

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

BAKER HUGHES INCORPORATED and
BAKER HUGHES OILFIELD OPERATIONS, INC.,
Petitioner,

v.

PACKERS PLUS ENERGY SERVICES, INC.,
Patent Owner.

Case IPR2016-00596 (Patent 7,134,505 B2)
Case IPR2016-00597 (Patent 7,543,634 B2)
Case IPR2016-00598 (Patent 7,861,774 B2)

Record of Oral Hearing
Held: November 2, 2017

Before SCOTT A. DANIELS, NEIL T. POWELL, and CARL M.
DeFRANCO, *Administrative Patent Judges*.

Case IPR2016-00596 (Patent 7,134,505 B2)
Case IPR2016-00597 (Patent 7,543,634 B2)
Case IPR2016-00598 (Patent 7,861,774 B2)

APPEARANCES:

ON BEHALF OF THE PETITIONER:

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The above-entitled matter came on for hearing on Thursday,
November 2, 2017, commencing at 10:00 a.m., at the U.S. Patent and
Trademark Office, 600 Dulany Street, Alexandria, Virginia.

Case IPR2016-00596 (Patent 7,134,505 B2)
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P R O C E E D I N G S

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JUDGE POWELL: Good morning. This is a hearing for IPR2016-00596, IPR2016-00597 and IPR2016-00598. The 596 case involves Patent 7,134,505 B2, the 597 case involves 7,543,634 B2 and the 598 case involves Patent Number 7,861,774 B2. IPR 2016-01496 has been joined with IPR2016-00596. IPR2016-01505 has been joined with IPR2016-00597. And IPR2016-01506 has been joined with IPR2016-00598.

In the hearing room with me, I have Judge DeFranco, and joining us via video we have Judge Daniels. With that said, can we have counsel for Petitioner state your name for the record, state your names for the record.

MR. GARRETT: Good morning. It's Mark Garrett. With me today is Eagle Robinson. Both of us are from Norton Rose Fulbright. And with us in the audience is Anthony Matheny, in-house counsel for Petitioners.

JUDGE POWELL: Very good. And, Patent Owner, please state your names for the record.

MR. NEMUNAITIS: Good morning, Your Honor. Justin Nemunaitis and with me is counsel, Greg Gonsalves and Bradley Caldwell. And also here today is Tracey Beaudoin, in-house counsel for Packers Plus, Dan Themig, Inventor and CEO of Packers Plus and author of the Ellsworth reference that's at issue in all these grounds, and Phil Mitchell for Rapid Completions.

JUDGE POWELL: Okay. Each party will have 45 minutes to present arguments. The Petitioners will start and may reserve rebuttal time

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1 and then the Patent Owner will respond and, of course, Petitioner will be
2 able to -- will finish after the Patent Owner's response, if any rebuttal time
3 remains.

4 When you present, please identify each exhibit clearly and
5 specifically, such as by slide or screen number. It's particularly important
6 because Judge Daniels cannot see the screen. One other housekeeping item
7 is I want to note that we have assertions of improper new arguments and
8 evidence in record. As always when we prepare the final decisions for the
9 cases, we'll exercise vigilance to ensure that we don't rely on improper new
10 arguments and evidence in finding for one party or the other and that will
11 take into account any specific assertions on the record.

12 For today, each party will be permitted to discuss any argument or
13 evidence already in the record and, of course, each party may use any of its
14 allotted argument time to discuss any concerns that certain arguments or
15 evidence were improperly known.

16 With that all out of the way, does either party have any questions
17 before we begin?

18 MR. GARRETT: No, Your Honor.

19 MR. NEMUNAITIS: Your Honor, I do have one question.

20 JUDGE POWELL: Sure.

21 MR. NEMUNAITIS: If we served our slides, my understanding is
22 that they're not allowed to refer to them until we refer to them. Just given
23 that we only have 45 minutes, I want to make sure I don't need to spend the
24 first five minutes explaining the proper interpretation of the slides, but I
25 don't know if there's a rule on that or not.

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1 JUDGE POWELL: Well, let me ask, do they intend to refer to --

2 MR. GARRETT: We will not be referring to their slides.

3 MR. NEMUNAITIS: Okay. Non-issue.

4 JUDGE POWELL: Okay. Certainly no problem. I think we got
5 everything out of the way then and we'll let Petitioner begin.

6 MR. GARRETT: Judge DeFranco, Judge Powell, Judge Daniels,
7 good morning.

8 JUDGE POWELL: Good morning. Do you want to reserve any
9 time?

10 MR. GARRETT: I would like to reserve about 15 minutes, but
11 that's going to be flexible.

12 JUDGE POWELL: Okay.

13 MR. GARRETT: As reflected on slide 2, we would like to talk
14 today about the '774 patent. That's the one involved in the 598 and 1506
15 proceedings.

16 And moving to slide 3, specifically we'd like to begin with the 598
17 proceeding and that is the proceeding that involves the Thomson and
18 Ellsworth grounds. So, we are going to go through and highlight some of
19 the arguments and the evidence that we've made showing why all the claims
20 of the '774 patent are obvious over the Thomson and Ellsworth grounds.

21 Moving to slide 4, we're looking at an assembled tool string from
22 the patent itself. Shown in red are the solid body packers, and shown in blue
23 are the ball-actuated sliding sleeves.

24 Moving to slide 5, this is an enlarged image from the patent of the
25 packer itself. The two packing elements are not colored and they're

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