

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

LIBERTY MUTUAL INSURANCE CO.
Petitioner

v.

PROGRESSIVE CASUALTY INSURANCE CO.
Patent Owner

Case CBM2012-00003
Patent 8,140,358

PATENT OWNER'S REPLY IN SUPPORT OF ITS MOTION TO
EXCLUDE EVIDENCE PURSUANT TO 37 C.F.R. § 42.64(c)

Patent Owner Progressive Casualty Ins. Co. (“Progressive”) hereby submits this Reply in support of its Motion to Exclude.

I. LEGAL STANDARD

37 C.F.R. § 42.304 requires that Liberty’s Petition “specify where each element of the claim is found in the prior art” and that Liberty “identify[] specific portions of the evidence that support the challenge.” *See* 37 C.F.R. § 42.304(b)(4),(5). Progressive quotes this language on page 2 of its Motion, yet nowhere in Liberty’s Opposition brief does it ever mention this rule.

Instead, Liberty discusses NLRB and FTC cases from the 1940s and a Tax Court decision from Nebraska. (Opp. at 1.) Then, Liberty cites 37 C.F.R. § 42.5 as “permit[ting] administrative patent judges *wide latitude* in administering the proceedings[.]” (Opp. at 1, emphasis added.) And, based on this “wide latitude” under 37 C.F.R. § 42.5, Liberty concludes that its “evidence is entirely proper, while Progressive’s objections are baseless.” (*Id.* at 1-2.)

However, 37 C.F.R. § 42.5 is inapplicable. It only applies to “situation[s] not specifically covered by this part[.]” 37 C.F.R. 42.5(a). The situation at issue is plainly “covered” in Part 42 under 37 C.F.R. § 42.304. Liberty’s failure to address section 42.304 in its brief (and its resort to the inapplicable section 42.5) does not alter the mandatory requirement that its Petition must specifically identify where each claim element allegedly appears in each prior art reference.

On page 2 of its motion, Progressive quoted the requirement under 37 C.F.R. § 42.23(b) that a “reply may only respond to arguments raised in the...patent owner response.” In addition, Progressive quoted the treatment of this rule in the Office Patent Trial Practice Guide, which confirms that new evidence in a Reply is prohibited if it is necessary to make out a *prima facie* case or could have been presented in the Petition. (Motion at 2-3; *see* 77 Fed. Reg. 48,756, 48,767 (Aug. 14, 2012).) Once again, nowhere in Liberty’s Opposition does it even mention this mandatory rule.

Rather, Liberty simply claims that it “made a *prima facie* case of invalidity based on the evidence submitted with the Petition” and that to view it any other way “contradicts both common sense and the Board’s Institution Decision[.]” (Opp. at 2.) Not so. The Trial Practice Guide addresses this *exact* situation of Petitioner introducing new evidence *after* a proceeding has commenced. It makes clear a reply that “include[s] **new evidence necessary to make out a *prima facie* case...and new evidence that could have been presented in a prior filing**” indicates that an improper new issue has been raised. 77 Fed. Reg. at 48,767 (emphasis added). Indeed, this language would be meaningless if deficiencies in Petitioner’s *prima facie* case could not be identified after the Board institutes a proceeding.

II. ARGUMENT

Liberty relied on ¶ 58 from Nakagawa as disclosing the claimed limitation of

“selected vehicle data related to a level of safety or an insurable risk in operating a vehicle[.]” (Petition at 24.) Yet, with its Reply, it relied on ¶ 65 from Nakagawa and on declaration evidence from O’Neil as to how a POSITA would purportedly understand ¶ 65 as disclosing this limitation. (Motion at 5.)

Liberty claims that it “defies common sense” that O’Neil could be prevented from relying on ¶ 65 in challenging Progressive’s Response, but this is a straw man argument. (Opp. at 4.) Progressive did not challenge Liberty’s discussion of ¶ 65 in the abstract but rather its specific reliance on ¶ 65, and O’Neil’s opinion as to how a POSITA would view it, as disclosing this limitation. (Motion at 5.) If Liberty wanted to rely on this evidence to demonstrate unpatentability, it needed to so specify in its Petition and should have included O’Neil’s opinion in her Petition Declaration. (*See supra* at 1-2.)

Liberty also claims that O’Neil’s new testimony is proper “rebuttal” and “help[s] crystallize issues for decision,’...whether the disclosures in Nakagawa meet this limitation.” (Opp. at 4.) But Liberty’s reliance on this new evidence only crystallizes the deficiencies in its *prima facie* case, the failure of its Petition to specify supporting evidence pursuant to 37 C.F.R. § 42.304(b), and the need to exclude this new evidence as violating 37 C.F.R. § 42.23(b). Liberty concludes by stating that it “has introduced *no* ‘new evidence as to unpatentability[.]’” (Opp. at 5, emphasis added.) To the contrary, Liberty’s Reply introduces a new paragraph of Nakagawa

and new declaration evidence. This is – by definition – new evidence, and it should be excluded.

Liberty parrots these same arguments as to the other claim elements, *i.e.*, “rating factor,” “database,” and “storing” and “transmitting.” (Opp. at 5-12.) Liberty again attempts to blame Progressive for its need to introduce different paragraphs of Nakagawa and new declarations, but it cannot escape the fact that its new evidence is offered to plug holes in its *prima facie* case. (*See id.*; Motion at 6-12.)

For example, Liberty argues that it properly raised an inherency argument as to the database limitation. While its Petition contains a conclusory statement that Nakagawa “explicitly...or at a minimum inherently” discloses a database (Petition at 25; Opp. at 6), the only support cited was the testimony in the Andrews Petition Declaration opining that a POSITA would understand ¶ 69 of Nakagawa “as indicating a database.” (Motion at 9-11.) It is a damning fact that the only evidence Liberty can cite that the database limitation is “necessarily” disclosed is from the untimely Andrews *Reply* Declaration. (Opp. at 8.)

Within pages of claiming that it was entitled to raise inherency arguments in its Reply, Liberty contradicts itself by claiming that Progressive improperly raised inherency arguments in its Response. Liberty argues that Progressive’s “‘expert’ declarations” and “reliance on inherent disclosure is a new position that stands in stark contrast to what Progressive argued in its Preliminary Response, where it

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