

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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U.S. BANCORP

Petitioner

v.

RETIREMENT CAPITAL ACCESS MANAGEMENT COMPANY LLC

Patent Owner

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Case CBM2013-00014

Patent 6,625,582

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**PATENT OWNER'S OPPOSITION TO PETITIONER'S  
MOTION TO EXCLUDE EVIDENCE UNDER 37 C.F.R. § 42.64(c)**

## **I. INTRODUCTION.**

Patent Owner Retirement Capital Access Management Company LLC ("RCAMC" or "Patent Owner") submits this opposition to U.S. Bancorp's ("Petitioner") Motion to Exclude Evidence Under 37 C.F.R. § 42.64(c) (Paper 25) (the "Motion").

## **II. EXHIBIT 2016 IS RELEVANT.**

Petitioner has moved to exclude RCAMC's Exhibit 2016 as "irrelevant to the issues before the board." *See, e.g.*, Paper 25 at 1. Petitioner argues that "proposed banking regulations are irrelevant to whether the challenged claims of [the '582 Patent] are patent-eligible," and thus, Exhibit 2016 is "inadmissible under Federal Rule of Evidence 402." Paper 25 at 1. However, contrary to Petitioner's misguided and obfuscatory arguments, Patent Owner has not submitted Exhibit 2016 for "proposed banking regulations."

Patent Owner has clearly described the relevance of Exhibit 2016 to the issues before the Board in its Response in Opposition to the Petition for Post-Grant Review of U.S. Patent No. 6,625,582 (the "Patent Owner's Response") (Paper 19). In particular, Patent Owner introduces both Exhibit 2015 and Exhibit 2016 to rebut Petitioner's position that the relevant claims of U.S. Patent No. 6,625,582 ("the '582 Patent") are "unpatentable because they claim [] advancing funds based on future retirement payments without any 'inventive concept' beyond this abstract idea." (Petition at 30).

Section 101 jurisprudence<sup>1</sup> dictates that once the abstract idea has been identified, the claims must be evaluated to determine whether they “contain additional substantive limitations that narrow, confine, or otherwise tie down the claim[s] so that, in practical terms, [they do] not cover the full abstract idea itself.” *Ultramercial, Inc. v. Hulu, LLC*, 722 F.3d 1335, 1355 (Fed. Cir. 2013) (*Ultramercial II*) (citing *CLS Bank Int’l v. Alice Corp. Pty. Ltd.*, 717 F.3d 1269 (Fed. Cir. 2013) (*CLS Bank II*)). “[T]he animating concern is that claims should not be coextensive with [an] [...] abstract idea.” *CLS Bank II*, 717 F.3d at 1281. “[A] claim is not patent eligible only if, instead of claiming an *application* of an abstract idea, the claim is instead *to* the abstract idea itself. The inquiry [...] is to determine on which side of the line the claim falls: does the claim cover only an abstract idea, or instead does the claim cover an application of an abstract idea?” *Ultramercial II*, 722 F.3d at 1343 (opinion of Rader, C.J.) (emphasis added). “It is not the breadth or narrowness of the abstract idea that is relevant, but whether the claim covers every practical application of that abstract idea.” *Id.* (emphasis added).

Petitioner contends that the claims of the ’582 Patent pre-empt others from advancing funds based on future retirement payments. Petitioner argues that the

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<sup>1</sup> Patent Owner has succinctly outlined Section 101 jurisprudence in the Patent Owner’s Response. *See* Paper 19 at 19-23.

claims of the '582 Patent are co-extensive with this abstract concept, such that the claims amount to a monopoly by covering every practical application of the abstract concept. In rebuttal, Patent Owner introduces Exhibit 2015 and Exhibit 2016 to demonstrate an actual service offered by Petitioner, which Petitioner believes and contends is a non-infringing alternative<sup>2</sup> to the '582 Patent's particular implementation of the abstract concept of advancing funds based on future retirement payments. Patent Owner submits that Petitioner cannot argue that the claims of the '582 Patent pre-empt the field of providing access to future funds, as Exhibit 2015 and Exhibit 2016 clearly demonstrate that Petitioner contends that it offers a practical application or use of this abstract concept that Petitioner must believe allegedly does not infringe the '582 Patent.

### **III. ADMITTING EXHIBIT 2016 IS NOT UNDULY PREJUDICIAL.**

Petitioner has further moved to exclude Exhibit 2016, alleging that “admitting the exhibit would confuse the issues and unduly prejudice U.S. Bancorp.” *See, e.g.*, Paper 25 at 1. Petitioner takes the position that “admitting this exhibit will conflate issues, confuse the record, and distract the parties and the Board from the Section 101 patentability issues set forth in the Petition, as the exhibit makes no mention of the '582 Patent.” Perhaps because Petitioner did not

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<sup>2</sup> As already noted in this proceeding, Patent Owner disputes Petitioner's contention.

read or understand the relevancy of Exhibit 2015 and Exhibit 2016 as described in the Patent Owner's Response, Petitioner makes the unfounded assertion that Patent Owner submitted Exhibit 2016 "to incite biases against U.S. Bancorp by highlighting the recent regulatory scrutiny given to banks and lenders," and thus "this exhibit should be excluded under Federal Rule of Evidence 403." Paper 25 at 1-2. However, as discussed above, Exhibit 2016 is relevant to the Section 101 issues before the Board.

