

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
Petitioner,

v.

MASIMO CORPORATION,
Patent Owner

IPR2024-00241 (Patent 10,687,743 B2)
IPR2024-00243 (Patent 10,722,159 B2)
IPR2024-00244 (Patent 10,722,159 B2)

Record of Oral Hearing
Held Virtually: April 16, 2025

BEFORE: ROBERT L. KINDER, RICHARD H. MARSCHALL,
DAVID COTTA, and ALYSSA A. FINAMORE, *Administrative Patent Judges*.

The above-entitled matter came on for hearing on April 16, 2025, 2025,
commencing at 1:00 p.m., via video teleconference.

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IPR2024-00243 (Patent 10,722,159 B2)
IPR2024-00244 (Patent 10,722,159 B2)

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ALSO PRESENT, OBSERVING:

Petitioner: Karl Renner, Usman Khan, and Rick Bisenius

Patent Owner: Brian Claassen, Perry Oldham, and Daniel Kiang

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1 P R O C E E D I N G S

2 - - - - -

3 JUDGE MARSCHALL: Hello, good afternoon. This is
4 a consolidated hearing in IPR2024-00241 addressing U.S. Patent
5 Number 10,687,743, and IPR2024-00243 and IPR2024-00244,
6 with both of those proceedings addressing U.S. Patent Number
7 10,722,159. The parties are Petitioner, Apple, Inc., and Patent
8 Owner, Masimo Corporation. I'm Judge Marschall. With me are
9 Judges Cotta, Finamore, and Kinder.

10 Let's start with the parties' appearances, please, and we'll
11 begin with Petitioner.

12 MR. PATRICK: Thank you, Your Honors. My name is
13 Andrew Patrick and I represent Petitioner, Apple. I am joined by
14 my colleagues, Karl Renner, Usman Khan and Rick Bisenius.

15 JUDGE MARSCHALL: Thank you. And for Patent
16 Owner?

17 MR. POWELL: Hi, my name is Adam Powell from
18 Knobbe Martens for Patent Owner, Masimo Corporation. With me
19 are my partners, Brian Claassen, Perry Oldham, and Daniel Kiang.

20 JUDGE MARSCHALL: Thank you and welcome. The
21 argument will proceed as set forth in the hearing order and
22 according to the emails exchanged with the parties later addressing
23 confidential aspects of the transcript. During your presentation,
24 please refer to exhibit or slide numbers to aid us in following along
25 and to make the transcript clear.

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1 Please do not interrupt the other party's presentation.
2 You may object only during your argument time or following the
3 rebuttal. Please be aware that we have provided a public access
4 line for the public to watch the public portion of this hearing or to
5 listen in. Each side is provided a total of 90 minutes of argument
6 time and you may reserve time for rebuttal.

7 We, as noted, granted the parties' request to seal a portion
8 of the record and the transcript, and we'll do that after completing
9 the public portion of this hearing. The parties indicated prior to
10 going on the record that they each wanted to reserve 30 minutes
11 for the confidential portion of the hearing, and that leaves 60
12 minutes each for the public portion of the hearing, in which we'll
13 have Petitioner go first, followed by Patent Owner, and then each
14 side may reserve time for rebuttal in each respective portion of the
15 hearing. So Petitioner will start and you'll have 60 minutes during
16 this public portion of the hearing. And how much of that time, if
17 any, would you like to reserve for rebuttal?

18 MR. PATRICK: We'd like to reserve 20 minutes for
19 rebuttal, with respect to the public portion. Thank you.

20 JUDGE MARSCHALL: Okay, so you'll have 40
21 minutes here and I've got a time of 1:08 Eastern, so at
22 approximately -- 1:09 now -- so at approximately 1:50 Eastern,
23 we'll be expecting you to wrap up. I'll try to give you a warning a
24 few minutes out, but if not, someone in your room there can

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1 hopefully give you a warning sign when you're getting close to the
2 end. And with that, feel free to begin when ready.

3 MR. PATRICK: Thank you, Your Honor. May it please
4 the Board. My name is Andrew Patrick and I represent Petitioner,
5 Apple. I'd like to ask Your Honors to turn to Slide 2 of our
6 demonstratives which provides an overview of our planned
7 presentation.

8 Now, as shown in the table of contents provided on Slide
9 2, we have organized our presentation today to first address the
10 record evidence demonstrating that a person of skill would have
11 found the claimed '159 and '743 subject matter obvious over the
12 teachings of the Iwamiya and Sarantos references, among others,
13 whether based on obvious modifications to Iwamiya, motivated by
14 Sarantos' expressed teachings, or on obvious modifications to
15 Sarantos with or without Shie.

16 In that regard, my colleague, Dr. Khan, will during the
17 public session, address obviousness of the challenged '159 and
18 '743 patent claims over the combined teachings of Iwamiya and
19 Sarantos. And my colleague, Mr. Bisenius will then also, in the
20 public session, address the further obviousness of the challenged
21 '159 patent claims over Sarantos with or without Shie.

22 During the confidential portion of today's hearing, I'll
23 plan to address contentions repeated by Masimo with respect to a
24 person of skill's reasonable expectation of success in performing

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1 pulse oximetry at the wrist, as taught by Sarantos. And by doing
2 so, we'll reference both, the testimony of Apple's engineers,
3 relating to their subjective experiences and successfully
4 developing pulse oximetry for the Apple watch, as well as
5 numerous additional prior art references that further corroborate
6 reasonable expectation and success through their disclosures of,
7 among other things, the successes of others in demonstrating
8 feasibility and performing pulse oximetry of the wrist as early as
9 2007, eight years prior to the earliest effective filing date of
10 Masimo's subject patents.

11 The majority of the issues that we'll together explore
12 today were, of course, previously addressed by the Board in its
13 final written decisions, finding unpatentable, nearly all of the
14 highly similar challenged claims of Masimo's related '745 patent.
15 And those decisions, of course, followed the Board's earlier final
16 written decision, affirmed by the Federal Circuit, finding all
17 challenged claims of Masimo's related '659 patent unpatentable
18 over prior art combinations featuring Sarantos as a primary
19 reference.

20 Although a majority of issues in the instant IPRs overlap
21 with those already addressed by the Board with respect to the '754
22 patent IPR proceedings, Masimo has raised a few original issues in
23 the instant IPRs and the parties have -- and the parties have --
24 brought to bear additional evidence.

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1 In that regard, although we plan during our presentation
2 to address all disputed issues, we will also highlight for Your
3 Honors' consideration, the differences between the proceedings,
4 where they exist. With that, and unless Your Honors have
5 questions for me at the moment, I'd like to turn our presentation
6 over to Dr. Khan, who will address obviousness of the challenged
7 '159 and '743 patent claims over Iwamiya and via Sarantos.

8 DR. KHAN: Apologies for the slight delay, Your
9 Honors. Thank you and good afternoon, Your Honors. May it
10 please the Board. If Your Honors could please turn to Slide 8.
11 Slide 8 reproduces two independent claims of the '159 patent,
12 which is generally directed to a physiological and monitoring
13 device with emitters and detectors to determine a physiological
14 parameter. The highlighted text emphasizes the claim limitations
15 that are at issue in these proceedings. The '743 patent recites
16 similar limitations.

17 I will be discussing the issues pertaining to the Iwamiya
18 and Sarantos combination. In particular, the obviousness of
19 combining Iwamiya and Sarantos, and how said combination
20 renders obvious the limitations of a surface comprising a dark
21 colored coating, which is right in the middle of the column on the
22 left side, the wherein clause, which we -- wherein the opening
23 defined in the dark colored coating, is configured to allow at least
24 a portion of light reflected from the tissue to pass through the

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1 surface. My colleague, Rick Bisenius, will address construction
2 arguments related to the opening limitation, and also limitations
3 related to the change in shape.

4 Can Your Honors please turn to Slide 15? The first issue
5 I'd like to address relates to the claim limitation, a surface
6 comprising a dark colored coating, which is recited in Claims 1
7 and 19 of the '159 patent, and sequentially, Claim 12 and Claims 1
8 and 14 of the '743 patent. I'll note here, Your Honors, that this is
9 the third time Masimo has raised this issue with substantially
10 similar arguments. Masimo raised similar arguments to the ITC
11 '745 IPR and now here. Each time, the Judges have found Masimo
12 arguments related to the dark colored coating unpersuasive. And
13 we ask that Your Honors continue to do so, as you earlier did in
14 the institution decision, and for the reasons we'll briefly discuss
15 next.

16 If you could please turn to Slide 16. I'd like to just
17 provide a quick overview of Iwamiya. Iwamiya, like the '743 and
18 '159 patents, is directed to a device that can be worn around the
19 wrist to measure physiological parameters. And like the '743 and
20 '159, Iwamiya teaches using emitters and detectors that transmit a
21 signal onto a user's tissue and receive the reflected signals back to
22 determine the physiological parameter.

23 Shown in Slide 16 is a portion of Iwamiya's Figure 4 and
24 a corresponding description from Column 8, lines 38 to 47.

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1 Although not shown in Figure 4, Iwamiya's devices include light
2 emitting devices on either side of the light receiving unit, shown
3 here highlighted in yellow. The pink layer at the bottom of the
4 figure illustrates a user's tissue.

5 Light that reflects from the user's tissue is focused using
6 (INDISCERNIBLE) lens and passes through on an optical filter
7 17, which is a gray shaded rectangle between the two purple
8 diagonal lines. This light is undetected by the light receiving unit
9 9. Iwamiya uses a light shielding frame 18 that surrounds the light
10 receiving unit 9 to prevent straight light from reaching the light
11 receiving unit before passing through the user's tissue.

12 Iwamiya describes the function of the light shielding
13 frame 18, but does not provide all the implementation details, such
14 as the material that one would use to successfully implement a
15 light shielding function using frame 18. For that, a POSITA
16 would've turned to Sarantos.

17 Next slide, please. Slide 17. Slide 17 depicts Sarantos as
18 Figure 22 and its corresponding description. Sarantos, like
19 Iwamiya and the challenged patents, relates to a monitoring
20 device, like the watch, that has emitters and detectors to detect
21 physiological parameters. Figure 22 depicts an example
22 implementation of Sarantos' device, which includes a substrate
23 2272 shown at the bottom of Figure 22. And on top of which,
24 photo detectors 2212 shown in the dark gray shaded rectangles and

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1 the light source 2208 are disposed.

2 Like Iwamiya, Sarantos' light source 2208 is separated
3 from the detectors 2212 by walls 2274, and emits light through the
4 window regions 2226 towards the user tissue. Above the light
5 sourcing detectors, Sarantos teaches the use of an in-mold label
6 2276 or painted or silk-screened masks with windows 2226
7 between the labels. The masking techniques may utilize black or
8 otherwise opaque material to prevent light from entering or exiting
9 the PPG sensor without -- except for windows 2278. Very much
10 like Iwamiya's light shielding frame.

11 Slide 20, please, Your Honors. So the Petition explains
12 that it would have been obvious to a POSITA to combine Sarantos'
13 dark colored coating with Iwamiya's light shielding frame, and that
14 is shown here in Slide 20. Such that the light shielding frame 18 is
15 coated with Sarantos' dark colored coating. Dr. Anthony, Apple's
16 expert, explains that doing so would have been obvious and
17 notoriously well known.

18 If Your Honors could please turn to Slide 19. Slide 19,
19 Dr. Anthony explains that dark colored coatings are well known in
20 the art to block light. Therefore, because Iwamiya does not
21 describe the materials used to perform the light shielding function,
22 a POSITA would've turned to Sarantos, and when Sarantos' dark
23 colored coating is implemented at Iwamiya's system, the
24 combination would perform the shielding function by blocking and

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1 absorbing light to limit reflections.

