurations, you're going to

04:44 24 result in problems like a deformation or deformation

04:44 25 and cracks, which obviously can't be suitable for a

04:44 1 device to be used in a patient's mouth.
04:44 2 And it takes trial and error,
04:44 3 experimentation, years of hard work to arrive at
04:44 4 something that's not going to suffer from problems like
04:44 5 this or staining or a level of discomfort that patients
04:44 6 would find (audio distortion).
04:44 7 If we go to the next slide.
04:44 8 Dr. Li conceded at her deposition that it
04:44 9 requires a lot of tests, and not only a lot of tests,
04:44 10 they worked with a lot of chemical companies to try to
04:44 11 find the right chemical compositions that would meet
04:44 12 their own development criteria, including the criteria
04:44 13 that we went through, Your Honor, earlier in the
04:44 14 context of the representations made in the (audio
15 distortion).
04:44 16 So we have admissions by the inventors
04:44 17 that this is an unpredictable and complex art.
04:45 18 There's more on Slide 31.
04:45 19 Here, we have two inventors, Dr. Li and
04:45 20 Dr. Pelhert, admitting the development of these
04:45 21 materials is complex, takes years.
04:45 22 And as we've talked about a few times
04:45 23 today, if we go to the next slide, unpredictability.
04:45 24 (Clarification by Reporter.)
04:45 25 MR. MUELLER: But the inventor Dr. Li

04:45 1 represented the -- that a hallmark of this area of
04:45 2 technology is lack of predictability.
04:45 3 So, Your Honor, in sum, this is a
04:45 4 situation where we believe the literal language of the
04:45 5 claims lack sufficient written description report.
04:45 6 Moreover, the overly extended or stretched scope of the
04:45 7 claims under the infringement theory would be a
04:45 8 exacerbating factor on this written description issue
04:45 9 and make the written description problem even more
10 pronounced.
04:45 11 This is a type of invalidity argument.
04:45 12 The one I just mentioned that has been endorsed by the
04:46 13 Federal Circuit, this conditional argument, in cases
04:46 14 like 01 Communique, where the Court has held that if
04:46 15 you take infringement theory -- or you can take
04:46 16 infringement theory and assess the validity
04:46 17 implications of it.
04:46 18 So either under the claims as written or
04:46 19 the infringement theory as applied, there's
04:46 20 insufficient written description support because these
04:46 21 are claims intended to capture a broader genus than the
04:46 22 species that are actually described in the body of the
04:46 23 claims.
04:46 24 We think the evidence from the plaintiff
04:46 25 will show that, the evidence from our own material

04:46 1 scientists will show that, and the evidence from
04:46 2 Dr. Spiegelberg will show it. And all of it suffices
04:46 3 to allow at least a reasonable juror to find in our
04:46 4 favor on this issue.
04:46 5 So unless Your Honor has any further
04:46 6 questions, I will rest there.
04:46 7 THE COURT: Mr. Nash, if you want to
04:46 8 address the issue about -- Mr. Mueller's made points
04:46 9 that I should let this go to the jury. Why shouldn't
04:47 10 I?
04:47 11 MR. NASH: I disagree, Your Honor,
04:47 12 because I think that's the improper legal analysis that
04:47 13 would be applied. I think that would be problematic
04:47 14 for the Court from a sort of written description
04:47 15 perspective.
04:47 16 I think the test on written description
04:47 17 is comparing the claim language to what's disclosed in
04:47 18 the specification.
04:47 19 I think what Mr. Mueller was trying to
04:47 20 argue here when he's talking about overly stretching
04:47 21 the claims, frankly, Your Honor, I don't understand
04:47 22 that because this is like -- there is no sort of issue
04:47 23 of claim interpretation. There is no requirement in
04:47 24 the claim language for a specific arrangement of these
04:47 25 layers.

