

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

RESMED LIMITED, RESMED INC., and RESMED CORP.,
Petitioners,

v.

FISHER & PAYKEL HEALTHCARE LIMITED,
Patent Owner.

Case IPR2016-01719
Patent 6,398,197 B1

Before HYUN J. JUNG, CARL M. DeFRANCO, and
MICHAEL L. WOODS, *Administrative Patent Judges*.

DeFRANCO, *Administrative Patent Judge*.

DECISION TO INSTITUTE
37 C.F.R. § 42.108

I. INTRODUCTION

This is a preliminary proceeding to decide whether *inter partes* review of U.S. Patent No. 6,398,197 B1 (“the ’197 Patent”) should be instituted under 35 U.S.C. § 314(a). Fisher & Paykel Healthcare Limited (“FPH”) is the owner of the ’197 patent. ResMed Limited, ResMed Inc., and ResMed Corp. (collectively “ResMed”) filed a Petition (“Pet.”) challenging claims 1–3, 6, and 13 of the ’197 patent. FPH, in turn, filed a Preliminary Response

(“Prelim. Resp.”). After considering the Petition and Preliminary Response, we determine that ResMed has demonstrated a reasonable likelihood that at least claim 1 of the ’197 patent is unpatentable. As such, we exercise our discretion to extend review to the challenges against claims 2, 3, 6, and 13, which as presented in the Petition, have meaningful overlap with the challenge to claim 1.

II. BACKGROUND

A. *Related Cases*

The ’197 patent is the subject of a co-pending district court action, *Fisher & Paykel Healthcare Ltd. v. ResMed Corp.*, No. 3:16-cv-02068 (S.D. Cal.), which was filed August 16, 2016, and is currently stayed pending our resolution of this and other proceedings before the Board. Pet. 4–5; Prelim. Resp. 9 n.1; Ex. 3001. Also, relative to this proceeding, ResMed seeks review of U.S. Patent No. 8,550,072 B2 (IPR2016-01716, -01717), U.S. Patent No. 7,111,624 (IPR2016-01725, -01727) and U.S. Patent No. 8,091,547 (IPR2016-01729, -01730, -01731). And finally, consistent with the related district court action, ResMed seeks review of U.S. Patent Nos. 8,479,741 (IPR2016-01714, -01718), 8,186,345 (IPR2016-01723), 8,453,641 (IPR2016-01724), 8,443,807 (IPR2016-01726, -01734), and 9,265,902 (IPR2016-01735).

B. *The ’197 Patent*

The ’197 patent relates to a water chamber for a CPAP¹ machine that delivers humidified gas to a patient suffering from obstructive sleep apnea. Ex. 1001, 1:5–20. As described, the key aspect of the water chamber is an “elongate flow tube” extending into the chamber from a gas inlet on the side

¹ “Continuous Positive Airway Pressure”

wall of the chamber. *Id.* at 1:41–46, 2:25–28, Fig. 2. According to the '197 patent, the advantage of having the elongated tube on the gas inlet of the water chamber is that it reduces the noise level within the chamber and reduces the chance of backflow through the inlet when the chamber is tilted. *Id.* at 2:54–61.

C. The Challenged Claims

Of the five claims challenged in the Petition, claim 1 is independent and claims 2, 3, 6, and 13 depend directly or indirectly therefrom. Claim 1 recites:

1. In a water chamber adapted for use in conjunction with a heater base and having a horizontally oriented gases inlet in a wall thereof, the improvement comprising

an elongate flow tube extending into said water chamber from the inner periphery of said gases inlet, an inlet end of said elongate flow tube covering said inlet and an outlet end of said flow tube being spaced from the wall of said chamber, said flow tube in use receiving, at said inlet end, gases supplied to said gases inlet, said gases passing through said flow tube and exiting said flow tube at said outlet end distant from said wall.

Ex. 1001, 3:66–4:9 (emphasis added). Claims 2 and 3 are directed to the length of the extension tube relative to the diameter of the water chamber, and claims 6 and 13 are directed to the structure of the water chamber. *Id.* at 4:10–5:7.