2 If you could turn to Slide 21, please. Dr. Anthony also
3 explains that an absorbing material, such as a dark colored coating,
4 would have been particularly beneficial in Iwamiya's system
5 because it would reduce light scattering and improved
6 measurement accuracy. Now, this is a point that the parties
7 dispute. Mainly, Masimo argues that a POSITA would have used
8 reflecting material, not absorbing material, but a textbook from the
9 1990s on pulse oximetry, namely, Webster, exposes the flaws in
10 Masimo's theories.

11 If Your Honors could please turn to Slide 23. Slide 23
12 provides a few snapshots from Webster. These are taken from
13 pages 69 and 96 of Webster. Webster explains that light scattering
14 causes a light beam to deviate from its path and leads to an
15 increase in optical path length. Moreover, as shown in the bottom
16 of the second snapshot here on the slide, Webster teaches that there
17 are two known solutions to limit light reaching the detector to
18 adjust the light from the user tissue. One of these solutions is to
19 coat the housing around the photodiode with -- and I note -- a
20 material that does not scatter or reflect light. Thus, it was well
21 known in the art to use non-reflective material around a detector to
22 minimize scattering and optical length variations. Webster's two
23 solutions are also shown on the previous slide, Slide 22. If Your
24 Honors could please turn to that slide.

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1 The left side of Slide 22 includes a figure illustrating
2 Webster's two solutions. The bottom figure depicts light absorbing
3 material being disposed around the detector. Very much as
4 Petitioner proposed in the Iwamiya and Sarantos combination, and
5 it's not just Webster. Other third-party sources like Schulz in Slide
6 24 explain the benefits of using light absorbing material around a
7 detector to limit noise and variations and path length.

8 Thus, Petitioner's combination is not simply supported by
9 opinion of its expert, but it's also corroborated by mutual third-
10 party sources and teachings that were well known in the art. This
11 stands in stark contrast to Patent Owner's position, which is backed
12 up only by corroborated testimony of its expert.

13 If Your Honors could please turn to Slide 27. And we'll
14 next discuss the limitation of wherein an opening defined in the
15 dark colored coating is configured to allow at least a portion of
16 light reflected from the tissue to pass to the surface. This
17 limitation is recited in Claims 1 and 19 of the '159 patent and
18 Claims 1 and 14 of the '743 patent.

19 The prior panel in the '745 proceeding and this panel also
20 at the institution stage, have considered the mapping of Iwamiya
21 and Sarantos and agreed that it discloses the claim feature.
22 Masimo does not introduce any additional evidence that would
23 merit a change in these earlier findings.

24 Now, my colleague, Rick Bisenius, will address the

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1 construction arguments as they relate to this feature, but I wanted
2 to briefly describe Petitioner's mappings for Your Honors here. If
3 you could please turn to Slide 28. Referring to Slide 28 and
4 Iwamiya's Figure 4 here as shown in the bottom, Iwamiya's device
5 includes a light shielding frame 18 with a dark colored coating, as
6 I just described. The dark colored coating, as you can see here, has
7 a gap or opening in which the optical filter 17, shown in green, is
8 placed. Its optical filter filters light before it reaches detector 9.

9 Now in Petitioner's papers, Petitioner presented two ways
10 in which Iwamiya and Sarantos disclose this claim feature. First,
11 as shown here, the dark colored coating that surrounds the detector
12 9 clearly has an opening between the two purple lines. This
13 opening is configured to allow at least a portion of light from the
14 tissue to pass through the surface.

15 As Dr. Anthony explains at the bottom of Slide 30, a
16 POSITA would have understood the light to pass through the
17 surface, just like one would have understood light or water to pass
18 through a sieve with openings. Here, if you turn back to Slide 28,
19 Your Honors, you have a light shielding frame with an opening --
20 a light shielding frame with a dark colored coating that has this
21 opening that allows light to get through.

22 Second, a second way in which Iwamiya and Sarantos
23 render this claim obvious is if one were to consider the entire
24 contiguous surface of the dark colored coating and the optical filter

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1 17 as one -- as corresponding to the claim surface. Under such a
2 mapping, light also clearly passes through the surface to reach the
3 detector.

4 If Your Honors could please turn to Slide 39. The '743
5 and '159 claims also recite limitations related to the arrangement of
6 detectors. This is recited more clearly and shown more clearly in
7 Slide 40, if you could please turn there. The '743 and '159 claims
8 recite that the plurality of detectors are arranged in an array having
9 a spatial configuration corresponding to a shape of the tissue
10 measurement site mounded by the light block.

11 Your Honors, the similar issue was addressed in the '745
12 IPR with respect to Claim 15 and the Board did not find Masimo's
13 arguments persuasive. Petitioner here intends to rest on the briefs
14 on this particular issue. If Your Honors have any questions, I'm
15 happy to answer.

16 JUDGE MARSCHALL: Yes. I have a question about
17 the argument in the Sur-reply from Patent Owner in the '243 case
18 and others. But they argue that Petitioner misunderstood what the
19 opening is defined by in Iwamiya with some pink shading. I'm
20 looking at the Sur-reply at pages 4 to 6 or so. They can say that --
21 you're saying basically it's a circular cylindrical shape with a hole
22 in it, but that's the wrong object and what you're really looking at
23 is kind of a frusto-conical rectangle or square it looks like, and
24 because of that, you have misidentified the opening. Could you

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1 respond to that argument?

2 DR. KHAN: Yes, Your Honor. So if I could ask you to
3 turn back to Slide 28. So that figure, you can see it shows the light
4 shielding frame with a dark colored coating, the purple lines. It's
5 sort of, I guess, a trapezoidal type of figure, if you even include the
6 optical filter at the bottom. So I think -- and thank you for
7 bringing this up because -I think we'd like to acknowledge that
8 there was an error in the Petitioner Reply in the markup.

9 We have pointed to the light shielding frame 18
10 consistently in our papers from the time of the Petition as
11 corresponding to the dark colored coating and the optical filter
12 space in between the two lines as being the opening. Now,
13 whether actually that shape of the dark colored coating is circular
14 or otherwise, you know, in this more trapezoidal shape, it's not
15 really relevant to the fact that there is still an opening there,
16 whichever shape you'd like to have it. So we'd acknowledge that
17 there was a mistake there in the point that we referred to in the
18 Petitioner Reply; however, it does not change our position and/or
19 mapping on this issue.

20 JUDGE MARSCHALL: Okay. Thank you.

21 DR. KHAN: You're welcome. If Your Honors could
22 please turn to Slide 45. The next issue I'd like to address is the
23 obviousness in view of Iwamiya and Sarantos of the claim feature
24 reciting wherein the physiological parameter comprises oxygen

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1 saturation. This limitation is reciting Claims 11, 18, and 24 of the
2 '743 patent and Claims 8 and 17 of the '159 patent. I'll also note
3 that the same limitation was considered in view of the same art of
4 the '745 IPR and the Board at that time did not find Masimo's
5 arguments persuasive.

6 Slide 46, please. As noted earlier, Iwamiya teaches
7 determining physiological parameters using the configuration
8 shown in Figure 4. Again, it's reproduced at the bottom of Slide
9 46. In particular, Iwamiya teaches that its emitters 6 -- and you
10 can note here, Your Honors, there are two emitters shown in green,
11 6 on either side of the detector. Iwamiya teaches that its emitters
12 can operate in the infrared range around 940 nanometers and that's
13 shown -- notably as shown in the snippet on the bottom right side
14 of Slide 46. Iwamiya also notes that it is broadly directed to
15 detecting biological information. One example of which is a
16 person's pulse. There's no disclosure that Iwamiya is solely limited
17 to measuring pulse.

18 If Your Honors could turn to Slide 48, please. Sarantos
19 discloses that one can measure additional types of biological
20 information, such as oxygen saturation when using multiple LEDs.
21 For example, Sarantos teaches that one simply has to adjust the
22 wavelength of a light emitting device to red or infrared
23 wavelengths, and that each emitter can then emit a different
24 wavelength of light. Thus, when you have multiple emitters like

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1 you did in Iwamiya, the two emitters can be configured to emit red
2 and infrared wavelengths to obtain the data for oxygen saturation.
3 The emitters can be spaced apart or closely. There's general
4 flexibility for that, but again, none of this was new. This is
5 disclosed clearly in Sarantos.

6 If Your Honors could please turn to Slide 52. Dr.
7 Anthony explains -- and this is corroborated further by Brady in
8 Webster, the textbook on pulse oximetry -- that it was known in
9 the art that one could obtain pulse oximetry data by using LEDs
10 that generate red and infrared light. In Slides 55 to 57, Dr.
11 Anthony also provides various possible implementations on how a
12 POSITA could have implemented the light emitters with different
13 wavelengths in Iwamiya's device.

14 He also explained in several paragraphs -- for example,
15 paragraph 97 of his first declaration in the '243 proceeding, and
16 paragraphs 90 to 93 of his first declaration of the '241
17 proceeding -- how it would have been obvious that in such a
18 combination, a POSITA would have adjusted related elements,
19 such as the bandwidth of the filter or detector devices so that red
20 and infrared wavelengths can be used and detected.

21 If Your Honors could please turn to Slide 53. Dr.
22 Anthony explained that incorporating the teachings of Sarantos in
23 Iwamiya to obtain oxygen saturation information would have been
24 beneficial because with a simple tweak, one could use Iwamiya's

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1 device for multiple measurements. Mainly, pulse and oxygen
2 saturation measurements, given Iwamiya's device added utility and
3 functionality, and also benefitting the user from no longer having
4 to buy multiple devices for these measurements.

5 With that, Your Honors, unless you have any further
6 questions, I'll ask my colleague, Rick Bisenius, to come to the
7 podium and discuss the next set of issues.

8 JUDGE COTTA: I did have a couple quick questions.
9 First off -- and I think they both relate to a footnote in your Reply.
10 First, you said Claim 11 of the '743 patent doesn't necessarily
11 require determining oxygen at the wrist. That's not a claim
12 construction that you've advanced, is it?

13 DR. KHAN: You know, Your Honors, we're just
14 pointing out that the '743 claims, especially Claims 1 to 13, there's
15 no -- the word "wrist" is just not mentioned there and therefore, the
16 determination of oxygen saturation, it's -- whether they said the
17 wrist or not, it's not relevant to that set of claims.

18 JUDGE COTTA: Just looking at Claim 14, it does
19 mention a wrist in the first clause. It's the light pattern is
20 approximate to a wrist of a user.

21 DR. KHAN: That --

22 JUDGE COTTA: Why doesn't that carry over to Claim
23 18?

24 DR. KHAN: I'm sorry. Claim 18?

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1 JUDGE COTTA: Oh, did I get the claim wrong?

2 DR. KHAN: Yes. I think we talked about Claim 11.

3 Not any claim depending from Claim 14.

4 JUDGE COTTA: Okay.

5 DR. KHAN: We agree, Your Honor, that Claim 14
6 recites proximate to the wrist.

7 JUDGE COTTA: Okay.

8 DR. KHAN: But not the first set of claims.

9 JUDGE COTTA: Okay. And then secondly, you point
10 out in that footnote that there are a number of references that were
11 submitted -- that were not previously submitted during the ITC
12 proceeding and I wondered if you might highlight any differences
13 in the record here, as compared to both, the ITC proceeding and
14 the prior IPR proceeding.

15 DR. KHAN: Yes, Your Honor. I would just like to
16 doublecheck that point and make sure I give you an accurate list of
17 references. So if it's okay with Your Honors, I'll come back and
18 can give you that list of references.

