

Rudolph A. Telscher, Jr.* (MO Bar No. 41072)
 rudy.telscher@huschblackwell.com
 Daisy Manning* (MO Bar No. 62134)
 daisy.manning@huschblackwell.com
 Jennifer E. Hoekel* (MO Bar No. 45880)
 Jennifer.hoekel@huschblackwell.com
 HUSCH BLACKWELL LLP
 190 Carondelet Plaza, Suite 600
 St. Louis, MO 63105
 314-480-1500 Telephone

Nathan Sportel* (IL Bar No. 6304061)
 nathan.sportel@huschblackwell.com
 HUSCH BLACKWELL LLP
 120 South Riverside Plaza Suite 2200
 Chicago, IL 60606
 312-655-1500 Telephone

Dustin Taylor* (CO Bar No. 54463)
 dustin.taylor@huschblackwell.com
 HUSCH BLACKWELL LLP
 1801 Wewatta St., Suite 1000
 Denver, CO 80205
**admitted pro hac vice*

J. Christopher Jaczko (Bar No. 149317)
 chris.jaczko@procopio.com
 PROCOPIO, CORY, HARGREAVES
 & SAVITCH LLP
 12544 High Bluff Drive, Suite 400
 San Diego, CA 92130
 619-238-1900 Telephone
*Attorneys for Defendant
 Sotera Wireless, Inc.*

**UNITED STATES DISTRICT COURT
 SOUTHERN DISTRICT OF CALIFORNIA**

MASIMO CORPORATION, a
 California corporation,

Plaintiff,

v.

SOTERA WIRELESS, INC., a
 California corporation,

Defendant.

Case No.: 3:19-cv-01100-BAS-NLS

**DEFENDANT SOTERA
 WIRELESS, INC.'S MOTION TO
 STAY PROCEEDINGS**

HEARING DATE: June 22, 2020

**JUDGE: HONORABLE CYNTHIA
 A. BASHANT**

ORAL ARGUMENT REQUESTED

TABLE OF CONTENTS

TABLE OF CONTENTS	i
TABLE OF AUTHORITIES.....	ii
I. INTRODUCTION.....	1
II. FACTUAL BACKGROUND	3
III. ARGUMENT	10
A. <i>Inter Partes</i> Review Proceedings.....	10
B. Legal Standards for Motions to Stay Pending IPR.....	13
C. The Court Should Stay the Litigation During <i>Inter Partes</i> Review of the Asserted Patents.....	14
1. The Litigation is in its Early Stages and Discovery Is Far From Complete.....	14
2. Granting a Stay Will Simplify and/or Moot the Issues in the Litigation.....	16
3. A Stay Will Not Unduly Prejudice or Tactically Disadvantage Masimo	20
IV. MEET AND CONFER.....	22
V. CONCLUSION	22

TABLE OF AUTHORITIES

Cases

<i>Acantha LLC v. Depuy Synthes Sales Inc.</i> ,	
No. 15-CV-1257, 2016 WL 8201780 (E.D. Wis. June 6, 2016)	16, 20, 21
<i>Allergan Inc. v. Cayman Chem. Co.</i> , No. SACV 07-01316 JVS (RNBx),	
2009 WL 8591844 (C.D. Cal. Apr. 9, 2009)	13
<i>American GNC Corp. v. LG Electronics Inc.</i> ,	
Case No. 17-cv-01090-BAS-BLM (S.D. Cal. Mar. 12, 2018)	13, 14, 15, 17
<i>Asetek Holdings, Inc. v. Cooler Master Co.</i> ,	
No. 13-CV-00457-JST, 2014 WL 1350813 (N.D. Cal. Apr. 3, 2014)	20
<i>Black & Decker Inc. v. Positec USA, Inc.</i> ,	
No. 13 C 3075, 2013 WL 5718460 (N.D. Ill. Oct. 1, 2013)	21
<i>Blast Motion, Inc. v. Zepp Labs, Inc.</i> ,	
No. 15-CV-700 JLS(NLS), 2016 WL 5107678 (S.D. Cal. Mar. 29,	
2016)	14, 16, 20, 21
<i>Capriola Corp. v. LaRose Indus., LLC</i> ,	
No. 8:12-ccv-02346 (M.D. Fla. Mar. 11, 2013)	18
<i>Davol, Inc. v. Atrium Med. Corp.</i> ,	
No. 12-958-GMS, 2013 WL 3013343 (D. Del. June 17, 2013)	21
<i>DivX, LLC v. Netflix, Inc.</i> ,	
2-19-cv-01602 (C.D. Cal. 2020-05-11, Order ECF No. 106)	15, 16
<i>e-Imagedata Corp. v. Digital Check Corp.</i> ,	
No. 16-CV-576, 2017 WL 657462 (E.D. Wis. Feb. 17, 2017)	19, 21
<i>Emhart Industries, Inc. v. Sankyo Seiki Mfg. Co.</i> ,	
3 U.S.P.Q.2d 1889 (N.D. Ill. 1987)	12
<i>Ethicon, Inc. v. Quigg</i> ,	
849 F.2d 1422 (Fed. Cir. 1988)	13
<i>Evolutionary Intelligence, LLC v. Sprint Nextel Corp.</i> ,	
No. C-13-4513-RMW, 2014 WL 819277 (N.D. Cal. Feb. 28, 2014)	17, 18
<i>e-Watch, Inc. v. ACTi Corp., Inc.</i> ,	
No. SA-12-CA-492-FB, 2013 WL 12091167 (W.D. Tex. May 21, 2013)	18
<i>Fresenius USA, Inc. v. Baxter Int'l, Inc.</i> ,	
721 F.3d 1330 (Fed. Cir. 2013)	12

1	<i>Krippelz v. Ford Motor Co.,</i>	
2	667 F.3d 1261 (Fed. Cir. 2012).....	18
3	<i>Lodge Mfg. Co. v. Gibson Overseas, Inc.,</i>	
4	CV 18-8085 PSG (GJSx) (slip op.), (C.D. Cal. Sept. 24, 2019).....	14
5	<i>Microsoft Corp. v. i4i Ltd. P’ship,</i>	
6	564 U.S. 91 (2011).....	11
7	<i>Microsoft Corp. v. Tivo Inc.,</i>	
8	2011 WL 1748428 (N.D. Cal. May 6, 2011).....	15
9	<i>Milwaukee Elec. Tool Corp. v. Hilti, Inc.,</i>	
10	138 F. Supp. 3d 1032 (E.D. Wis. 2015).....	17
11	<i>Out Rage, LLC v. New Archery Prods. Corp.,</i>	
12	No. 11-cv-701-bbc, ECF No. 72 (W.D. Wis. Apr. 9, 2012).....	12, 18, 21
13	<i>SCA Hygiene Products AB v. Tarzana Enterprises, LLC,</i>	
14	Case No. CV 17-04395, slip op at 4, (C.D. Cal. Sept. 27, 2017)	14, 15
15	<i>Seaquist Closures LLC v. Rexam Plastics,</i>	
16	No. 08-C-0106, 2008 WL 4691792 (E.D. Wis. Oct 22, 2008).....	11
17	<i>Security People, Inc. v. Ojmar US, LLC,</i>	
18	Case No. 14-cv-04968-HSG, 2015 WL 3453780 (N.D. Cal. May 29,	
19	2015).....	21
20	<i>Semiconductor Energy Lab. Co. v. Chimei Innolux Corp.,</i>	
21	No. SACV12-21-JST (JPRx), 2012 WL 7170593 (C.D. Cal. Dec. 19,	
22	2012).....	16
23	<i>Serv. Sol. U.S. LLC v. Autel. US Inc.,</i>	
24	No. 13-10534, 2015 WL 401009 (E.D. Mich. Jan. 28, 2015)	17
25	<i>Slip Track Systems, Inc. v. Metal Lite, Inc.,</i>	
26	159 F.3d 1337 (Fed. Cir.1998).....	14
27	<i>Software Rights Archive, LLC v. Facebook, Inc.,</i>	
28	No. 12-cv-03970-RMW, 2013 WL 5225522 (N.D. Cal. Sept 17, 2013)	10
	<i>Sorensen v. Black & Decker Corp.,</i>	
	No. 06cv1572 BTM (CAB), 2007 WL 2696590, (S.D. Cal. Sept. 10,	
	2007).....	14
	<i>TAS Energy, Inc v. San Diego Gas & Elec. Co.,</i>	
	No. 12CV2777-GPC BGS, 2014 WL 794215 (S.D. Cal. Feb, 26, 2014)	15

