

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 CBM2015-00044  
Patent No. 5,793,302

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**PATENT OWNER'S OPPOSITION TO  
PETITIONER'S MOTION TO EXCLUDE  
OPINION TESTIMONY OF SETH NIELSON, Ph.D.**

## TABLE OF CONTENTS

I.	PETITIONER DID NOT PRESERVE THE OBJECTIONS TO EVIDENCE CONTAINED WITHIN ITS MOTION TO EXCLUDE .....	1
II.	ALMOST ALL OF THE PARAGRAPHS PETITIONER CHALLENGES CONTAIN TECHNICAL OPINIONS THAT APPLY OR MIGHT HELP DETERMINE CLAIM MEANING, BUT THAT DO NOT PURPORT TO MAKE A <i>PHILLIPS</i> -STYLE LEGAL INTERPRETATION .....	3
III.	THE BOARD AND THE COURTS HAVE RULED THAT OBJECTIONS TO CLAIM CONSTRUCTION OPINIONS GO TO WEIGHT, NOT ADMISSIBILITY.....	6
IV.	CONCLUSION .....	10

## **EXHIBITS**

Ex. 2006     E-Mail Correspondence Regarding Petitioner's Objections to  
Evidence

## TABLE OF AUTHORITIES

### FEDERAL CASES

<i>Alien Tech. Corp. v. Intermec, Inc.</i> , 2008 U.S. Dist. LEXIS 38212 (D.N.D. May 9, 2008).....	8
<i>Aspex Eyewear, Inc. v. E’lite Optik, Inc.</i> , 2002 U.S. Dist. LEXIS 14834 (N.D. Tex. Apr. 4, 2002) .....	7, 9
<i>Dataquill Ltd. v. Handspring, Inc.</i> , 2003 U.S. Dist. LEXIS 2981 (N.D. Ill. Feb. 28, 2003) .....	9, 10
<i>Numatics, Inc. v. Balluff, Inc.</i> , 66 F. Supp. 3d 934 (E.D. Mich. 2014) .....	8-9
<i>Phillips v. AWH Corp.</i> , 415 F.3d 1303 (Fed. Cir. 2005) .....	7-8
<i>Teva Pharms. USA, Inc. v. Sandoz, Inc.</i> , 135 S. Ct. 831 (2015).....	8
<i>The Medicines Co. v. Mylan Inc.</i> , 2014 U.S. Dist. LEXIS 38714 (N.D. Ill. Mar. 25, 2014).....	9

### OTHER AUTHORITIES

37 C.F.R. 42.64(b)(1) .....	2
37 C.F.R. 42.64(b)(2) .....	1
Fed. R. Evid. 702 .....	1
<i>Silicon Motion Tech. Corp. v. Phison Elecs. Corp.</i> , IPR2013-00473, Paper 36 (P.T.A.B. Jan. 28, 2015) .....	6

The Board should deny Petitioner's motion to exclude (Paper No. 20). It is procedurally improper, misunderstands the nature of the expert declaration paragraphs it seeks to exclude, and is unsupported in law even if it were procedurally and factually sound.

**I. PETITIONER DID NOT PRESERVE THE OBJECTIONS TO EVIDENCE CONTAINED WITHIN ITS MOTION TO EXCLUDE**

First, Petitioner's motion to exclude (Paper No. 20) is not authorized under the Board's rules. That is because Paper No. 17, Petitioner's only objection to Dr. Nielson's declaration, does not include an objection under Fed. R. Evid. 702 made on the ground that he is not qualified to provide an opinion about the meaning of challenged claim terms. This is the specific ground now advanced by Petitioner in its motion, Paper No. 20. But Petitioner waived this ground. This prejudiced Patent Owner, since Petitioner did not give Patent Owner the required opportunity to supplement. 37 C.F.R. 42.64(b)(2).

