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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

PHARMATECH SOLUTIONS, INC.,
Petitioner,

v.

LIFESCAN SCOTLAND LTD.,
Patent Owner.

Case IPR2013-00247
Patent 7,250,105

Held: May 14, 2014

Before: SALLY C. MEDLEY, SCOTT KAMHOLZ, and SHERIDAN SNEDDEN, Administrative Patent Judges.

APPEARANCES:
ON BEHALF OF THE PETITIONER:

A. JUSTIN POPLIN, ESQ.
Lathrop & Gage LLP
10851 Mastin Boulevard
Building 82, Suite 1000
Overland Park, Kansas 66210-1669

ON BEHALF OF PATENT OWNER:
DIANNE ELDERKIN, ESQ.
STEVEN D. MASLOWSKI, ESQ.
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The above-entitled matter came on for hearing on Wednesday, May 14, 2014, commencing at 10:00 a.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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JUDGE MEDLEY: Good morning. Please be seated. Good morning, this is the hearing for IPR2013-00247 between Petitioner Pharmatech Solutions and Patent Owner LifeScan Scotland. Before we begin, we would like the parties to please introduce themselves, beginning with Petitioner.

MR. POPLIN: Justin Poplin of Lathrop & Gage, Petitioner, Judge.

JUDGE MEDLEY: Thank you. And for Patent Owner?

MS. ELDERKIN: Good morning, Diane Elderkin from Akin Gump for LifeScan, and with me I have my partner Steve Maslowski.

JUDGE: Thank you. As you know from the order we sent out, each party will have 30 minutes of total time to present their arguments. Petitioner, you will begin with the presentation of your case with regard to the challenged claims on which base the Board instituted the trial and thereafter the Patent Owner, you will respond to Petitioner's presentation, and then, Petitioner, you may reserve rebuttal time to respond to the Patent Owner's presentation.

So, Petitioner, you may begin, counsel, and would you like to reserve rebuttal time?

MR. POPLIN: Yes, Judge, I would. I would like to shoot for 15 minutes, please.

JUDGE MEDLEY: Fifteen minutes, okay, great. You may begin.

MR. POPLIN: Would you like copies of the presentation?

JUDGE MEDLEY: Yes, you may approach the Bench. Before you get started, just a reminder to refer to the slide that you're discussing so that it will be clear for the record.

MR. POPLIN: Yes, Judge.

JUDGE MEDLEY: Thank you.

MR. POPLIN: May I begin?

JUDGE MEDLEY: Yes, please.

MR. POPLIN: In this case, we have three claims, and we have two grounds of rejections. The first ground is that Claims 1 through 3 are obvious in view of Nankai and Schulman, and the

second ground is that Claims 1 through 3 are obvious in view of Winarta and Schulman. Dependent Claims 2 and 3 have not been argued as patentable separately, so if Claim 1 falls, they all fall.

Here's Claim 1. It can be broken into two parts. The first part being the structure of the test strip, and then the second part being what is done with the test strip. So, they're providing a measuring device, all those limitations are really the test strip limitations, and everything else is what you do with it.

JUDGE KAMHOLZ: Mr. Poplin, do you contest any of the claim constructions that were set out in our decision to institute?

MR. POPLIN: No, Judge, I believe those claim constructions were all appropriate.

Starting with the test strip, LifeScan repeatedly tried and failed to patent the test strip alone. They tried to patent the test strip in the parent application, they tried to patent the test strip in the '105 -- in what became the '105 patent, and they also tried to patent the test strip in a continuation application that became abandoned. Each time they failed. There is not a patent on the electrical components of the test strip owned by LifeScan without the method steps.

Not only has the patent office said that the strips are not patentable, however, the Federal Circuit also in the context of an exhaustion analysis said that the strips are not inventive. The issue decided by the Federal Circuit was whether the transfer of the meter alone, without the strips, exhausted the patent rights. LifeScan argued to both the District Court and the Federal Circuit that exhaustion does

not apply to transfers of something alone, because the meters do not embody the central features of the '105 patent.

So, here, the focus at District Court and in the Federal Circuit, since the exhaustion focus was on the meter, the issue was whether or not the strip was inventive, or not inventive. The Federal Circuit found that exhaustion does apply. Excuse me, I'm on slide 6, Judge.

The Federal Circuit found that exhaustion does apply, rejecting their argument that the strips were the inventive features. In doing so, the Federal Circuit noted that a biosensor with multiple electrodes was not in the art. Strips with two working electrodes were disclosed in the art, and that LifeScan repeatedly tried and failed to patent the strip alone.

According to the Federal Circuit, and I quote, "Having accepted the rejection of its claims drawn to the strips themselves, by abandoning those claims in both its original and continuation applications, LifeScan cannot now argue that the strips themselves were the invention."

So, the Federal Circuit necessarily found that the test strip elements were in the prior art when it decided that exhaustion applied. The Federal Circuit admittedly did not reach the validity issue that's in front of you today. It didn't need to. And that has no effect at all on my collateral estoppel argument. I'm arguing collateral estoppel, or issued conclusion. I am not arguing *res judicata* or claim preclusion.

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