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Statutes

35 U.S.C. § 101.....	7
35 U.S.C. § 112.....	7
35 U.S.C. § 251.....	6
35 U.S.C. § 252.....	7
35 U.S.C. § 315.....	9, 11, 12

1
2 **I. INTRODUCTION**

3 Defendant Sotera Wireless, Inc. (“Sotera”) seeks a stay of this litigation in
4 light of Sotera’s filings of nine petitions for *inter partes* review (“IPR”) with the
5 Patent and Trial Appeal Board (“PTAB”) – one IPR for each of the nine patents
6 asserted by Masimo in this litigation. These nine proceedings are based on
7 substantial prior art never considered before by the Patent Office, and plainly
8 showing what Masimo contended distinguished its patent claims over the prior art.
9 The IPRs will almost certainly result in many claims being invalidated, thus
10 significantly narrowing the scope of this litigation, and it is certainly a realistic
11 possibility, given the strength of the new art, that all claims will be invalidated,
12 thus ending this case altogether. The patents asserted in this case are based on
13 older patent rights that were amended by Masimo Corporation (“Masimo”) more
14 recently to try to capture the accused product, which given this manipulation of
15 claims terms by Masimo to re-characterize its inventions has led to the parties
16 identifying over 80 claim term disputes for the *Markman* process. Masimo is
17 asserting nearly 100 patent claims in this litigation, and refuses to reduce the
18 number of asserted claims to focus the litigation, making a stay in view of IPRs
19 even more compelling.

20 Sotera has been marketing the accused ViSi Mobile® System since 2013,
21 and before this suit, Masimo never contended that Sotera infringed any of its then
22 many existing patents covering its technology. Instead, in 2013, immediately after
23 launching the accused ViSi Mobile® System, Masimo sued Sotera (a much smaller
24 competitor) for trade secret theft. It ultimately lost those claims in 2017—the court
25 found Sotera did *not* copy Masimo’s trade secrets—but within weeks of receiving
26 the court’s oral ruling in favor of Sotera, Masimo began filing new patents now
27 issued and involved in this case. It seems clear that Masimo knew its trade secret
28 case was predominantly without merit, as turned out to be the case, and decided to

1 try a different tack; namely filing patent applications designed to read on Sotera's
2 ViSi Mobile® System.

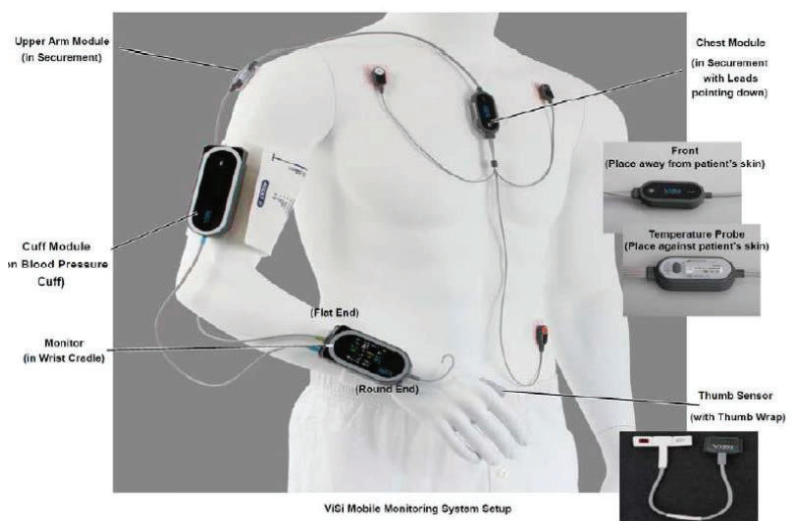
3 Not surprisingly, when a company like Masimo is forced to manipulate the
4 language of its existing patents to cover what none of its many prior patents
5 covered, there are numerous issues with those patents. The issues in suit are
6 numerous and, despite repeated requests (including by suggestion of Magistrate
7 Judge Stormes during the Early Neutral Evaluation), Masimo has made no effort to
8 streamline issues. The Patent Office is a much more efficient and far less costly
9 venue to address the questionable validity of Masimo's patent claims reconfigured
10 for this litigation. Sotera has identified no less than 19 prior art references never
11 considered by the Patent Office. It is highly likely that this case will be
12 substantially narrowed; indeed, the case may go away altogether. There is also no
13 prejudice to Masimo in allowing the Patent Office to consider the validity of these
14 nine patents and over 100 patent claims, as Masimo can recover easily-measurable
15 compensatory damages if the Patent Trial and Appeal Board ("PTAB") does not
16 invalidate all asserted claims and Masimo ultimately proves infringement.
17 Moreover, this case is in its early stages, with opening claim construction briefs not
18 due until September 22, 2020 and the claim construction hearing scheduled for
19 November 3—approximately the same time the PTAB will issue its first decision
20 regarding whether to institute IPRs of the asserted patents. Accordingly, the factors
21 considered for a stay pending IPR strongly favor a stay of this case.

22 In order to preserve the resources of both the Court and the parties in a
23 complicated patent infringement case that may be mooted by IPR decisions (or at
24 the very least streamlined), Sotera requests the Court grant a stay of the litigation
25 pending PTAB's decisions on all nine asserted patents. As discussed below, Sotera
26 has already filed IPR petitions against two of the asserted patents, and the other
27 seven petitions will be on file by the IPR bar deadline of June 13, 2020.
28 Accordingly, conditioned on the filing of IPR petitions against all nine asserted

1 patents by June 13, Sotera requests a stay of the litigation until the PTAB renders
 2 decisions on whether to institute IPRs. Under the PTAB's rules, such decisions
 3 occur six months after each IPR petition is filed (between November 8, 2020 and
 4 mid-December 2020). At that time, Sotera requests that the Court and the parties
 5 consider whether the stay should be continued or not based on the PTAB's
 6 decisions.