D. The Asserted Grounds

ResMed asserts six grounds under 35 U.S.C. § 103. Pet. 6. The challenge to independent claim 1 includes alternative grounds: one for obviousness over the HC200 Manual² and Hebblewhite,³ and the other for

² Fisher & Paykel Healthcare, *HC200 Series Nasal CPAP Blower & Heated Humidifier User's Manual*, Part No. 185041244 (May 1998 Rev A).

obviousness over Netzer,⁴ Smith,⁵ and Hebblewhite. *Id.* The challenges to dependent claims 2, 3, 6, and 13 derive from those two grounds and rely additionally on the tertiary references of Gouget,⁶ Rose,⁷ and/or Smith. *Id.* In further support, ResMed proffers the Declaration of Alexander Virr. Ex. 1003.

III. ANALYSIS

In this preliminary proceeding, we decide whether ResMed has demonstrated a reasonable likelihood that “at least 1 of the claims challenged in the petition” is unpatentable. 35 U.S.C. § 314(a). As always, our goal is “the just, speedy, and inexpensive resolution” of the validity of the challenged claims. 37 C.F.R. § 42.1(b).

A. *Claim Construction*

Neither ResMed nor FPH proposes any particular claim construction. We have reviewed the claim terms and determine that we can measure the reasonable likelihood of unpatentability of the challenged claims without making an express construction at this time.

B. *FPH’s Assertion of Statutory Bar Under 35 U.S.C. § 315(a)(1)*

At the outset, FPH argues that the Petition is barred under 35 U.S.C. § 315(a)(1) because ResMed filed a declaratory judgment action for invalidity of the ’197 patent on August 16, 2016, approximately three weeks before filing the instant Petition. Prelim. Resp. 6–13. That declaratory judgment action, however, was voluntarily dismissed “without prejudice”

³ U.S. Patent No. 6,135,432, iss. Oct. 24, 2000 (Ex. 1004) (“Hebblewhite”).

⁴ PCT WO 98/04311, pub. Feb. 5, 1998 (Ex. 1010) (“Netzer”).

⁵ U.S. Patent No. 5,588,423, iss. Dec. 31, 1996 (Ex. 1009) (“Smith”).

⁶ U.S. Patent No. 5,953,763, iss. Sep. 21, 1999 (Ex. 1006) (“Gouget”).

⁷ U.S. Patent No. 5,231,979, iss. Aug. 3, 1993 (Ex. 1008) (“Rose”).

within days of being filed, and well before the instant Petition was filed. Pet. 4 (citing Ex. 1024). As such, FPH's argument fails because prior Board decisions have consistently interpreted 35 U.S.C. § 315(a)(1) as not barring *inter partes* review where the previously filed civil action was dismissed without prejudice, which is the case here. *See, e.g., Microsoft Corp. v. Parallel Networks Licensing, LLC*, Case IPR2015-00486, slip op. at 6–7 (PTAB Jul. 15, 2015) (Paper 10); *Oracle Corp. v. Click-to-Call Techs. LP*, Case IPR2013-00312, slip op. at 12–13 (PTAB Oct. 28, 2014) (Paper 52).

FPH now contests the Board's consistent interpretation of 35 U.S.C. § 315(a)(1). But FPH's arguments are in direct contrast to a decision in the related district court action, which relied upon the Board's consistent interpretation of 35 U.S.C. § 315(a)(1) in deciding whether to impose a stay pending our resolution of this proceeding. Ex. 3001. There, FPH argued the section 315(a)(1) bar as a reason the district court should not impose a stay. *Id.* at 3. The district court, noting that ResMed's declaratory judgment action was voluntarily dismissed "without prejudice" prior to the instant Petition being filed here, held that "the effect of a voluntary dismissal without prejudice is to render the prior action a nullity" such that it is "treated as if it was not 'filed' at all" and thus "cannot give rise to a statutory bar under 35 U.S.C. § 315(a)(1)." *Id.* at 4. In doing so, the district court relied upon, and expressly adopted, the reasoning of prior Board decisions that came to a similar conclusion,⁸ and moreover, noted that "at least eight Circuits had already determined that a dismissal without prejudice makes the

⁸ The district court may have recognized that "an agency's interpretation of the statute under which it operates is entitled to some deference." *Southeastern Community College v. Davis*, 442 U.S. 397, 411 (1979).

situation as if the action as had never been filed.”⁹ *Id.* (citations omitted).

