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.

PETITIONER APPLE INC.'S RESPONSE TO PATENT OWNER'S MOTION FOR OBSERVATIONS ON CROSS-EXAMINATION

By: Attorneys/Agents For Petitioner

J. Steven Baughman, Lead Counsel
Registration No. 47,414
Ching-Lee Fukuda, Back-up Counsel
Registration No. 44,334
James R. Batchelder, Back-up Counsel
Pro Hac Vice Granted

ROPES & GRAY
Prudential Tower
800 Boylston Street
Boston, Massachusetts 02199-3600
(202) 508-4606 (Telephone)
(617) 235-9492 (Fax)

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I. Response To Observations Regarding CompuSonics

Observations #1 and #2. PO first complains that Dr. John Kelly's CompuSonics opinions were not based on enough material, and then complains that his CompuSonics opinions were based on too much material.

In Observation #1, PO implies that Mr. Stautner's declaration should have impacted Dr. Kelly's opinions. But, as PO's own description of the Stautner Declaration (EX2121) makes clear, the Stautner Declaration is relevant *only* to "public use" of the CompuSonics system, *not* the public disclosures of the CompuSonics system relied upon by Dr. Kelly. PO itself summarizes the Stautner Declaration as testimony "describing the shortcomings of that company's products and business plan" and "about what CompuSonics actually planned or did" (*see* Paper 76 at 13-14). But as explained in Petitioner's Reply at 5-6 (Paper 52 at 5-6), the CompuSonics disclosures were "'known … by others,'" under § 102(a). PO's notion that Dr. Kelly "did not have the complete record before him" misses the point, since Dr. Kelly's CompuSonics opinions relied on specific public disclosures that took place prior to the critical date and were not limited to a theory that CompuSonics itself practiced the challenged claims. PO's continued attempts to shift focus—away from the invalidating public disclosures relied upon by Dr. Kelly—does not and cannot undercut the reliability of Dr. Kelly's opinions. Unsurprisingly, Dr. Kelly confirmed

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that the Stautner Declaration did not change any of his opinions—testimony that SightSound conspicuously ignores. EX2175 144:18-145:5.

Then, immediately after stating that Dr. Kelly "did not have the complete record before him," in Observation #2 PO pivots to an argument that Dr. Kelly considered *too much*, complaining that his anticipation and obviousness opinions "have always consisted of all such materials and never a subset of the whole." Pet. Observs. at 1. PO does not articulate why Dr. Kelly's reliance on all the materials he cited, as opposed to a subset of those materials, is problematic, apart from asserting without explanation or support that he "applied an erroneous standard." But as provided, for example, in the declarations of Dr. Kelly and Mr. Schwartz, the exhibits relied upon by Dr. Kelly publicly disclose features of the CompuSonics system and how it could be used. *See, e.g.*, EX4132 ¶¶ 49-56; EX4133 ¶ 5. These public disclosures were properly the subject of Dr. Kelly's opinions that the challenged claims were anticipated and rendered obvious.

II. Response To Observations Regarding The Second Memory

Observation #3. PO complains that Dr. Kelly did not apply a construction limiting "second memory" to "non-removable media." Instead, Dr. Kelly applied a "plain and ordinary meaning" construction for "second memory," consistent with the Board's subsequent conclusion that "[a]ll other terms" in the challenged claims "are given their ordinary and customary meaning." *See, e.g.*, EX4132 ¶ 14 ("For all remaining claim terms, I have assumed their plain and ordinary meaning."); Paper 14

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at 9 ("All other terms in claims 1, 64, and 95 are given their ordinary and customary meaning and need not be further construed at this time."). Dr. Kelly's testimony that portions of the specification are broader than the claims does not mean that he misinterpreted the claims. PO's argument that Dr. Kelly "did not properly consider the specification" assumes that PO's argument that the claims' broad language should be ignored is correct, but the Board has already concluded otherwise, as noted above. Further, as explained in Petitioner's Reply, PO's disclaimer argument is in conflict with Federal Circuit caselaw and PO's own prior statements and positions. *See* Paper 51 at 2-3.

Observation #4. PO cites Dr. Kelly's testimony that the patent specifications' reference to "Materials, Size, and Retrieval" pertains to inefficiencies of "hardware units," but PO neglects to provide the prior testimony, where Dr. Kelly made clear that "the hardware units" he was referencing were "the hardware units of music: records, tapes, and compact discs":

> Q. Is it correct that the '573 patent references two issues, the transferability of music and inefficiencies associated with hardware units? Is that correct?
>
> THE WITNESS: No. That's not the way I read this. This says it restricts the transferability of music and that results in -- the three basic mediums, the hardware units of music: records, tapes, and compact discs, greatly restricts the transferability of music, and the result of that is a variety of inefficiencies.

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