04:47 1 It requires that there be at least three.
04:47 2 It requires that one be hard with a specific material
04:47 3 type and property. It requires that one be soft with a
04:47 4 particular material type and properties associated with
04:47 5 that. And that's it, Your Honor.
04:47 6 If you were to go --
04:47 7 THE COURT: If you'll hold on one second.
04:48 8 I'll be right back.
04:48 9 MR. NASH: Of course. Sorry, Your Honor.
04:48 10 (Pause in proceedings.)
04:52 11 THE COURT: With regard to the Docket
04:52 12 No. 354, the partial motion for summary judgment of
04:52 13 validity, the Court is going to grant that.
04:52 14 Given the time of day, I'm happy to go
04:52 15 past 5:00, but with respect to defendants' motions for
04:53 16 summary judgment of invalidity under Section 101 --
04:53 17 give me one second, please.
04:53 18 I'm going to deny the motion with respect
04:53 19 to the '936 patent. But I would like to hear argument
04:53 20 on the '444 patent.
04:53 21 MR. MUELLER: My colleague Mr. Zubler
04:53 22 will address that issue.
04:53 23 THE COURT: Okay.
04:53 24 MR. ZUBLER: Good afternoon, Your Honor.
04:53 25 Todd Zubler from WilmerHale on behalf of ClearCorrect

04:53 1 and Straumann.

04:53 2 Your Honor, as Mr. Mueller mentioned --

04:53 3 If we could go to Slide 2.

04:53 4 -- these two patents -- and I realize I'm

04:53 5 not going to argue the '936 patent right now. But

04:53 6 these two -- these patents in general have been sort of

04:53 7 patents that have been off to the side in this case.

04:53 8 They involve different technology from the materials

04:53 9 patents that we've heard so much about today.

04:53 10 And furthermore, Your Honor, there's --

04:54 11 they're sort of odd patents in this case. There's no

04:54 12 damages claim from the -- from Align in this case.

04:54 13 THE COURT: Counsel, we have very limited

04:54 14 time. So if you'll focus us and -- and to give my

04:54 15 cards away, if you'll tell me why you think Claim 1 is

04:54 16 invalid under Section 101, that would help me a lot.

04:54 17 MR. ZUBLER: Yes. Absolutely, Your

04:54 18 Honor. I will move forward quickly on that.

04:54 19 If we can just go to Slide 3 real quick.

04:54 20 THE COURT: I mean, I'm going to want to

04:54 21 hear both 1 and 2 -- Claims 1 and 2, but starting with

04:54 22 Claim 1.

04:54 23 MR. ZUBLER: Sure. Yes, Your Honor.

04:54 24 We could then turn to -- let's see here.

04:54 25 If we could go to Slide 17, please.

04:54 1 So let me just give you a slight brief
04:55 2 introduction to the '444 patent to give -- set the
04:55 3 context for Claim 1, Your Honor.
04:55 4 The '444 patent is directed to an
04:55 5 abstract idea of planning a sequence of tooth movements
04:55 6 to straighten teeth. The prior art was clear that you
04:55 7 would have some computer implemented techniques that
04:55 8 would be used to design and simulate the orthodontic
04:55 9 treatment plan.
04:55 10 And what the '444 patent says is our goal
04:55 11 here, our objective here is to increase automation of
04:55 12 that process. And that's a telltale sign, Your Honor,
04:55 13 of invalidity under Section 101 because what we're
04:55 14 talking about is automation of existing processes, as
04:55 15 shown to you by the title of the patent, Automated
04:55 16 Treatment Staging For Teeth.
04:55 17 Now, let's dive in a little more closely
04:55 18 now to Claim 1 and the process that is discussed.
04:55 19 If we could go to Slide 18.
04:55 20 Slide 18 summarizes Claim 1. And what
04:55 21 we're talking about here is a very high level
04:56 22 results-oriented functional process where there is no
04:56 23 technological improvement, which is what the Federal
04:56 24 Circuit has focused on from the -- in many cases. And
04:56 25 instead, all that Claim 1 talks about, Your Honor, are