We see no reason to deviate from prior Board decisions interpreting 35 U.S.C. § 315(a)(1) or the district court’s concurring analysis of this issue, and FPH’s arguments to the contrary do not persuade us otherwise. As such, we hold that the Petition is not barred by 35 U.S.C. § 315(a)(1).

B. ResMed’s Challenges to Claims 1–3, 6, and 13

We focus initially on the different challenges against claim 1, the first being based on the HC200 Manual and Hebblewhite, and the second being based on Netzer, Smith, and Hebblewhite. Pet. 19–26, 34–43. With respect to the first challenge, we note that the HC200 Manual discloses a CPAP device for supplying pressurized gas to a patient suffering from obstructive sleep apnea. Ex. 1015, 1, 6–10. Like the claimed invention, the HC200 device includes a humidification (water) chamber having a horizontal inlet port for receiving pressurized gas from the CPAP device. *Id.* at 7. The water chamber comprises a plastic shell having a flanged bottom for fitting against a heater plate on the CPAP device. *Id.* at 7, 8, 12. Although the HC200 Manual does not disclose “an elongate flow tube,” as required by claim 1, ResMed proffers Hebblewhite for the “traditionally known” concept of attaching an extension tube to an opening in a humidifier chamber of a CPAP device. Pet. 22–23 (citing Ex. 1004).

⁹ See, e.g., *Holloway v. U.S.*, 60 Fed. Cl. 254, 261 (2004), *aff’d* 143 F. App’x 313 (Fed. Cir. 2005) (treating civil action dismissed without prejudice “as if it never existed.”); *Bonneville Assoc., Ltd. P’ship v. Barram*, 165 F.3d 1360, 1364 (Fed. Cir. 1999) (“The rule in the federal courts is that ‘[t]he effect of a voluntary dismissal without prejudice pursuant to Rule 41(a) is to render the proceedings a nullity and leave the parties as if the action had never been brought.’”) (citations and some internal quotations omitted).

In particular, Hebblewhite explains that, by providing an extension tube for the opening that projects into the chamber, the chance of water spilling into the opening as a result of backsplash is reduced:

When the air flow within the passageway creates waves on the surface of the water, it has been found that the water has a tendency to splash against the end wall of the passageway, resulting in a danger of water spilling into the air outlet. It has been found that by spacing the air outlet aperture away from the end wall, the danger of water spilling into the air outlet is greatly reduced.

Ex. 1004, 3:33–39; *see also id.* at 4:66–5:22. According to ResMed, a skilled artisan would have been led to add an extension tube to the inlet of the HC200 water chamber to address the HC200 Manual’s concern that “moving or tilting the HC200” may result in water entering the blower. Pet. 24–25 (citing Ex. 1015, 9); Ex. 1003 ¶¶ 71–79.¹⁰

FPH, in turn, faults ResMed’s reliance on Hebblewhite for two reasons. First, FPH argues that Hebblewhite differs from the claimed invention because Hebblewhite’s tube prevents spillage from “waves that can splash through the *outlet* of the humidifier,” whereas the claimed tube prevents spillage from “waves [that] are a problem at the air inlet.” Prelim. Resp. 32–33. Second, FPH argues that Hebblewhite is concerned with waves resulting from “airflow within the chamber,” whereas the claimed invention is concerned with waves caused by “tipping the water chamber.” *Id.* at 37.