The only thing that comes close in Paper No. 17 is a statement that certain of Dr. Nielson's paragraphs are inadmissible under "Fed. R. Evid. 702, at least because the statements therein are (1) not based on sufficient facts or data; (2) not the product of reliable principles and methods; and (3) not the product of Dr. Nielson reliably applying any reliable principles and methods to the facts of the

case.” But this statement is boilerplate and nonspecific.<sup>1</sup> The objection of Paper No. 17 does not inform the reader of the specific ground now advanced in Paper No. 20, namely that Dr. Nielson supposedly has inadequate qualifications to opine on claim meaning. This boilerplate does not point to *qualifications*, and does not identify *claim meaning opinions* as the objectionable matter.<sup>2</sup>

Petitioner might also argue that the specific basis for its objection could not have been known until Dr. Nielson’s deposition, which took place on December 8, 2015. (*See* Ex. 1023). Thus Petitioner might argue that events after Paper No. 17 provided it the basis for its motion to exclude (as it now appears to argue in Paper No. 20 at 2, quoting the December 8 transcript). If true, then Petitioner ran afoul of Rule 42.64(b)(1) by not serving the objection within five business days thereafter.

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<sup>1</sup> Petitioner’s Paper No. 17 also fails to lodge an objection to paragraph 63, which is one of the targeted paragraphs in the current motion to exclude of Paper No. 20.

<sup>2</sup> At the time Petitioner served Paper No. 17, Patent Owner informed Petitioner that it contained insufficient information to be compliant as a proper objection, and requested it be withdrawn. *See* Exhibit 2006. Petitioner refused.

## **II. ALMOST ALL OF THE PARAGRAPHS PETITIONER CHALLENGES CONTAIN TECHNICAL OPINIONS THAT APPLY OR MIGHT HELP DETERMINE CLAIM MEANING, BUT THAT DO NOT PURPORT TO MAKE A *PHILLIPS*-STYLE LEGAL INTERPRETATION**

Petitioner's motion is also wrong on the facts. Nearly all of the challenged paragraphs do not fit the characterization that Petitioner makes. Petitioner complains that Dr. Nielson performs legal claim interpretation without knowing the *Phillips*-style methodology required of courts. But that is not so. In most instances he provides technical opinions relevant to the case without opining on how to formulate a claim construction. Petitioner lodged no evidentiary objections to such technical opinions.

For example, one of the major defects in Petitioner's invalidity case is that Petitioner's primary reference (Davies) does not show information identifying the account of a second party – the exact words from a limitation of claim 51. Notably, this is a limitation for which Petitioner did not offer a construction. Petitioner objects to Paragraph 84 as opining on claim construction. But here Dr. Nielson simply observes as a matter of technological fact that, “[w]hile the electronic check does deal with the electronic transfer of funds, it does not identify an account associated with a second party. The payee's name is identified but not his or her account. Davies 328-329.” (Ex. 2004, ¶ 84). Likewise, Paragraph 100 simply states, “Even if we assume that the token is receiving funds transfer information, in

the case of the ATM, there is no reason to believe that it is receiving information identifying the account of a second party.” (Ex. 2004, ¶ 100). Other instances of mere application of a claim construction (rather than its legal formulation) are in Paragraphs 89 (application of an undisputed claim construction), 90 (same) and 113 (same). Experts commonly apply claims to prior art without running afoul of *Daubert*, regardless of whether they are experts in how to formulate *Phillips*-style legal claim constructions. *See* authorities cited in the next section.

In other instances, the challenged paragraphs supply technical opinions concerning written description or enablement with respect to the underlying patent. These include Paragraphs 46 (explaining a proffered party construction is “supported by the specification”), 62 (explaining what is missing from “the specification to enable implementing claim 51” under a hypothetical claim scope), 64 (identifying where the “sole support” is in the specification for a particular “funds transfer embodiment I previously discussed”), 101 (“patent only enables” a certain way), 104 (same) and 108 (same). These opinions may (and should) impact the Board’s ultimate claim construction, but stand as typical expert opinions on a subsidiary technological question. Again, Petitioner makes no objection to these as such.

In two instances, Dr. Nielson also addresses technological opinions that may end up being a subsidiary component of the Board’s ultimate legal claim



construction, but is not a construction itself. These are Paragraphs 48 (addressing what the “plain meaning” of certain language might or might not encompass), and 55 (explaining what “the specification and file history” teach Dr. Nielson about how a particular data structure “must be coded”). And in one case, Dr. Nielson simply restates what four steps are included in the plain language of claim 51. (Ex. 2004 ¶ 63). These, too, should not be controversial, or lead to complete exclusion.