7 II. FACTUAL BACKGROUND

9 Masimo and Sotera are
 10 competitors in the field of
 11 medical monitoring devices,
 12 though Sotera is a much
 13 smaller competitor. Ex. A, p.
 14 30; Telscher Dec. ¶ 2. In
 15 approximately 2009, Sotera
 16 began development of a
 17 patient worn, battery-



18 operated, physiological monitoring device that would come to be known as the
 19 ViSi Mobile[®] Monitoring System (the "ViSi Mobile[®] System"). First deployed to
 20 hospitals in 2013, the ViSi Mobile[®] System (shown right) monitors various vital
 21 signs, including ECG, heart rate, pulse rate, respiration, blood pressure, pulse
 22 oximetry, and skin temperature. ECF No. 1, ¶ 31. Relevant to the issues in suit, the
 23 ViSi Mobile[®] System includes a wrist monitor that displays vital sign
 24 measurements and includes various alarms that activate when a particular vital sign
 25 exceeds an alarm threshold for a predetermined amount of time. ECF No. 1, ¶ 31
 26 (referenced as the "Visi Remote viewer").

27 Soon after Sotera launched this product, in May 2013, Masimo sued Sotera,
 28 *but not for patent infringement*. Rather, Masimo filed trade secret misappropriation

1 claims against Sotera and two former Masimo employees in the Superior Court of
2 the State of California, County of Orange. Ex. B. Masimo claimed
3 misappropriation of customer and pricing information and technical trade secrets.
4 *Id.* After several years of expensive litigation, Sotera's finances began drying up
5 and it filed a petition for Chapter 11 bankruptcy in the U.S. Bankruptcy Court for
6 the Southern District of California in September 2016. Ex. C. The trade secret
7 litigation was transferred to an adversary proceeding in the bankruptcy court,
8 where Masimo sought approximately \$28 million in damages. Ex. D.

9 On April 14, 2017, the bankruptcy court issued an oral ruling after a bench
10 trial, memorialized in a May 2017 written decision, finding that *Masimo's claimed*
11 *technical trade secrets were either not trade secrets and/or Sotera did not use*
12 *them, but rather independently created its ViSi technology.* Exs. E, F. The court
13 awarded Masimo only \$558,000 under the Respondent Superior Doctrine based on
14 misappropriation of customer and pricing trade secrets by a Sotera employee. Ex.
15 F. Masimo appealed to United States District Court for the Southern District of
16 California and then again to the Ninth Circuit Court of Appeals, each of which
17 affirmed the judgment of the bankruptcy court in September 2018. Exs. G, H.

18 Unhappy with this result, Masimo contrived of a new strategy to harm its
19 competitor. Within weeks of the bankruptcy court's oral ruling on April 14, 2017,
20 Masimo filed a slew of continuation and reissue patent applications with the U.S.
21 Patent Office—continuation applications for three of the currently asserted patents
22 directed to wrist monitors were filed April 27, 2017, broadening reissue
23 applications for three of the currently asserted patents directed to alarm analytics
24 were filed May 1, 2017, and two of the other asserted patents were not filed until
25 2018. ECF No. 1, Exs 1-9.

26 Masimo already had an extensive patent portfolio directed to wrist monitors
27 and alarm analytics going back to 2003, *but none of Masimo's patents covered*
28 *Sotera's ViSi Mobile® System*, else Masimo would have asserted patent

1 infringement claims against Sotera's new technology when it was launched in
2 2013, as it did with the 2013 trade secret litigation. After what was largely a loss
3 for Masimo in the trade secret litigation, and after learning more about Sotera's
4 technology through that litigation, Masimo immediately began filing continuation
5 and reissue applications in an attempt to manufacture another expensive litigation
6 over Sotera's ViSi Mobile® System. After issuance of the asserted patents, six of
7 which issued just last year and mere months before Masimo sued Sotera again in
8 the instant litigation. It is obvious that the far larger Masimo is using the
9 extraordinary cost of successive litigations to harm the much smaller Sotera,
10 making IPRs a far more effective and far less costly forum to address the issues
11 regarding Masimo's aging and manipulated patent portfolio.

12 **The Asserted Patents**

13 Masimo filed its complaint on June 12, 2019, asserting infringement by the
14 ViSi Mobile® System of nine patents, attached as Exhibits 1-9 to the complaint,
15 rendering this an unusually very large, complicated, and costly patent infringement
16 litigation. ECF No. 1. The asserted patents are directed to two general categories:
17 (1) wearable wrist monitoring devices; and (2) monitor alarms. The wrist monitor
18 patents include U.S. Patent Nos. 9,788,735 (the "735 patent"), 9,795,300 (the
19 "300 patent"), 9,872,623 (the "623 patent"), and U.S. Patent No. 10,213,108 (the
20 "108 patent"). ECF No. 1, Exs. 1, 2, 3, 7. All wrist monitor patents claim priority
21 to an application filed March 25, 2002, so they will expire in less than three years.
22 ECF No. 1, Exs. 1, 2, 3, 7; (63) Related U.S. Application Data. It is curious why
23 Masimo even pursued four more patents in this old patent family where such
24 efforts and this case provide no prospect for injunctive relief given the patents will
25 expire before this case can realistically conclude through appeal. The claims of the
26 wrist monitor patents have many common features, including in relevant part, for
27 example, a sensor port positioned such that a sensor wire extends along an axis
28 perpendicular to a "face" of the housing of the device and a transmitter configured

1 to wirelessly transmit information from the wrist monitor to a computing or
2 monitoring device that displays the information. ECF No. 1, Exs. 1, 2, 3, 7; (57)
3 Abstract.

4 The alarm patents include U.S. Reissue Patent Nos. RE47,218 (the “RE218
5 patent”), RE47,244 (the “RE244 patent”), RE47,249 (the “RE249 patent”),
6 RE47,353 (the “RE353 patent”), 10,255,994 (the “‘994 patent”). ECF No. 1, Exs.
7 4, 5, 6, 8, 9. Four of the five alarm patents are reissue patents. ECF No. 1, Exs. 4,
8 5, 6, 9. A reissue patent is a patent issued to correct a significant error in the
9 original issued patent, including patent claims that are inaccurate, or too narrow or
10 broad. A reissue patent may broaden the scope of the original patent claims as long
11 as it is filed within two years of the grant of the original patent. 35 U.S.C. § 251.
12 All four reissue patents broaden the claims of the original patents, meaning despite
13 having competent patent counsel, Masimo did not previously have claims covering
14 Sotera’s different and independently created technology. ECF No. 1, Exs. 4, 5, 6,
15 9.