04:56 1 abstract functional result-oriented processes.
04:56 2 Let's just look at it.
04:56 3 Step 1 of Claim 1 talks about receiving
04:56 4 the initial tooth positions of a patient. That's just
04:56 5 the starting point for the patient's treatment.
04:56 6 Step 2 says the computer should receive
04:56 7 desired final tooth positions. In other words, where
04:56 8 do you want the teeth to end up to have a beautiful
04:56 9 smile? Those are just givens that come into the
04:56 10 computer.
04:56 11 And then finally, Step 3 says the
04:56 12 computer should determine an order of movement to avoid
04:56 13 collisions. And it's sort of a black box. It says
04:56 14 computer should determine an order of movement to avoid
04:56 15 collisions. And it says instead of having a human do
04:57 16 it, the computer should do it. That's pure automation.
04:57 17 And as the slide notes, the patent admits
04:57 18 that this type of treatment planning and avoiding
04:57 19 collisions was something that was always done manually
04:57 20 on a computer but by technicians who would do that
04:57 21 avoiding of collisions. It was often necessary to
04:57 22 manually manipulate the digital or physical models of a
04:57 23 patient's teeth to plan the movements.
04:57 24 And this -- Align's own brief confirms,
04:57 25 this patent is directed to automated treatment of

04:57 1 staging for teeth.

04:57 2 If we go to Slide 19.

04:57 3 Credit Acceptance Corp versus Westlake

04:57 4 Services is right on point. The mere automation of

04:57 5 manual processes using generic computers, and it's all

04:57 6 that's involved here. There's no special software

04:57 7 algorithm. There's no hardware that's discussed. That

04:57 8 does not constitute a patentable improvement in

04:57 9 computer technology. That's the core of our case.

04:57 10 Now, what do they point to? What does

04:57 11 Align point to as being special in Claim 1 that might

12 avoid this?

04:58 13 If we go to Slide 20.

04:58 14 There are two limitations in Claim 1 that

04:58 15 Align focuses on. They focus on the fact that the

04:58 16 claim mentions that the computer, when it's determining

04:58 17 an order of movement to avoid collisions, it could use

04:58 18 staggering or it could use round tripping.

04:58 19 But what are staggering and round

04:58 20 tripping? Those are just further abstract functional

04:58 21 concepts that entirely fail the Federal Circuit's clear

04:58 22 jurisprudence about what kind of steps can constitute

04:58 23 eligible subject matter.

04:58 24 "Staggering" simply means that you're

04:58 25 delaying a planned tooth movement to prevent a

04:58 1 collision. That is an abstract concept. There's no
04:58 2 technological improvement. It's a result. There's no
04:58 3 specificity about how you do that or when you do that.
04:58 4 Similarly, round tripping is talking
04:58 5 about moving one tooth out of the way while another
04:58 6 passes. Again, what you have to do when you design a
04:59 7 treatment plan is if the mouth is very crowded, you
04:59 8 have to move teeth around, all that's being discussed
04:59 9 here, Your Honor, is a very generic result-oriented
04:59 10 functional analysis of saying, you know what, the
04:59 11 computer should just abstractly figure out how this
04:59 12 happens without any discussion or detail as to how this
04:59 13 would improve technology -- improve technology.
04:59 14 And if I could go to the next slide. I
04:59 15 think Slide 21.
04:59 16 The USAA versus PNC Bank case from just
04:59 17 last year. It's very clear that if you just add an
04:59 18 abstract functional sub step, such as staggering or
04:59 19 round tripping, that's just another abstract idea
04:59 20 without -- and if you have -- if you lack any clear
04:59 21 description of how those processes are performed or
04:59 22 specificity concerning what these -- if there's a
04:59 23 technological improvement, that's ineligible, Your
04:59 24 Honor.
04:59 25 And if I could just return briefly to --

