

UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

KONINKLIJKE PHILIPS ELECTRONICS N.V.
and PHILIPS ELECTRONICS NORTH
AMERICA CORPORATION,

Plaintiffs,

v.

ZOLL LIFECOR CORPORATION,

Defendant.

C.A. No. 2:12-cv-01369-NBF

Judge Nora Barry Fischer

Electronically Filed

ZOLL'S SUPPLEMENT BRIEF IN SUPPORT OF ITS MOTION TO STAY

ZOLL Lifecor Corporation ("ZOLL") writes to address several further considerations raised by the Court at the conclusion of the January 14, 2013 hearing.

I. Stay Is Warranted Given The Substantial Overlap Of Issues With Those In Play In The Massachusetts Matter

As discussed in the pre-hearing briefing, six of the eight patents asserted in this case are also asserted in the Massachusetts matter. With regard to the remaining two asserted patents (U.S. Patent Nos. 5,593,427 and 5,749,904) in this case, they are members of the same family as the six overlapping patents, have the same named inventors, and are allegedly based on the same priority document filed on August 6, 1993. As the chart below illustrates, they also significantly overlap in terms of both substance and phraseology (illustrative overlapping patent on the left):

| U.S. Patent No. 5,836,978 (Claim 1) | U.S. Patent No. 5,593,427 (Claim 9) | U.S. Patent No. 5,749,904 (Claim 1) |
|--|--|--|
| A <u>method for applying electrotherapy to a patient through electrodes connected to an energy source</u> , the method comprising the following steps: | A <u>method for applying electrotherapy to a patient through electrodes connected to an energy source</u> , the method comprising the following steps: | 1. A <u>method for delivering electrotherapy to a patient through electrodes connectable to a plurality of capacitors</u> , the method comprising the following steps: |

| | | |
|--|---|--|
| <u>discharging the energy source across the electrodes to deliver electrical energy to the patient in a multiphasic waveform</u> having an earlier phase and a later phase, the later phase having a fixed duration; | <u>discharging the energy source across the electrodes to deliver electrical energy to the patient in a multiphasic waveform;</u> | <u>discharging at least one of the capacitors across the electrodes to deliver electrical energy to the patient;</u> |
| simultaneously <u>monitoring a patient-dependent electrical parameter and time during the discharging step;</u> | <u>monitoring a patient-dependent electrical parameter during the discharging step;</u> | <u>monitoring a patient-dependent electrical parameter during the discharging step; and</u> |
| <u>adjusting a discharge parameter based on a value of the monitored electrical parameter and the monitored time.</u> | <u>adjusting a discharge parameter based on a value of the monitored electrical parameter,</u> the adjusting step comprising discharging the energy source across the electrodes in a phase of the multiphasic waveform until the end of a predetermined time period or until the monitored electrical parameter reaches a predetermined value, whichever occurs first. | <u>adjusting energy delivered to the patient based on a value of the electrical parameter.</u> |

Thus, almost every claim term in each of the non-overlapping patents is found in one, if not all, of the overlapping patents.

Of course, a finding in the Massachusetts Matter that any or all of the asserted claims in the six patents there that overlap with patents in this case are invalid or unenforceable will moot those claims for purposes of this case. *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*, 402 U.S. 313, 350 (1971).

Moreover, the subsidiary issues bearing on invalidity and inequitable conduct that will be addressed in the Massachusetts Matter potentially have direct applicability to the issues in this case, on both the six overlapping patents and the two non-overlapping patents. For instance, in the Massachusetts Matter, Philips has taken the position that it is entitled to a date of invention that predates its priority filing date. Given the substantial overlap in claim scope, the

development and resolution of that issue in the Massachusetts Matter should at minimum streamline this same inquiry in this case, including by providing a more fully-developed record, with regard to all eight of the patents at issue here.

