

UNITED STATES PATENT AND TRADEMARK OFFICE  
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BEFORE THE PATENT TRIAL AND APPEAL BOARD  
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APPLE INC.  
Petitioner

v.

SIGHTSOUND TECHNOLOGIES, LLC  
Patent Owner  
\_\_\_\_\_

Case CBM2013-00020 (Patent 5,191,573)  
Case CBM2013-00023 (Patent 5,966,440)<sup>1</sup>

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

ARBES, *Administrative Patent Judge*.

ORDER  
Conduct of the Proceedings  
*37 C.F.R. § 42.5*

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<sup>1</sup> This Order addresses issues pertaining to both cases. Therefore, we exercise our discretion to issue one Order to be filed in each case. The parties are not authorized to use this style heading for any subsequent papers.

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*March 31, 2014 Conference Call*

A conference call in the above proceedings was held on March 31, 2014, among respective counsel for Petitioner and Patent Owner, and Judges Tierney, Arbes, and Braden.<sup>2</sup> The following issues were discussed.

First, we advised the parties that their March 24, 2014 email request to modify DUE DATES 4-6 in the Scheduling Orders in the instant proceedings was granted, and a Revised Scheduling Order in each proceeding would be entered. DUE DATE 7 (oral argument, scheduled for May 6, 2014) will not be changed in the Revised Scheduling Orders.

Second, Patent Owner sought authorization to file a motion to strike Petitioner's reply and evidence filed in support of the reply in each proceeding. Patent Owner argued that Petitioner's replies contain improper new argument that is not responsive to the arguments made in Patent Owner's responses. *See* 37 C.F.R. § 42.23(b) (a reply "may only respond to arguments raised in the corresponding . . . patent owner response"); Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions; Final Rule, 77 Fed. Reg. 48,612, 48,620 (Aug. 14, 2012) ("Oppositions and replies may rely upon appropriate evidence to support the positions asserted. Reply evidence, however, must be responsive and not merely new evidence that could have been presented earlier to support the movant's motion."). As an example, Patent Owner cited page 9 of Petitioner's reply in Case CBM2013-00020 (Paper 51), where Petitioner argued that "[d]uring reexamination, a cited 1986 reference predicted the ability to purchase and

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<sup>2</sup> A court reporter, retained by Patent Owner, was present on the call. Patent Owner shall file the transcript of the call as an exhibit in each proceeding.

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receive a digital album at home over phone lines.” Petitioner argued that its statements on pages 8-9 of the reply properly respond to Patent Owner’s assertions regarding digital media and electronic sales, and a person of ordinary skill in the art’s alleged knowledge of those features. We took the matter under advisement.

After reviewing Patent Owner’s response and Petitioner’s reply in each proceeding, we are not persuaded that a motion to strike is warranted under the circumstances. As explained during the call, in the absence of special circumstance, the Board will determine whether a reply and supporting evidence contain material exceeding the proper scope when the Board reviews all of the pertinent papers and prepares the final written decision. The Board may exclude all or portions of Petitioner’s replies and newly submitted evidence, or decline to consider any improper argument and related evidence, at that time. Additional briefing on the issue is not necessary.

Third, Patent Owner sought authorization to file a motion to strike certain portions of the declarations of Lawrence Kenswil filed by Petitioner with its reply in each proceeding. *See* CBM2013-00020, Ex. 4256; CBM2013-00023, Ex. 4414. Patent Owner argued that the declarations contain improper attorney argument. We advised the parties that their papers (petition, response, and reply) must set forth fully the parties’ positions, and may not incorporate by reference any arguments made in other papers. *See* 37 C.F.R. § 42.6(a)(3). The Board will determine what arguments are made or not made when it reviews the entire record at the end of the proceedings, and no additional briefing on the matter is necessary.

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Fourth, we addressed an issue regarding the parties' pending joint motion to seal in each proceeding. *See* CBM2013-00020, Paper 54; CBM2013-00023, Paper 48. Specifically, the parties were reminded that there is a strong public policy in favor of making information filed in a covered business method patent review open to the public, especially because the proceeding determines the patentability of claims in an issued patent and, therefore, affects the rights of the public. *See* Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,760 (Aug. 14, 2012). The default rule is that all papers filed in a covered business method patent review are open and available for access by the public; only "confidential information" may be protected from disclosure upon a showing of good cause. *See* 35 U.S.C. §§ 326(a)(1), 326(a)(7); 37 C.F.R. §§ 42.14, 42.54(a). In these proceedings, for example, the public has a strong interest in knowing what evidence Patent Owner is relying on to prove secondary considerations of nonobviousness, and what evidence Petitioner is relying on to counter those assertions. The parties are referred to *Garmin Int'l, Inc. v. Cuozzo Speed Techs. LLC*, IPR2012-00001, Paper 37 (Apr. 5, 2013), and *St. Jude Med., Cardiology Div., Inc. v. Volcano Corp.*, IPR2013-00258, Paper 28 (Aug. 12, 2013), for guidance on motions to seal in similar circumstances.

During the call, we encouraged the parties to submit redacted documents that contain the information necessary for the parties to make their arguments, such that the Board could refer to those materials in its final written decisions if necessary, rather than making the documents available to the public in their entirety. Should the parties determine that they are able to do so, the parties should notify the Board as soon as possible. The joint motions to seal will be decided in a forthcoming decision.

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Fifth, Patent Owner argued that Petitioner should be required to produce the infringement expert report of J. Douglas Tygar from the related litigation between the parties as routine discovery because the report contains “relevant information that is inconsistent with a position advanced by” Petitioner pursuant to 37 C.F.R. § 42.51(b)(1)(iii). According to Patent Owner, the report asserts that Petitioner practices the claimed inventions, which is contrary to Petitioner’s argument in its replies that Petitioner’s system is not coextensive with the claims. Petitioner responded that the report is not inconsistent because the issue of infringement is different from the issue of whether the system and claims are coextensive, and producing the report would create confidentiality issues due to the highly confidential source code cited in the report. *See* CBM2013-00020, Paper 40; CBM2013-00023, Paper 36 (denying Patent Owner’s motion for additional discovery of the report).

As explained during the call, the parties should continue their discussions on the issue and attempt to reach a resolution. For instance, the parties should determine whether it would be feasible to produce a redacted version of the report, containing only the portions directed to the claim limitations argued by Petitioner in its replies. If the parties are unable to resolve the issue, they may request another conference call. Further, to the extent the parties believe additional protections are necessary beyond those provided for in the default protective order, the parties may file another motion to seal with a proposed protective order.

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