19 JUDGE COTTA: That's fine.

20 DR. KHAN: Thank you.

21 JUDGE MARSCHALL: I had a couple of questions
22 about Claims 12 and 24. Are you addressing that subject matter or
23 should I hold those for now? It's with the length issue.

24 DR. KHAN: Oh, sure. Your Honors, I'm happy to take

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1 questions. I just wasn't sure which claim that was.

2 JUDGE MARSCHALL: Well, you might be having an
3 internal debate as to who gets to answer these. Yes. Well, Claim
4 12 requires a larger width than a length, as you know, for the
5 opening, and I just wanted to make sure I understand your
6 position. The opening for Claim 1, of course, refers to the opening
7 of Iwamiya and the actual filter sits within that, but for these
8 claims, or at least Claim 12, it appears that you're relying on
9 openings within the coating in Sarantos. Is that correct, at least to
10 modify the opening in Iwamiya?

11 DR. KHAN: Sorry, I'm just pulling up the -- I said the
12 '743 -- I think you're referring to the '159; is that right?

13 JUDGE MARSCHALL: Correct, the '159. Claim 12
14 with --

15 DR. KHAN: Gotcha.

16 JUDGE MARSCHALL: -- width larger than the length.

17 DR. KHAN: Yes. So the opening there is the dark -- is
18 the one in the dark colored coating, Your Honor. And if you'd
19 like, I can also briefly address the width and length imitations.

20 JUDGE MARSCHALL: Well, I think I understand it.
21 You're bringing in the idea with these HAR photodetectors from
22 Sarantos, which are rectangular. And the teachings that the
23 openings or the windows in Sarantos would be co-extensive with
24 those rectangular diodes -- so therefore, those openings would

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1 have a larger width and length, correct?

2 DR. KHAN: That's correct.

3 JUDGE MARSCHALL: And your argument is it would
4 be obvious to apply that to the opening in Iwamiya, but as Patent
5 Owner argues in the Sur-reply, there's nothing in the
6 combination -- your original combination of Iwamiya and
7 Sarantos -- that brings in the HAR photodetectors from Sarantos.
8 So I'm wondering what your response to that argument would be.

9 DR. KHAN: Yes. Your Honors, the photodetectors are
10 provided in Iwamiya itself and the -- it is the optical filters --
11 there's an optical filter placed above the photodetectors that allows
12 for the radiation to be filtered, and that optical filter is placed
13 within these windows. And I think Iwamiya generally -- sorry --
14 Sarantos generally teaches that when you are implementing this
15 type of a system with windows and a photodetector, that they
16 would be correlated dimensions. And I think we take that teaching
17 and we apply it in Iwamiya.

18 JUDGE MARSCHALL: Okay, but if you're using
19 Iwamiya's detectors, you would have to kind of bring in the HAR
20 photodetectors that are rectangular in Sarantos to kind of get your
21 argument off the ground, right?

22 DR. KHAN: Not necessarily, Your Honors. I think we
23 present in the Petition that there's an annular light guide unit that
24 depicts a radiation in an annular sort of pattern onto the skin. And

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1 as we mentioned, if Your Honors would please -- if you don't mind
2 me indulging here for a second -- Slide 63. You can let me know
3 when you're there.

4 JUDGE MARSCHALL: Yes, I see it.

5 DR. KHAN: Yes. Basically, I think what we said here is
6 that, you know, even in that annular pattern, you have a width and
7 a length and you have width and lengths that are different. And
8 our position here is that in a pattern, especially like an annular one,
9 you have -- you know, even if you say it's circular, there is a width
10 and there's a length, and we point that out. So even in an annular
11 pattern, you have a width and a length.

12 I think what we also point out is that on the next slide,
13 Your Honor -- Slide 64 -- that some of these claims, it just requires
14 a width or a length. If the pattern has a width or a length. It
15 doesn't tell you exactly what, so it really -- the claim is very broad
16 and it just requires that the patent has some type of length, some
17 type of width. It doesn't tell you between what, where particularly
18 in the pattern, anything like that. The claim is very broad. And
19 even within an annular light pattern, you would find that this claim
20 is satisfied by Iwamiya and Sarantos.

21 JUDGE MARSCHALL: I guess if we could focus on
22 Claim 12 in the 243 case or the 244, but I think you're addressing
23 the 243 with Iwamiya involved. I'm not seeing an argument that
24 tracks what you're showing in Slide 63, possibly because you're

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1 citing to the 241 case, but -- so that's where I'm having trouble. It
2 seems like in the 243 case at least for Claim 12, which requires --
3 this is referring to an opening, not a second shape, which is
4 involved in Claim 24. It doesn't rely on Iwamiya in the manner
5 that you just suggested in the annular ring. It's really relying just
6 on Sarantos and saying it would've been obvious to bring in the
7 rectangular HAR photodiodes and the correlated openings into
8 Iwamiya.

9 DR. KHAN: Yes. I think, Your Honor, you're right.
10 That's the Sarantos-based grounds and I'll invite my colleague,
11 Rick Bisenius to address that particular point, and I think that will
12 kind of segue also nicely into the discussion that he's going to
13 have. So if it's okay, if I may transition over to my colleague who
14 will address --

15 JUDGE MARSCHALL: Yes.

16 DR. KHAN: -- that particular point.

17 JUDGE MARSCHALL: Yes, that's fine. Just to be
18 clear, those are Iwamiya-based grounds though for Claim 12 in the
19 243 that I'm looking at.

20 DR. KHAN: Yes.

21 JUDGE MARSCHALL: There's also --

22 JUDGE COTTA: And it seems like it would also apply
23 to Claims 13 and 20 of the '743 patent.

24 DR. KHAN: Okay, let me take a look at that, please.

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1 Okay. And Your Honors, just before I transition over to my
2 colleague, I do want to note that the ITC did not have the Li, Cai,
3 Pang, Maattala, and other references of record that have been made
4 of record in these IPRs. Thank you.

5 MR. BISENIUS: Good afternoon, Your Honors. I
6 believe my colleague might've just been a bit confused by the
7 different claim elements for citing width and length because some
8 of the elements -- some claims refer to width and length for
9 different parts of the device. With respect to Claim 12 in the '159
10 patent specifically, my colleague is correct that for the independent
11 claim, we were not relying on any specific photodetector from
12 Sarantos. For the independent claim, we were relying on
13 Iwamiya -- Iwamiya's photo detector.

14 For the Claim 12, we propose these window sizes that
15 would correspond to the HAR photodetectors because those high
16 aspect ratios would improve the ability to detect the wavelengths.
17 We elaborated on those arguments in our Petitioner's Reply, and so
18 you are correct that for that specific claim, dependent claim, Claim
19 12, we are relying on adding in these specific HAR photodetectors
20 from the Sarantos reference into the Iwamiya device, in order to
21 achieve those improvements that we discussed. One of them we
22 mentioned in the Petitions, the high aspect ratio, but other
23 improvements that we elaborated on in the Petitioner's Reply.

24 JUDGE MARSCHALL: Okay. I guess that was getting

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1 to my question. You did elaborate a bit in the Reply, but if it's not
2 in the Petition -- I just wasn't seeing much in the Petition as to the
3 why you would bring in these HAR photo detectors.

4 MR. BISENIUS: The reason --

5 JUDGE MARSCHALL: Just because they're high aspect
6 ratio in a vacuum, I don't know if that's a positive or a negative. It
7 just seems like it's a fact of a type of photodetector, and you need
8 to do a bit more, either in your declaration or the Petition to kind
9 of support why you'd bring in the stuff that you previously hadn't
10 addressed in the Petition to kind of get the Claim 12 argument off
11 the ground.

12 MR. BISENIUS: We believe that the citations for the
13 portion of Sarantos that were in the Petition identify why those
14 high aspect ratio photodiodes would've been desirable, and then
15 elaborate on the Petitioner's Reply, but we'll rest on what is in the
16 Petition and the Petitioner's Reply on that issue.

17 JUDGE MARSCHALL: Okay. And then Claim 24
18 requires a different -- a second shape with the different width and
19 length, and you just rely on the same teachings for Claim 12, and
20 I'm wondering why you equate the showing as to the different
21 width and length for an opening to the different width and length
22 for a second shape. Are they truly co-extensive or identical for
23 these purposes?

24 MR. BISENIUS: Well, we don't believe that the claim

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1 elements are co-extensive or identical, or the claim recitations are
2 co-extensive or identical. We believe that the reasoning would
3 apply to Claim 24.

4 JUDGE MARSCHALL: So if you bring in the HAR
5 photodiodes and the openings that are rectangular from Sarantos, it
6 not only would satisfy Claim 12, it would automatically and
7 necessarily disclose the claimed shape of Claim 24? Is that what
8 you're --

9 MR. BISENIUS: No, we're not saying that would
10 necessarily disclose that. I think the description is really about the
11 different -- the ability to have different sized windows in Sarantos.
12 The teaching from Sarantos taken into the combination.

13 JUDGE MARSCHALL: Right. I guess -- well, if it
14 wouldn't necessarily disclose what's in Claim 24, then wouldn't
15 there have to be more argument or evidence to address the
16 differences in the claim scope between Claim 12 and Claim 24?

17 MR. BISENIUS: Perhaps, Your Honor.

18 JUDGE MARSCHALL: Okay. I'm just making sure I'm
19 not missing something. And I know you're running out of time
20 already. You've got four minutes left and you haven't addressed
21 the 244 yet, so I just want to highlight some things I was looking at
22 in that case.

23 MR. BISENIUS: Okay.

24 JUDGE MARSCHALL: Obviously, the collateral

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1 estoppel issue is a big one for Sarantos-Shie, and for Sarantos
2 alone, arguably the biggest issue is the change in shape argument
3 in evidence you have in the Petition, and I know you expanded on
4 that in the Reply quite a bit, but I'm really focused on what's in the
5 Petition for the change in shape issue for Sarantos alone.

6 MR. BISENIUS: Yes, Your Honors. Just very briefly, I
7 was wondering if you had any questions about the arguments
8 relating to claim construction for the opening defined in a dark
9 colored coating. We believe that the case law in the Petitioner's
10 Reply establishes that it's entirely proper for the Petitioner to rely
11 on one claim construction in the district court and a different claim
12 construction in the IPR proceeding.

13 And this is confirmed, actually, by the *Netflix* case that
14 was cited in the Patent Owner's Sur-reply, which states that there is
15 no requirement that a party present the same construction before
16 the Board in the district courts and that there is nothing to prevent
17 a Petitioner from advancing one construction in the district court as
18 an infringement defendant in a different construction as a
19 Petitioner before the Board. In fact, it happens all the time. But if
20 Your Honors don't have any questions on that issue, I can move
21 directly to the 244 proceeding.

22 If you would, I'd like to move to Slide 67 of Petitioner's
23 slides. And here, we're discussing the changing of the shape of the
24 light from the first shape to the second shape, that's in Claim 1 and

1 19 of the '159 patent. I'd like to start out by pointing out that
2 Masimo presents an inaccurate framing of Apple's positions in the
3 Petition. It is not Apple's position that any light traveling through
4 any transparent or translucent material would inherently change
5 the shape of the light. In fact, Apple successfully asserted in the
6 ITC that simply changing the size of the light would not fall within
7 the scope of this claim.

8 For example, changing the size of light from a first
9 circular shape to a second differently sized circular shape would
10 not qualify as changing the shape of the light. Apple maintains
11 that position in our arguments in this proceeding are fully
12 consistent with that condition.