16 The RE218 patent is directed to automatically adapting alarm thresholds that
17 are at an “offset” from a first oxygen saturation level of a patient, which
18 “dimishe[s] as a difference between the at least first oxygen saturation value and
19 the lower limit.” ECF No. 1, ¶ 57. The specification only describes an “offset” as
20 an automatic continual linear decrease corresponding to a continual linear decrease
21 in a first baseline value as illustrated in Figure 5A of the RE218 patent. ECF No. 1,
22 Ex. 4. The RE244, RE249, and RE353 patents are directed to “parameter-specific
23 alarm delays and suspensions” and “parameter-specific alarm hold periods.” ECF
24 No. 1, Exs. 5, 6, 9. The original claims of these reissue patents were limited to
25 “parameter-specific alarm suspensions,” consistent with the specification’s
26 disclosure of a system in which an alarm has *already* triggered and a clinician may
27 “suspend” the alarm for an amount of time corresponding to the treatment time of
28 the condition that triggered the alarm. ECF No. 1, Exs. 5, 6, 9. The ‘994 patent is

1 directed to a system that automatically simulates different alarm notification delay
 2 times to determine and program a different alarm notification delay time that
 3 reduces false alarms. ECF No. 1, Ex. 8, (57) Abstract.

4 **Issues in Suit and**
 5 **Status of the Proceedings**

6 This case involves nine patents and 94 asserted claims, and as might be
 7 expected of patents manipulated well after the fact to cover a competitor's product,
 8 there are numerous defenses and legal issues present in this case. ECF No. 30. For
 9 example, on April 3, 2020, the parties exchanged claim terms for construction as
 10 part of the *Markman* proceedings. There are *more than 80* claim terms in dispute,
 11 many of which were added during reissue and lack support in the specification.
 12 Sotera also has exceptionally strong invalidity positions, not only based on the
 13 prior art discussed below and at issue in the IPR proceedings, but also based on
 14 lack of written description under 35 U.S.C. §112, and failure to claim patentable
 15 subject matter under 35 U.S.C. § 101.

16 There are also issues of intervening rights. Because each of the asserted
 17 claims of the reissue patents were not in the original patents, and Sotera began
 18 making and selling the ViSi Mobile® System many years before their issuance,
 19 Sotera is not liable for infringement or damages prior to the grant of the reissue
 20 patents under the doctrine of absolute intervening rights under 35 U.S.C. § 252.
 21 Moreover, Sotera is not liable for infringement or damages *after* the issuance of the
 22 reissue patents under the doctrine of equitable intervening rights, because in
 23 addition to the foregoing, it made substantial investments in commercialization of
 24 the ViSi Mobile® System and commencement of business relating to the ViSi
 25 Mobile® System prior to the issuance of the reissue patents. ECF No. 30, pp. 20,
 26 22, 24, 29, Affirm. Defenses 23, 30, 37, 54. And, despite Masimo drafting patents
 27 to read on its competitor's products, Sotera has multiple non-infringement defenses
 28 because Sotera did not infringe the original patents and, while using new words,

1 Masimo cannot change the scope of its patents to cover subject matter it did not
2 invent or previously disclose.

3 In the face of these obstacles, Masimo has done little to advance the
4 litigation or narrow issues in dispute. For example, in December 2019, Sotera,
5 through counsel, wrote to counsel for Masimo, explaining that a change in the
6 source code of the accused ViSi Mobile® System precluded any claim to
7 infringement of RE218 patent. Ex. I. Sotera invited resolution of this claim, since
8 there was no possible argument for on-going infringement. *Id.* Sotera wrote again
9 in March 2020, seeking a reduction of asserted claims to a manageable number and
10 dismissal of the RE218 patent (both of which Magistrate Judge Stormes also
11 suggested at the Early Neutral Evaluation). Ex. J; Telscher Dec. ¶ 11. In an April
12 10 meet and confer, Sotera again requested Masimo address the RE218 patent. Ex.
13 K, Telscher Dec. ¶ 12. Masimo never responded and has refused to engage in
14 reasonable efforts to streamline the case. Telscher Dec. ¶ 12.

15 While some written discovery and documents have been exchanged, there is
16 much still to do. No depositions have occurred in the case. Telscher Dec. ¶ 22.
17 Source code has not yet been reviewed. *Id.* Presently, the *Markman* hearing is not
18 scheduled to occur until November 3, 2020 and briefing has not yet occurred. ECF
19 No. 43. Fact discovery does not close until December 17, 2020 and expert
20 discovery has not even begun. Trial is presently set for September 21, 2021, but
21 with trials being postponed due to COVID-19, this date may get extended as well.

22 **Sotera's Fillings for *Inter Partes* Review**

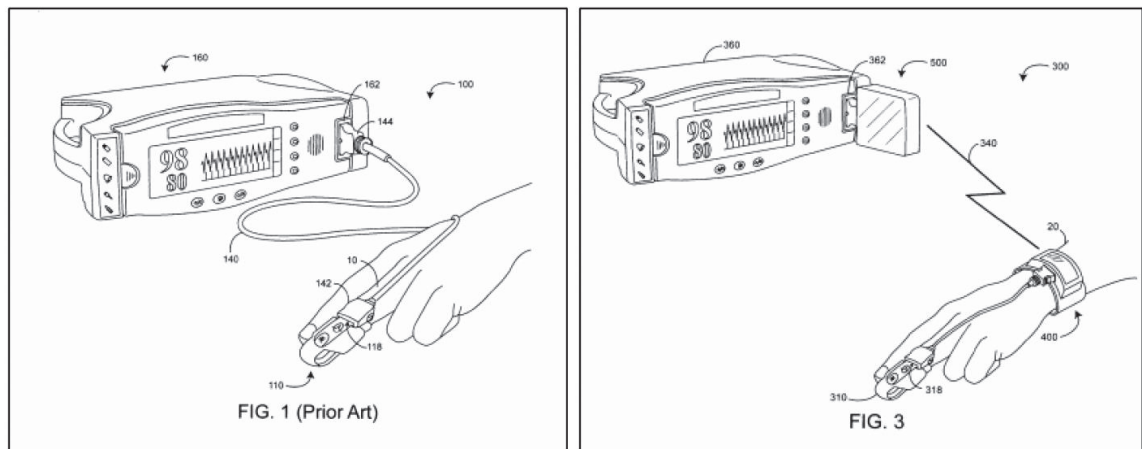
23 As described in more detail below, an *Inter Partes Review* proceeding or
24 "IPR" is an administrative proceeding that challenges the validity of patents based
25 on prior art patents or printed publications. IPRs, though typically cheaper than
26
27
28

1 litigation, are still expensive and time-consuming to prepare.¹ Telscher Dec. ¶ 14.
2 On May 8, 2020, Sotera filed the first of nine IPR petitions that will be filed
3 against all nine asserted patents. Telscher Dec. ¶ 16. A copy of that first filed IPR
4 petition, for cancellation of all claims of the ‘108 patent, is attached as Exhibit M.²
5 On May 18, 2020, Sotera filed for a petition IPR of the ‘735 patent, and Sotera is
6 presently in the process of completing and filing petitions on all remaining asserted
7 patents and all claims, each of which will be on file no later than June 13, 2020, the
8 IPR bar deadline. Telscher Dec. ¶ 17. One is being finalized for filing this week,
9 and three more near completion and expected to be filed next week or soon
10 thereafter. Because Masimo refuses to streamline the case and reduce the number
11 of asserted claims (many of which are redundant of one another), Sotera has been
12 forced to prepare IPR petitions against *every claim of all nine patents*, needlessly
13 increasing the cost to Sotera. Without getting into the detail of the arguments, the
14 invalidity arguments set forth in the IPR petitions are exceptionally strong.
15 Masimo did not invent body-worn, medical devices that track and wirelessly
16 transmit physiological data, nor did it conceive of alarm delays or suspensions,
17 customized alarm thresholds, or simulation of alarm notifications.

