

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC. and FITBIT, INC.
Petitioner

v.

VALENCELL, INC.
Patent Owner

Case IPR2017-00318¹
U.S. Patent No. 8,886,269

**PETITIONER APPLE INC.'S REPLY TO
PATENT OWNER'S OPPOSITION TO PETITIONER'S
MOTION TO EXCLUDE EVIDENCE**

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¹ Case IPR2017-01554 has been joined with this proceeding.

Valencell's Opposition confirms that Exhibits 2152 and 2153 should be excluded. Valencell failed to demonstrate that good cause exists for "excusal" of its late service of supplemental evidence. Rather, Valencell's arguments demonstrate that it blatantly disregarded its duty of candor and good faith by failing to notify Apple or the Board that it had missed its deadline, or providing any explanation for the missed deadline, when it filed its supplemental evidence—even though it now admits that it knew it was filing its supplemental evidence after the deadline had passed. Valencell's lack of candor imposed unnecessary costs on both Apple and the Board. Finally, even if Valencell's supplemental evidence is admitted, Exhibits 2152 and 2153 should be excluded because they are hearsay.

I. VALENCCELL FAILED TO UPHOLD ITS DUTY OF CANDOR UNDER 37 C.F.R. § 42.11

Valencell's failure to comply with its duty of candor follows a pattern of Valencell's mischaracterizations and misrepresentations, which are well-documented. (*See e.g.*, Petitioner's Reply, Paper 32, pp. 2-3, 10, 19-20; Petitioner's Sur-reply to Motion to Amend, Paper 39, p. 6; Petitioner's Response to Motion for Observations, Paper 45, pp. 1, 5, 6, 8; *see also* IPR2017-00319, Papers 8 and 9; IPR2017-00321, Papers 9 and 10.)

Under 37 C.F.R. § 42.11(a), "[p]arties and individuals involved in the proceeding have a duty of candor and good faith to the Office during the course of

a proceeding.” Valencell forsook this duty in handling its response to Apple’s objections to Exhibits 2152 and 2153. Valencell acknowledges that it knew Exhibits 2152 and 2153 were inadmissible at the time it filed them with its response. (Paper 47, p. 3 (“Valencell’s counsel pro-actively contacted Analog Devices via email (see Exhibit 2156) to initiate the process of obtaining the *necessary* declaration relating to Exhibits 2152 and 2153....”) (emphasis added).) Thus, Valencell knew it needed to serve supplemental evidence to attempt to cure the deficiencies of Exhibits 2152 and 2153. Indeed, Apple timely objected to Exhibits 2152 and 2153. (*See* Paper 44, p. 1.)

Yet, when the deadline for service of supplemental evidence came—and went—and Valencell did not have the needed supplemental evidence, Valencell remained silent. Valencell did not alert Apple or the Board. Valencell did not request leave from the Board to extend its deadline. Valencell did not provide any reason for failing to meet its deadline. Instead, Valencell served its supplemental evidence after the deadline passed, presumably hoping that Apple and the Board would not be aware of or take issue with the missed deadline.

Extenuating circumstances may warrant leniency; misleading tactics do not. Valencell now beseeches the Board to excuse its actions for “good cause” and “in the interests of justice.” (Paper 47, p. 2.) Valencell’s ship sailed when it failed to bring its late service of supplemental evidence to the Board’s attention prior to or

at the time of service. Thus, Valencell failed to fulfill its duty of candor and good faith, and the late-submitted supplemental evidence should be excluded.

II. VALENCELL’S EXCUSES FOR LATE SERVICE OF ITS SUPPLEMENTAL EVIDENCE ARE INSUFFICIENT

Valencell’s excuses do not warrant the Board’s relief under 37 C.F.R. § 42.5(c)(3). First, according to Valencell, it requested expedited processing and paid an additional fee for Mr. Wong’s declaration on or about January 5, 2018. (Paper 47, p. 3.) The “two to five business days” for expedited processing would have meant that Valencell should have received the declaration, at the latest, by January 12, 2018—eleven days before its supplemental evidence was due. (*See id.*) Yet Valencell does not allege that it made any efforts to contact anyone at Analog Devices during that time.

Second, Valencell tries to blame the weather for its failure, alleging that “there were delays caused by extreme weather along the East Coast throughout the month of January, impacting businesses and their operations.” (Paper 47, p. 3.) There is no evidence—in the declaration of Mr. Wong, or elsewhere—that inclement weather played any role in Valencell’s failure to timely serve its supplemental evidence. Indeed, the delay at Analog Devices appears to simply have been because they were “short staffed.” (Paper 47, p. 3.) Moreover, Valencell could have started the process of gathering supplemental evidence far sooner—while

preparing its reply to Apple's MTA Opposition (filed December 5, 2017)—not *after* filing its reply with Exhibits 2152 and 2153 on December 29, 2017. Thus, they were *not* proactive, as they now suggest they were.

Accordingly, the Board should not grant Valencell's request for relief for missing its deadline to serve supplemental evidence.

III. VALENCCELL'S NEW EVIDENCE SHOULD BE EXPUNGED

In addition to the untimely served declaration of Mr. Wong, filed as Exhibit 2154, Valencell now also submits additional evidence—Exhibits 2155-2157. These Exhibits were not previously served on Apple with the late supplemental evidence and are inappropriate now. Because Valencell's supplemental evidence (Ex. 2154) should not be admitted, Exhibits 2155-2157 should be expunged along with Exhibit 2154.

IV. EXHIBITS 2152 AND 2153 ARE NOT SUBJECT TO ANY HEARSAY EXCEPTION

The party seeking to admit the evidence has the burden of proving that the admissibility requirements are met. *See, e.g., Bourjaily v. U.S.*, 483 U.S. 171, 175-76 (1987). Valencell admits that Exhibits 2152 and 2153 “are offered for their truth,” and thus satisfy the definition of hearsay under FRE 801(c). (Paper 47, p. 8.) Valencell alleges instead that Exhibits 2152 and 2153 fall under exceptions to the hearsay rule provided by FRE 803(17) and FRE 803(6). (Paper 47, pp. 8-11.)

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