

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

PHILIP MORRIS PRODUCTS, S.A.,
Petitioner,

v.

RAI STRATEGIC HOLDINGS, INC.,
Patent Owner.

IPR2020-01602
Patent 9,901,123 B2

Record of Oral Hearing
Held: January 6, 2022

Before JO-ANNE M. KOKOSKI, ELIZABETH M. ROESEL, and
MICHELLE N. ANKENBRAND, *Administrative Patent Judges*.

IPR2020-01602
Patent 9,901,123 B2

APPEARANCES:

ON BEHALF OF THE PETITIONER:

GREGORY SOBOLSKI, ESQ.
Latham & Watkins, LLP
500 Montgomery Street
Suite 2000
San Francisco, CA 94111

ON BEHALF OF THE PATENT OWNER:

DAVID MAIORANA, ESQ.
Jones Day
901 Lakeside Avenue E.
Cleveland, OH 44114

The above-entitled matter came on for hearing on Thursday, January 6, 2022, commencing at 10:00 a.m., EDT, by video/by telephone.

PROCEEDINGS

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JUDGE KOKOSKI: Today we will hear arguments in IPR2020-01602 concerning U.S. patent No. 9,901,123. I'm Judge Kokoski and I'm joined today by Judge Ankenbrand and Judge Roesel. Start with appearances beginning with Petitioner.

MR. SOBOLSKI: Good morning, Your Honor. Greg Sobolski arguing on behalf of Petitioners from Latham & Watkins, and I'm joined by my lead counsel, Jon Strang.

JUDGE KOKOSKI: Okay. Thank you. Patent Owner?

MR. MAIORANA: Good morning, Your Honor. David Maiorana from Jones Day on behalf of the Patent Owner. I'm joined by my partner, Kenny Luchesi.

JUDGE KOKOSKI: Okay. Thank you. Consistent with our Hearing Order each party has 60 minutes to present their arguments. Petitioner will proceed first. You may reserve time for rebuttal. How much time would you like to reserve?

MR. SOBOLSKI: Fifteen minutes please, Your Honor.

JUDGE KOKOSKI: Okay. And Patent Owner will then have 60 minutes to present their case and you may reserve time for surrebuttal. How much time would you like to reserve?

MR. MAIORANA: Twenty minutes, Your Honor. Thank you.

JUDGE KOKOSKI: Okay. Before we begin, I just want to remind the parties that we each have a copy of your demonstratives that you provided. During your argument please

1 identify clearly and specifically the demonstrative referenced by
2 slide or screen number so that everyone can follow along and
3 this will also ensure clarity and accuracy of the court reporter's
4 transcript. We request that you keep your line muted when
5 you're not speaking. Please keep in mind the remote nature of
6 this hearing may result in audio lags so please pause prior to
7 speaking so as to avoid speaking over others. With that,
8 Petitioner, you can proceed when you're ready.

9 MR. SOBOLSKI: I am ready, Your Honor. Thank you
10 very much. Your Honor, on slide 2 of Petitioner's
11 demonstratives we have the agenda of disputed issues that I'm
12 prepared to address today but I'm happy to answer any questions
13 that the Board has about any of them. But I'd like to begin
14 where I think the most important dispute today may be.

15 With respect to independent claims 1 and 15 which require
16 that the mixture be wicked into contact with the heater and
17 dependent claim 25 which requires that the wick be in proximity
18 to the heater, I think the evidence and the arguments why Hon
19 alone teaches those claims is well laid out in the briefing. The
20 evidence is clear and the claim construction issues that drive that
21 are laid out well in the briefs.

22 So I'd like, if I may, to begin by focusing on dependent
23 claims 14 and 24 and the combination of Hon plus Whittemore.
24 As the Board knows claims 14 and 24 recite that the wicking
25 material be in contact with the heater and the combination of
26 Hon and Whittemore is the grounds and the basis on which

1 Petitioners have argued those claims would have been obvious.

2 If I may turn the Board's attention to demonstrative 48,
3 please. At the outset, Your Honors, there is no dispute in this
4 proceeding that the Whittemore reference as early as 1935 taught
5 wicking a liquid into contact with an electrical resistance heater
6 as claims 1, 14, and 24 each recite. Patent Owner's expert
7 admitted that at his deposition and that's the excerpt on the right
8 hand side of slide 48.

9 JUDGE ROESEL: This is Judge Roesel. I'm unable to hear
10 anymore. Can we stop for a moment, please?

11 JUDGE KOKOSKI: Let's go off the record.

12 THE REPORTER: Off the record.

13 (Pause, due to technical difficulties.)

14 JUDGE KOKOSKI: Let's go back on the record and start
15 up again. Go ahead.

16 MR. SOBOLSKI: So on demonstrative 48 as I was saying,
17 the key point -- there's no dispute that Whittemore teaches the
18 limitations of dependent claims 14 and 24 and Patent Owner's
19 expert, Mr. Clemens, admitted that at his deposition in this
20 proceeding, that's the excerpt on slide 48. The only dispute with
21 respect to these claims is whether a POSA would have had a
22 reason to make the simple substitution of Whittemore's tried and
23 true and simple heater and cheaper heater to replace Hon's more
24 complicated and expensive atomizer solution. A POSA would,
25 and the key issue here is that Hon itself actually recognizes the
26 need to simplify its complicated atomizer design and Hon even

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