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PMI v. RJR EDVa Trial

Calderon. Kara (Vol. 01) - 11/12/2020 1 CLIP (RUNNING 00:09:11.169) Calderon,K_111220_ALL_TRIMMED2 **KC-ALL-FINAL** 28 SEGMENTS (RUNNING 00:09:11.169) 1. PAGE 9:05 TO 9:08 (RUNNING 00:00:13.794) 05 Ο. Good morning, Ms. Calderon. Would you 06 please spell your full name for the record? 07 A. Kara, K-a-r-a. Calderon, 08 C-a-l-d-e-r-o-n. 2. PAGE 9:13 TO 9:21 (RUNNING 00:00:23.559) 13 Ο. Who's your current employer? R.J. Reynolds Vapor Company. 14 Α. 15 Q. And what do you do at R.J. Reynolds 16 Vapor Company? 17 Α. I am the senior director of our fit for 18 future for vapor and THP. 19 Q. What does "fit for future" mean? 20 I am in charge of strategy and pipeline Α. 21 development. 3. PAGE 14:13 TO 14:17 (RUNNING 00:00:13.646) 13 Ο. My question is, Ms. Calderon, you 14 understand that you're testifying today both in 15 your personal capacity and as a corporate 16 representative on behalf of RJRV, right? 17 Α. Yes, sir. 4. PAGE 54:03 TO 54:06 (RUNNING 00:00:09.796) 03 Ο. Okay. And based on your experience, we discussed earlier, you're knowledgeable about how 04 05 RJRV markets the Vuse products; is that fair? Yes, sir. 06 Α. 5. PAGE 83:07 TO 83:10 (RUNNING 00:00:10.337) And so based on your experience, 07 Ο. 80 consumers find it important to have a vaping product that feels like the cigarettes that they 09 10 used to smoke before transitioning; is that right? 6. PAGE 83:12 TO 83:19 (RUNNING 00:00:29.287) Some consumers, right? Again, broad --12 Α. 13 broad consumer base, what is good for you is 14 different for me, which is different from Mr. Vitt 15 is -- so for some consumers, a familiar experience 16 is an important factor for them. For other 17 consumers, they do not want a familiar experience. 18 They want something completely different. So it 19 really comes down to individual choice. 7. PAGE 83:20 TO 84:05 (RUNNING 00:00:23.341) 20 But at least for some consumers, a Q. 21 familiar experience, in terms of the vaping device 22 feeling like a traditional combustible cigarette, 00084:01 is important to them; is that fair? A. Based off of the research that -- that 02 I've gone through, for some consumers, a familiar 03 DOCKE

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PMI v. RJR EDVa Trial

04 experience, a cigalike experience is -- is 05 something that they look for.

8. PAGE 119:21 TO 120:09 (RUNNING 00:00:35.228)

21 clarification. Are you familiar with the concept 22 of -- of the e-liquid leaking from the cartridge 00120:01 at any time, whether it's during use or in your 02 purse? Yeah. So, yeah, so there have been, you 03 Α. 04 know -- you know, throw my device in my -- in my 05 purse, and liquid comes out, right? Consumers 06 don't want that. I don't want that, right? So, 07 yeah, so leakage, in terms of it coming out, yeah, 08 that is -- that is something that we have heard 09 and we have seen with products.

9. PAGE 166:06 TO 166:13 (RUNNING 00:00:26.035)

06 Q. Sure. When RJRV sells, for example, a Solo power unit by itself, it expects to makes 07 08 additional sales of the cartridges for -- that are 09 used with that Solo power unit, right? 10 A. So to use the product, yes, you need 11 the -- you need the power unit and the cartridge. 12 So you need to buy both to -- to make the product 13 work in its intended form. 10. PAGE 166:16 TO 167:06 (RUNNING 00:00:41.253)

16 Okay. And when RJRV sells a Solo power 17 unit, for example, the cartridge -- it expects the 18 consumer to purchase additional Solo cartridges 19 after the initial cartridge runs out, right? A. Well, that would be -- that would be the model, right? Is that you -- you buy your power 22 unit, and then what you need to continue using the 00167:01 power unit are the cartridges. 02 Q. Right. Have you heard -- that is the 03 model. Have you heard of that model referred to 04 as a razor/razor blade model? A. Yup. Razor/razor blades. Yup. Power 05 06 units cartridges.

11. PAGE 167:14 TO 167:18 (RUNNING 00:00:13.980)

So the RJRV, with respect to the sales 14 15 of the cartridges and power units, follows the razor/razor blade model; is that fair? 16 17 That would be a fair representation of a Α. 18 model.

12. PAGE 193:21 TO 194:03 (RUNNING 00:00:09.871)

21	Q. So for the Solo, for at least part of
22	the time it's been on the market since 2013, you
00194:01	consider that product to have been a market
02	leader; is that right?
03	A. Yes.

13. PAGE 200:08 TO 200:12 (RUNNING 00:00:12.778)

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Q. 08 Okay. And since it was released in the 09 market in August 2018, the Alto has been a 10 successful product for RJRV, right? 11 A. It -- we put a lot of emphasis on the 12 Alto product, yes.