Only three paragraphs arguably fit the description of what Petitioner claims to be subject to exclusion – opinions on claim construction. These are Paragraphs 51, 57 and 60. But in context, even these are simply summations what Dr. Nielson has gleaned as a matter of technological fact from a plain meaning and specification analysis. For instance, in Paragraph 51, Dr. Nielson summarizes his analysis of the preceding paragraphs to state that a “term must be construed as ‘information that is used to identify an account of the second party,’” while simultaneously noting that this exact wording was adopted for construction of that limitation by three previous courts. In Paragraph 57, Dr. Nielson states a belief that an undisputed construction reported in the previous paragraph as coming from the parties “represents a correct understanding and application of this term.” Likewise Paragraph 60 summarizes previous paragraphs that report on an undisputed claim construction approved by a prior court, observing in passing, “I believe that this construction is the only possible way [the term] can be used in claim 56. . . .”

These observations are no different in quality or kind from those made by Petitioner's own expert – Mr. Whitfield Diffie. In Mr. Diffie's declaration, an entire subsection falls under the heading "UNDERSTANDING OF CLAIM TERMS." (Ex. 1020, at 4). Mr. Diffie went on to state, "I have applied the following ordinary and customary meanings, as understood by a person of ordinary skill in the art . . . ." (Ex. 1020, ¶ 18). If Mr. Diffie does it, it comes with poor grace for Petitioner to say that Dr. Nielson cannot.

### **III. THE BOARD AND THE COURTS HAVE RULED THAT OBJECTIONS TO CLAIM CONSTRUCTION OPINIONS GO TO WEIGHT, NOT ADMISSIBILITY**

Even if there were anything questionable about Dr. Nielson's handling of claim language, exclusion is an improper remedy. Remarkably, Petitioner did not cite a single Board decision concerning the topic of experts and their handling of claim language. The Board has, in fact, denied challenges like Petitioner's here.

In *Silicon Motion Technology Corp. v. Phison Electronics Corp.*, IPR2013-00473, the Board refused to exclude an expert's claim construction testimony. *Id.*, Paper 36, at 19-20 (P.T.A.B. Jan. 28, 2015). As the Board explained, even in the face of an argument that an expert "based his opinion on a fundamentally flawed claim construction methodology," and even worse, on a construction that differed from the Board's own claim construction, the Board concluded, "this goes to the weight given to his testimony but does not require that his testimony be excluded.

[The expert's] view of the claim term, as one of ordinary skill in the art, is still relevant and illustrates that our construction is consistent [on] the ordinary use of that term.” *Id.* at 20. The Board accordingly denied the motion to exclude. *Id.*

The Board’s practices harmonize with the holdings of the federal courts. The federal courts likewise deny motions to exclude aimed at a technical expert who does not apply legal expertise in formulating legal claim constructions. “The law of claim construction [] directs the court to turn to the opinions of those skilled in the art; ***it does not require one skilled in the art also to be skilled in the law of claim construction.***” *Aspex Eyewear, Inc. v. E’Lite Optik, Inc.*, No. 3:98-cv-2996-D, 2002 U.S. Dist. LEXIS 14834, at \*96 (N.D. Tex. Apr. 4, 2002) (emphasis added) (denying *Daubert* motion based on argument that technical expert “has no background in claim interpretation and that he is unfamiliar with the law of claim construction.”). That is because expert testimony may itself be a component within the proper application of legal claim construction methodologies.

As another court held, also rejecting a challenge identical to Petitioner’s: the Court disagrees that Alien’s expert opinions should be excluded under *Daubert*. The Federal Circuit has held that expert opinion may be considered during claim construction as extrinsic evidence. *Phillips v. AWH Corp.*, 415 F.3d 1303, 1318 (Fed. Cir. 2005). The court cautioned, however, against relying on those opinions for claim

construction where they are contrary to the claims. *Id.* The Court understands Intermec is ***challenging the methodology employed by Alien’s experts as an improper application of the law of claim construction.*** See generally *id.* (discussing the law of claim construction). However, the Court concludes the credibility of these opinions is a ***proper subject for argument at the Markman hearing, not exclusion under Daubert.*** The opinions have been conveyed only to the Court, which is capable of considering the weight they should be given under the prevailing Federal Circuit law. Therefore, Intermec’s *Daubert* motion is DENIED.