Furthermore, it has long been held that in a bench trial, relevant evidence should not be excluded under Rule 403 of the Federal Rules of Evidence. *See Tracinda Corp. v. DaimlerChrysler AG*, 362 F.Supp.2d 487, 497 (D.Del. 2005) ("[T]he court will overrule Defendant's Rule 403 objection that the article is unduly prejudicial. Courts have recognized that in the context of a bench trial, evidence should not be excluded under Rule 403 on the grounds that it is unfairly prejudicial, because the Court is capable of assessing the probative value of the article and excluding any arguably improper inferences."). The rationale underlying this principle was explained by the Fifth Circuit. "[E]xcluding relevant evidence on the basis of 'unfair prejudice' is a useless procedure [in a bench trial]. Rule 403 assumes a trial judge is able to discern and weigh the improper inferences that a jury might draw from certain evidence, and then balance those improprieties against probative value and necessity. Certainly, in a bench trial, the

same judge can also exclude those improper inferences from his mind in reaching a decision.” *Gulf States Utils. Co. v. Ecodyne Corp.*, 635 F.2d 517, 519 (5<sup>th</sup> Cir. 1981); *see also, Schultz v. Butcher*, 24 F.3d 626, 632 (4<sup>th</sup> Cir. 1994). Likewise, in the instant case, as Exhibit 2016 is clearly relevant, the Board is able to discern and weigh its probative value, and there is no risk that Petitioner will be unfairly prejudiced by a jury’s improper inference from Exhibit 2016, because there is no jury. Exhibit 2016, therefore, should not be excluded.

#### **IV. EXHIBIT 2016 IS NOT INADMISSIBLE HEARSAY.**

Lastly, Petitioner moves that Exhibit 2016 should be excluded under Federal Rule of Evidence 802 “based on hearsay discussions with ‘several people briefed on the matter.’” Paper 25 at 3. Petitioner erroneously alleges that Exhibit 2016 “is offered by RCAMC to prove the truth of the matter asserted in the article, that is, that the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation decided to ‘crack down’ on ‘big bank’ payday loans.” Paper 25 at 5. However, Exhibit 2016 should not be excluded based on the hearsay rule because it is not being offered for the truth of that proposition.

Evidence is not hearsay when it is not offered to prove the truth of the matter asserted. *See, e.g., Anthony v. DeWitt*, 295 F.3d 554, 563 (6<sup>th</sup> Cir. 2002). “If the significance of an offered statement lies solely in the fact that it was made, no issue is raised as to the truth of anything asserted, and the statement is not hearsay.” *In*

*re Nat'l Century Fin. Enterprises, Inc.*, 846 F. Supp. 2d 828, 876 (S.D. Ohio 2012) (quoting Fed.R.Evid. 801, Advisory Committee Note to Subdivision (c), 1972 Proposed Rules).

Contrary to Petitioner's argument, Patent Owner has not submitted Exhibit 2016 to prove that the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation actually decided to "crack down" on "big bank" payday loans. Rather, Patent Owner submits Exhibit 2016 as evidence to show that news outlets were reporting that the Office of the Comptroller of the Current and the Federal Deposit Insurance Corporation had decided to crack down on big bank payday loans. The hearsay rule does not exclude evidence offered to prove the fact that a statement was made. *See Poitevint v. United Recovery Sys.*, 899 F. Supp. 2d 1230, 1236 (N.D. Fla. 2012) (the hearsay rule "does not exclude evidence offered to prove the fact that a statement was made . . ."); *Mehus v. Emporia State Univ.*, 326 F. Supp. 2d 1213, 1217 (D. Kan. 2004) ("If the significance of an offered statement lies in the fact that the statement was made, rather than the truth of anything asserted, the statement is not hearsay"). The significance of the news reports of an Office of the Comptroller of the Currency and Federal Deposit Insurance Corporation crackdown on Petitioner is that Petitioner declared its position that it has been encumbering retirement benefits in an environment where such a crackdown might be taking place. Thus, Petitioner's non-infringement

position showing that it contends there exist practical, non-infringing alternatives is not a mere litigation tactic, but an affirmative representation regarding its alleged encumbering of retirement benefits under the threat of regulator crack down on its accused service.

## **V. CONCLUSION**

For the foregoing reasons, Patent Owner respectfully requests that the Board deny Petitioner's Motion to Exclude.

Dated: March 10, 2014

Respectfully submitted,

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### **CERTIFICATE OF SERVICE**

I certify that a copy of the foregoing Patent Owner's Response Pursuant to 37 C.F.R. § 42.207 was served on March 10, 2014 by causing it to be sent by email to counsel for the Petitioner at the following email addresses:

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