05:00 1 going back to Slide 3. I skipped over this earlier,
05:00 2 Your Honor.
05:00 3 These are four telltale signs that the
05:00 4 Federal Circuit has identified as signs of
05:00 5 abstractness. And you can see that this patent checks
05:00 6 off all four of those.
05:00 7 Generic data steps are well-settled
05:00 8 indicators of abstractness according to the Federal
05:00 9 Circuit. That's all we're talking about here is
05:00 10 general manipulation of data, receiving data,
05:00 11 calculating data.
05:00 12 Result-focused functional language.
05:00 13 That's all that's talked about here. The claim just
05:00 14 says computer should do it. Instead of having an
05:00 15 individual technician do it, the computer gets to do
05:00 16 it.
05:00 17 Third point, no technological
05:00 18 improvement. And as the Federal Circuit has said,
05:00 19 whether the issue is raised at Step 1 or Step 2,
05:00 20 increased speed and efficiency resulting from use of
05:00 21 computers with no improved computer techniques, that
05:00 22 does not create eligibility.
05:01 23 And that's Align's main argument, Your
05:01 24 Honor. Their brief is replete with descriptions of how
05:01 25 much faster and how much more efficient the process can

05:01 1 be done by a computer. That is categorically
05:01 2 insufficient under the case law.
05:01 3 And as I mentioned before, the fourth
05:01 4 touchstone of abstractness here is on the automation of
05:01 5 a manual process. Credit Acceptance Corp. from the
05:01 6 Federal Circuit says that is insufficient.
05:01 7 And now finally, Your Honor, to return
05:01 8 back to Claim 2, which I believe you mentioned you
05:01 9 wanted to hear argument on.
05:01 10 If we could jump to Slide 22.
05:01 11 The dependent claims are no better than
05:01 12 Claim 1 in this situation. What does Claim 2 add?
05:01 13 Claim 2 adds a requirement that the computer calculate
05:01 14 a route over which the teeth will move from their
05:01 15 initial position to their final position. The -- Claim
05:01 16 2 says the computer should calculate a distance the
05:02 17 tooth moves and calculate -- and should determine the
05:02 18 rate at which the teeth move.
05:02 19 Those are not technological improvements.
05:02 20 Those are not specifying any algorithm, any software,
05:02 21 any hardware. They are result-oriented steps that are
05:02 22 going to be part of planning any sequence.
05:02 23 THE COURT: What tooth movement? With
05:02 24 Claim 2, what impact does it have that there are
05:02 25 considerations of route, distance, and rate?

05:02 1 MR. ZUBLER: I'm sorry. Could you repeat
05:02 2 the question, Your Honor?
05:02 3 THE COURT: Yes, of course.
05:02 4 With regard to Claim 2, what about the
05:02 5 fact that it includes considerations of route,
05:02 6 distance, and rate, what does -- how does that affect
05:02 7 the 101 analysis?
05:02 8 MR. ZUBLER: Sure. Well, Your Honor, you
05:02 9 know, the route, the distance, and rate are inherent
05:02 10 parts of any treatment plan. There's going to be a
05:02 11 determination of a route any time you --
05:02 12 THE COURT: I think -- did you say -- I'm
05:02 13 sorry. Did you say "any treatment plan"?
05:03 14 MR. ZUBLER: Any treatment plan. Yes.
15 THE COURT: Okay. Got it.
05:03 16 MR. ZUBLER: Yes, Your Honor.
05:03 17 So, you know, these are like the -- the
05:03 18 most basic elements of any treatment plan. You have to
05:03 19 calculate a route. A tooth has to move from Point A to
05:03 20 Point B. There's going to be a distance that that
05:03 21 tooth moves. And there's going to be a rate at which
05:03 22 that tooth can move.
05:03 23 Nothing about that is nonabstract.
05:03 24 There's nothing technical about that. It's a result
05:03 25 too. It says calculate a route. Doesn't say how you

