

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

NESTE OIL OYJ,
Petitioner,

v.

REG SYNTHETIC FUELS, LLC,
Patent Owner.

Case IPR2013-00578
Patent No. 8,231,804

Before RAMA G. ELLURU, SHERIDAN K. SNEDDEN, and
CHRISTOPHER L. CRUMBLEY, *Administrative Patent Judges*.

CRUMBLEY, *Administrative Patent Judge*.

DECISION
Petitioner's Motion to Exclude Evidence
37 C.F.R. § 42.64(c)

Petitioner, Neste Oil Oyj (“Neste”), moves to exclude from evidence certain exhibits filed by Patent Owner, REG Synthetic Fuels, LLC (“REG”) (Paper 37, “Mot.”). REG filed an Opposition to the Motion (Paper 43, “Opp.”) and Neste filed a Reply (Paper 48, “Reply”). For the following reasons, REG’s motion is *granted-in-part* and *denied-in-part*.

Pursuant to our Rules, a motion to exclude evidence must be filed to preserve any previously-made objections to evidence. 37 C.F.R. § 42.64(c). The motion must identify where in the record the objections were made, and must explain the objections. *Id.* Neste’s Motion seeks to exclude the following exhibits for the following reasons:

Exhibit	Description from Exhibit List (Paper 50)	Grounds
2001	Declaration of Ramin Abhari	Hearsay
2002	Lab notebook page prepared by Ramin Abhari (February 20, 2008)	Authentication
2003	Syntroleum Report prepared by Vladimir Gruver (redacted)	Hearsay/ Authentication
2006	Syntroleum Excel Spreadsheet containing GC test data (redacted)	Hearsay/ Authentication
2012	SwRI Status Report dated April 1, 2008	Hearsay
2013	Compilation of SwRI GC Test Data (February 26, 2008 - July 7, 2008)	Hearsay
2055	Second Declaration of Mr. Ramin Abhari	Hearsay
2057	Meeting minutes from Syntroleum Biofining Team Meeting #11 (June 27, 2007) (redacted)	Hearsay
2061	E-mail correspondence between Mr. Abhari and Ms. Dawn Mantz of Microtek Laboratories	Hearsay
2062	Syntroleum Project flow chart (2007–2010)	Hearsay

Neste identifies where in the record it previously served objections to REG’s exhibits. Mot. 2 (citing Exs. 1138, 1139). The Motion to Exclude is, therefore, procedurally proper. As the moving party, Neste bears the burden of proof to establish that it is entitled to the requested relief: the exclusion of evidence as inadmissible under the Federal Rules of Evidence (“FRE”). See 37 C.F.R. §§ 42.20(c), 42.62(a).

I. Objections to Authentication (Exhibits 2002, 2003, and 2006)

“To satisfy the requirement of authenticating or identifying an item of evidence, the proponent must produce evidence sufficient to support a

finding that the item is what the proponent claims it is.” FRE 901(a). The Rule provides several examples of evidence that may satisfy the requirement, including the testimony of a witness with knowledge that the item is what it is claimed to be. FRE 901(b)(1). REG provides the testimony of Ramin Abhari in order to authenticate Exhibits 2002, 2003, and 2006. *See, e.g.*, Opp. 4; Ex. 2001.

Mr. Abhari testifies that Exhibit 2002 is a laboratory notebook page that he prepared “on or near” February 20, 2008. Ex. 2001 ¶ 91. Mr. Abhari does not state his basis for concluding that this is the date of preparation of the notebook, and the page is not signed, dated, or witnessed. We do note that the notebook page contains two corrections bearing the notation “RA 2/20,” but Mr. Abhari does not discuss these notes. Ex. 2002.

According to Mr. Abhari, Exhibit 2003 is a report prepared in June 2007 by Dr. Vladimir Gruver, summarizing testing that Mr. Abhari alleges is relevant to the claimed invention. Ex. 2001 ¶¶ 16, 89. Again, we note that the document is not dated, and bears no indication that it was prepared by Mr. Gruver.

Exhibit 2006 is purported to be a spreadsheet prepared as part of a contemporaneous report on GC testing that was performed by a GC analyst, “most likely Ms. [Jennifer] Parker,” another Syntroleum employee working with Mr. Abhari. Ex. 2001 ¶¶ 24, 99. While the document contains a date of May 31, 2007, there is no indication on the face of the document regarding its source or what the spreadsheet data reports.

