

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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MASTERCARD INTERNATIONAL INCORPORATED  
Petitioner

v.

LEON STAMBLER  
Patent Owner

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Case Number CBM2015-00044  
Patent 5,793,302

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**PETITIONER’S MOTION TO EXCLUDE OPINION TESTIMONY**  
**OF SETH NIELSON, PH.D.**

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**EXHIBITS**

- Ex. 1023      Deposition of Seth Nielson, Ph.D. (Dec. 8, 2015)
- Ex. 1024      *Pacific Coast Marine Windshields Ltd. v. Malibu Boats, LLC*,  
                    No. 6:12-cv-00033, slip. op. (M.D. Fla. Jan. 4, 2013)
- Ex. 2004      Declaration of Seth Nielson, Ph.D. (Oct. 20, 2015)

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MasterCard moves to exclude paragraphs 46, 48, 51, 55, 57, 60, 62–64, 84, 89, 90, 100, 101, 104, 108 and 113 of the Declaration of Dr. Seth Nielson, Ph.D. (Ex. 2004). In the paragraphs of Dr. Nielson’s Declaration identified above, Dr. Nielson opines that certain constructions of the Challenged Claims should be adopted by this Board. This opinion testimony should be excluded as unreliable testimony that will not assist the Board to understand the evidence or to determine a fact in issue, as required for expert testimony to be admissible under Federal Rule of Evidence 702.

Dr. Nielson has not established that he is qualified to provide an opinion about the meaning of the Challenged Claims. To the contrary, Dr. Nielson admits that he does not know the methodology to be used when interpreting claims under the district court claim construction standard, as applicable in this Trial. His practice is apparently to use the constructions provided to him by counsel, rather than to exercise his independent judgment. Exclusion of Dr. Nielson’s testimony as to the proper construction of the Challenged Claims is warranted.

**I. STATEMENT OF MATERIAL FACTS**

Patent Owner’s expert, Dr. Seth Nielson, in at least paragraphs 46, 48, 51, 55, 57, 60, 62–64, 84, 89, 90, 100, 101, 104, 108 and 113 of his Declaration (Ex. 2004), opines on how this Board should construe certain terms or limitations of the

Challenged Claims and/or relies on those opinions.<sup>1</sup> *See, e.g., id.* at 51 (“Accordingly, the term must be construed as...”); *id.* at 57 (“I believe that this construction represents a correct understanding and application of this term to the patent claims.”); *id.* at 60 (“I believe that this construction is the only possible way that the VAN1 can be used in claim 56...”); *id.* at 62 (“I am of the opinion that the limitations of claim 51 must be performed by a single entity.”). Patent Owner relies upon these opinions throughout its responsive brief. *See* Paper 16, at 7, 12, 13, 23, 26, 44, 46, 53, 58, 62.

It is undisputed that the patent-at-issue is expired, and thus the methodology used to construe the Challenged Claims is the district court claim construction standard. Paper 10, at 7–8 (citing *In re Rambus, Inc.* 694 F.3d 42, 46 (Fed. Cir. 2012)). However, during his deposition, Dr. Nielson admitted he had no understanding of that methodology: “No, I don’t know how a district court uses their methodology. I mean, I don’t know what their methodology is.” Ex. 1023, at 56:12–57:7. When Dr. Nielson was asked if he has “ever been instructed on what the methodology is that the district court is supposed to use in interpreting claims,” Dr. Nielson admitted: “I may have had discussions about it, but *I certainly have no knowledge that I can rely on.*” *Id.* at 57:12–17 (emphasis supplied). Rather, Dr.

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<sup>1</sup> MasterCard identified these paragraphs in its objections timely filed and served on the Patent Owner pursuant to 37 C.F.R. § 42.64(b)(1). Paper 17.

Nielson admitted that his regular practice, where no controlling claim construction has been issued in a case, is to use claim constructions proposed by counsel. *Id.* at 55:11–56:11.

## **II. LEGAL STANDARDS**

Under Fed. R. Evid. 702, expert testimony is admissible only “if (1) the testimony is based upon sufficient facts or data, (2) the testimony is the product of reliable principles and methods, and (3) the witness has applied the principles and methods reliably to the facts of the case.” *Id.*; *see also Daubert v. Merrell Dow Pharm., Inc.*, 509 U.S. 579, 589–95 (1993). Rule 702 permits expert testimony only when it “will assist the trier of fact to understand the evidence or to determine a fact in issue.” Fed. R. Evid. 702. Such testimony is unhelpful when it is unreliable or irrelevant. *Numatics, Inc. v. Balluff, Inc.*, 66 F. Supp. 3d 934, 940 (E.D. Mich. 2014) (citing *Daubert*, 509 U.S. at 591–92).

While judges sitting in bench trials need not screen evidence prior to its submission to the factfinder, ultimately the *Daubert* standards must be met. *Seaboard Lumber Co. v. U.S.*, 308 F.3d 1283, 1301–02 (Fed. Cir. 2002). Thus, even in bench trials, testimony that fails to meet the standards of Rule 702 is properly excluded. *See, e.g., Medicines Co. v. Mylan, Inc.*, No. 11-cv-1285, 2014 WL 1227214, at \*4–5 (N.D. Ill. Mar. 25, 2014) (excluding expert testimony before a bench trial in a proceeding involving an Abbreviated New Drug Application).