PMI v. RJR EDVa Trial

14. PAGE 200:20 TO 201:01 (RUNNING 00:00:09.029)

20 Q. And you said earlier, "We put a lot of 21 emphasis on the Alto product." Were you speaking 22 from a marketing perspective in that answer? 00201:01 A. Yes.

15. PAGE 201:04 TO 201:10 (RUNNING 00:00:21.707)

Is the majority of the investment, from a marketing perspective, put into the Alto as compared to the other Vuse products at this time? A. We would need to get those exact numbers from -- from finance, but, yes, Alto is our -- our premier product, and -- and that's what we emphasize.

16. PAGE 202:16 TO 202:22 (RUNNING 00:00:18.278)

16 Does RJR have any plans, that you're aware of, to 17 stop selling each of the Vuse products, meaning 18 the Ciro, Solo, Vibe, and Alto, in the United States? 19 20 Α. To stop selling them? 21 Q. Yes. Not that I'm aware of. 22 Α. 17. PAGE 259:16 TO 259:22 (RUNNING 00:00:20.902)

And so Exhibit 11 is a printout of the 16 Ο. 17 vapor overview from RJR Vapor's website, right? 18 A. It appears to be, yes, sir. 19 Q. Okay. And on the second page, it's --20 RJRV is describing the Alto, Vibe, Ciro and Solo, 21 correct? 22 Α. Yes, sir.

18. PAGE 260:02 TO 260:13 (RUNNING 00:00:29.188)

02 sorry. For the Alto, RJRV is describing the Alto 03 as having an innovative ceramic wick and alloy 04 heating element. 05 Do you see that? 06 Α. Yes, sir. 07 Okay. So does that refresh your Ο. 08 recollection as to RJRV has, in fact, promoted the 09 innovative ceramic wick and alloy heating element 10 in the Alto, correct? 11 In terms of here, the innovative ceramic Α. wick and alloy heating element are being called 12 out for a Vuse Alto. 13

19. PAGE 266:12 TO 266:18 (RUNNING 00:00:16.751)

Okay. And you've seen Exhibit 13 Q. 12 13 before? 14 Α. Yes, sir. 15 Ο. What is Exhibit 13? 16 Α. Exhibit 13 is a general market 17 assessment of a variety of different vapor 18 products.

20. PAGE 268:08 TO 268:12 (RUNNING 00:00:10.790)

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Q. So looking at the page ending in Bates
610, you see a reference TF16. What product is
that?
A. Yes. That is the product that is
currently known as Vuse Alto.

PMI v. RJR EDVa Trial

21. PAGE 269:18 TO 270:01 (RUNNING 00:00:19.142)

18 Q. Okay. And one of the areas which this 19 study identified the Alto as outperforming other

20 products is that it has a quiet draw, right?

21 A. Quiet draw, no mess, no leaking,

22 mouth -- mouthpiece -- that should be feel -- and

00270:01 ease of use.

22. PAGE 270:02 TO 270:07 (RUNNING 00:00:14.518)

02 Q. Right. And -- and the -- the second

03 area in which this study identified the Alto as

04 outperforming other products is that it has no

05 leaking, correct?

06 A. That is one of the areas that Alto

07 outperforms is leaking -- no leaking.

23. PAGE 273:07 TO 273:10 (RUNNING 00:00:11.133)

07 Q. Okay. So the ability of the Alto to

08 prevent leaking was significantly higher than the 09 other competitive products in this study. Is that

10 what column is saying?

24. PAGE 273:12 TO 273:12 (RUNNING 00:00:00.562)

12 A. That is.

25. PAGE 277:17 TO 278:12 (RUNNING 00:01:03.034)

Q. Right. And below the box we were just 17 18 looking at, the fact that the battery was easy to 19 charge and stayed charged for a long time was a 20 feature in the Alto that was identified as what 21 users liked most about the Alto, correct? 2.2 Α. Yes. Battery easy to charge and stay 00278:01 charged for a long time. Q. And then in the box above that to the 02 03 right, another feature identified as what users 04 like about the Alto, at least in this study, is 05 the "Small size and oval shape made it easy and comfortable to fit in my pocket"; is that right? 06 A. Yes, sir. That's what it says. 07 Q. And are all three of those benefits, 08 09 based on your experience, of the Alto to users? 10 Those are three of the benefits to Alto, Α. 11 not leaking, battery life, and consistency, shape, 12 size, comfortable, easy to use.

26. PAGE 279:03 TO 279:07 (RUNNING 00:00:21.474)

Q. What -- what is Exhibit 14?
A. Exhibit 14 looks like a working document
of some evaluation of when Alto was coming into
market and reassessing the brand and the marketing
around Vuse Alto.

27. PAGE 279:08 TO 279:11 (RUNNING 00:00:08.017)

08 Q. Okay. And you say it's a working 09 document. Are you indicating that this is a draft 10 and not a final version? 11 A. Yes.

28. PAGE 290:08 TO 290:14 (RUNNING 00:00:23.739)

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08 Q. In the first bullet point here on RJRV

09 is identifying -- is saying that they want to

10 elevate the importance of the FEELM heater

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