24
25 ¹ The filing fees alone for the first filed IPR (for the ‘108 patent) were \$35,300. Ex.
L.

26 ² While Sotera, not Hon Hai, prepared and filed the petitions, Hon Hai has agreed
27 to be bound by the estoppel provisions of 35 U.S.C. § 315(e) to the same extent as
28 Sotera. Exhibit M at 1.

Indeed, what Masimo claims to have invented (shown below right) is virtually identical to what already existed in the prior art (shown below left).



See Ex. M, p. 6. Furthermore, most of the prior art references asserted in the IPR petitions were never considered by the patent examiner and render the currently asserted claims unpatentable.

III. ARGUMENT

A. *Inter Partes* Review Proceedings

Congress created *inter partes* review proceedings as a cost-effective alternative to litigation that allows “the agency with expertise [the Patent Office] to have the first crack at cancelling any claims that should not have issued in the patents-in-suit before costly litigation continues.” *Software Rights Archive, LLC v. Facebook, Inc.*, No. 12-cv-03970-RMW, 2013 WL 5225522, at *6 (N.D. Cal. Sept 17, 2013). It was enacted as part of the America Invents Act (the “AIA”) with the purpose of “establish[ing] a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.” *Changes to Implement Inter Partes Review Proceedings*, 77 Fed. Reg. at 48,680 (codified at 37 C.F.R. §§ 42.100 et seq.). Consistent with this purpose, “the AIA established a new *inter partes* review procedure, replacing the former *inter*

1 *partes* reexamination procedure, for parties to challenge the validity of patents in a
2 ‘timely, cost-effective alternative to litigation.’” *Id.* Indeed, Congress intended the
3 AIA to “provide[] more coordination between district court infringement litigation
4 and *inter partes* review to reduce duplication of efforts and costs.” *Id.* at 48,721.
5 To this end, similar to the old *inter partes* reexaminations, IPRs “allow[] courts to
6 avoid expending unnecessary judicial resources by attempting to resolve claims
7 which may be amended, eliminated or lucidly narrowed” by the PTO “and the
8 expertise of its officers.” *Seaquist Closures LLC v. Rexam Plastics*, No. 08-C-
9 0106, 2008 WL 4691792, at *1 (E.D. Wis. Oct 22, 2008).

10 Under the AIA, any party other than the patent owner may file a petition
11 with the Patent Trial and Appeal Board to institute IPR to request cancellation of
12 patent claims under 35 U.S.C. §§ 102 and 103 on the basis of prior art consisting of
13 patents or printed publications. 35 U.S.C. § 311. The validity of the claims is
14 reviewed under a lower preponderance of the evidence standard of proof, 35
15 U.S.C. § 316(e), in contrast to the clear and convincing standard applicable to
16 litigation, *Microsoft Corp. v. i4i Ltd. P’ship*, 564 U.S. 91, 95 (2011). A party
17 accused of patent infringement may file a petition to institute IPR within one year
18 after the date on which it was served with a complaint alleging infringement of the
19 patent. 35 U.S.C. § 315(b). The patent owner may file a Preliminary Response to
20 the IPR Petition within three months of the filing date of the Petition, and the
21 Patent Office has three months from the patent owner’s Preliminary Response (or
22 if no response is filed, by the last date on which the response could have been
23 filed) to determine whether to institute IPR. *Id.* at §§ 313, 314(b). An IPR will be
24 instituted if the PTAB determines that the Petition shows “there is a reasonable
25 likelihood that the petitioner would prevail with respect to at least 1 of the claims
26 challenged in the petition.” *Id.* at § 314(a). The IPR is conducted before a panel of
27 three technically-trained Administrative Patent Judges of the Patent Trial and
28 Appeal Board. *Id.* at §§ 6(a)-(b); § 311. The Patent Office must issue a final IPR

determination within one year after the petition to institute is granted, which may be extended up to six months but only for “good case shown.”³ *Id.* at § 316(a)(11).

Conclusions in IPR proceedings are binding in concurrent infringement litigation. *Fresenius USA, Inc. v. Baxter Int’l, Inc.*, 721 F.3d 1330 (Fed. Cir. 2013). If during IPR “the original claim is cancelled or amended to cure invalidity, the patentee’s cause of action is extinguished and the suit fails.” *Id.* at 1340. A finding of unpatentability by the Patent Office means that “the patentee loses any cause of action based on that claim, and any pending litigation in which the claims are asserted becomes moot.” *Id.* On the other hand, if the claims survive IPR in a final written decision, the petitioner is estopped from asserting that a claim is invalid “on any ground that the petitioner raised or reasonably could have raised during that *inter partes* review.” 35 U.S.C. § 315(e)(2).

“Shifting validity issues to the Patent and Trademark Office has several advantages, including: (1) the benefit to the court of the examiner’s expert analysis of the prior art; (2) the possibility that the outcome of the reexamination will encourage settlement; (3) the limitation of issues, defenses and evidence following reexamination; and (4) the likely reduction of costs for the parties and the court.” *Out Rage, LLC v. New Archery Prods. Corp.*, No. 11-cv-701-bbc, ECF No. 72 at p. 6 (W.D. Wis. Apr. 9, 2012) (*citing Emhart Industries, Inc. v. Sankyo Seiki Mfg. Co.*, 3 U.S.P.Q.2d 1889, 1890 (N.D. Ill. 1987)). These advantages are significant when viewed in conjunction with the high percentage of claims ultimately found unpatentable in PTAB trials—as of March 2020, in 62% of petitions reaching a final written decision, all challenged claims were found unpatentable, and in an additional 18% of petitions reaching a final written decision, at least some

³ While the Patent Office has up to six months from the date of the filing of the IPR petition to make a decision to institute IPR, and one year from institution to make a final determination on the patentability of the challenged claims, statistics indicate that this timeline is sometimes accelerated. *See Telscher Dec.* ¶ 20, Ex. N.

1 challenged claims were found unpatentable (only 20% of petitions resulted in all
2 claims found patentable). Ex. O, p. 11.

3 **B. Legal Standards for Motions to Stay Pending IPR.**

4 District courts have the “inherent power to manage their dockets and stay
5 proceedings,” including in response to proceedings at the Patent Office. *FastVDO*
6 *LLC v. AT&T Mobility LLC*, No. 3:16-CV-00385-H-WVG, 2017 WL 2323003, at
7 *2 (S.D. Cal. Jan. 23, 2017) (quoting *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426-
8 27 (Fed. Cir. 1988)).⁴ In determining whether to grant a stay pending PTO review,
9 district courts consider the following three factors: “(1) whether discovery is
10 complete and whether a trial date has been set; (2) whether a stay will simplify the
11 issues in question and trial of the case; and (3) whether a stay would unduly
12 prejudice or present a clear tactical disadvantage to the nonmoving party.” *Id.*
13 (citing *TAS Energy, Inc. v. San Diego Gas & Elec. Co.*, No. 12CV2777-GPC BGS,
14 2014 WL 794215, at *3 (S.D. Cal. Feb. 26, 2014)). Ultimately, however, “the
15 totality of the circumstances” governs. *American GNC Corp. v. LG Electronics*
16 *Inc.*, Case No. 17-cv-01090-BAS-BLM (S.D. Cal. Mar. 12, 2018); *see also*
17 *Allergan Inc. v. Cayman Chem. Co.*, No. SACV 07-01316 JVS (RNBx), 2009 WL
18 8591844, at *2 (C.D. Cal. Apr. 9, 2009).