05:03 1 calculate the route. It doesn't say how you calculate
05:03 2 the distance or determine a rate. It's just abstract
05:03 3 functional language.
05:03 4 THE COURT: Okay. And Claims 11 and 39,
05:03 5 what about the inclusion of a midline shift pattern?
05:03 6 MR. ZUBLER: Yeah. So the midline shift
05:03 7 pattern, again, it adds nothing that is nonabstract to
05:03 8 these claims.
05:03 9 So what is a midline shift pattern? So
05:03 10 the midline of your mouth is where the middle of your
05:03 11 teeth, between your two incisors right in the front.
05:03 12 And sometimes that's misaligned. It might be miss --
05:04 13 your top jaw might be misaligned with your bottom jaw
05:04 14 or both of them might be misaligned with the center of
05:04 15 your face. So often what needs to be done is teeth
05:04 16 need to be shifted to correct that midline, to move
05:04 17 your teeth one way or the other to correct it.
05:04 18 All that the patent claim says is, is
05:04 19 that it describes how you should do a sequential
05:04 20 movement of teeth to correct that. It doesn't discuss
05:04 21 when you do that. It doesn't discuss how you do that.
05:04 22 It simply says implement a midline shift pattern. Have
05:04 23 the computer implement that. That's not an inventive
05:04 24 concept. It's not -- it's an abstract concept. Again,
05:04 25 nothing technical about it.

05:04 1 And to the extent that Align has argued
05:04 2 that this is some kind of new thing or something that
05:04 3 could be claimed as inventive, during claim
05:04 4 construction, this was a term that was up for claim
05:04 5 construction. We argued for a specific claim
05:04 6 construction. Align came in and said, no, no, no.
05:04 7 This claim does not need construction. Plain and
8 ordinary meaning.
05:05 9 Because their Dr. Kuo, K-u-o, submitted a
05:05 10 declaration, said it can be given just the ordinary
05:05 11 meaning that it has in the orthodontic field.
05:05 12 So there's nothing special about midline
05:05 13 shift pattern, and they should be held to that. They
05:05 14 won that claim construction fight before Judge
05:05 15 Gilliland. And for them to come in now and argue that,
05:05 16 oh, this could be some inventive concept I think is
05:05 17 unsupported.
05:05 18 And again, there's no specificity in the
05:05 19 patent about how you -- you know, in the claims about
05:05 20 when you do this, how you do it. It's a pure
05:05 21 functional result-oriented step.
05:05 22 THE COURT: That's all I had for you.
05:05 23 Could I hear a response?
05:05 24 MR. MUINO: Yes, Your Honor. Good
05:05 25 afternoon. Daniel Muino of Morrison Foerster for

05:05 1 Align.

05:05 2 Your Honor, if I can put up my slides

05:05 3 here.

05:05 4 Your Honor, counsel is dismissive of the

05:06 5 specific movement techniques that are disclosed in the

05:06 6 '444 patent. As was the focus of the argument, the

05:06 7 patents claim specific techniques, staggering, round

05:06 8 tripping and midline shift. The midline shift coming

05:06 9 up in the dependent claims.

05:06 10 It is not simply a matter of automating

05:06 11 the preparation of a treatment plan with the movement

05:06 12 of teeth. It is using those particular techniques in

05:06 13 order to move the teeth.

05:06 14 Now, the theory that they floated is that

05:06 15 these things, staggering and round tripping and midline

05:06 16 shift, were in fact done by human technicians using

05:06 17 software before the patent. They haven't actually

05:06 18 shown that, though. There's no evidence, Your Honor,

05:06 19 in the record that any of these techniques here,

05:06 20 staggering, round tripping, midline shifts, were

05:06 21 actually used by human technicians for treatment

05:07 22 planning before the '444 patent.

05:07 23 And the admissions that they claim to

05:07 24 have gotten from Dr. Valley were in fact not admissions

25 to the effect.