13 If we turn to Slide 70, when we discussed the first shape
14 of the light, we argued that it would be based on the specific
15 arrangement of the LED light sources, and Sarantos disclosed that
16 they could be closely grouped together or they can be spaced apart,
17 and this would define the shape of the light.

18 Turning to Slide 71, one example given with respect to
19 Figure 18 on the right is that Dr. Anthony testified this would be
20 an oblong or barbell shape because of the two side-by-side LEDs.
21 Moving to Slide 73, this is from the original Dr. Anthony
22 declaration in support of the Petition and what we had argued is
23 that the in-mold label defines the shape of the window portion
24 2226 through which the light emitted by the light source 2208 is

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1 guided. We also cited, too, some portions of Sarantos that identify
2 that there are micro lenses. They have refractive properties. And
3 then he stated that changing shape due to the refractive properties
4 of these translucent -- or translucent or transparent retrievals and
5 due to the shape defined by the in-mold label is what would cause
6 the shape of the light to change.

7 So this has been our position the whole time. This is
8 from the first declaration and then we elaborated on that in our
9 Replies. If we turn to Slide 74, here we have Dr. Anthony, once
10 again, discussing the fact that a specification configuration of the
11 LEDs would define the first shape and the second shape would be
12 defined by the refractive properties described in Sarantos and the
13 shape of that in-mold label. And he stated that these refractive
14 implementations of the optical windows are combined with various
15 different configurations for the shape of the openings in the
16 window regions.

17 Continuing to Slide 75, he stated that the window regions
18 can have various shapes, including square and non-square
19 configurations, and as Masimo has pointed out, those descriptions
20 are related to the HAR photodiode shapes, but as we also
21 discussed, the windows correspond to the shapes of the HAR
22 photodiode shapes, so they would also be square and non-square.
23 He also discussed that all the different implementations in Sarantos
24 are expressly described as being interchangeable.

1 Turn to Slide 76. Dr. Anthony explained that what
2 sprung to the mind of a POSITA when reading Sarantos is that it's
3 only the combination -- only the arrangements in which the first
4 shape, defined by the arrangement of the LEDs, and the second
5 shape defined by the refractive properties, and that shape of that
6 in-mold label or mask are the same shape that would not meet the
7 claims. Every other conceivable configuration would meet these
8 claims, and then he gave an expressed example with respect to
9 Figure 18 shown on the right here. The side-by-side LEDs would
10 emit a barbell or oblong shape, but then that circular opening
11 would change the shape from the oblong or barbell shape into a
12 circular shape. So it's actually changing the shape of the light.

13 I'd like to note that Masimo has also asserted that Apple
14 changed what it is identifying as the claim material configured to
15 change the shape of the light. We have not. We've always
16 asserted that it's that window region 2226. It's just that the shape
17 of that window region is defined by the in-mold label or mask.

18 JUDGE MARSCHALL: Yes, I have a question here. I
19 mean, I sympathize with Patent Owner on this issue because when
20 I read the Petition, you don't refer to the shape of the in-mold label
21 at all. You just say, a POSITA would've found it obvious that
22 passing through a translucent or transparent material would change
23 the shape.

24 So in the Petition at least, that kind of bald assertion

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1 doesn't seem to be what you're hanging your hat on after the Reply,
2 which I understand. You do cite to that paragraph 35 in the
3 original expert declaration, which you quoted, which does refer to
4 the shape of the in-mold label.

5 So assuming we're okay with that, there's still a lot of
6 shifting going on when you get to the Reply declaration, because
7 as you just noted, it's not going to always have a change in shape.
8 If you have the same shape of the LED and the same shape as the
9 in-mold label is producing, then you wouldn't have a change in
10 shape, it sounds like. It's only when you have different shapes that
11 you would, and that kind of distinction where some embodiments
12 in Sarantos would meet the claim, some wouldn't, isn't
13 acknowledged, as I see it, in the Petition or the accompanied
14 declaration. Am I missing something there?

15 MR. BISENIUS: You're correct that we did not
16 expressly acknowledge that dynamic in the Petition itself, but we
17 were identifying the fact that there were multiple different
18 configurations for the first shape of the light based on the various
19 different arrangements, and then there would be different
20 configurations for the second shape of the light based on the shape
21 of that window defined by the in-mold label.

22 And so it's not an inherency argument. You are correct
23 that there could be some arrangements that would not cover these
24 claims. It's more of an argument of what a POSITA would've

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1 understood from the disclosures of Sarantos. What a POSITA
2 would've at once envisaged reading the disclosures of Sarantos.

3 JUDGE MARSCHALL: Okay. I guess in your original
4 declaration, you had used the word "necessarily." It necessarily
5 would meet the limitation, which kind of strikes one as invoking
6 inherency, even though that word wasn't used, but I understand
7 your position on that. You're already about four minutes over, so
8 you've got 26 minutes left.

9 I did want you to at least address briefly the estoppel
10 issue on the Sarantos-Shie, because it seems like Patent Owner has
11 got a pretty strong argument based on case law, which you're
12 familiar with, that says you would be estopped and the only issue
13 is whether the identical issue is before us, as before the prior panel.
14 And it sounds like what you're arguing is well, it's not the identical
15 issue because you have a different record now, like basically in
16 your second shot at it, you've done a better job and it's more
17 thorough and therefore, you shouldn't be precluded. And that just
18 seems like -- I'm not aware of any case that would go that far and
19 allow a party to get out of collateral estoppel by saying, we did a
20 better job the second time around. I was wondering if you could
21 respond to that argument.

22 MR. BISENIUS: Correct, Your Honor. We don't
23 believe that it's just because there's a different factual record. Our
24 focus is on what is the issue that was decided in the first action,

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1 and so if we look at Slide 94, the case law *In re Freeman*, one of
2 the requirements is that we're looking at the issue -- if the issue is
3 identical to one decided. So we're looking at, not what was the
4 argument made, but what was the issue decided. And so then if we
5 look at Slide 95 in the '745 patent IPR proceeding, what the panel
6 decided is that they concluded that Apple's case for obviousness
7 fails to provide a persuasive motivation for combining Sarantos
8 and Shie. So they're holding there.

9 What they had decided is that the evidence was
10 insufficient -- the arguments were insufficient to demonstrate that
11 those references could be combined. What they did not decide and
12 was not articulated there is that they could not be combined, that
13 there was no motivation to combine. Does that sufficiently answer
14 Your Honor's question?

15 JUDGE MARSCHALL: I understand your position. I'm
16 not sure I'm buying it. It just seems like -- it's not so much the
17 record or the wording of the prior case. It's did you have a chance
18 to address the prior issue in the prior proceeding, and the answer to
19 that is yes, and it seems like the same motivation to combine issue
20 here.

21 So I'm still having trouble with it, but I think I
22 understand your position. I don't know if the reasoning of the prior
23 panel matters as much as did you have a chance to address the
24 exact same issue, which is motivation to combine. So it's still

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1 giving me pause, but I understand your position. Just so you
2 know, you are five minutes over, so you've got 15. I misspoke
3 earlier. You have about 15 minutes left for your rebuttal.

4 MR. BISENIUS: We'll reserve the rest of the time for
5 rebuttal, unless there's remaining questions from Your Honors.

6 JUDGE MARSCHALL: Okay, thank you.

7 MR. BISENIUS: Thank you.

8 JUDGE MARSCHALL: Patent Owner, would you like
9 to reserve some time for rebuttal in this opening session?

10 MR. POWELL: Yes, Your Honor. I plan to go for 45
11 minutes and leave 15 minutes for rebuttal.

12 JUDGE MARSCHALL: Okay. So we're looking at
13 roughly-- if we're starting at 57, plus 45, so 42 after the hour --
14 2:42 roughly. And you can begin when ready.

15 MR. POWELL: Thank you, Your Honor. I'd like to
16 share my slides really quick with you. Let's see if I can get this set
17 up correctly. Okay. Can you see my slides here?

18 JUDGE MARSCHALL: Yes.

19 MR. POWELL: Great, thank you. So I'd like to start
20 with a little bit of background on the patents. I'll be very brief
21 here, but part of what we're dealing with here is the results of
22 Ammar Al-Ali's research on pulse oximetry at the wrist in the
23 2014 to 2015 time period. And what Mr. Al-Ali looked at is that
24 conventional pulse oximetry applied what he called a two-

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1 dimensional model, which was about focusing on a single light
2 path and the belief that sort of drilling in on one path and
3 eliminating any diffusion or large surface areas of light would
4 increase accuracy. And what he found is that that may be true for
5 areas like the finger, but it's not true for areas like the wrist.

6 So what he realized is that he could solve the problem
7 and be able to calculate pulse oximetry using this sort of
8 combination of features. Some of these features are about the
9 change in shape, which we've discussed a lot today already, and
10 that's about trying to radiate a larger area -- a larger volume of the
11 tissue. And then he recognized the problem though is that could
12 lead to what's called light piping, which you heard a little bit
13 about, which is the light sort of passing around the tissue and not
14 ever passing through the tissue before it reaches the detector.

15 So when he realized -- and that of course leads to
16 accuracy problems. It's actually not something that the industry
17 was very focused on, even though Masimo, at the time, was very
18 focused on it. But anyways, this sort of combination is sort of the
19 magic of how you get pulse oximetry to work on the wrist, and
20 we'll talk in a little bit, towards the end here, particularly in the
21 confidential session about how nobody else could get this solved,
22 and the idea that this is very simple and easy is just incorrect and
23 inconsistent with the record.

24 So this is -- just briefly -- this is Masimo's commercial

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1 embodiment of the patents that we're dealing with today -- the
2 Masimo W1. This is the first and only FDA-cleared pulse
3 oximeter to measure oxygen saturation continuously on the wrist.
4 Still nobody else can match that sort of technology today, and it
5 uses the patented inventions that you're talking about.

6 Okay. So I'd like to start with the 244 IPR and we'll pick
7 up where we left off -- where Apple's Counsel left off. And as you
8 noted, there's sort of two groups of grounds here. You have the
9 Sarantos grounds and the Sarantos-Shie grounds. I note there's a
10 bunch of other secondary references, like Brady and Han and
11 Utter, but those really aren't at issue today. That's for elements
12 that we're not disputing.

13 So let's start first with the change in shape, and these are
14 the language that we're looking at in independent Claims 1 and 19.
15 The relevant language is "the material configured to change the
16 first shape into a second shape." And I'd like to start with what we
17 discussed briefly before Apple ended its presentation, and Apple
18 tried to indicate that it didn't actually take this position in the
19 Petition and that it wasn't actually arguing a necessary change in
20 light shape due to refractive properties, and that's just -- it's
21 incorrect.

22 The Petition here -- let's look at what they actually said.
23 It's on pages 9 through 10 and it's here on the board. It says, a
24 POSITA would have found it obvious that light shining through

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1 translucent or transparent material would change in shape due to
2 the refractive properties of translucent or transparent materials.
3 Nowhere in here did they mention anything about the in label -- or
4 in mask label all of that. They're focused here on a necessary
5 change on the translucent and transparent materials.

6 And the reason why we're sitting here today is the Board
7 accepted that position. I have here in the lower left corner, you see
8 what the Board instituted. They said, we view the Petitioner's
9 position as based on its argument, that a POSITA interpreting
10 Sarantos would understand that its translucent or transparent
11 window material would necessarily change the shape of light. So
12 this is an inherency argument. That's why we're here today. We're
13 not here today based on the arguments you heard that really came
14 up for the first time in the Reply. We're here to deal with this
15 inherency issue.

