

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC. and GOOGLE, INC.,
Petitioners,

v.

SMARTFLASH LLC,
Patent Owner.

Case CBM2015-00133¹
Patent 8,336,772

Before the Honorable JENNIFER S. BISK, RAMA G. ELLURU, GREGG I. ANDERSON, 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)**

¹ The challenge to claims 9 and 21 based on 35 U.S.C. § 101 in CBM2015-00132 has been consolidated with this proceeding.

TABLE OF CONTENTS

I. THE BOARD SHOULD NOT EXCLUDE EXHIBITS 1002 AND 1043.....2

II. THE BOARD SHOULD NOT EXCLUDE EXHIBITS 1003-08,
1011-18, 1025-28, 1036, 1038, 1040-42, 1044, AND 10454

III. THE BOARD SHOULD NOT EXCLUDE EXHIBIT 1019.....9

IV. THE BOARD SHOULD NOT EXCLUDE EXHIBIT 1039.....12

In response to Patent Owner’s (“PO”) Motion to Exclude (“Mot.”, Pap. 29), 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. Guenther*, 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

CBM2015-00133

Patent 8,336,772

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

I. The Board Should Not Exclude Exhibits 1002 and 1043

Petitioner did not rely on Exs. 1002 and 1043 for “evidence of the content” of the ’772 patent (*cf.* Mot. 2), but rather to show that PO’s and inventor Patrick Racz’s *own characterizations* of the subject matter of the ’772 patent support Petitioner’s contention (and the Board’s previous determination) that the ’772 patent relates to a financial activity or transaction and is a covered business method patent. *See* Pap. 2 at 26. PO’s and Mr. Racz’s characterizations of the ’772 patent in another proceeding are not found in the patent itself; thus, contrary to PO’s assertions, Exs. 1002 and 1043 are not cumulative of the ’772 patent, 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 the same 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 ’772 patent in prior proceedings is relevant to the credibility of its characterization of the ’772 patent in this proceeding.” Mot. 2 (citing CBM2015-00031, Pap 45 at 29); *see also* 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 characteriza-

CBM2015-00133

Patent 8,336,772

tion of the '772 Patent in this proceeding ... that is contradicted by Exhibits 1002 and 1043 such that the credibility of Patent Owner's characterization is at issue" (Mot. 3). But, as the Board found in another proceeding on this patent, "[Patent Owner]'s argument misses the point because the credibility of [Patent Owner]'s characterization is for [the Board] to decide, and [the Board has] to consider the document at issue in making that determination." CBM2015-00031, Pap. 45 at 29; *see also* CBM2015-00032, Pap. 46 at 29; CBM2015-00033, Pap. 40 at 29. And, contrary to PO's claim that its characterization of the '772 patent is not at issue here (Mot. 3), PO disputes the financial nature of the '772 patent, *see* Pap. 5 at 71-76; Pap. 21 at 75-79. Therefore, PO's and Mr. Racz's admissions, which contradict PO's arguments here, should not be excluded. *See* CBM2015-00031, Pap. 45 at 29 ("Smartflash's characterization of the '772 patent in prior proceedings is relevant to Smartflash's contention in this proceeding that the '772 patent does not satisfy the 'financial in nature' requirement" for a CBM review.); *see also* CBM2015-00032, Pap. 46 at 29; CBM2015-00033, Pap. 40 at 29.

Further, PO is wrong that Exs. 1002 and 1043 do not "appear to make a fact of consequence in determining this action" merely because the Kelly Declaration (Ex. 1019) and the Board's Institution Decision (Pap. 7) do not cite them. Mot. 3-4. As PO admits, both Exs. 1002 and 1043 are cited in the Petition (Pap. 2) "as support for the '772 Patent being 'financial in nature' and thus CBM review eligi-

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