

RECORD OF ORAL HEARING  
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.

SIGHTSOUND TECHNOLOGIES, LLC  
Patent Owner

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Cases CBM2013-00020 and CBM2013-00023  
Patents 5,191,573 and 5,966,440

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Oral Hearing Held: May 6, 2014

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Before MICHAEL P. TIERNEY, JUSTIN T. ARBES, and GEORGIANNA  
W. BRADEN, *Administrative Patent Judges*.

APPEARANCES:

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The above-entitled matter came on for hearing on Tuesday, May 6, 2014, commencing at 10:10 a.m., at the U.S. Patent and Trademark Office, 600 Dulany Street, Alexandria, Virginia.

1 PROCEEDINGS

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3 JUDGE ARBES: Good morning, everyone. This is the oral hearing  
4 in Case CBM2013-00020 involving Patent 5,191,573, and Case CBM2013-  
5 00023 involving Patent 5,966,440.

6 Can counsel please state your names for the record?

7 MR. BAUGHMAN: Good morning, Your Honor. Steve Baughman  
8 from Ropes & Gray for the Petitioner.

9 MR. BATCHELDER: James Batchelder from Ropes & Gray for the  
10 Petitioner.

11 MS. FUKUDA: And Ching-Lee Fukuda from Ropes & Gray for the  
12 Petitioner.

13 MR. MARSH: And David Marsh, Arnold & Porter, for the Patentee.

14 MS. SKLENAR: Jennifer Sklenar, Arnold & Porter, for the Patentee.

15 JUDGE ARBES: Thank you.

16 Per the Board's trial hearing order in these two cases, each party will  
17 have 60 minutes of total time to present arguments. The order of the  
18 presentations will be the Petitioner will go first and present its case as to the  
19 challenged claims in both cases, the Patent Owner then will respond to the  
20 Petitioner's presentation, and then the Petitioner may use any remaining time  
21 that's reserved, if at all, to respond to the Patent Owner's presentation.

22 One reminder before we begin here today is, to ensure that the  
23 transcript is clear and because we have one Judge in the Dallas office, please  
24 try to remember to refer to your demonstratives by slide number.

1           And counsel, do you have copies of the demonstratives for the  
2 court reporter today?

3           MR. BATCHELDER: I do, Your Honor.

4           Your Honor, would you like copies as well, hard copies?

5           JUDGE ARBES: If you have them, yes, please, sir.

6           Okay. Counsel for the Petitioner, you may proceed. And would you  
7 like to reserve time for rebuttal?

8           MR. BAUGHMAN: Thank you, Your Honor. Yes, we actually  
9 would like to reserve 25 minutes for rebuttal if we may.

10          May it please the Board. Again, my name is Steve Baughman for  
11 Petitioner, Apple Inc. With me at counsel table are Mr. Batchelder and  
12 Ms. Fukuda. We have Cindy Wheeler, Senior Counsel for Apple in the  
13 courtroom with us as well.

14          And I would like to give the Board just a brief overview to begin with,  
15 what we plan to address today. There are three topics we plan to address  
16 along with, of course, any questions the Board may have. The first, the  
17 background of the art and the copies on its disclosures. In addition, the  
18 secondary considerations of non-obviousness and expert evidence. My  
19 colleagues, Mr. Batchelder and Ms. Fukuda, will generally address  
20 CompuSonics' disclosures and expert evidence, and as they arise, I will  
21 address certain topics relating to secondary consideration. And with that, I  
22 would like to turn the podium over to Mr. Batchelder if I may.

23          MR. BATCHELDER: Good morning again. Judge Braden, can you  
24 see and hear me okay?

25          JUDGE BRADEN: Yes, I can. Thank you.

1 MR. BATCHELDER: Thank you. What I would like to do is begin  
2 by talking about the claims and then move from there to a couple of high  
3 level questions: Is there anything novel or inventive about the components  
4 of the patent, the teaching that can be used to practice the claims? And then  
5 is there anything novel or inventive or unpredictable about what the patent  
6 says is to be done with those components as to how they are to be used?

7 So if we could start with slide 2 in Petitioner's deck. Now, we've got  
8 here the Claim 1 from the 573 patent on the left and Claim 1 from the 441 on  
9 the right, and we have done some color coding to show some commonalities.  
10 But as you can see on the left, the 573 Claim 1 is pretty simple. Transferring  
11 money electronically is highlighted in the green at the top, and then in the  
12 blue you need to connect two memories with a telecommunication line,  
13 transmit a signal across those lines, and then at the bottom in yellow you  
14 need to store the transmitted signal. That is what SightSound says the  
15 claims require. Again, that is pretty simple stuff.

16 And again, we've used color coding on the right to show the  
17 commonality. The forming a connection is really the same; that is in light  
18 blue. The green, again, we have transferred money electronically on the left.  
19 On the right it's just looking at the other side of that, charging a fee and  
20 charging an account with the same general idea. And then again, there is  
21 storing. And the only twist on the 440 storing is that it is not a tape or CD.  
22 And then the one thing added there on the right is, in red, the playing, but of  
23 course that was done all over the arch.

24 So those are the elements of the claims. They are simple, very high  
25 level concepts.

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