UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.
Petitioner

v.

SIGHTSOUND TECHNOLOGIES, LLC
Patent Owner

Case CBM2013-00020
Patent 5,191,573

Before the Honorable MICHAEL P. TIERNEY, JUSTIN T. ARBES, and GEORGIANNA W. BRADEN,
Administrative Patent Judges.

SECOND DECLARATION OF DR. JOHN P. J. KELLY IN SUPPORT OF APPLE INC.'S PETITION FOR COVERED BUSINESS METHOD PATENT REVIEW OF UNITED STATES PATENT NO. 5,191,573 PURSUANT TO 35 U.S.C. § 321, 37 C.F.R. § 42.304

I, John Kelly, hereby declare as follows:

I. INTRODUCTION

1. I have been retained to provide assistance regarding U.S. Patent No. 5,191,573 ("'573 patent"). I have previously submitted a declaration to this matter: "Declaration of Dr. John P. J. Kelly In Support of Apple Inc.'s Petition For Covered Business Method Patent Review of United States Patent No. 5,191,573 Pursuant To 35 U.S.C. § 321, 37 C.F.R. § 42.304" (the "Kelly Decl."). I have described my background and experience, previous testimony and my compensation in the Kelly Decl. I have personal knowledge of the facts and opinions set forth in this declaration, and, if called upon to do so, I would testify competently thereto.

2. In preparing my opinions, I have considered the following materials:

- Materials cited in the Kelly Decl.,
- Declaration of John Snell in Support of Patent Owner SightSound Technologies, LLC's Response to Petition (the "Snell Decl.") [Ex. 2153],
- John Snell Mar. 6, 2014 Dep. Tr. [Ex. 4165] and associated exhibits,
- Schwartz Dec. 9-10, 2013 Dep. Tr. [Ex. 2124] and associated exhibits,
- And the other documents cited herein.

II. CLAIM CONSTRUCTION

3. For the Kelly Decl., I was asked to assume constructions for certain claim terms. [See, Ex. 4132 (Kelly Decl.) at § III.] For convenience I have also included those constructions in the following table. As in the Kelly Decl., for all remaining claim terms, I have assumed their plain and ordinary meaning.

Term	**Claim Construction**
First Party	a first entity, whether a corporation or a real person
Second Party	a second entity, whether a corporation or a real person
Telecommunication Lines	an electronic medium for communicating between computers.
Electronically	through the flow of electrons.
"Connecting Electronically" Terms	connecting through devices or systems which depend on the flow of electrons.
"Transferring Electronically" Terms	transferring through devices or systems which depend on the flow of electrons.
"Transferring Money Electronically" Terms	providing payment electronically (i.e., through devices or systems which depend on the flow of electrons).
Digital Audio Signal	digital representations of sound waves

III. "SECOND MEMORY"

A. THE '573 PATENT DOES NOT LIMIT THE "SECOND MEMORY" TO "NON-REMOVABLE MEMORY"

4. Mr. Snell asserts that the claimed "second memory" encompasses only "non-removable media."

> "[T]he patented technology pertains to business methods associated with the transmission of digital audio or digital video via telecommunications lines to non-removable memory storage owned by a customer." [Ex. 2153 (Snell Decl.) at ¶ 19.]

> "The specification makes abundantly clear that the invention precluded removable physical storage media as a second memory." [Ex. 2153 (Snell Decl.) at ¶ 27.]

Mr. Snell bases this opinion on the inventors' discussion of the limitations of the "prior modes of distributing and selling music." [See, *e.g.*, Ex. 2153 (Snell Decl.) at ¶¶ 27, 31-42.] Mr. Snell's analysis is incorrect for the following reasons.

5. First, Mr. Snell, Mr. Snell confuses the means of ***distributing*** music with the means of ***storing*** music after it has been distributed. The '573 patent says that "[t]he three basic mediums (hardware units) of music: records, tapes, and compact discs, greatly restricts the ***transferability*** of music." [See Ex. 4101 ('573 patent) at 1:17-19 (emphasis added).] Since, according to the '573 patent, the prior

art music distributer sells music recorded on hardware units, distribution of music requires warehousing and transportation of the hardware units. [See, *e.g.*, Ex. 4101 ('573 patent) at 1:39-49.] Therefore, the '573 patent proposes the ***electronic distribution*** of digital audio/video over telecommunications lines as opposed to the ***physical distribution*** of hardware units. [See, *e.g.*, Ex. 4101 ('573 patent) at Abstract, 2:10-12.] Mr. Snell admitted during his deposition that this is the key distinction between the patent and the prior art. Mr. Snell was asked about an earlier answer in which he commented that a removable (Winchester[1] cartridge[2]) hard drive cannot be transferred over telecommunication lines.

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[1] As I noted in my deposition, there were both removable and non-removable Winchester disks. [See, *e.g.*, Ex 2126 (John Kelly Dec. 12, 2013 Dep. Tr.) at 135:5-24.]

[2] Mr. Snell admitted that Winchester disk cartridges were commercially available in May 1988 and that a person of ordinary skill in the art would have known of Winchester disk cartridges. [See, *e.g.*, Ex. 4165 (John Snell Mar. 6, 2014 Dep. Tr.) 109:1-17, 124:13-15.] For example, in 1983, SyQuest produced a removable cartridge hard drive with a capacity of about 6 megabytes and was working on larger capacity drives. [See Ex. 4208 (Byte magazine, March 1983) at p.115.]

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