19 “A stay is favored generally where ‘the outcome of the reexamination
20 would be likely to assist the court in determining patent validity and, if the claims
21

22
23 ⁴ *Ethicon* involved the former patent reexamination proceeding but the same
24 analysis used by courts in determining whether to stay litigation pending the
25 former *inter partes* reexamination procedure is applied to stays pending IPRs.
26 *Ultratec, Inc. v. Sorenson Communications, Inc.*, 2015 WL 2248437, at *3 (W.D.
27 Wis. May 13, 2015) (“[C]ourts have analyzed the stay question [with respect to
28 IPR] using the framework they would apply to similar situations, such as motions
to stay pending *inter partes* reexamination or the review of an alleged covered
business method patent.”).

were canceled in the reexamination, would eliminate the need to try the infringement issue.” *Ultratec*, 2015 WL 2248437, at *3 (quoting *Slip Track Systems, Inc. v. Metal Lite, Inc.*, 159 F.3d 1337, 1341 (Fed.Cir.1998)); see also *American GNC Corp. v. LG Electronics Inc.*, Case No. 17-cv-01090-BAS-BLM (S.D. Cal. Mar. 12, 2018) (“A court’s consideration of a motion to stay should be guided by the ‘liberal policy in favor of granting motions to stay proceedings pending the outcome of USPTO reexamination or reissuance proceedings’.” (citation omitted)); *SCA Hygiene Products AB v. Tarzana Enterprises, LLC*, Case No. CV 17-04395, slip op at 4, (C.D. Cal. Sept. 27, 2017) (same).

C. The Court Should Stay the Litigation During *Inter Partes* Review of the Asserted Patents

1. The Litigation is in its Early Stages and Discovery Is Far From Complete

This case is in a relatively early stage. Claim construction proceedings have only just begun, and the claim construction hearing is not until November 3, 2020. Some discovery has occurred, but no depositions, and much still remains. This strongly favors a stay. The logistical issues created by the pandemic only make this conclusion stronger.

District courts find that this early stage of the case weighs heavily in favor of a stay. See *Lodge Mfg. Co. v. Gibson Overseas, Inc.*, CV 18-8085 PSG (GJSx) (slip op.), at *4–5 (C.D. Cal. Sept. 24, 2019) (collecting cases to support that stage of proceedings factor weighs in favor of stay where claim construction proceedings have not yet occurred). The question is not so much what has occurred, but rather what is left to complete. See *Sorensen v. Black & Decker Corp.*, No. 06cv1572 BTM (CAB), 2007 WL 2696590, at *4 (S.D. Cal. Sept. 10, 2007). “In other words, if a significant amount of discovery remains, a stay is more appropriate.” *Blast Motion, Inc. v. Zepp Labs, Inc.*, No. 15-CV-700 JLS (NLS), 2016 WL 5107678, at *2 (S.D. Cal. Mar. 29, 2016); see also *SCA Hygiene Products AB*, Case No. CV

1 17-04395, slip op at 7 (staying case in favor of IPR even though discovery was
 2 ongoing and “both parties have likely already spent significant time on their claim
 3 construction briefs.”); *TAS Energy, Inc.*, 2014 WL 794215, at *3 (granting stay
 4 pending IPR although “the case is not in its early stages,” parties are “is in the
 5 midst of discovery,” and claim construction briefs were filed, because a
 6 “significant amount of work still remains such as expert discovery, summary
 7 judgment motions and trial”); *Microsoft Corp. v. Tivo Inc.*, 2011 WL 1748428, at
 8 *6 (N.D. Cal. May 6, 2011) (finding this factor weighed in favor of a stay despite
 9 parties efforts in preparing for claim construction because “neither the tutorial nor
 10 the claim construction hearing has occurred”)

11 Here, not only does most discovery remain, *briefing* for *Markman* does not
 12 commence until September 22, 2020, the *Markman* hearing is not until November
 13 3, 2020, and trial is at least 16 months away. *Compare American GNC Corp. v.*
 14 *LG Electronics Inc.*, Case No. 17-cv-01090-BAS-BLM (S.D. Cal. Mar. 12, 2018)
 15 (granting stay 9 months into litigation where claim construction hearing had been
 16 scheduled but not yet occurred and ““significant amount of work still remains such
 17 as expert discovery, summary judgment motions and trial’.” (citation omitted)).

18 Even the trial date in this case is not certain in view of the current global
 19 pandemic and shutdowns. One Court expressly recognized that the epic disruption
 20 caused by COVID-19 is a factor that may be considered, and weighs in favor of a
 21 stay pending IPRs. *See DivX, LLC v. Netflix, Inc.*, 2-19-cv-01602 (C.D. Cal. 2020-
 22 05-11, Order ECF No. 106) (Philip S. Gutierrez) (“The coronavirus pandemic is
 23 also a relevant consideration under this factor.”) The court in that matter reasoned
 24 as follows:

25
 26 Defendants [have] stated that the pandemic has hindered
 27 their ability to meet certain case deadlines. Plaintiff also
 28 recognizes that ‘the Court, parties, and counsel face
 unprecedented challenges from COVID-19 and the
 corresponding guidance and restrictions that have
 disrupted everyday life and routines. It is likely that if

these cases were to proceed on their current schedule, hearings and trial would be subject to delays, particularly because criminal matters will take priority over these patent infringement actions.

Id. (emphasis added). The same is true here. As the undersigned counsel files this motion, counsel and all staff are working from home. Telscher Dec. ¶ 23. Counsel's firm has banned all non-essential travel. *Id.* Across all of counsel's cases, including the instant case, depositions are not occurring and experts cannot travel for source code review. *Id.* Moreover, like in *DivX*, once hearings and trials resume, criminal matters will likely take precedence over this and other civil actions. This strongly favors a stay.

2. Granting a Stay Will Simplify and/or Moot the Issues in the Litigation

"[I]t is clearly consistent with the fundamental purpose of the IPR procedure that a stay of litigation pending IPR has the potential to simplify the issues to be litigated, and to do so in a 'streamlined' fashion." *Acantha LLC v. Depuy Synthes Sales Inc.*, No. 15-CV-1257, 2016 WL 8201780, at *1 (E.D. Wis. June 6, 2016). Sotera will be filing IPR petitions challenging ***all claims of all nine of the asserted patents*** over the few weeks. Telscher Dec. ¶ 17. "The possibility of simplification 'is particularly true where ... a party has requested examination of each of the patents-in-suit.'" *Blast Motion, Inc.*, 2016 WL 5107678, at *5 (quoting *Semiconductor Energy Lab. Co. v. Chimei Innolux Corp.*, No. SACV12-21-JST (JPRx), 2012 WL 7170593, at *2 (C.D. Cal. Dec. 19, 2012)).