On the current record, we are not persuaded that FPH’s purported differences would have been sufficient to dissuade a skilled artisan from

¹⁰ That the concept of adding an extension tube to an inlet of a humidifier chamber was well-known is further evidenced by Lynch. Ex. 1017, Fig. 2.

incorporating Hebblewhite's extension tube in the inlet of the HC200 device. Although Hebblewhite's tube is affixed to the outlet of the water chamber, rather than the inlet, and reduces spillage from waves caused by air turbulence rather than chamber movement, the current record nonetheless supports that a skilled artisan would have recognized Hebblewhite's extension tube as suitable for any gas opening in the sidewall of a CPAP device's water chamber where spillage might occur, regardless of whether the opening was an inlet or outlet and regardless of whether the waves were the result of air flow or chamber movement. Ex. 1003 ¶¶ 71–79.

Also, to the extent FPH challenges the public availability of the HC200 Manual before the critical date of the '197 patent, we are persuaded that, for purposes of institution, ResMed has proffered sufficient evidence.¹¹ For instance, the record shows that the HC200 Manual was submitted to the Office with an information disclosure statement in January 1999, which is before the earliest priority date listed on the '197 patent. Ex. 1011, 101–103. Moreover, ResMed submits evidence of the HC200 Manual's dissemination with the market launch of the HC200 device in April 1999, still before the earliest priority date. *See* Ex. 1013, 1014, 1016. Collectively, that evidence demonstrates that ResMed is likely to prove the HC200 Manual is prior art to the '197 patent.¹²

¹¹ We note that FPH does not challenge the prior art status of the HC200 Manual in any of the related proceedings in which it is asserted.

¹² To the extent any of the evidence may be hearsay or lack authentication, we direct the parties to 37 C.F.R. § 42.64(b)(1), which addresses the time for objecting to evidence once trial is instituted, and 37 C.F.R. § 42.123, which addresses the time for submitting supplemental information relevant to an instituted challenge.

At this stage, we are persuaded of a reasonable likelihood that the combination of the HC200 Manual and Hebblewhite teaches all of the features of claim 1, and that ResMed has articulated a sufficient reason for why a skilled artisan would have been led to combine those teachings in the manner claimed.

Alternatively, ResMed challenges claim 1 on a basis that substitutes the primary reference of Netzer for the HC200 Manual discussed above, and continues to rely on Hebblewhite for teaching the “elongate tube,” but adds Smith for teaching the “heater base.” Pet. 34–43. Like the HC200 Manual, Netzer describes a humidifier chamber for a CPAP device that has a horizontal gas inlet, although it lacks the “elongate tube” called for by claim 1. Ex. 1010, 2, 8, 32–33. Netzer further discloses a heating unit for the humidifier chamber, but does not describe it expressly as a “heater base,” as recited by claim 1. *Id.* at 6, 10. Nonetheless, ResMed argues that heater bases were “traditionally employed” in CPAP devices for use with humidifier chambers, as evidenced by Smith. Pet. 38 (citing Ex. 1009). Likewise, ResMed argues that extension tubes were “traditionally known” to be added to gas openings in humidifier chambers for preventing spillage into the openings, as taught by Hebblewhite. *Id.* at 40.

According to ResMed, a skilled artisan would have known that Netzer’s heating unit was installed in the base of the CPAP device because of the “sideways-insertion” design of Netzer’s humidifier chamber and the fact that Smith calls for the use of a “heater base” with a similarly designed chamber. *Id.* at 38 (citing Ex. 1009, 2:9–16); *see also* Ex. 1003 ¶¶ 96–97. That same skilled artisan, ResMed argues, would have been led to modify Netzer’s inlet and outlet to incorporate Hebblewhite’s extension tubes

because of Netzer's express concern with keeping water out of the gas flow lines. *Id.* at 42 (citing Ex. 1010, 9); *see also* Ex. 1003 ¶¶ 98–105. We find this reasoning persuasive, at least on the current record at this time.

