UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
Petitioner

v.

SMARTFLASH LLC,
Patent Owner

Case CBM2015-00017
Patent 8,061,598 B2

Before the Honorable JENNIFER S. BISK, RAMA G. ELLURU, JEREMY M. PLENZLER, and MATTHEW R. CLEMENTS, *Administrative Patent Judges*.

PETITIONER APPLE INC.'S OPPOSITION TO PATENT OWNER'S MOTION TO EXCLUDE UNDER 37 C.F.R. § 42.64(c)

TABLE OF CONTENTS

In response to Patent Owner's ("PO") Motion to Exclude ("Mot.", Pap. 38), Petitioner respectfully submits that the Board, sitting as a non-jury tribunal with administrative expertise, is well-positioned to determine and assign appropriate weight to the evidence presented here, without resorting to formal exclusion that might later be held reversible error. *See, e.g.*, *S.E.C. v. Guenthner*, 395 F. Supp. 2d 835, 842 n.3 (D. Neb. 2005); *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, material evidence); *Donnelly Garment Co. v. Nat'l Labor Relations Bd.*, 123 F.2d 215, 224 (8th Cir. 1941) (NLRB's refusal to receive testimonial evidence was denial of due process). *See also, e.g.*, *Samuel H. Moss, Inc. v. F.T.C.*, 148 F.2d 378, 380 (2d Cir. 1945), *cert. denied*, 326 U.S. 734 (1945) ("Even in criminal trials to a jury it is better, nine times out of ten, to admit, than to exclude, . . . 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."). But even under strict application of the Rules of Evidence, *cf.* 77 Fed. Reg. 48,612, 48,616 (Aug. 14, 2012) ("42.5(a) and (b) permit administrative patent judges wide latitude 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's evidence here is entirely proper while PO's objections are baseless.

I. The Board Should Not Exclude Exhibit 1202

Petitioner did not rely on Ex. 1202 for "evidence of the content" of the '598 patent (*cf.* Mot. 1), but rather to show PO's *own characterization* of the subject matter of the '598 patent supports Petitioner's contention, and the Board's conclusion, that the '598 patent relates to a financial activity or transaction and is thus subject to the Board's review as a covered business method patent. *See* Pap. 9 at 12-13. PO's characterization of the '598 patent in another proceeding is not found in the patent itself; thus, Ex. 1202 is not cumulative of the '598 patent, and FRE 1004 is inapplicable. Indeed, as PO admits, the Board declined to exclude the same exhibit in another proceeding on the same patent because the Board found "[Patent Owner's] characterization of the '598 patent in prior proceedings are relevant to the credibility of its characterization of the '598 patent in this proceeding." Mot. 3 (citing CBM2014-00108, Pap. 50 at 19); *see also* CBM2014-00102, Pap. 52 at 36; CBM2014-00106, Pap. 52 at 25; CBM2014-00112, Pap. 48 at 24. Contrary to PO's claim that its characterization of the '598 patent is not at issue here (Mot. 2-3), PO disputed the financial nature of the '598 patent here, *see* Pap. 18 at 5-10, and its highly relevant admission to the contrary should not be excluded.

II. The Board Should Not Exclude Exs. 1203-04, 1206-08, 1211-18, Or 1225-27

Contrary to PO's assertions, Exs. 1206-08, 1211, 1214-18, and 1225-27

("Prior Art Exhibits") are certainly relevant to the Board's § 101 analysis.[1] More specifically, such evidence is relevant to *Mayo*'s two-step inquiry for patent eligibility to determine, for example, whether the claims contain an "inventive concept" or merely recite "well-understood, routine, conventional activit[ies] previously known to the industry." *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2357, 2359 (2014) (internal quotations omitted); *see e.g., YYZ, LLC v. Hewlett-Packard Co.*, No. 13-136-SLR, 2015 WL 5886176, at *8 (D. Del. Oct. 8, 2015) ("Although the § 101 inquiry is focused on the claim language, extrinsic evidence [, such as prior art,] may be helpful in terms of understanding the state of the art . . . , and whether the problem to which the patent was directed is solved using computer technology in unconventional ways."); *cf. Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1334, 1336 (Fed. Cir. 2015) (affirming Board's reliance on petitioner's expert in determining claimed steps were well-known, routine, and conventional and Board's finding that "claims at issue do not recite any *improvement* in computer technology").[2] Both the Petition and the Wechselberger Declaration describe Prior Art Exhibits as evidence of that knowledge. *See, e.g.*, Pap. 9 at 6-10 (Overview of Field of the Claimed Invention); Ex. 1219 ¶¶ 34-55 (State of the

[1] Ex. 1205 was not relied on here. While exclusion of Ex. 1205 is unnecessary, Petitioner would not oppose it.

[2] All emphasis herein is added unless otherwise indicated.

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