Neste objects to all three of these exhibits as lacking proper authentication. Mot. 11. While normally, the testimony of Mr. Abhari—as a witness having personal knowledge of the documents—could be sufficient

to “support a finding that the item is what the proponent claims it is,” the context in which these exhibits are offered requires more. Specifically, because REG relies on these exhibits to corroborate the testimony of Mr. Abhari, in an attempt to prove invention prior to the Dindi prior art reference, independent evidence of authenticity is required:

It is well established that in order for a contemporaneous document to be accorded any corroborative value[,] the testimony of a witness *other than the inventor*, who is shown to have understood the recorded information, is generally necessary *to authenticate the document’s contents* as well as to explain the witness’ relationship to the document in question.

Horton v. Stevens, 7 U.S.P.Q.2d 1245, 1988 WL 252359 at *4 (BPAI Mar. 8, 1988) (emphasis added); *see also White v. Habenstein*, 219 U.S.P.Q. 1213, 1983 WL 50193 at *7 (BPAI May 11, 1983). This rule is proper to avoid “circular” situations in which a party seeks to rely on a document to corroborate a witness’ testimony, but relies on that witness’ testimony to provide the date or other authentication of that document. *See In re NTP, Inc.*, 654 F.3d 1279, 1291 (Fed. Cir. 2011); *Chen v. Bouchard*, 347 F.3d 1299, 1308 (Fed. Cir. 2003) (rejecting authentication of document because it was not established by anything other than the circular testimony of the inventor).

For this reason, Mr. Abhari’s testimony cannot be used to authenticate Exhibit 2002, his unsigned, undated, and unwitnessed lab notebook page, when the same notebook page is offered to corroborate Mr. Abhari’s testimony of his actions on a particular date. *Reese v. Hurst*, 661 F.2d 1222, 1231 (CCPA 1981) (“inventors’ notebooks are accorded no more weight than the inventors’ testimony in this instance, since they were not witnessed or signed and were unseen by any witness”). Similarly, Mr. Abhari’s

testimony does not authenticate Exhibits 2003 or 2006. We determine that these exhibits should be excluded as lacking authentication under FRE 901.

II. Objections to Hearsay

If an exception does not apply, the rule against hearsay operates to prohibit out-of-court statements from being offered to prove the truth of the matter asserted. FRE 801–803. As we have already determined that Exhibits 2003 and 2006 are not authenticated and therefore inadmissible, we need not address Neste’s hearsay objections to these documents.

SwRI Correspondence and Data (Exs. 2012 and 2013)

Mr. Abhari testifies that Exhibit 2012 is a copy of a status report provided by the staff at SwRI, a facility at which pilot plant testing of a Syntroleum process was taking place. Ex. 2001 ¶ 56. Exhibit 2013 is said to be a compilation of GC-FID test reports provided by SwRI to Mr. Abhari between February 6, 2008 and July 7, 2008. *Id.* ¶ 57. Neste does not contest the authenticity of these documents, but objects to them as improper hearsay because they are the out-of-court statements of SwRI staff, offered for the truth of the matters asserted therein. Mot. 5–6.

REG argues that the exhibits are admissible under the “business records” exception to the hearsay rule. Opp. 10. Under this exception, a hearsay record of an act, event, condition, opinion, or diagnosis may be admitted if: 1) it was made at or near the time by, or from information transmitted by, someone with knowledge; 2) it was kept in the course of a regularly conducted activity of a business; 3) making the record was a regular practice of that activity; 4) all these conditions are shown by the testimony of the custodian or another qualified witness; and 5) the method or circumstances of preparation do not indicate a lack of trustworthiness. FRE

803(6). REG contends that the SwRI documents are “business records of [REG]’s regularly conducted research and development activities.” Opp. 10. As support, REG cites the testimony of Mr. Abhari, who states that Exhibits 2012 and 2013 were stored on Syntroleum’s server in the normal course of business. Ex. 2001 ¶ 90.

