

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

WESTLAKE SERVICES, LLC d/b/a WESTLAKE
FINANCIAL SERVICES,
Petitioner,

v.

CREDIT ACCEPTANCE CORP.,
Patent Owner.

Case CBM2014-00008
Patent 6,950,807 B2

Before JUSTIN T. ARBES, DAVID C. McKONE, and
GREGG I. ANDERSON, *Administrative Patent Judges*.

ARBES, *Administrative Patent Judge*.

ORDER
Conduct of the Proceeding
37 C.F.R. § 42.5

A conference call in the above proceeding was held on August 5, 2014, among respective counsel for Petitioner and Patent Owner, and Judges Arbes, McKone, and Anderson. The call was requested by Patent Owner to seek authorization to file a motion for sanctions, pursuant to 37 C.F.R. § 42.12, due to alleged misconduct of Petitioner during the deposition of Patent Owner's declarant, John Nerenberg.¹ A number of other issues also were discussed, as explained below.

Mr. Nerenberg's Deposition

Patent Owner stated that Mr. Nerenberg provided testimony in his declaration (Exhibit 2008) directed to the sole ground of unpatentability at issue in this proceeding, i.e., claims 1–9, 13, and 34–42 being drawn to non-statutory subject matter under 35 U.S.C. § 101. According to Patent Owner, Petitioner's cross-examination of Mr. Nerenberg went beyond the scope of his direct testimony in violation of 37 C.F.R. § 42.53(d)(5)(ii). Patent Owner cited pages 133, 138, 143–45, 147, 154–55, and 178 of the deposition transcript as indicative of the allegedly improper questioning. For example, Petitioner questioned Mr. Nerenberg as follows:

Q. Right. Would the person of ordinary skill in the art have the ability to develop the software that is needed to execute the inventions of the '807 patent?

MR. SAMMI: Objection to form.

¹ Prior to the call, Petitioner filed the deposition transcript of its declarant, Jeff Parmet, as Paper 45, and the deposition transcript of Mr. Nerenberg as Paper 46. Deposition transcripts must be filed as exhibits, not papers. *See* 37 C.F.R. § 42.53(f)(7) (“The testimony must be filed by proponent as an exhibit.”). Accordingly, Papers 45 and 46 will be expunged and refiled by the Board as Exhibits 1009 and 1010, respectively.

A. Not necessarily.

Q. If that's true, then where in the '807 patent is the person of ordinary skill in the art instructed on how to do that?

MR. SAMMI: Objection to form.

A. Person of ordinary skill in the art would understand the '807 patent in total and upon endeavoring to develop it would have to drop down several levels of detail in order to actually write the computer software.

...

Q. Right. All I'm asking is whether a person, as you've described it, of ordinary skill in the art, would have the ability to develop the specialized software in 2001 that was required to practice the inventions of the '807 patent?

MR. SAMMI: Objection; relevance.

A. Some of the people of ordinary skill in the art would have the ability to develop the software.

Ex. 1010 at 147:7–21, 154:20–155:4. Patent Owner argued that Petitioner's questions were directed to the issue of enablement under 35 U.S.C. § 112 and designed to elicit testimony that could be used to support a second petition for covered business method patent review, which Petitioner had informed the district court in the related infringement case between the parties that it would be filing soon. Patent Owner sought authorization to file a motion for sanctions requesting that pages 133–246 of the deposition transcript be stricken.

Petitioner opposed Patent Owner's request, arguing that Mr. Nerenberg's declaration included testimony regarding the level of ordinary skill in the art and what skills such a person would have, and that Petitioner's questions related to an alleged lack of "inventive concept" in the claims in view of that testimony regarding the level of ordinary skill. Petitioner also noted that Patent Owner conducted redirect examination of

Mr. Nerenberg on the issues raised by Petitioner in its questioning and, therefore, according to Petitioner, waived any objection to the scope of the deposition. *See* Ex. 1010 at 232:20–240:2. We took the matter under advisement.