Given the substantive overlap among all eight patents in this case, this is generally true also for other subsidiary invalidity issues, since the prior art will likely overlap substantially if not entirely between the two cases. So too the inequitable conduct defenses. By pausing this case while the Massachusetts Matter proceeds through the liability trial, this Court would generally have the benefit of rulings on these issues, as well as of a more fully developed record on the overlapping issues of invalidity and inequitable conduct, including as a consequence of expert reports, inventor and expert deposition testimony, and expert and inventor trial testimony.

In addition, the defense of laches is also at issue in the upcoming liability trial in the Massachusetts Matter. That is also a defense in this case, and in both it is predicated on Philips' long—and inexcusable—delay in pressing the claims in the two cases. The Court's resolution of that defense in the Massachusetts Matter should thus focus and streamline the consideration of that defense in this case, especially where Philips delayed even longer in pursuing the allegations in this case than in the Massachusetts Matter.

In short, there is substantial overlap of issues in this case as in the Massachusetts matter, and the potential for streamlining the issues in this case, and/or offering a more fully developed record, as a consequence of pausing this action for several more months until the liability trial in the Massachusetts Matter concludes warrants the stay ZOLL seeks.¹ *Resco Products, Inc. v. Bosai Minerals Group Co., Ltd.*, 2010 WL 2331069 (W.D. Pa. June 4, 2010) (stay favored

¹ By contrast, the suit that ZOLL's parent company recently brought suit against Philips' Respironics subsidiary in District of Delaware concerns a different patent than any of the ones in this case or the Massachusetts Matter, and the accused product in that case concerns a technology for treating sleep maladies, not a defibrillation product.

because “the court agrees with defendants’ position that substantial time, effort, and resources may be saved by” staying action).

Finally on this point, there is the practical matter that cases as a general rule are more likely to settle as trial nears, or shortly after verdicts are rendered. The parties’ settlement discussions to date have uniformly contemplated that any settlement would necessarily resolve all of the defibrillator actions, including this one. Pausing this action thus offers the possibility of this case being fully resolved through settlement. Towards this end, ZOLL joins Philips in the willingness that Philips expressed at the hearing to participating in an early ADR procedure in this Court, should the Court decide to grant ZOLL’s motion in part, but deny it in part so that the parties could get the benefits of the Court’s ADR offices.

II. Philips Has No Product That Competes With The LifeVest Product, Further Warranting The Stay ZOLL Seeks

This case is about wearable defibrillators. A wearable defibrillator is worn over a continuous period of time, whereas the defibrillators at issue in the other cases are deployed only when needed. The products are not interchangeable, and serve different markets. Philips does not sell a wearable defibrillator or any other product in competition with the LifeVest product that is accused of infringement in this case. Philips and ZOLL are thus not “competitors” for purposes of evaluating whether a stay of this case is warranted, and a stay would not unfairly prejudice Philips given that this long-overdue cause of action is entirely about whether Philips can recover monetary damages from ZOLL.

III. The Public Interest In Conserving Judicial Resources Also Warrants Staying This Action

The public has an interest in conserving judicial resources, and that interest further warrants the stay ZOLL seeks. *Del Rio v. Creditanswers, LLC*, 2010 WL 3418430 (S.D. Cal.

Aug. 26, 2010) (“[a] stay pending the outcome of the appeal will serve the public interest by potentially preserving judicial resources”); *McArdle*, 2010 WL 2867305, at *4 (“[T]he public interest in the preservation of judicial resources weighs in favor of staying this case.”); *Richards v. Ernst & Young LLP*, 2012 WL 92738 (N.D. Cal. Jan. 11, 2012) (“the economical use of judicial resources lead the public interest to favor a stay”); *N. Am. Film Corp. v. Cincinnati Milacron, Inc.*, 1994 WL 642701 (E.D. Pa. Nov. 14, 1994) (noting the public interest “to avoid duplicative and expensive litigation”); *Creative Waste Mgmt., Inc. v. Capitol Env'tl. Services, Inc.*, 2004 WL 2384991 (E.D. Pa. Oct. 22, 2004) (recognizing “public interest in conservation of scarce judicial resources”).

