UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.
Petitioner

v.

SIGHTSOUND TECHNOLOGIES, LLC
Patent Owner

Case CBM2013-00023
Patent 5,966,440

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. 5,966,440 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. 5,966,440 ("'440 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. 5,966,440 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. 2353],
- John Snell Mar. 6, 2014 Dep. Tr. [Ex. 4366] and associated exhibits,
- Schwartz Dec. 9-10, 2013 Dep. Tr. [Ex. 2324] 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. 4334 (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
Second Party Control Unit	control unit of the second party
Telecommunication Lines	an electronic medium for communicating between computers.
"Electronic" Terms	pertaining to devices or systems which depend on 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).
"Charging a Fee" Terms	requesting payment electronically
"Electronically Selling" Terms	providing a product or service electronically in exchange for transferring money electronically
Sold	No construction needed
Digital Audio Signal	digital representations of sound waves
Hard Disk	a permanent, rigid, magnetic storage device
"Second Party Hard Disk"	non-volatile storage portion of the second memory

III. "SECOND MEMORY"

A. THE '440 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[1]."

> "[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. 2353 (Snell Decl.) at ¶ 19.]
>
> "The specification makes abundantly clear that the invention precluded removable physical storage media as a second memory." [Ex. 2353 (Snell Decl.) at ¶ 28.]

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. 2353 (Snell Decl.)

[1] In his deposition, regarding claim 64 of the '440 patent, Mr. Snell further specified that the term "second party hard disk" means "second-party nonremovable hard disk" and does not cover non-removable memories that are not hard disks. [See, *e.g.*, Ex. 4366 (John Snell Mar. 6, 2014 Dep. Tr.) at 220:18-224:13.]

at ¶¶ 28, 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 '440 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. 4301 ('440 patent) at 1:24-26 (emphasis added).] Since, according to the '440 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. 4301 ('440 patent) at 1:45-54.] Therefore, the '440 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. 4301 ('440 patent) at Abstract, 2:22-26.] 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[2] cartridge[3]) hard drive cannot be transferred over telecommunication lines.

[2] As I noted in my deposition, there were both removable and non-removable Winchester disks. [See, *e.g.*, Ex 2326 (John Kelly Dec. 12, 2013 Dep. Tr.) at 135:5-24.]

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