UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
Petitioner

v.

SMARTFLASH LLC,
Patent Owner

Case CBM2015-00121
Patent 8,794,516

Before the Honorable JENNIFER S. BISK, RAMA G. ELLURU, and GREGG I. ANDERSON, *Administrative Patent Judges*.

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

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In response to Patent Owner's ("PO") Motion to Exclude ("Mot.", Pap. 23), 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—many of which have

already been rejected by the Board in prior proceedings on related patents—are baseless.

I. The Board Should Not Exclude Exhibits 1002, 1042, and 1046

Petitioner did not rely on Exs. 1002, 1042, and 1046 for "evidence of the content" of the '516 (*cf.* Mot. 2), but rather to show that PO's and inventor Patrick Racz's *own characterizations* of the subject matter of the '516 support Petitioner's contention (and the Board's previous determination) that the '516 relates to a financial activity or transaction and is a covered business method patent. *See* Pap. 2 at 27-28. PO's and Mr. Racz's characterizations of the subject matter of the '516 in another proceeding are not found in the patent itself; thus, contrary to PO's assertions, Exs. 1002, 1042, and 1046 are not cumulative of the '516, and FRE 1004 is inapplicable. Indeed, as PO admits, when confronting this same argument by PO, the Board declined to exclude the same Ex. 1002 in another proceeding on a related patent. While determining whether a patent is a CBM patent requires an examination of the claims, the Board found "[Patent Owner's] characterization of the . . . patent in prior proceedings is relevant to the credibility of its characterization of the . . . patent in this proceeding." Mot. 3 (citing CBM2015-00016, Pap 56 at 24); *see also* CBM2014-00102, Pap. 52 at 36; CBM2014-00106, Pap. 52 at 25; CBM2014-00108, Pap. 50 at 19; CBM2014-00112, Pap. 48 at 24; CBM2015-00017, Pap. 46 at 22; CBM2015-00028, Pap. 44 at 25; CBM2015-00029, Pap. 43

at 27; CBM2015-00031, Pap 45 at 29; CBM2015-00032, Pap. 46 at 28-29; CBM2015-00033, Pap. 40 at 29. The same reasoning applies here.

PO again argues that "[t]here is nothing about Patent Owner's characterization of the '516 in this proceeding … that is contradicted by Exhibits 1002, 1042, and 1046 such that the credibility of Patent Owner's characterization is at issue" (Mot. 3-4). But, as the Board found in other proceedings on related patents, "Patent Owner's argument misses the point because the credibility of Patent Owner's characterization is for the Board to weigh *after* deciding the threshold issue of admissibility." *See, e.g.*, CBM2015-00016, Pap. 56 at 24[1]; CBM2015-00017, Pap. 46 at 22; *see also* CBM2015-00028, Pap. 44 at 25-26; CBM2015-00029, Pap. 43 at 27; CBM2015-00031, Pap. 45 at 29; CBM2015-00032, Pap. 46 at 29; CBM2015-00033, Pap. 40 at 29. And, contrary to PO's claim that its characterization of the '516 is not at issue here (Mot. 3-4), PO disputes the financial nature of the '516, *see* Pap. 6 at 43-48; Pap. 17 at 70-74. Therefore, PO's and Mr. Racz's admissions, which contradict PO's arguments here, should not be excluded. *See* CBM2015-00016, Pap. 56 at 24 ("Patent Owner's characterization of the . . . patent in prior proceedings is relevant to Patent Owner's contention in this proceeding that the . . . patent does not satisfy the 'financial in nature' requirement" for a CBM review.); CBM2015-00017, Pap. 46 at 22-23; CBM2015-00028, Pap. 44 at 26; CBM2015-

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

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