

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

FUJIFILM CORPORATION
Petitioner,

v.

SONY CORPORATION,
Patent Owner.

Case IPR2017-01356
Patent 7,016,137

Record of Oral Hearing
Held: October 3, 2018

Before JEFFREY S. SMITH, BART A. GERSTENBLITH, and
PATRICK M. BOUCHER, *Administrative Patent Judges*.

IPR2017-01356
Patent 7,016,137

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The above-entitled matter came on for hearing on Monday, October 3, 2018, commencing at 1:00 pm., at the U.S. Patent and Trademark Office, 600 Dulany Street, Alexandria, Virginia.

1 PROCEEDINGS

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3 JUDGE SMITH: You may be seated. Good afternoon. Welcome to
4 the Patent Trial and Appeal Board. We're here for IPR2017-01356 -- a case
5 where FujiFilm is the Petitioner and Sony is the Patent Owner. We have one
6 colleague in the Denver office, Judge Boucher; so, I just want to remind the
7 parties when you refer to your demonstratives, please also state what page
8 number you're on so our colleague in Denver can follow and also when we
9 review the transcript, it's easy to follow.

10 So, Counsel for Petitioner, please step up to the podium and make
11 your appearance.

12 MR. KNIERIM: Good afternoon, Your Honors. Michael Knierim
13 from Baker Botts for Petitioner, FujiFilm Corporation.

14 JUDGE SMITH: And who else do you have with you?

15 MR. KNIERIM: With me today is Eliot Williams, also from Baker
16 Botts.

17 JUDGE SMITH: Okay; thank you. Counsel for Patent Owner, please
18 step up to the podium and make your appearance.

19 MR. SMITH: Good afternoon, Your Honor. Matthew Smith, Smith
20 Baluch LLP for Patent Owner, Sony Corporation; and I have with me today,
21 Andrew Baluch of the same firm, (inaudible).

22 JUDGE SMITH: Thank you. Both sides have 60 minutes to present
23 their case. Petitioner will go first, followed by Patent Owner; and Petitioner
24 you may reserve time for rebuttal if you so desire. Do you wish to reserve
25 time for rebuttal?

1 MR. KNIERIM: Yes, Your Honor, I'd like to reserve 20 minutes for
2 rebuttal.

3 JUDGE SMITH: 20 minutes; okay. You may begin when you're
4 ready.

5 MR. KNIERIM: Good afternoon, and thank Your Honors. I have
6 hard copies of the Petitioner's demonstratives, if you'd like them?

7 JUDGE SMITH: We have them (inaudible).

8 JUDGE BOUCHER: But you may want to give one to the court
9 reporter, if you didn't.

10 MR. KNIERIM: I believe so; we have given one to the reporter.

11 JUDGE BOUCHER: Okay.

12 MR. KNIERIM: Your Honors, there is nothing inventive about these
13 claims. If you ask Mr. Koski who actually worked with commercial
14 (inaudible) firmware at the time of the invention, he'll tell you same thing.
15 As best you can tell, Sony and Dr. Bain contend that the use of a specific
16 field to control reading and writing is the invention; and that's the MIC
17 Logical Format Type field -- shown in figure 12 of the 137 Patent -- which
18 indicates, according to him, both format state information and format type
19 information. But that's not new.

20 If we take a look at slide 31, this is the figure -- figure 12 -- in the 137
21 Patent that shows the field that Sony alleges it is invented as combining both
22 format and State, either formatted or unformatted; and format type. Now,
23 there are two values here that are of particular interest -- 20 and 21. You can
24 see that value 20 indicates an AIT-3 virgin cassette, and 21 indicates an
25 AIT-3 formatted cassette.

1 The problem for Sony is that this is exactly what was already taught
2 by the ECMA-329 prior art. If you look at slide 76, down at the bottom
3 here, you'll see that this is what ECMA-329 actually discloses. In this field
4 you can store information indicating an AIT-3 virgin cassette; and you can
5 store information indicating AIT-3 formatted cassette. That's the AIT RMIC
6 Logical Format Type; and, in fact, these values correspond, exactly, to the
7 values in figure 12 of the 137 Patent. Now you'll note that 14 and 15 here
8 are in parentheses, and that means there in hexadecimal; and when you
9 convert 14 and hex, 15 and hex to decimal, you get 20 and 21, which are the
10 values in figure 12 of the 137 Patent. So, all Sony's has done with the 137 is
11 to copy the exact field, with the exact same values from ECMA-329.

12 Now, here is where it's a little helpful to have a little bit of
13 background -- if we could turn to slide 10? This is from Sony's Patent
14 Owner response; and as Sony explains, Sony was involved in a development
15 of the AIT products; and they were first introduced in 1996. You can see a
16 picture here in Sony's Patent Owner response of some AIT cassettes; and if
17 we turn to slide 11, here's a chart that shows the 137 Patent, Takayama, as
18 well as Ikeda II and Ishihara, and it's got figures from each of those
19 references, and you can see they're all very similar. Each of these references
20 is owned by Sony and they have overlapping inventors. They're all directed
21 to AIT products.

22 And if we turn to slide 14 -- this is also from Sony's Patent Owner
23 response. Sony explains that by way of background that certain AIT
24 formats were standardized by ECMA; one of which is ECMA-329 which
25 corresponds to AIT-3. Now, if we flip to slide 15, here are the references

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