16 And I'll start with what Apple stated about Sarantos in a
17 prior proceeding. The record here is demonstrated now that Apple
18 was just incorrect on this inherency issue and Apple admitted in
19 the prior proceeding that "Sarantos does not describe the material
20 as configured to change the first shape into the second shape."
21 And that, of course, is correct. There is no dispute at all that
22 refraction through a flat window does not change the shape of
23 light. We put that in our POR. Apple did not dispute that issue in
24 its Reply. And what you have here on the lower right corner is a

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1 textbook from a Principles of Physical Optics that makes this
2 principle clear. You have a shift in the light, but it all comes out
3 parallel on the two sides. And this is --

4 JUDGE MARSCHALL: And I don't take them to argue
5 that now. I think they are arguing that that change coupled with
6 the in-mold label shape could, in many circumstances at least, lead
7 to the change in shape that's required by the claim. Do you dispute
8 that on a technical level, aside from the fact that they maybe
9 backfilled too much in the Reply?

10 MR. POWELL: I think -- well, okay, the in-mold label, I
11 guess in theory, it's possible, but we don't have any of that in the
12 record here today. We don't have any clear evidence that the in-
13 mold label would somehow necessarily change the shape of light
14 either, and I'll get to that in a minute on the merits. I'm happy to
15 go through that and why some of their arguments here, even if we
16 consider those arguments on the merits, why they're inappropriate.
17 But I hear you and that -- the real issue is that there's a lack of
18 evidence of changing the shape of the light based on that in-mold
19 label.

20 So very briefly, I'll go through, again, the -- it's also
21 undisputed that the prosecution history dealt with this issue, as
22 well, and the change in shape language overcame art about merely
23 passing through a lens. And so the last issue before I reach the
24 merits in this in-mold label theory is collateral estoppel, and I think

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1 Your Honor was absolutely correct that collateral estoppel applies
2 in this case. Apple took a position that's clearly inconsistent with
3 the earlier position, and the -- so what we have here are the three
4 elements of estoppel. There's no --

5 JUDGE MARSCHALL: Just to be clear for the record,
6 you're talking about judicial estoppel here, not collateral estoppel,
7 which comes into play with the Sarantos-Shie combination,
8 correct?

9 MR. POWELL: Correct, Your Honor. I apologize for
10 that. You are absolutely correct. There is a camera covering up
11 the top of my slide where it says judicially estopped. Apologies,
12 Your Honor. So yes, this one is on judicial estoppel. I will reach
13 collateral estoppel in a little bit when I get to Sarantos-Shie. But
14 on this particular issue on inherency and the change in shape, we
15 have an inconsistent position that leads to judicial estoppel, and the
16 issue here is what Apple argued in the ITC.

17 I'll go very briefly so I can get to the merits of that in-
18 mold label, but basically they said, Apple's lens -- you can see it on
19 the right here -- it's a translucent, transparent material and it's a
20 microlens array. It's got a lot of little structures in there, and they
21 successfully argued that does not change the shape of light. So if
22 they argued that does not change the shape of light, but here
23 they're arguing any transparent or translucent material would
24 change the shape of light. So those two things can't be true and

1 it --

2 JUDGE MARSCHALL: Yes.

3 MR. POWELL: And so --

4 JUDGE MARSCHALL: Yes, I don't know if we'll need
5 to reach that because it doesn't seem like they're actually relying on
6 that broad argument anymore, even if the Petition could be read
7 that way. So whether there's estoppel or not on that particular
8 argument, it doesn't seem like it's really going to get to the nub of
9 the issue here.

10 MR. POWELL: Understood, Your Honor, and I agree. I
11 think the real issue here is this -- there's two issues. Is the in-mold
12 label theory new? And here on Slide 17, I think you can clearly
13 see that this is a new issue that was not argued in the Petition. You
14 see the Petition here -- we've highlighted what they said in the
15 Petition in yellow, that it would change in shape due to the
16 refractive properties. The reply, though, they added the refractive
17 properties of the window and due to the shape defined by the in-
18 mold label. That was not in their Petition, and so that is a new
19 argument. I don't think it would be proper for the Board to
20 consider that new argument that they raised on Reply.

21 On the merits, though, of that argument, it is also -- it
22 would also fail and the reason is that the new in-mold label theory
23 ignores the rest of the claim language. So the claim language we
24 just talked about is in yellow here. The material configured to

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1 change the shape, and then in green, we have other language that is
2 sort of brought in by the new theory, and that's that the material is
3 positioned between the plurality of emitters and a tissue
4 measurement site.

5 So I'll show you this diagram. This is from Apple's
6 diagram and you can see the window 2226 is what they originally
7 pointed to as changing the shape, and they said that is -- the
8 refractive property of that window would change the shape, and
9 that is between the emitter 2208 in green and the tissue in sort of
10 peach color here. But now they're pointing to these in-mold labels,
11 which are in pinkish purple, and those are not positioned between
12 the emitters and the tissue measurement side. They're off to the
13 side of that, so that creates another issue with the new theory.

14 And I think the reason why Apple didn't focus on -- or
15 didn't raise the in-mold label theory at all in its Petition is two-fold.
16 So number one, what we just talked about -- the in-mold label is
17 off to the side, not over the emitter. And number two, they had to
18 take this position on Claim 9 and I think my PowerPoint just
19 restarted. You may have lost my slides here.

20 JUDGE MARSCHALL: We did.

21 MR. POWELL: Okay. I will see if I can get back to
22 those slides very quickly.

23 JUDGE MARSCHALL: Looking at your home, it looks
24 like.

1 MR. POWELL: Oh, I wish that was my home, Your
2 Honor. If only. So let's see if I can quickly get back there. All
3 right. Apologies for the short delay here. All right. So we had
4 two-fold issues. The number one issue is the in-mold label theory
5 is not between the emitters and the tissue measurement, and the
6 other issue is that one of these dependent claims, Claim 9. Apple
7 had to take the position that the window -- that's the 2226, not the
8 in-mold label -- and they had to take the position that the window
9 is formed from acrylic, which is a plastic, and that's because they
10 had to argue, for Claim 9, that the material that changes the
11 shape -- that's -- remember, the material changes the shape, and the
12 language of Claim 9 is the material comprises plastic. So that's
13 why they were arguing that it was the 2226 window that changed
14 shape and not the in-mold label theory.

15 All right. And then finally, I'd like to go through some of
16 the inconsistencies in Apple's expert testimony here. And this
17 shows that really what we're dealing with is pure speculation on
18 changing shape. You've got Dr. Anthony's opening declaration
19 that states that a square emitting device emits square shaped light.
20 His reply stated that when you have two square devices, you don't
21 get two square lights. Now you get an elongated oblong shape.

22 During cross-examination, he said there the shape was
23 unknown. And then we also have in the bottom right corner -- this
24 is Dr. Sarrafzadeh. This is a different expert that Apple used in the

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1 ITC case and in the Delaware litigation. And I think it appears that
2 Apple used different experts so they could take different positions
3 because what Dr. Sarrafzadeh said is that the light coming out,
4 even with a square surface, it would be conical and appear circular
5 at the top. So we have this sort of mess of inconsistent expert
6 opinions, which really demonstrates that this idea of changing
7 shape, specially, necessarily, or based on the shape of the in-mold
8 label theory, it's all speculation and it's not supported by any
9 reliable evidence here.

10 Okay, so I'll move on briefly to Claim 14, and this is
11 about a diffuser, and this is independent Claim 14. The language
12 we have here is a diffuser configured and then I'll -- I won't read
13 the rest of the claim here, but this is important because there's
14 basically no dispute that Sarantos does not disclose a diffuser. So
15 this ground has now been proven incorrect. Apple's Petition in a
16 prior IPR stated "neither Sarantos nor Mendelson disclose a
17 diffuser" and Apple's Reply did not dispute that issue, so I think
18 this particular ground should be rejected.

19 The other one I wanted to get to briefly is the length and
20 width of the second shape, and I believe this came up during
21 Apple's presentation on Claim 24 where Apple states that in its
22 Reply, it states, the recitations of Claim 24 are not identical to
23 Claim 12, the teachings that the prior art discussed in the Petition
24 with respect to Claim 12 are equally applicable to Claim 24. And

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1 that is just incorrect when you look at the claims.

2 I think we picked up on this a little bit in Apple's
3 presentation, but Claim 12 is dealing with a width and length of
4 the opening in the dark colored coating, whereas Claim 24 is
5 dealing with a width and length of the second shape of light. And
6 so Apple has not really made any attempt to prove invalidity on
7 this ground for Claim 24. I don't think pointing to Claim 12,
8 which is fundamentally different claim language, I don't think
9 that's sufficient, but I think the Board understands that.

10 Okay. Now I will reach collateral estoppel, and my
11 apologies earlier for mixing that up. But collateral estoppel is
12 going to apply on the Sarantos-Shie ground, and this is based on
13 the written description in the 465 -- or I'm sorry -- the final written
14 decision in the 465 IPR. And it states here, we conclude Apple's
15 case for obviousness fails to provide a persuasive motivation for
16 combining Sarantos and Shie. Importantly, Apple did not appeal
17 that finding, so that is a final non-appealable finding at this point.
18 All right. Here our collateral estoppel --

19 JUDGE MARSCHALL: If I could step in with a
20 question that's kind of unrelated. The prior IPRs and ITC decision
21 are all up on appeal to the Federal Circuit and it seems like they're
22 all going to be argued together relatively soon, but it hasn't been
23 set for an oral argument on their calendar yet; is that accurate?

24 MR. POWELL: Sort of, Your Honor. My understanding

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1 is that they will not be argued together and we actually don't have
2 a hearing date yet. I believe we got a notice for scheduling
3 conflicts between June and November, but the Federal Circuit is
4 pretty backed up right now. I believe the ITC appeal is months
5 ahead of the IPR appeals, as well.

6 JUDGE MARSCHALL: Yes. That --

7 MR. POWELL: Does that answer your question?

8 JUDGE MARSCHALL: Yes, I think so. And it sounds
9 like there was a conflict in June, so there's no chance, I guess,
10 relevant to our proceedings today -- there's virtually no chance this
11 case will be argued before early July, right about the time when
12 these cases would be issuing here, correct?

13 MR. POWELL: That's correct, Your Honor. I see very
14 little chance of that happening.

15 JUDGE MARSCHALL: Yes. If for some reason that
16 changes and these are going to get argued in three weeks, you
17 know, just let us know so we can at least know what's going on in
18 these closely related cases at the Federal Circuit.

19 MR. POWELL: Of course, Your Honor. We will do
20 that.

21 JUDGE MARSCHALL: Thank you.

22 MR. POWELL: Okay. Briefly, I will take a look at
23 collateral estoppel here. We have four elements and as we
24 discussed in our briefing, there's only one dispute, and the only

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1 dispute is on the first element of whether the issues are identical
2 between the two actions, and we discussed this. You know,
3 Apple's argument here is essentially that there are different
4 records, different arguments. They say, hey, I did a better job this
5 time around than I did last time. That's not enough to avoid
6 collateral estoppel.

7 Apple indicated -- they said, well, the prior decision here
8 is really just about that record. It just said that there was no
9 motivation to combine for that particular record, but really, that
10 would be true in every case. Every time a tribunal decides
11 something, they're deciding it on the record that was before them.
12 And so that's why it's very clear in Federal Circuit law that
13 collateral estoppel applies, even if there's new evidence, and that
14 the issue should be broadly understood to prevent repetitious
15 litigation of essentially the same dispute, which is what we're
16 dealing with here.

17 So I have a few more slides on that issue, but if you don't
18 have any questions, I can skip through them. Do you have any
19 questions on that issue?