In view of the material prior art and manipulation of the patents in reissue, combined with the lower burden of proof in IPRs and the material prior art that was never before the examiner, it is highly likely that IPR of all nine asserted

1 patents will be instituted.⁵ Moreover, if instituted, it is likely that many, if not all,
2 claims of the asserted patents will be found unpatentable as the standard for
3 institution is “a reasonable likelihood that the petitioner would prevail with respect
4 to at least 1 of the claims challenged in the petition.” 35 U.S.C. § 314(a). This
5 prediction is also supported by Patent Office statistical analysis showing that in a
6 large percentage of IPRs instituted (and not settled prior to completion of trial),
7 some or all challenged claims were found unpatentable. Ex. O, p. 11. District
8 courts rely on these statistics in finding “the likelihood of simplification of at least
9 some of the issues in this case is high, and certainly cannot be described as merely
10 speculative.” *Milwaukee Elec. Tool Corp. v. Hilti, Inc.*, 138 F.Supp.3d 1032, 1039
11 (E.D. Wis. 2015).

12 Even where other claims and issues will not be resolved through IPR, it will
13 still simplify issues. “[T]he question is merely whether the issues will be
14 simplified, and *not* whether the entire case will be resolved.” *Milwaukee Elec.*, 138
15 F.Supp.3d at 1038 (*citing Serv. Sol. U.S. LLC v. Autel.US Inc.*, No. 13-10534, 2015
16 WL 401009, at *3 (E.D. Mich. Jan. 28, 2015); *Evolutionary Intelligence, LLC v.*
17 *Sprint Nextel Corp.*, No. C-13-4513-RMW, 2014 WL 819277, at *5-6 (N.D. Cal.
18 Feb. 28, 2014)). For example, if only some claims are canceled, the parties will not
19 have to address claim construction, validity or infringement of those claims.
20 *Milwaukee Elec.*, 138 F.Supp.3d at 1039. “Moreover, even in the event that none
21 of the claims are invalidated, the Court will still benefit from the USPTO’s
22

23 ⁵ While Sotera, as of the current date, has only filed IPR petitions on two of the
24 asserted patents so far, in the coming weeks it will have petitions filed on all
25 asserted patents. Even when only a portion of the asserted claims are subject to
26 IPR, courts routinely stay the entire proceeding. *See American GNC Corp. v. LG*
27 *Electronics Inc.*, Case No. 17-cv-01090-BAS-BLM (S.D. Cal. Mar. 12, 2018)
(staying entire case where only 2 of the 7 patents-in-suit were subject of IPRs and
28 collecting other cases do the same).

1 expertise in evaluating the scope and validity of those claims,” *id.*, and “plaintiff
2 may make prosecution disclaimers that bear on the construction of the [patent]
3 claims,” *Out Rage*, ECF No. 72 at p. 7 (*citing Krippelz v. Ford Motor Co.*, 667
4 F.3d 1261, 1266 (Fed. Cir. 2012)). In any event, “if the PTO declines *inter partes*
5 review, little time is lost, but if the PTO grants *inter partes* review, the promise is
6 greater for an important contribution by the PTO to resolution of the governing
7 issues in the litigation.” *e-Watch, Inc. v. Mobotix Corp.*, No. SA-12-CA-492-FB,
8 2013 WL 12091167 (W.D. Tex. May 21, 2013) (*quoting Capriola Corp. v. LaRose*
9 *Indus., LLC*, No. 8:12-cv-02346, ECF No. 49 (M.D. Fla. Mar. 11, 2013)).

10 Should the Patent Office cancel all claims of the asserted patents this entire
11 action would be extinguished. Masimo has only asserted claims of infringement of
12 the asserted patents, so cancellation of all asserted claims would moot all of
13 Masimo’s causes of action. On the other hand, if some of the claims of the asserted
14 patents survive IPR, Defendant Sotera (and Hon Hai) will be estopped from
15 arguing invalidity based on any grounds considered by the Patent Office in its final
16 written decision, and the Patent Office’s insight as to the scope of the prior art
17 references relied upon in the IPR petitions and the claims of the asserted patents
18 will certainly aid this Court and the parties in focusing the issues for trial, if
19 necessary. This factor strongly favors a stay.

20 There is a reasonable likelihood that this Court could expend significant time
21 and resources litigating issues and claims that could very well be rendered moot by
22 an IPR decision. “It would be a waste of this court’s and the parties’ time and
23 resources if the case proceeded through claims construction and summary
24 judgment on the [patent] claims, only to have the plaintiff amend the claims or the
25 examiner determine the claims are invalid.” *Out Rage*, ECF No. 72 at p. 7; *see also*
26 *Ignite USA, LLC v. Pacific Market International, LLC*, No. 14 C 856, 2014 WL
27 2505166, at *4 (N.D. Ill. May 29, 2014) (“Two simultaneous proceedings
28 addressing only the validity of the [asserted] patent could also result in the court

1 expending judicial resources on claim construction, to evaluate and rule on
2 dispositive motions, and to conduct a trial, for infringement claims on invalid or
3 narrowed patents. Such a result would render all of this work unnecessary.”). “The
4 risk that the PTAB’s decision will require the parties and the court to repeat
5 expensive and time-consuming aspects of the case actually works in favor of,
6 rather than against, granting a stay.” *e-Imagedata Corp. v. Digital Check Corp.*,
7 No. 16-CV-576, 2017 WL 657462, at *3 (E.D. Wis. Feb. 17, 2017).

8 The potential unfortunate consequences of simultaneous litigation and IPR
9 proceedings are well-illustrated by the *Ultratec* case. In *Ultratec, Inc. v. Sorensen*
10 *Commc’ns., Inc.*, the defendant moved to stay pending IPRs approximately four
11 months into the litigation, but the Court denied the motion and the case proceeded
12 to trial one year after the stay motion was denied. *Ultratec*, 2015 WL 2248437, at
13 *1. The jury returned a verdict in favor of the plaintiff on infringement and validity
14 and awarded \$44,000,000 in damages. *Id.* While numerous post-verdict motions
15 were pending, the Patent Office issued a final written decision invalidating all of
16 the asserted claims but one. *Id.* Defendant moved to stay the Court’s ruling on the
17 post-trial motions pending exhaustion of plaintiff’s appellate remedies with respect
18 to the IPR. *Id.* The Court granted the stay, finding that “final cancellation of the
19 asserted claims would moot all of plaintiffs’ infringement claims and avoid
20 wasting judicial resources needlessly in resolving the post-trial motions and any
21 resulting appeals.” *Id.* Moreover, the court found that “[e]ven if not all of the
22 board’s decisions are upheld on appeal, the decision of the court of appeals will
23 provide important guidance on the validity of the patents, simplify the case and
24 prevent inconsistent results between the *inter partes* review and the litigation.” *Id.*
25 Had the Court granted the first stay motion, the parties and the Court (and potential
26 jurors) would have avoided the wasteful expense of time and resources litigating a
27 case that was mooted soon thereafter by the Patent Office’s IPR decision.

