

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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LIBERTY MUTUAL INSURANCE CO.  
Petitioner

v.

PROGRESSIVE CASUALTY INSURANCE CO.  
Patent Owner

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Case CBM2012-00003  
Patent 8,140,358

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PATENT OWNER'S MOTION TO EXCLUDE EVIDENCE  
PURSUANT TO 37 C.F.R. § 42.64(c)

Pursuant to 37 C.F.R. § 42.64(c) and Notice of Stipulation of Due Dates (Paper No. 42), Patent Owner Progressive Casualty Ins. Co. (“Progressive”), hereby moves to exclude Exhibits 1032 and 1034 filed by Liberty Mutual Insurance Co. (“Liberty”) with its Reply (Paper No. 39).

## **I. SUMMARY OF ARGUMENT**

Liberty and its reply declarants have belatedly sought to introduce new prior art references, new invalidity arguments and theories, and new declarations with Liberty’s Reply in an effort to plug the holes in its original case. This is not proper rebuttal evidence, and is without justification. Liberty’s belated new evidence not only violates the Board’s rules, but it unfairly prejudices Progressive. Because Liberty delayed in submitting this improper new evidence with its Reply, Progressive has no opportunity to respond by surreply or with declarations of its own expert witnesses. The Board should grant Progressive’s motion to exclude, otherwise Liberty would be rewarded with an unfair procedural advantage resulting from shifting its theories and evidence of unpatentability at the Reply stage, in an effort to now make out a *prima facie* case that the Board’s rules required them to establish with their Petition.

## II. LEGAL STANDARD

### A. Petition Must Identify All Supporting Evidence

A petition to institute a Covered Business Method (“CBM”) Review must be accompanied by *all* the evidence upon which the petitioner relies in challenging patentability. *See* 37 C.F.R. § 42.304(b)(4),(5); 77 Fed. Reg. 48,756, 48,756-57 (Aug. 14, 2012) (petition must be “accompanied by the evidence the petitioner seeks to rely upon” and “identif[y] all...supporting evidence on a claim-by-claim basis”). It must also “identify[] the specific portions of the evidence that support the challenge,” including “specify[ing] where each element of the claim is found in the prior art[.]” *See* 37 C.F.R. § 42.304(b)(4),(5); *see also* 77 Fed. Reg. at 48,757. The Board will not consider any basis for invalidity that is not specifically identified in a petition and will “resolve all vagueness and ambiguity in Petitioner’s arguments against the Petitioner.” (Paper No. 8 at 14.)

### B. Reply Evidence Cannot Fix Deficiencies In Prima Facie Case

A “reply may only respond to arguments raised in the...patent owner response.” 37 C.F.R. § 42.23(b). A Petitioner is prohibited from using its reply to submit (i) new evidence necessary to make out its *prima facie* case, or (ii) new evidence that could have been presented in its petition. *See* 77 Fed. Reg. at 48,767. The Office Patent Trial Practice Guide further explains this prohibition:

While replies can help crystallize issues for decision, a reply that raises a new issue or belatedly presents evidence will not be considered and may be returned....**Examples of indications that a new issue has been raised in a reply include new evidence necessary to make out a *prima facie* case for the patentability or unpatentability of an original or proposed substitute claim, and new evidence that could have been presented in a prior filing.**

77 Fed. Reg. at 48,767 (emphasis added). The Board has quoted and referenced this language in explaining that “a reply that raises a new issue or belatedly presents evidence will not be considered” and that “a new issue is raised if the reply includes new evidence necessary to make out a *prima facie* case for the unpatentability of a challenged claim.” *BlackBerry Corp v. MobileMedia Ideas, LLC*, No. IPR2013-00036 (JYC), Paper 40, at 2. Further, such evidence would be both irrelevant and unfairly prejudicial and therefore not admissible under F.R.E. 402 and 403.

**C. Unreliable Testimony Improper Under F.R.E. 702**

Pursuant to Federal Evidence Rule 702, expert testimony can only be admitted if it is reliable. Rule 702 requires the Board to act as a gatekeeper for expert testimony and exclude such testimony if it is unreliable. *See Daubert v. Merrell Dow Pharm., Inc.*, 509 U.S. 579 (1993); *see also* 37 C.F.R. § 42.62 (Federal Rules of Evidence apply to proceedings before the Board).

**D. Board May Exclude Or Not Consider Improper Evidence**

The Board has two options if a petitioner submits improper evidence with its reply. *CBS Interactive Inc. v. Helferich Patent Licensing, LLC*, No. IPR2013-00033 (JYC), Paper 79, at 3. It can exclude or decline to consider the evidence. *See id.* (“Should there be improper...evidence presented with a reply, the Board, exercising its discretion, may exclude the...related evidence in their entirety, or alternatively, decline to consider the...related evidence.”).

**III. ARGUMENT**

**A. The Belatedly-Introduced O’Neil Reply Declaration**

Liberty chose not to include a declaration by O’Neil with its Petition, but instead waited to introduce her opinions in a Reply Declaration (Exhibit 1032). As demonstrated below, this belatedly-introduced Declaration includes new arguments and constitutes new evidence as to unpatentability that should have been introduced with Liberty’s Petition. It violates the prohibition on raising new issues in a reply brief, and Patent Owner timely objected. (Paper No. 40.) As such, ¶¶ 26-27 of the O’Neil Reply Declaration should be excluded.

**1. *New Issues As To Claimed “Selected Vehicle Data”***

In its Petition, Liberty relied on only paragraph 58 from Nakagawa as disclosing the claim limitation “selected vehicle data related to a level of safety or an insurable risk in operating a vehicle.” (*See* Petition at 24.) It relied on *no*

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