We do not consider the SwRI documents to fall within the business records exception. The out-of-court statements made in the documents are those of the staff at SwRI who prepared the reports, not Mr. Abhari or anyone at Syntroleum. Therefore, whether the reports were kept in the course of *Syntroleum*’s regular activities, as REG asserts, is beside the point. The relevant question is whether the documents were kept in the course of *SwRI*’s regularly conducted activities; on this point, Mr. Abhari does not testify.

REG also claims that it is offering Exhibits 2012 and 2013 for a non-hearsay purpose that does not involve the truth of the matter asserted. Opp. 10–11. In particular, REG states that the exhibits corroborate Mr. Abhari’s testimony regarding diligence, because they describe testing that was occurring during the relevant time period. *Id.* The testing described in the documents, however, can corroborate Mr. Abhari’s testimony only if it is true. The exhibits are not being offered for any valid non-hearsay purpose.

For these reasons, we determine that Exhibits 2012 and 2013 are inadmissible hearsay not subject to any exception, therefore, exclusion of these exhibits is proper.

Syntroleum Meeting Minutes (Ex. 2057)

Exhibit 2057 is a copy of meeting minutes of the Syntroleum Biofining Team Meeting #11, held on June 27, 2007. Ex. 2055 ¶ 10. Mr.

Abhari states that he is the author of the minutes, and notes that the minutes reflect statements made by Dr. Gruver during the meeting. *Id.* ¶¶ 10, 13. Neste objects to this exhibit as being hearsay, as it is an out-of-court statement by Mr. Abhari, further incorporating the out-of-court statements of the attendees of the meeting. Mot. 6–7.

REG argues that the meeting minutes fall within the business records exception to the hearsay rule because they were regularly kept records made at or near the time of the meeting. Opp. 12. As REG acknowledges, however, the business records exception only addresses the “first level of alleged hearsay,” namely the out-of-court writings of Mr. Abhari. *Id.* REG advances no exception (other than the residual exception, discussed below) that would cover the statements made by others during the meeting that are recorded in the writing.

Alternatively, REG contends that Dr. Gruver’s statements in the meeting minutes are not being offered for the truth of the matter asserted, but rather as corroborating evidence of Mr. Abhari’s testimony regarding conception. *Id.* at 11. As discussed above, there is no hearsay exception for “corroborating evidence,” and Dr. Gruver’s statements only have corroborative value if they are true. It is clear that REG is not relying merely on the fact that Dr. Gruver’s statements were made, but rather on the truth of the statements themselves. *See* Ex. 2055 ¶ 13 (“[t]he summary provided by Dr. Gruver at that June 27, 2007 team meeting, as reported in the meeting minutes that I authored, was a description of the experimentation that Dr. Gruver discussed in the Gruver report (Ex. 2003) and which was done during the May-June 2007 timeframe.”). REG’s assertion of a non-hearsay purpose for the minutes rings hollow.

We, therefore, conclude that exclusion of Exhibit 2057 as inadmissible hearsay is proper.

Microtek Emails (Ex. 2061)

Exhibit 2061 is a set of two emails: the first, from Dawn Mantz of Microtek Labs to Mr. Abhari on March 6, 2007; the second, from Mr. Abhari to Amy Damewood and Ms. Mantz on April 29, 2007. Ex. 2061. Neste objects to the emails as hearsay, as REG allegedly relies on Ms. Mantz's out-of-court statement that she received a sample from Mr. Abhari for the truth of the matter asserted. Mot. 7.

REG responds that the emails are offered to corroborate Mr. Abhari's testimony and therefore are not for the truth of the matter asserted. Opp. 13. Mr. Abhari testifies that these emails support his recognition of the usefulness of the claimed invention as a phase change material, because Microtek specialized in such materials and if Mr. Abhari "did not appreciate [the] usefulness as PCMs, [he] would not have contacted Microtek." Ex. 2055 ¶ 30. We agree with REG that the fact that Mr. Abhari contacted Microtek is a non-hearsay use of the exhibit, and will admit it for that purpose. We will not, however, rely on the contents of the emails, as they constitute improper hearsay, and REG has not asserted any applicable exception.

