

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SOTERA WIRELESS, INC.
Petitioner

v.

MASIMO CORPORATION
Patent Owner

Case No. IPR2020-00954
Patent No. 9,788,735

PETITIONER'S PRELIMINARY RESPONSE

| Ex # | Exhibit Index |
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| 1001 | U.S. Patent No. 9,788,735 (“the ’735 patent”) |
| 1002 | Prosecution History of the ’735 Patent |
| 1003 | Expert Declaration of George Yanulis |
| 1004 | <i>Curriculum Vitae</i> for George Yanulis |
| 1005 | U.S. Patent No. 6,840,904 to Goldberg (“Goldberg”) |
| 1006 | PCT Publication No. WO 00/42911 to Kiani et al. (“Kiani”) |
| 1007 | EP0880936A2 to Akai (“Akai”) |
| 1008 | U.S. Patent No. 5,919,141 to Money (“Money”) |
| 1009 | PCT Publication No. WO 99/13698 to Estep (“Estep”) |
| 1010 | ’735 Patent File History Excerpt, Application as filed on April 27, 2017 |
| 1011 | ’735 Patent File History Excerpt, Preliminary Amendment filed May 22, 2017 |
| 1012 | ’735 Patent File History Excerpt, Pre-Interview Office Action issued July 3, 2017 |
| 1013 | U.S. Patent No. 6,241,684 to Amano (“Amano”) |
| 1014 | ’735 Patent File History Excerpt, Notice of Allowance with Examiner’s Amendment issued Aug. 28, 2017 |
| 1015 | Masimo’s Adversary Complaint, United States Bankruptcy Court for the Southern District of California, <i>In re: Sotera Wireless, Inc.</i> , No. 16-05968-LT11, filed October 7, 2016 |
| 1016 | U.S. Patent No. 4,425,921 to Fujisaki (“Fujisaki”) |
| 1017 | International Publication No. WO00/44274 |
| 1018 | Japanese Publication No. JP0558122A, with English Machine Translation |
| 1019 | U.S. Patent No. 4,338,950 |
| 1020 | U.S. Patent No. 4,450,843 |
| 1021 | U.S. Patent No. 4,807,639 |
| 1022 | U.S. Patent No. 5,539,706 |

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| 1023 | U.S. Patent No. 6,850,788 (Parent to '735 Patent) |
| 1024 | U.S. Patent No. 7,844,314 (Parent to '735 Patent) |
| 1025 | U.S. Patent No. 7,844,315 (Parent to '735 Patent) |
| 1026 | U.S. Patent No. 8,548,548 (Parent to '735 Patent) |
| 1027 | U.S. Patent No. 9,113,831 (Parent to '735 Patent) |
| 1028 | U.S. Patent No. 9,113,832 (Parent to '735 Patent) |
| 1029 | Masimo's Complaint for Patent Infringement against Sotera (ECF No. 1), filed June 12, 2019 |
| 1030 | Service of Summons and Complaint upon Sotera (ECF No. 5) |
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| 1036 | Defendant Sotera Wireless, Inc.'s Motion to Stay Proceedings, ECF No. 48 |
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Petitioner respectfully submits this supplemental briefing addressing the factors set forth in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 6 (Mar. 20, 2020) (precedential). Paper 8.

I. STATUS OF THE DISTRICT COURT LITIGATION

In the parallel district court litigation, *Masimo Corp. v. Sotera Wireless, Inc. and Hon Hai Precision Industry Co. Ltd.*, Civil Action No. 3:19-01100-BAS-NLS (S.D. Cal.) (the “District Court Litigation”), Patent Owner Masimo Corporation (“Masimo”) asserts infringement of nine patents¹, including the ’735 Patent, each of which issued from continuation or reissue applications filed in 2017 and 2018, and very late in each patent’s life cycle. Masimo filed these applications in an effort to cover Petitioner’s technology, on the market since 2013, because its technology did not infringe any of Masimo’s many then-existing patents. In doing so, however, Masimo’s newly obtained patent claims do not claim anything novel or nonobvious at all, but merely claim what had existed in the prior art.