05:07 1 As I mentioned, Your Honor, the
05:07 2 presentation that counsel provided was dismissive of
05:07 3 what's disclosed here. The patent actually does
05:07 4 disclose details about these various techniques.
05:07 5 With respect to staggering, for example,
05:07 6 in addition to providing a very clear definition of
05:07 7 what staggering is, which is the definition that the
05:07 8 parties have embraced for purposes of the case, there
05:07 9 are figures and there's portions of the specification
05:07 10 that show what staggering is and how that specific type
05:07 11 of movement can help to avoid collisions in treatment
05:07 12 plans.
05:07 13 And so here's Figure 8, Your Honor. It
05:07 14 has an example from the patent that shows a pattern
05:07 15 where the two teeth in the middle, the two central
05:07 16 incisors, this would be Teeth 8 and 9, would ordinarily
05:07 17 move from the start of the case from Stage 1.
05:08 18 In this circumstance, because the system
05:08 19 has determined that they would collide with other
05:08 20 teeth, with the adjacent teeth, it staggers, it delays
05:08 21 the movement of those teeth until Stages 2 and 3. And
05:08 22 so this is an example of how staggering addresses
05:08 23 collisions in these treatment plans.
05:08 24 Round tripping also is disclosed in the
05:08 25 figures and in the specification. Figure 9 here gives

05:08 1 us a specific example of round tripping.
05:08 2 And so what we see here in Figure 9 is
05:08 3 Tooth No. 7 and Tooth No. 10 are teeth that are moved
05:08 4 initially in the opposite direction out of the way of
05:08 5 other teeth to allow other teeth to pass by. Once
05:08 6 those other teeth have sufficiently moved past Tooth
05:08 7 No. 7 and 10, 7 and 10 start moving back into their
05:08 8 original position and then move on ultimately to their
05:08 9 final position.
05:09 10 So contrary to what counsel seemed to
05:09 11 indicate, the patent does provide a fair amount of
05:09 12 specificity as to the benefits and the nature of the
05:09 13 staggering and round tripping techniques.
05:09 14 As I mentioned, Your Honor, they
05:09 15 incorporated into their briefing some admissions
05:09 16 from -- some testimony from Dr. Valley, who is an
05:09 17 orthodontist retained by Align in this case.
05:09 18 What Dr. Valley was discussing, though,
05:09 19 and what she was acknowledging was the nature of these
05:09 20 movement techniques as used in braces, in traditional
05:09 21 braces in the past. She said, when asked specifically
05:09 22 about the use of staggering or round tripping in
05:09 23 connection with clear aligner treatment, is that she
05:09 24 didn't know that that was the -- those techniques were
05:09 25 ever actually used in clear aligner planning in the

05:09 1 past.

05:09 2 And apart from those -- the testimony

05:09 3 they've pointed to from Dr. Valley, they've offered

05:09 4 nothing else to support the idea that these techniques,

05:10 5 staggering or round tripping, were actually known and

05:10 6 being used for clear aligner treatment before the '444

05:10 7 patent.

05:10 8 Counsel alluded to and Your Honor alluded

05:10 9 to the midline shift pattern in the '444 patent in

05:10 10 Claim 11. This is a very specific pattern that

05:10 11 addresses, as counsel indicated, the problem of the

05:10 12 teeth being skewed in one direction or another relative

05:10 13 to the midline of the face.

05:10 14 And here too, Your Honor, the patent

05:10 15 discloses specifics of what midline shift patterns look

05:10 16 like, what their purpose is, what the benefits are of

05:10 17 midline shift patterns.

05:10 18 Figures 6A and 6B are two examples of

05:10 19 that. We see midline shift patterns executed from one

05:10 20 side of the mouth to the other to shift the teeth in

05:10 21 one direction. And then 6B shifts it in the opposite

05:10 22 direction. So the patent provides a fair amount of

05:11 23 disclosure, Your Honor, and quite a bit of detail on

05:11 24 these various techniques.

