Paper No. 39

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
VISA INC., and VISA U.S.A. INC.,
Petitioners,

v.

UNIVERSAL SECURE REGISTRY LLC
Patent Owner

Case CBM2018-00024[1]
U.S. Patent No. 8,577,813

PATENT OWNER'S REPLY TO PETITIONER'S OPPOSITION TO PATENT OWNER'S MOTION TO STRIKE IMPROPER REPLY EVIDENCE

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[1] Visa Inc. and Visa U.S.A., Inc., which filed a petition in CBM2019-00025, have been joined as a party to this proceeding.

In its Petition, Apple Inc. ("Petitioner") argues that International Patent Application Publication No. WO 2004/051585 A2 ("Jakobsson") (Ex-1214) discloses several limitations of U.S. Patent No. 8,577,813 ("the '813 patent). *See* Petition at 25, 27-91. Petitioner supports these arguments with expert testimony from Dr. Victor Shoup. *See* Ex-1202. Patent Owner explained in its Patent Owner Response how such allegations are wrong. In addition to further testimony by Dr. Shoup, Petitioner's reply also proffered a brand new expert witness, Dr. Ari Juels (Ex-1226), which Patent Owner has moved to strike.

In opposition to Patent Owner's motion, Petitioner contends that it is proffering Dr. Juels not only as an expert, but as a fact witness as well. *See, e.g.*, Opp. at 1 ("Dr. Juels and Dr. Jakobsson are co-inventors"). As explained in the opening motion, this new evidence is untimely because it was not presented in the original Petition, and Petitioner's newly minted theory that Dr. Juels is also a necessary fact witness because he is an inventor of the asserted prior art reference, compounds that tardiness. Indeed, as an inventor of the art Petitioner relies upon in the Petition, Petitioner could have presented Dr. Juels' testimony with the Petition. Petitioner chose not to. Moreover, because the Board has denied allowing Patent Owner to rebut this last minute factual and expert evidence, failure to strike Dr. Juels' declaration is highly prejudicial.

I. DR. JUELS' DECLARATION IS IMPROPER UNTIMELY NEW EVIDENCE THAT IS HIGHLY PREJUDICIAL

As explained in the opening motion, the governing statute requires a petition to identify "***with particularity*** . . . the evidence that supports the grounds for the challenge to each claim, including . . . affidavits or ***declarations of supporting evidence and opinions***, if the petitioner relies on expert opinions." 35 U.S.C. §312(a)(3)(B) (emphasis added). The Trial Practice Guide's Aug. 2018 update ("TPG") confirms the importance of this requirement: "Petitioner ***may not submit new evidence*** or argument in reply that ***it could have presented earlier*** . . ." TPG at 14. *See SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1356 (2018) ("***the petitioner's petition***, not the Director's discretion, ***is supposed to guide the life of the litigation***.") (emphasis added); *cf. Dexcom, Inc. v. Waveform Techs., Inc.*, IPR2016-01680 (Paper 46) at 30 (PTAB Feb. 28, 2018) (excluding evidence raised for first time in a reply brief), *aff'd Dexcom, Inc. v. Waveform Technologies, Inc.*, 760 Fed. Appx. 1023 (Fed. Cir. Apr. 3, 2019) (per curiam).

While Petitioner argues that Dr. Juels' testimony is permissible because it responds to Dr. Jakobsson's testimony regarding the Jakobsson prior art reference, and that it could not have anticipated such testimony, Petitioner's contentions are incorrect as a matter of law and fact. *See* Opp. at 2-6.

Petitioner primarily relies upon *Belden Inc. v. Berk-Tek LLC*, 805 F.3d 1064 (Fed. Cir. 2015) to argue that reply declarations that respond to patent owner arguments are permissible. Opp. 2-6. However, *Belden* is clearly distinguishable. To begin with, *Belden's* reply declaration solely presented expert testimony--not factual as well as expert testimony, as the instant proceeding concerns. And, the Federal Circuit noted the patent owner in that case failed to even file a sur-reply addressing the issue; unlike here, where the Board has denied allowing Patent Owner to file rebuttal testimony.

Petitioner's other cited cases are inapposite. For example, the Board has distinguished *Anacor Pharm., Inc. v. Iancu*, 889 F.3d 1372 (Fed. Cir. 2015) on the grounds that the patent owner in that case had ***prior notice*** of the supposed new evidence; Petitioner has not even alleged Patent Owner had prior notice of Dr. Juels' testimony. *See Aisin Seiki Co., Ltd. v. Intellectual Ventures II LLC*, IPR2017-01538, 2018 WL 6584583, at *27 (PTAB Dec. 12, 2018) ("patent owner had previously discussed those contentions in its own papers"). *Hughes Network Sys., LLC v. Calif. Inst. Tech.*, IPR2015-00059, 2016 Pat. App. LEXIS 1867, at *52-*53 (PTAB Apr. 21, 2016) is likewise irrelevant: "Patent Owner was well aware of Petitioner's position, which it had the opportunity to address as part of its response."

Apple started this proceeding on May 3, 2018 relying upon a declaration from Dr. Victor Shoup testifying that Jakobsson invalidates the '813 patent. Yet, Petitioner waited over a year, and on the eve of trial, to introduce testimony of not only a brand new expert, Dr. Ari Juels, but also proffer his testimony as a matter of fact, as an inventor of the reference that is the basis of the Petition. There is no reason Apple could not have presented such evidence in its Petition—Dr. Juels is an inventor of Petitioner's proffered prior art.

Indeed, this new factual evidence is akin to proffering new embodiments of references, which the Federal Circuit has upheld the Board's declining to consider when a petitioner fails to identify or discuss in a petition. *See Ariosa Diagnostics v. Verinata Health, Inc.*, 805 F.3d 1359, 1367 (Fed. Cir. 2015) ("We see no error in the Board's rejection of Ariosa's reliance, in its Reply submissions, on previously unidentified portions of a prior-art reference to make a meaningfully distinct contention."). The rules are clear; this tardy evidence should be stricken from the proceeding. Indeed, the trial practice guide states that striking is the appropriate course here. *See* TPG at 18.

Further, striking this new evidence is critical here because Patent Owner cannot rebut this improper new factual and expert evidence with a declaration from Dr. Markus Jakobsson. Hence, failure to strike would be highly prejudicial to

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