20 JUDGE MARSCHALL: I don't think so.

21 MR. POWELL: Okay. Thank you, Your Honor. So let
22 me skip through these issues and I will reach the merits of the
23 Sarantos-Shie grounds, and this I will address very briefly because
24 I think that collateral estoppel should dispose of this issue.

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1 Briefly, though, Apple also did not fix the problem from
2 that prior IPR. This is the final written decision. It states that it's
3 impossible to evaluate the merits without first identifying a
4 particular lens from Sarantos -- or for use in Sarantos and Apple
5 still didn't do so. We end up with a bit of a mess. We don't know
6 what the combination is. These are various figures from the Shie
7 reference of various different types of lenses that could potentially
8 be used, and Apple doesn't really specify which one.

9 We've got Apple saying that there's numerous examples.
10 A parabolic convex lens, a light pipe, a cylindrical lens, or a
11 Fresnel lens, so we have the same issue from the 465 IPR. They
12 haven't identified the combination, much less shown why you
13 would pick any particular one of these lenses.

14 Okay. So if Your Honors don't have any questions on
15 the 244, I'd like to proceed to the 241 and 243 IPRs. Okay. So
16 these 241 and 243 IPRs, these are the Iwamiya and Sarantos
17 grounds, and similarly, as the 244, we have some other references,
18 but those are not at issue today. So we're going to focus on
19 Iwamiya and Sarantos, and I'll start with claim construction and I'll
20 be brief on this claim construction issue, but Apple has taken some
21 very different positions here.

22 In Delaware, it took the position that the plain meaning
23 of "opening" is open space and a person skilled in the art would
24 not regard solid material as an opening. And the reason they took

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1 that position is they needed to argue that Apple watches do not
2 satisfy the opening element because the opening is filled with solid
3 material, not empty space. And here by contrast, they're relying on
4 solid material. They say Iwamiya's optical filter 17 satisfies the
5 claim term "opening."

6 So we have addressed this. There's a number of cases
7 here and I think the issue is Apple has some cases that really deal
8 with a different issue. What we've cited as *Hologic*, *Samsung*
9 *Electronics*, and *Cambridge Mobile* -- and *Cambridge* was
10 recently designated informative -- the issue here is that a party or a
11 Petitioner is not allowed to rely solely on a construction it believes
12 is wrong, because then it doesn't satisfy its burden.

13 So the cases Apple is dealing with deal with the situation
14 where the Petitioner says, well, there's construction A and there's
15 construction B. I propose A and I think I win on A, but under B --
16 even under the patent holder's construction, which I disagree with,
17 I also win under that construction. And that, of course, is
18 allowable.

19 You're allowed to argue those two alternatives, but what
20 Apple is doing is different. It's not saying that they have any
21 argument at all under their construction that they raised in the
22 district court. They're only saying that under this alternative
23 construction that they admit is -- that they believe is wrong, they
24 say under that construction, they should win and that's what's

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1 barred here by these cases -- *Hologic*, *Cambridge*, and *Samsung*.

2 And really the only defense they -- or response they have
3 is they try to point the finger and say, well, what about Masimo.
4 We're just trying to adopt Masimo's position from the district
5 court, but that's really irrelevant because of the burden. Masimo
6 didn't come to this proceeding and try to invalidate someone else's
7 patents. We're responding to Apple and Apple has the burden
8 throughout the entire proceeding. So --

9 JUDGE KINDER: Mr. Powell, this is Judge Kinder.

10 Can I ask a quick question on this?

11 MR. POWELL: Of course, Your Honor.

12 JUDGE KINDER: Have any of these cases dealt with
13 final decisions? I was on the *Cambridge Mobile* panel and
14 typically, this is at a threshold, whether or not to institute trial
15 when we're applying our regulation 42.104. So are any of these
16 cases at a final decision phase where we're already instituted and
17 then we're looking at a Petitioner fulfilling its 104 burden for claim
18 construction?

19 MR. POWELL: You are correct, Your Honor. All of
20 these cases that we have on the screen here are at the institution
21 decision, but I don't think it matters, and the reason is frankly, we
22 believe the Board could have and should have denied institution,
23 but the fact that the Board didn't do so really shouldn't allow Apple
24 to get off the hook. If the Board could've denied institution

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1 originally, there's no reason why the Board should now say, well,
2 since we allowed -- or we granted institution, now we're not going
3 to consider the same issue when we get to the final written
4 decision. But you are correct. All of those decisions so far have
5 dealt with the institution phase.

6 JUDGE KINDER: So are you proposing that we adopt
7 the *Cambridge Mobile* obligation to at least explain why you're
8 setting forth an alternative position and that carries over to a final?

9 MR. POWELL: Yes, Your Honor. That would be our
10 position and the reason is that there's just no fundamental
11 difference here. The issue could have been resolved at the
12 institution phase and if it wasn't, it should be resolved fairly at the
13 final written decision phase.

14 JUDGE KINDER: And what threshold would you set
15 forth for future Petitioners for having to do and meet this
16 obligation? Any time they propose a construction in district court,
17 they need to address it in the Petition or any term?

18 MR. POWELL: I think it's hard to set hard and fast rules
19 like that, and that wouldn't be the position. I think in this
20 particular case, we have a very clear inconsistent position and we
21 would advocate for the *Cambridge Mobile* standard, which is that,
22 you know, you're allowed to present alternative constructions, like
23 some of the cases Apple has, but you can't rely solely on a
24 construction that you've argued as wrong because it basically gives

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1 you a chance at, you know -- they kind of want their cake and eat
2 it, too.

3 They want to come to you and say, well you should
4 invalidate these patents under this particular claim construction
5 that I disagree with, but then if you disagree, we're going to go
6 back to district court and they say, ah ha, I disagree with that
7 construction now. I think I don't infringe under this entirely
8 different, completely different standard claim construction, which I
9 think is unfair and that's the purpose between these cases here.

10 JUDGE KINDER: Okay. Thank you. I understand your
11 position.

12 MR. POWELL: Thank you, Your Honor. All right, so --

13 JUDGE MARSCHALL: Just on that point, is Patent
14 Owner arguing any prejudice aside from the fact they'd like to
15 win? Are they -- I mean, you knew what Petitioner was doing in
16 the Petition, I presume, and they were proposing a construction
17 you agreed with. So I'm just curious what the prejudice would be
18 to Patent Owner in this particular situation.

19 MR. POWELL: Oh, the prejudice is enormous here.
20 You are correct that we knew what they were arguing in the
21 Petition, so we're not arguing a change in position between the
22 Petition and the Reply, but they're getting a -- basically able to
23 present diametrically opposed positions to try to prevail on IPR
24 here, based on one construction that they say is wrong, and then go

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1 to district court and rely on an entirely different construction for
2 non-infringement.

3 We would have been happy to deal with this issue once
4 in district court, based on the same construction, and prove that the
5 claims are both valid and infringed under our construction, but we
6 don't think it's fair for them to be able to sort of seek two different
7 bites at the apple on two diametrically opposed constructions. And
8 so that would be the prejudice here, is that this Board could
9 invalidate all of our claims based on a construction that Apple says
10 is wrong and if the Board disagrees, then we still have to deal with
11 the construction that Apple says is right, which is just the exact
12 opposite of what they're proposing in this case.

13 JUDGE MARSCHALL: So your position would be if
14 there's a non-infringement position based on a claim construction
15 in district court, Petitioners can only seek an IPR based on that
16 same construction in an IPR?

17 MR. POWELL: No, I don't think so, Your Honor. The
18 issue is they're still allowed to present alternative constructions,
19 which is what some of those cases that Apple dealt with or cited
20 deal with. They can present one construction and say, this is what
21 I think is correct and I should prevail in the IPR, and this is one
22 construction that Patent Owner says is correct and I should prevail
23 in the IPR, but what's unfair is saying I'm only going to rely on the
24 one construction that I think is incorrect and trying to invalidate

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1 the claims on that, but then preserving the right to say, well, ah ha,
2 I always argued that construction was incorrect when we get back
3 to district court. That's the problem and that's how this *Hologic*,
4 *Cambridge*, and *Samsung* line of cases differs from the cases that
5 Apple's citing.

6 JUDGE MARSCHALL: I understand your position. I
7 do sympathize with both parties at the outset of these proceedings
8 when you may have a belief in a construction, but you have no
9 idea what the correct construction is going to be, as told to you by
10 a district court later on or an IPR panel or ultimately, the Federal
11 Circuit. So it's somewhat moving targets and you don't know
12 where it's -- what the right answer is, according to a Court, so
13 you're kind of trying to talk out of both sides of your mouth, and
14 both sides do it. I don't think there's anything necessarily wrong
15 with that, as long as it's clear to us what the construction is that
16 you're using, but yes, I understand your position.

17 MR. POWELL: Yes, and I think that's why, in general,
18 the Petitioner should set forth both and they could try to say, hey, I
19 should prevail under my construction and I can prevail under the
20 Patent Owner's construction, but that's why I think the cases set the
21 standard. And you also have to look at the burden. Apple has the
22 burden. The Petitioner has the burden the whole time. If a party is
23 unclear about this, they're welcome to pursue their invalidity
24 defenses in district court, but it shouldn't be able to have this sort

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1 of, you know, heads, I win, tails, you lose situation where the
2 Petitioner, even though they have the burden, they're able to
3 present such inconsistent positions.

4 Okay. I'd like to address the merits of these IPRs and I'll
5 go to these claims that we have up here -- and I apologize for the
6 multi-colored here, but hopefully it helps illuminate some of the
7 issues we're looking at. You have basically a surface with a dark
8 colored coating on it and you have an opening in the dark colored
9 coating that allows light to pass through the surface. And Apple
10 has described these claims as having a planar surface based on this
11 portion of this specification. Oh, man. My PowerPoint dropped
12 on me again. Let's see if I can get it back very quickly here. I'll
13 have to fix that before the next IPR that we have.

14 So let's see. Okay. So this is Apple describing this as a
15 planar surface and we included a picture of the Apple device as
16 sort of a demonstration of what we're dealing with here. You can
17 see on the left-hand side, this is an Apple Watch Series 6 device
18 that you see we've cut the back crystal in half, so you can see both,
19 what's above and what's below. You have the detectors below, you
20 have the surface along the back, and then you have this dark
21 colored coating and the dark colored coating in the ring here above
22 the photodetector, and then you have an opening in that dark
23 colored coating that allows light to pass through that opening and
24 reach the photo detector.

1 What we have in Iwamiya is a fundamentally different
2 structure. At the top of the slide, we're showing the claim
3 language and a picture demonstrating this language from Dr.
4 Madisetti. And what you can see is you have a blue surface across
5 here, you have a black dark colored coating, and then you have a
6 gap in the dark colored coating. That is the opening on the dark
7 colored coating and that opening allows light to pass through the
8 surface.

9 So you have this surface in blue and that opening allows
10 the light to pass through the surface. Iwamiya is a fundamentally
11 different configuration. What you see here at the bottom of the
12 slide is Figure 3 of Iwamiya and we've focused on the light
13 shielding frame 18 and on the left-hand side, we have an isometric
14 demonstration to show what this looks like in 3D space. But
15 basically, you've got a four-sided box without a top and without a
16 bottom, and that four-sided box is what Apple is calling the
17 surface. And Apple says that this surface would be coated with a
18 dark colored coating from Sarantos, and I'll get to in a minute of
19 why we think that particular combination is incorrect, but let's
20 assume for a minute -- let's just go with that combination.