1 Because this litigation is at its earliest stages and the parties and the Court
 2 have expended very little time and resources on this litigation to date, but could
 3 expend substantial resources that could be wasted, this factor strongly favors a
 4 stay.

5 **3. A Stay Will Not Unduly Prejudice or Tactically** 6 **Disadvantage Masimo**

7 The requested stay is not sought for tactical advantage, but rather to avoid
 8 the financial expense and risks of inconsistency inherent in multiple proceedings.
 9 Sotera is a smaller competitor that has been selling the accused ViSi Mobile®
 10 System for seven years. After the case began, a neutral evaluation was scheduled
 11 for November 2019, and Sotera was hopeful the case could be resolved. Telscher
 12 Dec. ¶ 13. Sotera participated in that process in good faith, and following up and as
 13 requested by the magistrate, Sotera sent a formal settlement letter on December
 14 27th and waited for a response and never received one. Telscher Dec. ¶ 13. Once
 15 Sotera determined that settlement was not possible, counsel for Sotera moved
 16 quickly to perform the massive amount of legal work needed to prepare and file
 17 nine separate IPRs. Telscher Dec. ¶ 13. Counsel has been diligently working to
 18 prepare IPR petitions (extremely long, complicated filings) on nine different
 19 patents. Telscher Dec. ¶ 13. This did not come as a surprise to Masimo. Counsel
 20 for Sotera forecasted these filings to Masimo long ago, including in the parties'
 21 Joint Rule 26 Report. Telscher Dec. ¶ 19. This is not gamesmanship.

22 In terms of any prejudice, “[d]elay alone does not usually constitute undue
 23 prejudice, because parties having protection under the patent statutory framework
 24 may not complain of the rights afforded to others by that same statutory
 25 framework.” *Blast Motion*, 2016 WL 5107678, at *4 (finding that defendant’s
 26 filing of IPR petition within the one-year time period to file does not demonstrate
 27 undue delay) (*quoting Asetek Holdings, Inc. v. Cooler Master Co.*, No. 13-CV-
 28 00457-JST, 2014 WL 1350813, at *4 (N.D. Cal. Apr. 3, 2014)); *Acantha*, 2016

1 WL 8201780, at *2 (same). Further, several courts find that in the event that IPRs
2 are not instituted, “the delay in waiting for that decision will be fairly short.” *Black*
3 *& Decker Inc. v. Positec USA, Inc.*, No. 13 C 3075, 2013 WL 5718460, at *2 (N.D.
4 Ill. Oct. 1, 2013) (*quoting Davol, Inc. v. Atrium Med. Corp.*, No. 12-958-GMS,
5 2013 WL 3013343, at *2 (D. Del. June 17, 2013)); *see also e-Imagedata*, 2017 WL
6 657462, at *3 (“Although here the PTAB has not yet decided whether to institute
7 IPR, if it decides such review is unwarranted any stay that might be issued will be
8 lifted and will not have materially delayed this lawsuit.”); *Blast Motion*, 2016 WL
9 5107678, at *5 (same); *Security People, Inc. v. Ojmar US, LLC*, Case No. 14-cv-
10 04968-HSG, 2015 WL 3453780, at *3 (N.D. Cal. May 29, 2015) (same); *Acantha*,
11 2016 WL 8201780, at *2 (same).

12 Here, there is no urgency to the litigation and certainly no harm that cannot
13 be remedied with damages. The accused products have been on sale since 2013.
14 There will be an institution decision on the earliest filed IPRs by early November
15 (at the latest), and at the time the *Markman* hearing is scheduled to occur. Then,
16 after institution, even if some claims are upheld by the Patent Office and
17 Defendant Sotera is later found to be liable for infringement, Masimo can recover
18 any damages it may have accrued during the stay. *Out Rage*, ECF No. 72 at p. 8
19 (*citing Marine Polymer Techs., Inc. v. HemCon, Inc.*, 672 F.3d 1350, 1362-63
20 (Fed. Cir. 2012). “A stay will not diminish the monetary damages to which
21 [plaintiff] will be entitled if it succeeds in its infringement suit—it only delays
22 realization of those damages and delays any potential injunctive remedy.”
23 *VirtualAgility, Inc. v. Salesforce.com, Inc.*, 759 F.3d 1307, 1318 (Fed. Cir. 2014).
24 Moreover, all four of the wrist monitor patents (the ‘108, ‘735, ‘300 and ‘623
25 patents) are set to expire in March 2022, so, at least as to those patents, the *only*
26 realistic remedy—if any—is damages. For all of these reasons, this final factor also
27 strongly supports a stay.
28

1 **IV. MEET AND CONFER**

2 This motion is made following a telephonic conference of counsel for the
3 parties that took place on May 11, 2020. Masimo has represented that it will
4 oppose this motion to stay.
5

6 **V. CONCLUSION**

7
8 For the foregoing reasons, Defendant Sotera respectfully requests that this
9 Court stay the litigation pending a decision by the PTAB to institute IPR
10 proceedings on the asserted patents, and to continue that stay should the Patent
11 Office institute one or more of the IPRs. Alternatively, should the Court deny
12 Defendant's motion to stay, Defendant Sotera respectfully requests leave to renew
13 the motion to stay if the PTAB institutes IPR of any of the asserted patents.
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

1 Date: May 20, 2020

Respectfully submitted,

2 By: /s/ Rudolph A. Telscher, Jr.

3 Rudolph A. Telscher, Jr.*

4 rudy.telscher@huschblackwell.com

Daisy Manning*

5 daisy.manning@huschblackwell.com

6 Jennifer E. Hoekel*

jennifer.hoekel@huschblackwell.com

7 HUSCH BLACKWELL LLP

190 Carondelet Plaza, Suite 600

8 St. Louis, MO 63105

9 314-480-1500 Telephone

10 Nathan Sportel*

11 nathan.sportel@huschblackwell.com

12 HUSCH BLACKWELL LLP

120 South Riverside Plaza Suite 2200

13 Chicago, IL 60606

14 312-655-1500 Telephone

15 Dustin Taylor*

16 dustin.taylor@huschblackwell.com

17 HUSCH BLACKWELL LLP

1801 Wewatta Street, Suite 1000

18 Denver, CO 80202

19 303-749-7247 Telephone

20 *admitted *pro hac vice*

21 J. Christopher Jaczko (Bar No. 149317)

22 PROCOPIO, CORY, HARGREAVES &

23 SAVITCH LLP

12544 High Bluff Drive, Suite 400

24 San Diego, CA 92130

chris.jaczko@procopio.com

25 619-238-1900 Telephone

26 ***Attorneys for Defendant***

27 ***Sotera Wireless, Inc.***

CERTIFICATE OF SERVICE

I hereby certify that on this 20th day of May 2020, I caused the foregoing to be filed electronically with the Clerk of Court and to be served via the Court's Electronic Filing System upon all counsel of record.

/s/ Rudolph A. Telscher, Jr.