UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,

Petitioner,

v.

SMARTFLASH LLC,

Patent Owner.

Case CBM2015-00130
Patent 8,118,221 B2

PATENT OWNER'S REPLY IN SUPPORT OF MOTION TO EXCLUDE EVIDENCE

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I. INTRODUCTION

Patent Owner understands 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 in this trial, without resorting to formal exclusion that might later be held reversible error." *Liberty Mutual Insurance Co. v. Progressive Casualty Insurance Co.*, CBM2012-00002, Paper 66, Final Written Decision (PTAB January 23, 2014)(citing *S.E.C. v. Guenthner*, 395 F. Supp. 2d 835, 842 n.3 (D. Neb. 2005)). At the same time, the Federal Rules of Evidence apply (37 CFR § 42.62(a)) and it is within the Board's authority to manage the record by ruling on the admissibility of evidence based on the trial as instituted so that in the event of an appeal under 35 U.S.C. § 142, a proper record exists that can be transmitted to the United States Court of Appeals for the Federal Circuit pursuant to 35 U.S.C. § 143.

II. ARGUMENT

A. The Board Should Exclude Exhibits 1002 and 1043

Exhibits 1002 and 1043 do not contain contradictory admissions (Paper 25 at 3), but instead say nothing more than the '221 Patent itself in Ex. 1001 at 1:20-23 ("This invention … relates to a portable data carrier for storing and paying for data…") and 1:59-67 ("reading payment information," "validating the payment information"). Exhibits 1002 and 1043 therefore are inadmissible other evidence of the content of a writing under FRE 1004 and cumulative under FRE 403.

Moreover, as noted, the Board's reasoning that a PO's characterization of the patent, or the PO's credibility in doing so, is relevant to the analysis of whether a patent qualifies CBM review under the AIA is contrary to *Blue Calypso, LLC v. Groupon, Inc.*, 815 F.3d 1331, 1340 (Fed. Cir. March 1, 2016)("[AIA] directs us to examine *the claims* when deciding whether a patent is a CBM patent") and therefore irrelevant under FRE 401, 402.

B. The Board Should Exclude Exhibits 1005-07, 1010, 1012-20, 1023, 1031-35, and 1038-42

Exhibits 1005-07, 1010, 1012-20, 1023, 1031-35, and 1038-42 were not alleged to be invalidating prior art and should be excluded. Petitioner asserts that the exhibits are relevant to show the state of the art and that the basic concept of controlling access based on payment and/or rules and the claim elements were well-known, routine, and conventional. Paper 27 at 5. But when determining whether there is an "inventive concept" the relevant analysis is whether there is an "inventive concept" over the *abstract idea* (if one is found) and not whether there is an "inventive concept" over the *prior art*. *Alice Corp. Pty. Ltd. v. CLS Bank Intern.*, 134 S.Ct. 2347, 2355 (2014) (*Mayo* step-two analysis is "a search for an 'inventive concept'—i.e., an element or combination of elements that is 'sufficient to ensure that the patent in practice amounts to *significantly more than a patent upon the [abstract idea] itself*'")(emphasis added). Focusing the § 101 analysis on the prior art to show purported well-known, routine, and conventional claim

elements is precisely what the Federal Circuit criticized the district court for in *Bascom Global Internet Services, Inc. v. AT&T Mobility LLC*, Case no. 2015-1763 (Fed. Cir. June 27, 2016), Slip op. at 15 ("The district court's analysis in this case . . . looks similar to an obviousness analysis under 35 U.S.C. § 103 . . . The inventive concept inquiry *requires more than recognizing that each claim element, by itself, was known in the art*. As is the case here, an inventive concept can be found in the non-conventional and non-generic arrangement of known, conventional pieces.")(emphasis added). The exhibits are not relevant to a § 101 analysis and should be excluded under FRE 401 and 402.

C. The Board Should Exclude Exhibit 1021

The Board cannot assess under FRE 702 whether Dr. Kelly's opinion testimony is "based on sufficient facts or data," is "the product of reliable principles and methods," or if Dr. Kelly "reliably applied the principles and methods to the facts of the case," or assess under *Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 113 S.Ct. 2786, 509 U.S. 579 (1993) whether the reasoning or methodology underlying Dr. Kelly's testimony is scientifically valid and whether that reasoning or methodology properly can be applied to the facts in issue given that Dr. Kelly i) disavowed being qualified to give a legal opinion; ii) could not explain why his approach in formulating his opinions used a scientifically valid reasoning or methodology; iii) did nothing to test his result; iv) could not define

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