Syntroleum Project Flowchart (Ex. 2062)

Mr. Abhari testifies that Exhibit 2062 is a copy of Syntroleum's "overall project flow chart," and relies on the exhibit to establish activities that were taking place within Syntroleum during the time period relevant to diligence. Ex. 2055 ¶ 38–53. Neste objects to the exhibit as containing hearsay. Mot. 7. REG does not contest the hearsay status of the exhibit, but

relies on the “residual exception” to the hearsay rule to support its admissibility. We address this exception below.

Applicability of the Residual Exception

FRE 807 provides a “residual exception” to the hearsay rule, which may apply even if no specific exception of FRE 803 applies. To fall under this exception, the statement must: 1) have equivalent circumstantial guarantees of trustworthiness; 2) be offered as evidence of a material fact; 3) be more probative on the point for which it is offered than any other evidence that the proponent can obtain through reasonable efforts; and 4) be in the interests of justice to admit. FRE 807. REG argues that, even if we determine that Exhibits 2003, 2012, 2013, 2057, or 2062 are hearsay that does not fall within any other exception, the residual exception should apply. We disagree. The residual exception to the hearsay rule is to be reserved for “exceptional cases,” and is not “a broad license on trial judges to admit hearsay statements that do not fall within one of the other exceptions.” *See Conoco*, 99 F.3d at 392 (internal quotations omitted). Based on our review of REG’s arguments, we do not consider this case to be an exceptional one that would merit application of the residual exception.

“Rule of Reason”

REG suggests that the “rule of reason” applicable to corroboration of antedating evidence counsels toward a relaxation of normal hearsay requirements. Opp. 2. REG contends that the “rule of reason” mandates “evaluation of *all* pertinent evidence,” and rejects a categorical approach to assessing evidence. *Id.* (quoting *Kridl v. McCormick*, 105 F.3d 1446, 1449 (Fed. Cir. 1997)) (emphasis in original).

The “rule of reason,” however, does not dispense with the established requirements of admissibility. Rather, it “reject[s] the notion that each individual act . . . must be proved in detail by an unbroken chain of corroboration.” *Mann v. Werner*, 347 F.2d 636, 640 (CCPA 1965); *Knorr v. Pearson*, 671 F.2d 1368, 1374 (CCPA 1982) (“antithesis” of the rule of reason is “requiring that every point of a reduction to practice be corroborated by evidence having a source totally independent of the inventor”). Indeed, exclusion of evidence for lack of authentication or hearsay—prior to examination of the record under a rule of reason—has been found to be permissible. *See Chen*, 347 F.3d at 1308; *Anderson v. Pieper*, 442 F.2d 982, 985 (CCPA 1971) (applying rule of reason only after notebook entries “were thoroughly authenticated” and “a complete foundation for admissibility was laid”).

We do not find *Hurwitz v. Shiu Yim Poon*, 364 F.2d 878 (CCPA 1966), the case REG cites as counseling against a “rigid hearsay analysis,” applicable to the current situation. In *Hurwitz*, the court rejected an attempt to apply an “extreme” interpretation of the hearsay rule that would have required testimony from every person who transported or tested the relevant product. *Id.* at 887. The court held that “[t]he degree of corroboration that appellant urges would be to require the impossible.” *Id.* Neste’s objections to hearsay in the present case, by contrast, are not “extreme,” nor do they require the “impossible” from REG. The only non-hearsay testimony provided by REG on the subject of antedation is Mr. Abhari’s, the inventor. The “rule of reason” does not alter the requirement that “[e]vidence of the inventive facts must not rest alone on the testimony of the inventor himself.”

Chen, 347 F.3d at 1310 (Fed. Cir. 2003) (citing *Cooper v. Goldfarb*, 154 F.3d 1321, 1330 (Fed.Cir.1998)).

III. Objection to Exhibits 2001 and 2055

Finally, REG objects to portions of Mr. Abhari's testimony, Exhibits 2001 and 2055, that rely on evidence that is itself hearsay. Mot. 1. We decline to exclude these portions of Mr. Abhari's Declarations. The Board is capable of hearing relevant evidence and weighing its probative value, taking into account facts such as whether Mr. Abhari's testimony relies on evidence that has been excluded pursuant to this Motion.

In light of the foregoing, it is:

ORDERED that Patent Owner's Motion to Exclude Evidence is *granted-in-part* with respect to Exhibits 2002, 2003, 2006, 2012, 2013, 2057, and 2062, and otherwise is *denied-in-part*.

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