Philips’ pursuit of multiple, time-staggered actions in disparate forums on overlapping issues to obtain a tactical advantage over ZOLL is an inefficient use of scarce judicial resources, and does not warrant the deference that a typical plaintiff might expect in terms of securing as early a resolution of its claims as the Court’s schedule would provide. *See Hawkins v. U.S. Parole Com.*, 2006 WL 3313728 (D. Kan. Oct. 6, 2006) (quoting *Colorado River Water Conservation Dist. v. United States*, 424 U.S. 800, 817 (1976)) (“**Duplicative litigation in the federal courts is to be discouraged.**”).

Moreover, stay or no stay, because Philips delayed so long in bringing this suit, all of the asserted patents in this case will expire before this case is resolved. This Court’s invalidity findings will thus only affect Philips’ right to damages. *Sears*, 376 U.S. at 230 (“when the patent expires the monopoly created by it expires, too, and the right to make the article-including the right to make it in precisely the shape it carried when patented-passes to the public”). Thus,

while the public generally has an interest in invalidating worthless patents without delay,² this principle has no bearing here because each asserted patent will expire before invalidity is resolved in this case. *Ballantyne Instruments & Electronics, Inc. v. Wagner*, 345 F.2d 671, 672 (6th Cir. 1965) (“[t]he public interest in every patent case requires that suits involving the validity of patents should be speedily determined”). Put simply, once Philips’ patents expire, they will be unenforceable regardless of this Court’s invalidity findings.

IV. The Golden Quality Ice Cream Factors Favor A Stay

The Court in *Golden Quality Ice Cream Co., Inc. v. Deerfield Specialty Papers, Inc.*, 87 F.R.D. 53, 56 (E.D. Pa. 1980) (noting the public interest in having “private antitrust actions proceed expeditiously” due to their “necessary part of the antitrust enforcement process,” a consideration not applicable here, including due to the impending expiration of all of the asserted patents), set forth five factors for consideration in the context of a request to stay litigation: “(1) the interest of the plaintiffs in proceeding expeditiously with this litigation or any particular aspect of it, and the potential prejudice to plaintiffs of a delay; (2) the burden which any particular aspect of the proceedings may impose on defendants; (3) the convenience of the court in the management of its cases, and the efficient use of judicial resources; (4) the interests of persons not parties to the civil litigation; and (5) the interest of the public in the pending civil and criminal litigation.”

As discussed extensively in ZOLL’s pre-hearing briefing, the first factor favors a stay because Philips waited over ten years to bring this suit. Philips has never exhibited an interest in

² See *Blonder-Tongue*, 402 U.S. at 350; *Lear, Inc. v. Adkin*, 395 U.S. 653 (1969); *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 237-38 (1964); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 230 (1964); see also *Humanetics, Inc. v. Kerwit Med. Products, Inc.*, 1982 WL 52202 (N.D. Tex. Apr. 8, 1982) *aff’d*, 709 F.2d 942 (5th Cir. 1983) (noting that a “series of Supreme Court cases has established that there is a significant public interest in abolishing worthless patents.”).

“proceeding expeditiously” with regard to the claims at issue in this case. Moreover, Philips despite two rounds of briefing and a hearing have not articulated any unfair prejudice that would befall it should the court grant the relief ZOLL seeks, let alone provided an explanation that withstands basic scrutiny for its long delay in filing this suit.³

The second factor also favors a stay because, as discussed above and in ZOLL’s pre-hearing briefing, ZOLL would have to formulate identical or nearly identical validity and enforceability defenses in two courts for the six overlapping patents, and nearly identical defenses for the two patents that do not overlap. This duplication is unnecessary, and unfairly burdens ZOLL. A stay would help ameliorate this burden. *Resco*, 2010 WL 2331069 (finding this factor favors a stay because “the court agrees with defendants’ position that substantial time, effort, and resources may be saved by” staying action).