**III. DR. NIELSON’S OPINIONS ON CLAIM CONSTRUCTION SHOULD BE EXCLUDED BECAUSE HIS OPINIONS ARE NOT RELIABLE OR BASED ON ADEQUATE KNOWLEDGE**

Dr. Nielson has not established that he is qualified to provide an opinion about the meaning of the Challenged Claims. Indeed, he has admitted that he has no basis for providing such an opinion — as he does not even understand the methodology for determining the meaning of claim terms applicable in this Trial. Ex. 1023, at 56:12–57:17. Rather, Dr. Nielson’s practice is apparently to blindly adopt the constructions provided to him by counsel, rather than to exercise his own judgment. *Id.* at 55:11–56:11. Yet, Dr. Nielson repeatedly opines on the meaning of the Challenged Claims throughout his Declaration. Ex. 2004, at ¶¶ 46, 48, 51, 55, 57, 60, 62–64, 84, 89, 90, 100, 101, 104, 108, 113. Patent Owner has relied on those opinions throughout his responsive brief. Paper 16, at 7, 12, 13, 23, 26, 44, 46, 53, 58, 62.

Expert testimony is inadmissible unless the proponent of that testimony shows that it is the “product of reliable principles and methods” from a witness “who is qualified as an expert by knowledge, skill, experience, training, or education” in the relevant area. Fed. R. Evid. 702. Here, not only has Patent Owner failed to make such a showing, but its witness, Dr. Nielson, admits he has “no knowledge [he] can rely on.” Ex. 1023 at 57:12–17. Accordingly, Dr. Nielson’s opinions on claim construction in the paragraphs identified above are



inadmissible. *See DataQuill Ltd. v. Handspring, Inc.*, No. 01-C-4635, 2003 WL 737785, at \*4 (N.D. Ill. Feb. 28, 2003) (excluding expert testimony using improper claim construction methodology as unreliable, noting “it is not clear what or whose interpretation of the claims [the expert] applied in his analysis.”).

It is well-established that the opinion of an expert is inadmissible under Rule 702 when that expert fails to understand or properly apply the applicable legal standard. For example, in *Medicines Co. v. Mylan, Inc.*, the court excluded the testimony of an expert as to commercial success where the expert’s opinions rested on a legally incorrect understanding of the relevance of commercial success as a secondary consideration of obviousness.<sup>2</sup> 2014 WL 1227214, at \*4–6 (“Because [the expert’s] opinions rest on an inaccurate theory of commercial success, his methodology is faulty and his opinions will not assist the trier of fact.”); *see also Pacific Coast Marine Windshields Ltd. v. Malibu Boats, LLC*, No. 6:12-cv-00033, slip. op. at 19–23 (M.D. Fla. Jan. 4, 2013) (Ex. 1024) (excluding expert opinions about a design patent where the expert improperly relied on the “point of novelty” test rejected by the Federal Circuit). Moreover, Dr. Nielson’s admissions of lack of knowledge of the correct claim construction methodology, and past practice of

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<sup>2</sup> In *Medicines Co.*, the expert indicated during his deposition that he did not understand the requirement of a nexus between the evidence of commercial success and the patented invention. 2014 WL 1227214, at \*5.

simply parroting claim constructions provided to him by counsel (Ex. 1023 at 55:11–56:11), strongly casts doubt on whether Dr. Nielson’s opinions are his own. *See Numatics, Inc. v. Balluff, Inc.*, 66 F. Supp. 3d 934, 944–45 (E.D. Mich. 2014). In *Numatics*, the court excluded expert opinion testimony regarding obviousness where the expert later admitted in a deposition “that he had no idea what ‘obviousness’ means in the context of a patent lawsuit.” *Id.* The district court noted that, while an expert’s opinion may be relevant to the factual aspects of the analysis leading to a legal conclusion, “[the expert’s] complete lack of knowledge about the factors relevant to assessing obviousness undermines the defendants’ assertion that [the expert’s] conclusions are his own.” *Id.* at 945 (citing *High Point Design LLC v. Buyers Direct, Inc.*, 730 F.3d 1301, 1313 (Fed. Cir. 2013)).

Here, Dr. Nielson provides opinions on the interpretation of claim terms, while admitting that he does not know the methodology to be used to interpret claim terms. *Compare* Ex. 2004, at 51 (“Accordingly, the term must be construed as....”); *id.* at 57 (“I believe that this construction represents a correct understanding and application of this term to the patent claims.”); *id.* at 60 (“I believe that this construction is the only possible way that the VAN1 can be used in claim 56...”); *id.* at 62 (“I am of the opinion that the limitations of claim 51 must be performed by a single entity.”) *with* Ex. 1023, at 57:6–7 (“I don’t know what [the] methodology is.”).

Accordingly, Dr. Nielson's testimony on claim construction throughout his Declaration, and at least in paragraphs 46, 48, 51, 55, 57, 60, 62–64, 84, 89, 90, 100, 101, 104, 108 and 113 of his Declaration (Ex. 2004) should be excluded.

#### **IV. CONCLUSION**

Because Dr. Nielson's claim construction testimony is not based on adequate "knowledge, skill, experience, training, or education" and is not the "product of reliable principles and methods," the Board should exclude the testimony of Dr. Seth Nielson in paragraphs 46, 48, 51, 55, 57, 60, 62–64, 84, 89, 90, 100, 101, 104, 108 and 113 of his Declaration (Ex. 2004).

Respectfully submitted,

Date: February 10, 2016

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**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that the foregoing PETITIONER'S MOTION TO EXCLUDE OPINION TESTIMONY was filed and served electronically via e-mail on February 10, 2016, in its entirety on the following:

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