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 CBM2013-00009
Patent 8,140,358

Before the Honorable JAMESON LEE, JONI Y. CHANG, and MICHAEL R. ZECHER, *Administrative Patent Judges*.

PETITIONER LIBERTY MUTUAL INSURANCE CO.'S MOTION TO EXCLUDE UNDER 37 C.F.R. §§ 42.62 AND 42.64

Petitioner, Liberty Mutual Insurance Company ("Petitioner"), respectfully submits this Motion to Exclude pursuant to 37 C.F.R. §§ 42.62 and 42.64, and Scheduling Order §4(b) (Dkt. 11; 30; 31).

As an initial matter, and as Petitioner has indicated in parallel proceedings involving these same parties (CBM2012-00010, Paper 46, and CBM2013-00002, Paper 48), Petitioner respectfully submits that the Board, sitting as a non-jury tribunal with administrative expertise, is well-positioned to determine and assign the appropriate weight to be accorded to the evidence presented by both Petitioner and Patent Owner Progressive Casualty Insurance Co. ("Patent Owner") in this patent invalidity trial without the need for formal exclusion. *See, e.g.*, *S.E.C. v. Guenthner*, 395 F. Supp. 2d 835, 842 n.3 (D. Neb. 2005) (admitting expert testimony over objections; "Trial courts should be more reluctant to exclude evidence in a bench trial than a jury trial. . . . Thus, in bench trials evidence should be admitted and then sifted when the district court makes its findings of fact and conclusions of law. In a nonjury case, the trial court is presumed to consider only the competent evidence and to disregard all evidence that is incompetent. Where the court has assumed the role of fact-finder in a bench trial, 'the better course' is to 'hear the testimony, and continue to sustain objections when appropriate.' . . . [T]he court has admitted the testimony of [plaintiff's expert] and has accorded it appropriate weight." (citations omitted)); *Builders Steel Co. v. Comm'r of Internal Revenue*, 179 F.2d 377, 379 (8th Cir. 1950) (vacating Tax Court decision for exclusion of competent and material evidence; "In the trial of a nonjury case,

it is virtually impossible for a trial judge to commit reversible error by receiving incompetent evidence, whether objected to or not. An appellate court will not reverse a judgment in a nonjury case because of the admission of incompetent evidence, unless all of the competent evidence is sufficient to support the judgment or unless if affirmatively appears that the incompetent evidence induced the court to make an essential finding which would not otherwise have been made. . . . On the other hand, a trial judge who, in the trial of a nonjury case, attempts to make strict rulings on the admissibility of evidence, can easily get his decision reversed by excluding evidence which is objected to, but which, on review, the appellate court believes should have been admitted."). Petitioner accordingly submits that it is, as a general matter, better for the Board to have before it a complete record of the evidence submitted by the parties than to exclude particular pieces of it and thereby risk improper exclusion that could later be assigned as error. *See, e.g.*, *Builders Steel*, 379; *Donnelly Garment Co. v. NLRB*, 123 F.2d 215, 224 (8th Cir. 1942) (finding NLRB's refusal to receive testimonial evidence amounted to a denial of due process; "One who is capable of ruling accurately upon the admissibility of evidence is equally capable of sifting it accurately after it has been received, and, since he will base his findings upon the evidence which he regards as competent, material and convincing, he cannot be injured by the presence in the record of testimony which he does not consider competent or material. Lawyers and judges frequently differ as to the admissibility of evidence, and it occasionally happens that a reviewing court regards as admissible evidence which was rejected by the judge,

special master, or trial examiner. If the record on review contains not only all evidence which was clearly admissible, but also all evidence of doubtful admissibility, the court which is called upon to review the case can usually make an end of it, whereas if evidence was excluded which that court regards as having been admissible, a new trial or rehearing cannot be avoided."). *See also*, *e.g.*, *Samuel H. Moss, Inc. v. FTC*, 148 F.2d 378, 380 (2d Cir.), *cert. denied*, 326 U.S. 734 (1945) (observing that, "if the case was to be tried with strictness, the examiner was right [but w]hy [the examiner] or the Commission's attorney should have thought it desirable to be so formal about the admission of evidence, we cannot understand. Even in criminal trials to a jury it is better, nine times out of ten, to admit, than exclude evidence and in such proceedings as these the only conceivable interest that can suffer by admitting any evidence is the time lost, which is seldom as much as that inevitably lost by idle bickering about irrelevancy or incompetence. In the case at bar it chances that no injustice was done, but we take this occasion to point out the danger always involved in conducting such a proceeding in such a spirit, and the absence of any advantage in depriving either the Commission or ourselves of all evidence which can conceivably throw any light upon the controversy.").

At the same time, however, Petitioner recognizes that this trial is an early example of a new set of proceedings. Thus, to the extent that the Board intends to apply the Federal Rules of Evidence *strictly* in these proceedings, *cf.* 77 Fed. Reg. 48612, 48616 (Aug. 14, 2012) ("42.5(a) and (b) permit administrative patent judges wide lati-

tude in administering the proceedings to balance the ideal of precise rules against the need for flexibility to achieve reasonably fast, inexpensive and fair proceedings"), Petitioner respectfully submits that Patent Owner's testimonial submissions from its purported expert witnesses, do *not* meet these standards and should be excluded—in particular, at least ¶¶ 10-23 of EX2020,[1] the Declaration of Ivan Zatkovich, ¶¶ 20-47 of EX2015, the Declaration of Dr. Mark Ehsani, ¶ 17 of EX2013, the Declaration of Michael J. Miller, and ¶¶ 2-5 of EX2026, the Supplemental Declaration of Michael J. Miller—together with any reference to or reliance on the foregoing in Patent Owner's Response (Dkt. 21). Petitioner's objections to these Exhibits were previously set forth in Petitioner's First Set of Objections to Patent Owner Progressive Casualty Insurance Co.'s Exhibits, served June 20, 2013 and Petitioner's Second Set of Objections to Patent Owner Progressive Casualty Insurance Co.'s Exhibits, served July 3, 2013 ("Objections") pursuant to 37 C.F.R. § 42.64(b)(1), *see* MX1045 §§ I, II, & III and MX1046 §§ I & II, and are further explained below pursuant to 37 C.F.R. § 42.64(c).

I. Legal Standard

Rule 702 of the Federal Rules of Evidence, which applies to this proceeding (37 C.F.R. § 42.62), governs the admissibility of expert testimony and states: "A witness

[1] Exhibits are referenced "EX" or, for rebuttal or motion exhibits, "RX" or "MX"; abbreviations are defined in the Petition ("Pet.," Dkt. 1), and emphases are added.

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