In contesting the proposed combination of Netzer, Smith, and Hebblewhite, FPH reiterates the argument it made against the combination of the HC200 Manual and Hebblewhite discussed above, namely, that “Hebblewhite does not teach an extension tube at the gas *inlet*.” Prelim. Resp. 51. For the same reasons FPH's argument was not persuasive then, it is equally not persuasive against the proposed combination of Netzer, Smith, and Hebblewhite. *See supra*.

FPH also argues that the proposed modification of Netzer's heater into the base of the CPAP device “would interfere with Netzer's drainage system,” which is already beneath the water chamber, thereby rendering Netzer “inoperable for its intended purpose.” Prelim. Resp. 55–56. That argument is unpersuasive because, in our view, a skilled artisan likely would have known to design and locate Netzer's heater in areas of the base not otherwise occupied by the drainage system. *See* Ex. 1010, Fig. 4 (showing Netzer's discharge line 21 as occupying only a small area of the base of liquid container 9). Moreover, positioning a heating unit in the base of the CPAP device would seem a matter of common sense for heating water efficiently to generate steam. Thus, we are persuaded of a reasonable likelihood that the combination of Netzer, Smith, and Hebblewhite teaches all of the features of claim 1, and that ResMed has articulated a sufficient reason for why a skilled artisan would have combined those teachings to arrive at the claimed invention.

After considering ResMed’s Petition and FPH’s arguments in response, we conclude that the current record reflects a reasonable likelihood that claim 1 would have been unpatentable for obviousness over either the combination of the HC200 Manual and Hebblewhite or the combination of Netzer, Smith, and Hebblewhite. And, because “the petition” supports a reasonable likelihood that at least one of the challenged claims is unpatentable, we exercise our discretion under 37 C.F.R. § 42.108 to have the review proceed on all of the challenges that raise these same combinations as a primary basis of invalidity and likely would give rise to estoppel under 35 U.S.C. § 315(e).

Here, the challenges to claims 2, 3, 6, and 13 rely heavily on the same combination of references as are asserted in the challenges against claim 1, only with the addition of some tertiary references—Gouget and Rose. Pet. 6. That meaningful overlap among the challenges moves us to exercise our discretion under 37 C.F.R. § 42.108 and extend review to all of the claims as challenged in the Petition. In doing so, we recognize the interplay between our proceedings and any related district court action. Thus, by exercising our discretion in this regard, we seek to achieve finality of review at the Board and avoid parallel review at the district court, at least with respect to attacks on the ’197 patent that rely on the HC200 Manual, Hebblewhite, Netzer, and/or Smith as the primary basis of invalidity. *See Synopsys, Inc. v. Mentor Graphics Corp.*, 814 F.3d 1309, 1316 (Fed. Cir. 2016) (stating that “[t]he validity of claims for which the Board did not institute inter partes review can still be litigated in district court”); *see also Intex Recreation Corp. v. Bestway Inflatables & Material Corp.*, IPR2016-00180, Paper 13,

8–11 (PTAB June 6, 2016). We also hope to avoid any “follow-on” petitions that might result from partial institution.

IV. CONCLUSION

After considering the evidence and arguments presented in the Petition and Preliminary Response, we determine that ResMed has demonstrated a reasonable likelihood of success in proving that at least claim 1 of the ’197 patent is unpatentable. And in keeping with our mission of resolving patent validity disputes in a just, speedy, and inexpensive manner and avoiding redundancy in the district court, we exercise our discretion to institute *inter partes* review of claims 2, 3, 6, and 13 as challenged in the Petition.

V. ORDER

Accordingly, it is hereby:

ORDERED that, pursuant to 35 U.S.C. § 314(a), an *inter partes* review of claims 1, 2, 3, 6, and 13 of the ’197 patent is *instituted* on the statutory ground of obviousness under 35 U.S.C. § 103 as raised in the Petition and identified in section II. D. above; and

FURTHER ORDERED that, pursuant to 35 U.S.C. § 314(c) and 37 C.F.R. § 42.4(b), *inter partes* review of the ’197 patent shall commence on the entry date of this Order, and notice is hereby given of the institution of a trial.

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