*Alien Tech. Corp. v. Intermec, Inc.*, No. 3:06-cv-51, 2008 U.S. Dist. LEXIS 38212, at \*3-4 (D.N.D. May 9, 2008) (emphasis added). The Supreme Court’s recent decision in *Teva Pharms. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 834 (2015) also supports this result. In *Teva*, the Court approved of claim construction factual findings by district courts that rely on expert testimony, without commenting on any need for the experts to know all of the legal rules surrounding claim construction methodology.

Unlike the decisions Patent Owner cites above, the court decisions that Petitioner cites are inapposite. In general, those decisions excluded experts who applied the wrong methodology on the ultimate issue of their expert opinions – a

situation far different from consideration of an expert's caselaw-approved role in assisting the tribunal in formulating its legal claim construction. *See Numatics, Inc. v. Balluff, Inc.*, 66 F. Supp. 3d 934, 940-45 (E.D. Mich. 2014) (expert opining on obviousness ultimate conclusion "admitted that he had no idea what 'obviousness' means in the context of a patent lawsuit."); *The Medicines Co. v. Mylan Inc.*, No. 11-cv-1285, 2014 U.S. Dist. LEXIS 38714, at \*12-15 (N.D. Ill. Mar. 25, 2014) (expert opining on commercial success ultimate conclusion based opinion on production reliability improvements, not increased sales or market share); *Dataquill Limited v. Handspring, Inc.*, No. 01-cv-4635, 2003 U.S. Dist. LEXIS 2981, at \*11 (N.D. Ill. Feb. 28, 2003) (expert opining on infringement ultimate conclusion did not reveal "what or whose interpretation of the claims he applied" and determined the meaning of some claims "in light of the accused device" against controlling legal principles).

The Board should likewise deny the motion here. Petitioner apparently believes it might gain an advantage in these proceedings by pointing out Dr. Nielson's candid statement that he does not "know how a district court uses their methodology. I mean, I don't know what their methodology is." Paper No. 20, at 2, citing Ex. 1023, at 56-57. True, Dr. Nielson does not hold himself out as an expert in claim construction law. But that the law does not require him to be. *See Aspex, supra*. Nor did Patent Owner present his testimony for that purpose. Even

Petitioner's expert – Mr. Diffie – disclaimed similar expertise. Ex. 1020, ¶ 17 (“I am not a lawyer. However, counsel has advised me [regarding claim interpretation].”). As shown above in Patent Owner's legal citations, borne out by Petitioner's own conduct in presenting Mr. Diffie, a technical expert need not have the knowledge that Dr. Nielson disclaimed.

Petitioner also complains inappropriately about Dr. Nielson's receipt of instruction and guidance from counsel on nuanced claim interpretation issues. But Petitioner itself works with its own expert in the same way for the same reasons. That was acceptable practice for both sides, and does not warrant exclusion. Petitioner's own caselaw proves this to be true: “[i]t is entirely proper for an expert to rely on counsel's claim construction when conducting the [claim application] analysis if the court has not yet construed the claims as a matter of law.” *Dataquill*, 2003 U.S. Dist. LEXIS 2981, at \*8.

#### **IV. CONCLUSION**

For all of these reasons, Petitioner's motion to exclude lacks merit and should be denied.

Dated: February 22, 2016

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## CERTIFICATE OF SERVICE

I hereby certify that on this 22nd day of February, 2016, a true and correct copy of the foregoing Patent Owner's Opposition to Petitioner's Motion to Exclude Opinion Testimony of Seth Nielson, Ph.D., was served, in accordance with the parties' electronic service agreement, by electronic mail upon the following lead and backup counsels of record for Petitioner MasterCard International, Inc.:

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