05:11 25 And again, I think as is most important,

05:11 1 Your Honor, to the pending motion and is -- and a
05:11 2 reason for denying it is they don't actually have
05:11 3 evidence that this was being used, that this was
05:11 4 well-known or conventional in the area of treatment
05:11 5 planning for aligners before the patent.
05:11 6 That's the basis of their argument is to
05:11 7 sort of wave their hands and say, well, yeah. This
05:11 8 is -- this is just abstract and surely, you know,
05:11 9 technicians were doing this manually before the
05:11 10 patents. But they don't have evidence that that's the
05:11 11 case.
05:11 12 With respect to the midline shift
05:11 13 pattern, Dr. Valley testified that that phrase,
05:11 14 "midline shift pattern," or the idea of having a
05:11 15 pattern for addressing midline discrepancies was
05:11 16 actually not part of the language of orthodontics in
05:11 17 her experience, and up until she had read the patent,
05:11 18 that was a new phrase to her.
05:11 19 Using a pattern to accomplish a midline
05:12 20 correction, she said, was not something that
05:12 21 orthodontists did prior to the '444 patent.
05:12 22 Your Honor, we think that the applicable
05:12 23 case here might be the McRO case from the Federal
05:12 24 Circuit, where the Court, looking at this, looked at a
05:12 25 patent that was directed to a software method, but a

05:12 1 software method that had specific rules that were being
05:12 2 applied, specific rules that were not necessarily
05:12 3 conventional in the field. And because it was applying
05:12 4 specific unconventional rules in this software method,
05:12 5 it was patent eligible.
05:12 6 And we think similarly, Your Honor, in
05:12 7 this circumstance, there are specific movement
05:12 8 techniques and specific movement patterns that the
05:12 9 patent applies that make this patent eligible.
05:12 10 And with that, Your Honor, I will stop.
05:12 11 THE COURT: A response?
05:12 12 MR. ZUBLER: Yeah. Very briefly, Your
05:12 13 Honor.
05:12 14 I think the key to focus on here is to
05:12 15 start with the threshold question of abstractness and
05:13 16 whether the ideas being described here are abstract.
05:13 17 Mr. Muino very accurately showed a
05:13 18 description or a figure of what staggering might look
05:13 19 like or what round tripping might look like in a case.
05:13 20 That's a definition or it's an example of it. But that
05:13 21 doesn't change whether it's abstract or not.
05:13 22 Abstraction relates to whether or not,
05:13 23 you know, that the -- whether or not the patent is
05:13 24 describing just a functional result. Do staggering,
05:13 25 you know, achieve staggering without any description of

05:13 1 how it's done or any technological improvement, which,
05:13 2 again, is the touchstone of Federal Circuit
05:13 3 jurisprudence on this issue. So that's Point No. 1,
4 Your Honor.
05:13 5 Point No. 2, if I could go to -- if I
05:13 6 could ask Slide 35 to be pulled up from our
05:13 7 presentation.
05:13 8 Slide 35, please.
05:14 9 The hour's late. I'll keep moving along.
05:14 10 What Slide 35 would show and I don't know
05:14 11 if you have access to it, Your Honor, separately, but
05:14 12 these were concessions by Align's experts about the
05:14 13 ideas of staggering, slowing, and round tripping.
05:14 14 And Dr. Valley, one of their experts,
05:14 15 said: In the field of orthodontics, staggering was a
05:14 16 technique that we practiced with braces and wires; and
05:14 17 therefore, it was general knowledge in the field of
05:14 18 orthodontics.
05:14 19 Now it's available on the screen.
05:14 20 Similarly, what Dr. Singh said was: A
05:14 21 skilled artisan would have recognized that staggering,
05:14 22 slowing, and round tripping were methods of collision
05:14 23 avoidance.
05:14 24 Now, what Mr. Muino just said was one of
05:14 25 that counts, you can't use those concessions against