After further consideration and review of the deposition transcript, we are not persuaded that a motion for sanctions is warranted under the circumstances. Petitioner represented during the call that it would not use the deposition transcript portions in a second petition for covered business method patent review. Further, Patent Owner objected to many, but not all, of Petitioner’s questions on pages 133–246, indicating its belief that at least some of the questioning was proper. *See* 37 C.F.R. § 42.64(a) (“An objection to the admissibility of deposition evidence must be made during the deposition.”). Patent Owner has not explained sufficiently why particular improper questions would warrant the extreme remedy of striking 114 pages of the deposition transcript. To the extent Petitioner cited particular portions of pages 133–246 of the deposition transcript in its Reply (Paper 47) and Patent Owner believes those portions to be inadmissible, Patent Owner may file a motion to exclude, as set forth in the Scheduling Order (Paper 31). Thus, we do not see a sufficient need for motion practice at this time to determine what material (if any) should be stricken from the record. Patent Owner’s request for authorization to file a motion for sanctions is denied.

Mr. Parmet’s Deposition

During the call, Petitioner argued that if its conduct at Mr. Nerenberg’s deposition was improper, Patent Owner’s conduct at the

deposition of Mr. Parmet equally was improper. Petitioner cited pages 9–10 of Mr. Parmet’s deposition transcript (Exhibit 1009) where Patent Owner asked Mr. Parmet to identify who is paying his fees and whether Don Hankey, Hankey Group, or Nowcom Corporation (defendants in the district court infringement case) are paying his fees. Patent Owner argued that its questions regarding who is responsible for paying Mr. Parmet relate to the issue of bias. We are not persuaded that a motion for sanctions is warranted. Mr. Parmet stated in his declaration that he is “being compensated at the rate of \$450 per hour for the work [he has] performed on this engagement,” but did not identify the source of that compensation. *See* Ex. 1006 ¶ 10. Petitioner also did not object to Patent Owner’s questions during the deposition. *See* Ex. 1009 at 9:19–10:10. Thus, Petitioner’s request for authorization to file a motion for sanctions is denied as well.

Documents Relied on by Mr. Nerenberg

Petitioner also requested during the call that Patent Owner be ordered to produce a number of documents and to pay Petitioner’s “costs associated with determining what [Mr. Nerenberg] relied on” in preparing his declaration. During a previous conference call, Patent Owner represented that it had produced to Petitioner all documents that Mr. Nerenberg relied on in preparing his declaration. *See* Paper 44 at 2. During the call on August 5, 2014, Petitioner argued that this was a misrepresentation because Mr. Nerenberg testified that he also relied on (1) Patent Owner’s preliminary response (Paper 29), and (2) our decision instituting a covered business method patent review (Paper 30), but Patent Owner had not produced those documents. As explained during the call, we are not persuaded that the

documents should be produced again or that sanctions otherwise would be warranted. Mr. Nerenberg identified both documents in his declaration, *see* Ex. 2008 ¶ 28, and there is no dispute that Petitioner had copies of the documents because they are part of the record in this proceeding.

Finally, Petitioner stated that Mr. Nerenberg brought to his deposition a copy of his declaration (Exhibit 2008) that had highlighting and “Post-It flags.” Petitioner requested a copy of the highlighted declaration. We explained that producing a copy of the highlighted version is not necessary under the circumstances. Mr. Nerenberg testified, and Patent Owner confirmed during the call, that Mr. Nerenberg’s highlighted version of the declaration had no handwritten notes. *See* Ex. 1010 at 29:6–15. Petitioner provided no reason during the call to believe that mere highlighting, or “Post-It flags” on particular pages, are important to Mr. Nerenberg’s testimony. Further, Petitioner did not object or request a copy of the highlighted version at the deposition.

Conference Call Requests

Patent Owner’s original email to the Board requesting a conference call in this proceeding, as well as the email sent by Petitioner in response, were improper. Each email contained lengthy arguments explaining the party’s position, citations to the record, and accusations against the other party. The parties are directed to the instructions on the Board’s website at <http://www.uspto.gov/ip/boards/bpai/prps.jsp> regarding the proper use of email communication to the Board. Specifically, the email requesting a conference call should copy the other party, indicate generally the relief being requested or the subject matter of the conference call, state whether

the opposing party opposes the request, and include multiple times when all parties are available. The email may not contain substantive argument and, unless otherwise authorized, may not include attachments. The parties also are reminded that they should discuss and attempt to resolve issues with each other first before requesting conference calls with the Board. Any future communications that are not in accordance with these procedures may result in sanctions.

In consideration of the foregoing, it is hereby:

ORDERED that the parties are not authorized to file any motions for sanctions at this time; and

FURTHER ORDERED that Papers 45 and 46 shall be expunged from the record of this proceeding and refiled by the Board as Exhibits 1009 and 1010, respectively.

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