

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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APPLE INC.,  
Petitioner,

v.

VALENCELL, INC.,  
Patent Owner.

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Case IPR2017-00317 (Patent 8,989,830 B2)  
Case IPR2017-00318 (Patent 8,886,269 B2)

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Record of Oral Hearing  
Held: February 27, 2018

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Before BRIAN J. McNAMARA, JAMES B. ARPIN, and SHEILA F.  
McSHANE, *Administrative Patent Judges*.

Case IPR2017-00317 (Patent 8,989,830 B2)

Case IPR2017-00318 (Patent 8,886,269 B2)

APPEARANCES:

ON BEHALF OF THE PETITIONER:

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The above-entitled matter came on for hearing on Tuesday, February 27, 2018, commencing at 2:15 p.m., at the U.S. Patent and Trademark Office, 600 Dulany Street, Alexandria, Virginia.

P R O C E E D I N G S

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2 JUDGE McSHANE: Good afternoon. This is the final hearing in  
3 the Apple v. Valencell case. It's going to be the combined hearing for the  
4 IPR2017, it's the 317 case and the 318 case. I will also note for the record  
5 that the Fitbit v. Valencell cases, the 2017-1553 and 1554 cases have been  
6 joined to these cases.

7 I think this morning we entered appearances, so we can just repeat  
8 the appearances. Are they the same appearances this afternoon? Actually,  
9 I'll seeing different counsel at different tables. So let's have appearances,  
10 please. Petitioner.

11 MR. SPECHT: Yes, Your Honor. Michael Specht for petitioner,  
12 lead counsel. With me is Jason Fitzsimmons as well as Michelle Holoubek.  
13 All of us are with Sterne, Kessler, Goldstein and & Fox here on behalf of  
14 petitioner, Apple, Inc.

15 MR. KIMBLE: Thank you, Your Honor. Justin Kimble for the  
16 patent owner. The same backup counsel are with me, Jeff Bragalone, Bill  
17 Kennedy, Jon Rastegar, Scott Rhoades, and the client representatives, Dr.  
18 Steven LeBoeuf and Mr. Todd Ackman from Valencell.

19 JUDGE McSHANE: So Judge McNamara provided guidance this  
20 morning on how we are going to proceed. Here we are going to have an  
21 hour per side. So it's going to go petitioner, patent owner, and if petitioner  
22 has reserved time, then we are going to have rebuttal.

23 One question, are there still standing objections to demonstratives?  
24 There was a joint motion filed on that as of, I think, Friday night.

1 MR. SPECHT: There are, Your Honor. As you know, we have a  
2 significant number of objections to their numerous slides. And I believe  
3 they have continuing objections as well.

4 MR. BRAGALONE: Yes, Your Honor, both sides have objections  
5 they have submitted.

6 JUDGE McSHANE: So on this issue, let me make a few  
7 comments. First of all, the demonstratives that we have here are  
8 voluminous. In particular, patent owner has demonstratives exceeding  
9 150 pages of slides for one hour of argument. This is excessive. So I'll note  
10 that, number one.

11 Number two, as to the other objections, patent owner's objections  
12 to petitioner's demonstratives are directed to the reliance on the petitioner's  
13 reply. Patent owner here may present additional arguments regarding any  
14 allegations of unacceptable scope of the reply, but we are declining to strike  
15 any portions of petitioner's demonstratives.

16 As to the objections to the patent owner's demonstratives, any  
17 figures -- now, everybody knows here that demonstratives are used as a  
18 visual aid. So they are not evidence. That said, if there are figures in the set  
19 of slides that are not in the record, we are going to be disregarding those  
20 today.

21 And petitioner also objected to new arguments and misleading  
22 statements that are alleged to be in the demonstratives as well as exhibits and  
23 figures that were not previously cited. We are going to discern the  
24 appropriateness of the arguments and the references and determine  
25 whether -- we can figure out whether they have been in the papers before  
26 and the citations and the like. So we don't have a jury here. They are used

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1 as your aid and they are not going to be serving as evidence. So we'll just  
2 deal with it as it comes. And that's about the extent of it. Okay. Any  
3 questions on that?

4 MR. BRAGALONE: No, Your Honor. Thank you, Your Honor.

5 JUDGE McSHANE: One other comment, and this goes to Judge  
6 Arpin's comment this morning, we are mixing up two cases here. And to the  
7 extent -- you did a great job this morning where you were differentiating  
8 between the cases. Here there is more overlap, perhaps. With that said, if  
9 you are talking about one particular case versus another, if you could try to  
10 flag that, please.

11 So we'll put an hour on the clock for you. And I assume you want  
12 to reserve some time, counsel?

13 MR. SPECHT: We do, Your Honor. I would like to reserve  
14 25 minutes for rebuttal.

15 JUDGE McSHANE: So what we are going to do here is I'm going  
16 to put the full hour on here and then you can figure out, you know, how  
17 much time. We'll look and see how much time it is. So you got the full hour  
18 that's going to start here whenever you are ready.

19 MR. SPECHT: Again, good afternoon, Your Honors. In both of  
20 these proceedings, we have demonstrated in our petitions for each matter  
21 that all of the challenged claims are obvious and unpatentable. Patent owner  
22 has failed to rebut our showing that all claims are nonpatentable. Rather,  
23 what we find here is that patent owner has repeatedly mischaracterized the  
24 prior art and presented arguments that are inconsistent or contradicted by  
25 their own expert and the prior art. In general, with respect to our  
26 obviousness grounds that rely on combinations of references, they have

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