05:14 1 Align because those must have been made in the context
05:14 2 of braces, not aligners.
05:14 3 But look at the claims in this case, Your
05:14 4 Honor. None of them require aligners. All of these
05:14 5 claims could apply to braces. So the idea that they
05:15 6 can -- that they've -- you know, that they can kind of
05:15 7 artificially create a field of use restriction on these
05:15 8 patents, it's just not in the claims and, therefore,
05:15 9 the -- and Mr. Muino's point is not a rebuttal to the
05:15 10 concession that was made here.
05:15 11 And in his own last point, Your Honor --
05:15 12 Slide No. 23, if you could go to that.
05:15 13 This is Align's own brief, again, where
05:15 14 they're emphasizing that the key to the '444 patent is
05:15 15 automation, automation of what had previously existed.
05:15 16 And just read what they say here:
05:15 17 Align's invention provides automated staging of teeth
05:15 18 by scheduling movement using specialized movement
05:15 19 patterns, routes, rates, distances, including tooth
05:15 20 staggering, round tripping, midline shift patterns.
05:15 21 The next sentence: Automation of these
05:15 22 techniques, as in the '444 patent, helped reduce the
05:15 23 time required to prepare treatment plans and improved
05:15 24 the precision and consistency of the applied movement
05:15 25 patterns.

05:15 1 That's Align implicitly recognizing that
05:15 2 what their -- what this patent is about is about
05:16 3 automating techniques that have always been done. And
05:16 4 what they really want to focus on in this case is just,
05:16 5 oh, it would have been hard to do this without the
05:16 6 computer. It would have been -- the computer makes it
05:16 7 more efficient. But that by itself is clearly
05:16 8 insufficient under Federal Circuit case law.
05:16 9 THE COURT: I'll be back in a few
05:16 10 seconds.
05:16 11 (Pause in proceedings.)
05:20 12 THE COURT: If we can go back on the
05:20 13 record, please.
05:20 14 With respect to the '444 patent, the
05:20 15 Court is going to grant the motion with respect to all
05:20 16 the claims that were raised.
05:20 17 With regard to plaintiff's motion for
05:20 18 summary judgment, Docket 358, and the various points
05:20 19 that were raised, the Court is going to deny all of
05:20 20 that motion. I'm denying the motion for summary
05:20 21 judgment of plaintiff in its entirety.
05:20 22 So if you all will give me another
05:20 23 second, I'm going to huddle with my clerks and see when
05:20 24 we can next get together. I think we're planning on
05:20 25 Monday, but I'll be right back.

05:24 1 (Pause in proceedings.)
05:24 2 THE COURT: Okay. Thank you all for
05:24 3 that.
05:24 4 We have a hearing set on Monday at 10:00,
05:25 5 which still works for me at the moment. If you all --
05:25 6 if everyone can plan to be a little bit flexible,
05:25 7 because I do want to get as much done as I can on
05:25 8 Monday morning. We may -- we may either move the
05:25 9 hearing up to an earlier time -- sorry for the people
05:25 10 in California. Or if we start at 10:00, we may plan on
05:25 11 going till probably 1 o'clock. So I'm going to do my
05:25 12 best to get through as much of the motions as I can on
05:25 13 Monday. So.
05:25 14 Mr. Nash, you're in my screen so I'll ask
05:25 15 you first. Is there anything else for your client?
05:25 16 MR. NASH: Nothing from plaintiff at the
05:25 17 time, Your Honor.
05:25 18 THE COURT: Anything, Mr. Durst?
05:25 19 MR. DURST: No, Your Honor.
05:25 20 THE COURT: Okay. Thank you all for the
05:25 21 arguments. I look forward to seeing you on Monday
05:26 22 morning either at 10:00 or a little earlier if
05:26 23 necessary. Take care.
05:26 24 (Hearing adjourned.)
25

UNITED STATES DISTRICT COURT)
WESTERN DISTRICT OF TEXAS)

I, Kristie M. Davis, Official Court Reporter for the United States District Court, Western District of Texas, do certify that the foregoing is a correct transcript from the record of proceedings in the above-entitled matter.

I certify that the transcript fees and format comply with those prescribed by the Court and Judicial Conference of the United States.

Certified to by me this 29th day of May 2026.

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