The third factor also favors ZOLL. As discussed above and in ZOLL’s previous briefing, the Massachusetts Matter could moot all or substantial portions of this action, and at the very least, the Massachusetts Matter should simplify and streamline the issues for the Court, and offer a more fully develop record. This third factor therefore favors a stay. *Bechtel Corp. v. Local 215, Laborers’ Int’l Union of N. Am.*, *AFL-CIO*, 544 F.2d 1207, 1215 (3d Cir. 1976) (“a court may hold one lawsuit in abeyance to abide the outcome of another which may substantially affect it or be dispositive of the issues”); *U.S. ex. rel. FLPMC, LLC v. William Bounds, LTD.*, 2010 WL 2990725 (W.D. Pa. July 28, 2010) (noting that a “stay will promote judicial economy because the outcome of *Stauffer* in the Court of Appeals for the Federal Circuit could be

³ Philips has to date identified only one reason for its long delay, *viz.*, an alleged “recent surge” in LifeVest marketing expenditure and sales. As noted in the materials ZOLL presented at the hearing, however, the suit that Philips filed in 2010 was directed to products that had approximately the same sales volume as LifeVest at that time. Plainly Philips did not bring this suit in reaction to any sales or advertising “surge,” let alone a “recent surge.”

dispositive of the present matter”); *Golden Quality*, 87 F.R.D. at 57 (“[t]he **mere possibility** that a substantial amount of the court's work, if undertaken now, may shortly prove to have been unnecessary, cautions against undue haste in proceeding with this civil action”).

The fourth factor also favors ZOLL because absent a stay, non-parties may also have to duplicate their efforts, efforts that would be for nothing if the Massachusetts Matter resolves this matter by judgment, settlement, or otherwise. For instance, the listed inventors may have to attend unnecessary depositions. ZOLL executives and engineers may be exposed to duplicative efforts as well. *Golden Quality*, 87 F.R.D. at 58 (“the pressures of civil discovery are likely to weigh most heavily on certain key managerial officials in defendant companies”). Allowing the Massachusetts Matter’s liability phase to conclude would help reduce the risk of non-parties wasting their time and energy. *See id.*

Finally, as discussed above in section III, there is no public interest in tolerating litigation strategies that waste judicial resources. Thus, the fifth factor also favors ZOLL.

Dated: February 1, 2013

Respectfully submitted,

/s/ Henry M. Sneath

Henry M. Sneath (Pa. ID No. 40559)

Robert L. Wagner (Pa. ID No. 308499)

Joseph R. Carnicella (Pa. ID No. 200294)

Picadio Sneath Miller & Norton, P.C.

Four Gateway Center

444 Liberty Avenue, Suite 1105

Pittsburgh, PA 15222

(412) 288-4000

(412) 288-2405 (fax)

Kurt L. Glitzenstein (*pro hac vice*)

Adam J. Kessel (*pro hac vice*)

Brian K. Wells (*pro hac vice*)

Gauri M. Dhavan (*pro hac vice*)

Fish & Richardson P.C.

One Marina Park Drive
Boston, MA 02210
(617) 542-5070
(617) 542-8906 (fax)

CERTIFICATE OF SERVICE

I hereby certify that this document(s) filed through the ECF system will be sent electronically to the following registered participants as identified on the Notice of Electronic Filing (NEF) on this 1st day of February, 2013.

Dara A. DeCourcy
George N. Stewart
Zimmer Kunz
600 Grant Street
3300 USX Tower
Pittsburgh, PA 15219

David K. Mroz
Michael Jakes
Robert F. Shaffer
Finnegan, Henderson Farabow, Garrett & Dunner, LLP
901 New York Avenue, NW
Washington, DC 20001

Denise W. DeFranco
Finnegan, Henderson Farabow, Garrett & Dunner, LLP
Two Seaport Lane
Sixth Floor
Boston, MA 02210-2001

/s/ Henry M. Sneath
Henry M. Sneath, Esquire