UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

THE MANGROVE PARTNERS MASTER FUND, LTD., APPLE INC., and BLACK SWAMP IP, LLC,
Petitioners,

v.

VIRNETX INC.,
Patent Owner.

Case No. IPR2015-01047[1]
U.S. Patent No. 7,490,151

PETITIONERS' MOTION TO EXCLUDE

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[1] Apple Inc. and Black Swamp IP, LLC, who filed petitions in IPR2016-00063 and IPR2016-00167, respectively, have been joined as Petitioners in the instant proceeding.

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I. Introduction

Petitioners The Mangrove Master Fund, Ltd., Apple Inc., and Black Swamp IP, LLC ("Petitioners") hereby move to exclude Exhibit 2050 under 37 C.F.R. §§ 42.62, 42.64. Petitioners timely objected to Exhibit 2050 for containing inadmissible hearsay and unauthenticated attachments. Paper 50. The Board should grant this motion and exclude the exhibit in its entirety.

II. Argument

A. Exhibit 2050 Is Inadmissible.

Exhibit 2050 is a Declaration of Dr. Robert Dunham Short III (the "Short Declaration"), a named inventor, that was prepared and submitted in an *inter partes* reexamination proceeding of the '151 patent. Ex. 2050 at Face, ¶ 1; *see* Paper 52. The Short Declaration is 6 pages long and includes 134 pages of attachments. Patent Owner relies on statements in the Declaration and its attachments to argue that secondary considerations exist that support a finding of non-obviousness. *See* Resp. at 29-36 (citing Ex. 2050). Exhibit 2050 should be excluded because it contains both inadmissible hearsay not subject to an exception and unauthenticated attachments.

1. Exhibit 2050 Contains Inadmissible Hearsay Not Subject to An Exception.

The statements relied upon by Patent Owner in the Short Declaration and its attachments are hearsay because they were not made while testifying at the current

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trial or hearing, and Patent Owner offers them in evidence to prove the truth of the matter asserted. Fed. R. Evid. 801(c). *First*, Patent Owner confirmed that the Short Declaration was not prepared for this proceeding, and instead was "submitted nearly four years ago in an [*inter partes*] reexamination." Ex. 2060 at 11:21-25; Paper 52. *Second*, Patent Owner relies on Exhibit 2050 for the truth of statements made in the Short Declaration and its attachments to argue that putative secondary considerations exist to show non-obviousness. *See* Resp. at 29-36 (citing Ex. 2050 at ¶¶ 3-12, 15, 16, and pp. 10, 27-29, 32, 72, 85-86, 91, 123, 126-29, 131-32, 136-37). Petitioners requested that Patent Owner provide Dr. Short for cross-examination to test these statements, but Patent Owner refused. Paper 52; Ex. 2050 at 12:18-22. Exhibit 2050, as relied on by Patent Owner, is thus inadmissible hearsay. Fed. R. Evid. 801(c), 802.

Neither the Short Declaration nor any of its attachments are subject to any exceptions to the rules against hearsay enumerated in the Federal Rules of Evidence, including the residual exception. Fed. R. Evid. 803, 804, 807. For example, the Short Declaration consists of unsupported and conclusory statements by a plainly interested party—one of the inventors of the '151 patent, *see* Ex. 1001 at 1 (inventors), and a current employee of Patent Owner, *see* https://www.virnetx.com/about/executive-management/. These statements must be disregarded as untrustworthy not only because of the obvious bias, but also

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because the statements lack any corroboration sufficient to give the statements "equivalent circumstantial guarantees of trustworthiness." Fed. R. Evid. 807 (a)(1). In fact, the vast majority of the statements in Dr. Short's declaration—related to, for example, "long-felt need" (Ex. 2005 at ¶¶ 2-9), "failure of others" (*id.* at ¶¶10-11), "commercial success" (*id.* at ¶12), "unexpected results" (*id.* at ¶¶13-15), and "industry praise" (*id.* at ¶16)—are without citation to ***any*** supporting evidence at all. And, because Patent Owner refused to make Dr. Short available for cross-examination, Petitioners were not provided the opportunity to test the trustworthiness of the statements that Patent Owner now relies on in this proceeding as direct testimony. *Davis v. Alaska*, 415 U.S. 308, 316 (1974) ("Cross-examination is the principal means by which the believability of a witness and the truth of his testimony are tested."). Accordingly, because Exhibit 2050 is inadmissible hearsay not subject to any exception, *see* Fed. R. Evid. 803, 804, 807, it must be excluded in its entirety.

2. Exhibit 2050 Contains Unauthenticated Attachments that Should Be Excluded.

Patent Owner provided 134 pages of attachments in Exhibit 2050. These pages consist of a variety of documents, none of which are self-authenticating. Patent Owner has also provided no evidence demonstrating these documents are what Patent Owner says they are, and Dr. Short does not authenticate any of them in his declaration. *See* Ex. 2005 at ¶¶ 2-16. Thus, because the attachments to Dr.

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Short's declaration have not been authenticated, *see* Fed. R. Evid. 901-903, they should be excluded, *see id.* 901(a).

III. Conclusion

For these reasons, the Board should exclude Exhibit 2050 in its entirety.

Dated: May 27, 2016

Respectfully Submitted,

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