21 You've got a dark colored coating on this four-sided box
22 of a surface. There's no dispute that there's no opening in that
23 coating along the sides of the surfaces that we see in Iwamiya on
24 this slide. The parties agree that that box in Iwamiya is entirely

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1 opaque, and the coating that Apple plans to add would coat 100
2 percent of those sides. It's not the situation where you see above,
3 where you have an opening in that coating that allows the light to
4 pass through the tissue. So it's just an entirely different structure.

5 Now, what Apple has said is well yes, but what if I add a
6 filter. And you can see -- I don't know if you can see my cursor --
7 I'm pointing at that filter at the bottom here. That's filter 17. They
8 say, well what if I slap that filter on the bottom of this box and
9 they say, that's the opening. Your surface is this frame and my
10 opening is a filter that I have attached to the bottom of this frame,
11 but that doesn't really make any sense. The claims, as you see
12 here, require a dark colored coating on the surface and an opening
13 in that dark colored coating, and that's the demonstration that we
14 have above, and that opening allows light to pass through.

15 What Iwamiya is doing, even if you put that filter on the
16 bottom, you have four solid sides -- the surface -- you actually
17 have four surfaces with an entirely hundred percent covered in
18 dark colored coating with a separate -- entirely separate structure
19 of a filter at the bottom. It's just not the same thing. It does not
20 meet the claim limitations and it's a fundamentally different
21 structure.

22 JUDGE MARSCHALL: Is there any disclosure in your
23 patent that tracks the description that you have at the top of Slide
24 50?

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1 MR. POWELL: I think the claims themselves track that
2 description perfectly. I think what Apple is doing when they've --
3 I think their expert, Dr. Anthony, made some references to, well,
4 hey you don't have any disclosure that specifically mentions, you
5 know -- you don't have this picture in your patent, and you're
6 correct, or they're correct that the picture doesn't appear in the
7 patent. But really what they're making is a 112 argument. That
8 really isn't for this Board. The claims are what they are and they
9 very clearly reflect the structure that we see here on the top and not
10 the structure that we see on the bottom. If they want to argue that
11 those claims are unsupported by the specification, they're welcome
12 to do so in district court when the claims go back to district court.

13 JUDGE MARSCHALL: Well, if your specification
14 contemplates an opening being just an open space with no material
15 in it, so it's both an opening in the surface and an opening in the
16 coating, wouldn't that cover the open boxes, you call it, of
17 Iwamiya, because that's just an open hole, as well, with nothing in
18 it before you get to the optical filter 17, of course. But just
19 ignoring 17 and Iwamiya for the moment, isn't an open box similar
20 to a surface with a hole with nothing in it in your specification?

21 MR. POWELL: Maybe, but that's not what the claims
22 say. The claims require this limitation that we have here in sort of
23 an orangish brown here. We need to pick better colors, but the
24 light reflected from the tissue has to pass through the surface. It's

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1 not an issue of light passing next to or adjacent to the surface or,
2 you know, through empty space. The issue here is you have a dark
3 colored coating with an opening and so yes, that opening here in
4 the demonstration we have on the screen, there's nothing between
5 the two black pieces, but the light still has to pass through the
6 surface there. And so that's where I think it's different and why the
7 claims make that clear that we have to pass through the surface.

8 JUDGE MARSCHALL: Could you address the
9 analogies that Petitioner raises in its briefing, saying it's kind of
10 like water passing through a cloth -- through the openings in a
11 cloth? Those are certainly openings and yet you could say that
12 they're passing through the surface of the cloth, even though there's
13 nothing in those openings. Similar to a sieve. So in that sense,
14 there's no material that it's passing through, so there's no surface
15 that you're -- the light is passing through, but passing through a
16 small opening in a physical structure is also passing through a
17 surface.

18 MR. POWELL: I think it's fundamentally different,
19 Your Honor. The water wouldn't be passing through the surface of
20 the sieve, right? It would be passing through the empty space,
21 right? So I think it's just -- it's fundamentally different. To be
22 honest, I read that analogy. I was trying to figure out what they
23 meant by it. It didn't make a lot of sense to me in the context of
24 the claims because the claims don't talk about a sieve and they

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1 don't talk about any of that. We're really talking about -- we're not
2 talking about water passing through a sieve. We're talking about
3 light passing through the surface, and light passing through the
4 surface makes it very clear here what we're talking about. I don't
5 think the sieve is a good analogy. It's fundamentally different,
6 right? The water can't transmit through that surface. It's sort of
7 going around the surface, and that's just -- that's fundamentally
8 different.

9 JUDGE MARSCHALL: Okay, I understand your
10 position. Thank you.

11 MR. POWELL: Okay. Now, very briefly here. I was
12 going to address this. I'm glad Apple admitted its mistake here.
13 These pictures were still in Apple's slides here, but I think it's now
14 clear that Apple is no longer contending that this sort of circular
15 unit 8 is actually somehow relevant, and that's because again, this
16 is a cylindrical lens that is on a different plane, entirely below the
17 light frame. There's no allegation that this lens has any coating on
18 it. It's just a lens that's an entirely different structure.

19 Okay. And finally, I'd like to very briefly address that a
20 POSITA would not modify Iwamiya with a dark coating. The
21 light shielding frame already shields the light and Iwamiya already
22 has a disclosure of the reflective holder portion 43, which is an
23 analogous structure here. So I think we've addressed this pretty
24 clearly in our briefing, but the reality is, we don't think a POSITA

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1 would be looking to an entirely different reference. They would
2 look to Iwamiya here and at least the disclosure of the materials
3 there. Whether it's reflective or not, though, Iwamiya already
4 describes that material as opaque. So to accomplish the goals that
5 we're talking about, there's no need to add an extra dark coating to
6 it.

7 And one thing I'll just address very briefly here is that
8 Apple has argued that they were concerned about light scattering
9 and they have cited a number of different references that talk about
10 how it's desirable to have a single path of light. And that's actually
11 contrary to the teachings of Iwamiya. Iwamiya dealt with -- you
12 recall it has the LED and the -- it actually has a light guide that
13 allows for all kinds of reflections before that light even hits the
14 tissue. They're trying to make sure that they collect as much light
15 as possible and direct it into the tissue, and then for the same
16 reason, when the light comes out of the tissue, Iwamiya, for the
17 same purpose, would suggest that you try to collect as much of that
18 light and get it to the detector.

19 Apple, today, argued that a reflective frame 18 would be
20 a problem because it would lead to light piping, because it would
21 result in stray light reaching the detector. And that's just incorrect
22 because by the time the light gets to the frame 18, it's already
23 passed through tissue. So I'll just briefly show you this picture in
24 Figure 3. We have the light can bounce around in this structure to

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1 the side, goes into the tissue, comes through the lens 8, and then
2 we're dealing with it here in this space. And so this light that
3 reaches this space is already passed through the tissue.

4 And so under Iwamiya's teachings, for the same reason
5 you want the light to reflect and collect as much to push into the
6 tissue, you'd want that same light here to collect and push as much
7 into the emitter, rather than be absorbed here along the sides.

8 Okay. Very briefly before we get to the confidential
9 section, I'd like to talk about expectation of success and objective
10 evidence, and I put this at the end because it leads into the
11 confidential section nicely, but I don't want that to detract from its
12 importance. Apple made a big point today about telling you when
13 various other proceedings went Apple's way, but what they didn't
14 talk about much is on this issue, the ITC squarely rejected Apple's
15 position based on the evidence.

16 We have these particular claims here and as we note, the
17 claims require the measurement site be the wrist in the independent
18 claims and then we have dependent claims stating that the
19 parameter is oxygen saturation. And there was no expectation of
20 success for oxygen saturation at the wrist in 2015. Apple stated
21 here in its Petition, wrist worn pulse oximetry sensors were well
22 known in the industry and that's incorrect here. Again, I'll get my
23 slides back in just a minute. It's not working?

24 JUDGE MARSCHALL: You've got about a minute left.

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1 I would like to ask just broadly speaking on the 241 and 243 IPRs.
2 Is there any difference in the record that's material when
3 comparing the record here to the record in the 1291 IPR and that
4 final decision? I understand you're arguing they got it wrong, but
5 when I read that decision and the evidence there and the evidence
6 here, it seems very, very similar. I'm just curious if you're saying
7 they got it wrong, we should come at it another way, like the ITC
8 in some instances, or if you're saying there are differences in the
9 record that would help you out here. So I'm wondering if there's
10 any differences in the record that help you when compared to the
11 previous IPRs.

12 MR. POWELL: You know, I don't know offhand on the
13 specific differences in the record. Would you mind if I address
14 that during my rebuttal time?

15 JUDGE MARSCHALL: Yes. That's kind of why I
16 asked it. I was just curious. We'd like to know if you want to alert
17 us to anything that is different. I know Petitioner has some things
18 that they think are different than the ITC, but it seems like the
19 record here is very, very similar to the 1291 IPR.

20 MR. POWELL: Yes. Okay. And I'd be happy to
21 address that during the confidential section here. Very, very
22 briefly here and I'll use just a little bit of time to go through some
23 of these slides, I'd like to talk about the expectation of success just
24 a little bit here.

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1 And this is where we were. Sarantos makes clear that it
2 was not teaching oxygen saturation and it was not able to calculate
3 oxygen saturation. We have this quote here from Sarantos on page
4 57, making clear that what Sarantos was teaching is green and
5 yellow light, and that the light necessary for oxygen saturation is
6 dramatically different, and that the invention in Sarantos is not
7 tailored for red and infrared light necessary for pulse oximetry.

8 Iwamiya also never mentions oxygen saturation, and in
9 fact, it teaches away. This is Slide 58. It measures only one
10 wavelength of light in the non-visible spectrum and it filters out all
11 visible light. And so what you have is Apple saying, well, I'd have
12 to take Iwamiya, I'd have to modify it to include red and infrared
13 light, and I'd have to modify it to no longer filter out that light,
14 despite all of the teachings in Iwamiya stating to filter out that
15 light. But supposedly, it would then work perfectly, and that's not
16 correct either. We have this *Boehringer* case. There's little better
17 evidence negating an expectation of success than actual reports of
18 failure, and the record here is replete with reports of failure.

19 Apple started developing SpO2 at the wrist in 2014.
20 Didn't release the product until 2020. The engineers stated SpO2
21 at the wrist was "unprecedented" at the time. One of Apple's lead
22 engineers with decades of experience in the industry said, I don't
23 know if it can be done. Other people in the industry agreed. Fitbit
24 is Sarantos' assignee. They didn't release SpO2 at the wrist until

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1 2020 either. And Withings actually had this goofy device -- I have
2 a picture here on Slide 61 -- where it was worn on the wrist. They
3 clearly wished they could get oxygen saturation at the wrist, but
4 they couldn't. You had to actually take the device off and stick it
5 on your finger to get oxygen saturation.

6 And then here on 62, we have a number of quotes from
7 Apple engineers, which I'll discuss more in the confidential
8 session. And Fitbit, years later, even in 2020, said this was a
9 pretty hard technical problem to measure SpO2 on the wrist. It's
10 not nearly as simple as Apple says. So with that, I will stop and --
11 unless Your Honors have any more questions for me.

12 JUDGE MARSCHALL: Oh, I'm sure we'll have some
13 more on expectation of success later, but you have 12 minutes left
14 for rebuttal.

15 MR. POWELL: Thank you, Your Honor.

16 JUDGE MARSCHALL: Petitioner, can you start
17 whenever you're ready. You have 15 minutes, so about 3:00
18 Eastern, I'll be cutting you off.

19 MR. BISENIUS: Thank you, Your Honor. I'm going to
20 briefly discuss claim construction and one point related to the 244
21 proceeding, then my colleague, Dr. Khan, is going to discuss the
22 issue of light passing through the surface in the Iwamiya-based
23 grounds. My colleague, Mr. Patrick, is going to address issues
24 related to reasonable expectation of success of measuring blood

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1 oxygen saturation at the wrist during the confidential portion of the
2 proceeding today.

3 So relating to claim construction, the Patent Owner's
4 Counsel stated that they would be happy to address the issues of
5 both infringement and validity, based on their preferred claim
6 construction, the plain and ordinary meaning in the district court.
7 The congress created the PTAB and these IPR proceedings in
8 order to be a more efficient method to discuss the issue of validity
9 and come to a conclusion on that.

10 Therefore, if the Patent Owner wants to argue the
11 validity at district court, they should have to argue validity under
12 those same terms here. Now, Patent Owner also stated that they
13 believe that it would be permissible for a Petitioner to offer
14 alternative claim constructions, but they'd have to raise grounds on
15 both of those claim constructions. If that were the standard, the
16 Petitioner would have to identify prior art that includes features
17 that the Patent Owner insists are not necessary for infringement. It
18 would therefore put a higher burden on all Petitioners with respect
19 to showing non-invalidity that it does on the Patent Owner with
20 respect to showing infringement.

21 And that's not just a policy point that I'm arguing. That's
22 a policy point reflected in the case law. All the cases that we
23 identified in the Petitioner's reply reflect that opinion, that it is
24 permissible for the Petitioner to rely on the Patent Owner's claim

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1 construction in the Petition, as long as they adopt that claim
2 construction, which we have here. Both parties are asserting that
3 the plain and ordinary meaning of that term should be adopted in
4 this proceeding.

5 Notably, the Patent Owner is not asserting that
6 Petitioner's claim construction should be adopted here. They're
7 just saying that, for some reason, the entire Petition should be
8 thrown out because we have not adopted that claim construction
9 here.

10 Furthermore, I'll note that the positions regarding the
11 construction of the term "opening" that Masimo attributes to Apple
12 are based not on a full record in the district court, but on an initial
13 non-infringement report submitted in that related litigation.
14 There's been no Markman briefing, there's been no Markman
15 hearing, and there's been no decision by the district court on the
16 claim construction there.

17 The Petitioner is simply preserving that claim
18 construction argument for reasons of validity discussions in the
19 district court. Here, it is fully appropriate to discuss these issues
20 based on the claim interpretation advanced by the Patent Owner in
21 the district court.

22 I'd also like to just briefly address a couple of the cases
23 discussed by the Patent Owner. There was some discussion earlier
24 today about *Cambridge Mobile Telematics*. That case is simply

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1 not relevant here because that involved a means plus function
2 claim term and the Petitioner was insisting that there was no
3 corresponding structure, and therefore, that claim term is indefinite
4 in the district court. That's not the case here. There's no means
5 plus functions terms and we're not arguing indefiniteness in any
6 forum.

7 There are several other cases cited by the Patent Owner
8 and their Petitioners in their Sur-reply that fall into the same
9 category -- dealing with means plus function claim terms. The
10 other cases, including the *Hologics* case cited by the Patent Owner,
11 are instances in which the Petitioner expressly said they disagreed
12 with the advanced claim construction and that it should not be
13 adopted.

14 And notably, the *Netflix v. GoTV Streaming* case, which
15 is IPR2023-00757, IPR proceeding that was cited by the Patent
16 Owner in their Sur-reply, expressly distinguishes a situation like
17 what we have here from the *Hologic* case. They stated, unlike the
18 situation with *Hologic*, Petitioner did not expressly disagree with a
19 claim construction position in this proceeding and still advance to
20 disagree with position in this proceeding.

21 And that's why, in that case, the panel found that there is
22 nothing to prevent a Petitioner from advancing one construction in
23 the district court as an infringement Defendant, and a different
24 construction as a Petitioner before the Board. In fact, it happens

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1 all the time. If there are no questions from Your Honors on that
2 issue, I want to briefly talk about one issue in the 244 proceeding.

3 I'd ask you to pull up the Petition from the 244
4 proceeding and I want to talk about page 9. Patent Owner had
5 brought up a slide that showed part of the Petitioner's analysis of
6 element 1.2. This is dealing with changing from the first shape to
7 the second shape, but there's an additional analysis in addressing
8 that element in the Petition.

9 At page 9, we say that Sarantos, Figure 22, depicts light
10 source 2208 comprising the plurality of light emitting devices that
11 shine through a window region 2226, defined by in-mold labels
12 2274. This statement was made in the context of addressing the
13 specific element related to changing the first shape to the second
14 shape.

15 Now, could we perhaps have said through a window
16 region 2226 whose shape is defined by in-mold labels 2274? We
17 maybe could have been more articulate there. We said that it was
18 defined by. We believe that that -- indicated that a shape of that
19 window is defined by the in-mold labels and we talked about the
20 light shining through that window, whose shape is defined by the
21 in-mold labels. That's what's shaping the light.

22 We elaborated on that argument in the Petitioner's reply,
23 but this was not a -- there's not a new in-mold label theory in the
24 Petitioner's Reply. We specifically identified in the Petition that

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1 it's the in-mold label that defines the shape of the window region.
2 If there are no questions on that issue, I'm going to pass things
3 over to my colleague, Dr. Khan.

4 DR. KHAN: Thank you, Your Honors. I'd just like to
5 briefly address Slide 50 that my colleague on the other side was
6 discussing with you earlier. This relates to the structure that they
7 provided -- two structures, I should say -- in Slide 50. On the top,
8 you can see they have a structure of the surface in a blue line and a
9 dark colored coating in a black line. When Your Honors correctly
10 asked them for support, they were unable to point to any
11 discussion in the specification. Because there is no support for this
12 type of a figure.

13 Instead, they said, well, the claim language itself
14 supports it. And even that, Your Honors, I think is very
15 questionable. If you see, for instance, the claim recites a surface
16 comprising a dark colored coating. What you see in this figure is
17 arguably a surface on top of the dark colored coating. It's not
18 comprising, so even with the figures, there's a lot of issues.

19 Now, when we go to the bottom, Your Honors, it's
20 interesting to note that this figure that they provided was
21 introduced for the first time in the Sur-reply and throughout the
22 proceedings, if Your Honors may even recall, Patent Owner raised
23 issues of new evidence, new arguments. And in the Sur-reply,
24 they introduced this themselves for the first time.

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1 In spite of the issues with doing that, I think what we'd
2 respectfully to Your Honors is that even with that figure, when you
3 take a look at it, the bottom side of that figure that they have
4 introduced into the record, it has a contiguous surface on the
5 bottom side, which even according to the Patent Owners on the
6 statements, the structure holds the optical filter in place and
7 therefore, it still satisfies a claim limitation of an opening in the
8 dark colored coating that is configured to allow at least a portion of
9 light reflected from the tissue to pass through the surface. Your
10 Honors, I'm happy to take any questions, if you have -- otherwise,
11 I'll rest there.

12 JUDGE MARSCHALL: I think that's it. Thank you.

13 DR. KHAN: Thank you very much, Your Honors.

14 JUDGE MARSCHALL: And Patent Owner, you've got
15 about 12 minutes left. So you can start whenever you're ready.

16 MR. POWELL: Thank you, Your Honor. I'll be brief.
17 I'll start with claim construction here. You know, Apple is stating
18 that it's unfair for us to sort of pursue different constructions, but I
19 want to go back to who has the burden, right? Again, they have
20 the burden. They're the ones that came to this tribunal asking to
21 invalidate our claims. If they wanted to do so, they could've made
22 all of these arguments in district court, but instead, they're trying to
23 have sort of entirely different positions.

24 And the real issue here on any sort of unfairness or

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1 anything -- Apple put itself in this position by waiting until the
2 statutory deadline to file the IPRs. They could've done this earlier
3 and avoided any sort of inconsistency, if they had petitioned
4 promptly. But with that, I'll move on from the claim construction
5 issue.

6 JUDGE COTTA: Before you do that, can you address
7 Petitioner's point about how you're relying on a claim construction
8 that was only advanced in an initial non-infringement report?

9 MR. POWELL: Sure. I'm not sure the relevance of that,
10 to be honest. It's an initial non-infringement report, but that is
11 Apple's position and they've made clear that they think that's the
12 correct claim construction and they've made clear that the
13 construction they have in this case or in this proceeding, they think
14 is incorrect. Also, that report was served after the Petition. So
15 Apple filed its Petition and then served its non-infringement
16 position afterwards, taking a diametrically opposed position.

17 JUDGE COTTA: Have there been any other pleadings
18 in the district court proceeding or in the ITC proceeding where
19 Apple had advanced that construction?

20 MR. POWELL: I believe they have maintained that
21 construction throughout the Delaware case, but I don't know if that
22 is in the record. I'd have to check and tell you that at the next
23 session.

24 JUDGE COTTA: Thank you.

1 MR. POWELL: All right. The 244 proceedings.
2 Counsel pointed to page 9 of the Petition and I'd like to note that
3 page 9 here, what they pointed to with the in-mold labels is a
4 background sort of description of Sarantos. It just says Sarantos
5 Figure 22 depicts light source 2208, annotated in green,
6 comprising the plurality of light emitting devices that shine
7 through a window region 2226, defined by in-mold labels 2274.
8 That's just describing the picture of Figure 22. That's not their
9 actual theory for invalidity. That comes later, which is what we
10 cited in our slide. At the bottom of that page, it says a POSITA
11 would have found it obvious that light shining through translucent
12 or transparent material would change in shape due to the refractive
13 properties of translucent or transparent materials.

14 So the fact that they said the window shape may be
15 defined by the in-mold label when they're sort of describing Figure
16 22, it's not their actual theory here. Their theory for changing
17 shape was based on refractive properties of translucent and
18 transparent materials. The Reply arguments are very, very
19 different here.

20 All right. In the 241 case, you know, Apple argued --
21 they pointed to that figure that we had in my slides with the blue
22 surface and the in-mold label -- or I'm sorry -- the blue surface and
23 the dark coating that provided an opening there, and they're saying
24 we don't have support. But again, there's two issues here. Number

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1 one, it's not about 112 support. That's something they can raise in
2 the district court if they don't think the claims are supported by the
3 specification. We think they are, but that's an issue for the district
4 court. But I would direct you to Figure 3, if the Board is
5 concerned. Figure 3 of the '743 patent. This is Exhibit 1001. It
6 indicates -- I'll give you a minute to get there. I see some of you
7 looking at your screens.

8 All right. So Figure 3 shows -- we have a figure here,
9 102. You have a dark colored coating 306 and that surface 308
10 underneath. So you have this idea of a dark colored coating on top
11 of the surface and any opening in that dark colored coating 306
12 would allow light transmitted through the tissue to transmit into
13 that surface 308. So that would be supported. I suspect there's
14 more support in there, but that is one particular example of support
15 for this in the claim, or in the specification.

16 All right. So with that, I think I will reserve the
17 remainder of my time for the confidential session.

18 JUDGE MARSCHALL: Okay, thank you very much.
19 It's 3:00 Eastern now. We're going to go off the record, obviously,
20 and we're going to cut off any public access line and we're going to
21 go to a confidential portion of the transcript when we resume.
22 Let's get back at about -- let's say 3:07. Seven minutes should be
23 enough for everyone to take a break and then get back to it for the
24 confidential session.

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1 MR. POWELL: All right. Thank you, Your Honor.

2 JUDGE MARSCHALL: Thanks.

3 (Whereupon, the above-entitled matter went off the
4 record at 3:00 p.m. and resumed at 3:08 p.m.)

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