While Masimo served its complaint on June 13, 2019, over the ensuing six months virtually no activity occurred in the District Court litigation while the parties engaged in settlement discussions. The District Court did not even hold its

¹ Petitioner has filed petitions for *inter partes* review (“IPR”) against the other eight asserted patents in IPR2020-00912, IPR2020-00967, IPR2020-01015, IPR2020-01019, IPR2020-01033, IPR2020-01054, IPR2020-01078, IPR2020-01082.

initial case management conference until December 4, 2019, and did not issue a scheduling order until December 9, 2019. EX2002. Only then did it become clear the parties would not be able to settle and litigation activity began. Petitioner tirelessly worked over the next few months to identify an expert witness, evaluate potential art, and prepare nine petitions for IPR challenging a total of 183 claims. Petitioner then filed a motion to stay the District Court Litigation. EX1036.

To date, the case schedule has been amended twice, with the latest amended scheduling order setting the close of fact discovery for February 12, 2021, the close of expert discovery for May 7, 2021 and trial for November 30, 2021. EX2009. Moreover, on September 23, 2020, the day after the parties submitted opening *Markman* briefs, the District Court vacated all *Markman* deadlines “[i]n light of Defendant’s pending Motion to Stay,” stating it would “reset the hearing, **if necessary**, immediately after the order on the Motion to Stay is issued.” EX1037 (emphasis added). In view of all *Markman* deadlines being indefinitely vacated, the remainder of the schedule and the trial date remain uncertain.

II. THE *FINTIV* FACTORS COUNSEL AGAINST EXERCISING DISCRETION TO DENY

Weighing the *Fintiv* factors holistically, the Board should decline to exercise its discretion to deny institution.

Fintiv Factor #1: Petitioner filed a Motion to Stay on May 20, 2020, well

before Masimo filed its Preliminary Response. EX1036. The District Court indicated a ruling is forthcoming when it vacated all *Markman* deadlines. EX1037. Critically, the Court noted that any rescheduled *Markman* date may not be necessary, depending on how the Court rules on the motion to stay. *Id.* Masimo's claim that "[a] stay is unlikely" is pure conjecture. At most, this factor is neutral. *Sand Revolution II, LLC v. Continental Intermodal Group-Trucking LLC*, IPR 2019-01393, Paper 24 at 7 (PTAB June 16, 2020) (Informative).

Fintiv Factor #2: The Court has already amended its case management order twice—including extending the trial date two months—and, with the uncertainty surrounding the currently vacated *Markman* deadlines and the on-going COVID-19 health crisis, the possibility of additional extensions cannot be excluded. *Apple Inc. v. Seven Networks, LLC*, IPR2020-00235, Paper 10 at 8 (PTAB July 28, 2020) ("[T]he coronavirus pandemic already has disrupted the trial date once, and the situation continually evolves.").

Regardless, the current trial date is November 30, 2021, which is the same day as the anticipated deadline for the Board to issue its Final Written Decision. "Given the minimal amount of overlap between the currently scheduled trial and the deadline for a decision in this proceeding—a few weeks—this factor strongly weighs in favor of instituting *inter partes* review." *MED-EL Elektromedizinische Geräte Ges.m.b.H. v. Advanced Bionics AG*, IPR2020-00190, Paper 15 at 9-12

(PTAB June 3, 2020) (instituting IPR because trial date less than one month before Final Written Decision and *Markman* hearing delayed twice). Here, where the Final Written Decision will issue even closer to the scheduled trial date, and all *Markman* deadlines have been indefinitely vacated, this factor weighs even more strongly in favor of institution.

Fintiv Factor #3: The deadline to complete fact discovery is February 12, 2021 and the deadline to complete expert discovery is nearly three months after that. EX2009. Although the parties have engaged in some discovery, it is unrelated to invalidity issues and much remains to be completed. Moreover, if and when the District Court reschedules the *Markman* deadlines and eventually issues a *Markman* Order, it will address only the “top ten dispositive” terms identified by the parties, among 46 disputed claim terms (most, if not all, of which will likely need to be construed before trial). This factor thus weighs in favor of institution. *Fintiv*, Paper 11 at 10; *see also Church & Dwight Co., Inc. v. Batinkoff*, No. IPR2020-00168, Paper 11 at 15 (PTAB May 15, 2020) (finding third factor weighs against denial because “the district court has not yet held a claim construction hearing or issued a claim construction order.”); *Sand Revolution II*, Paper 24 at 11 (“Also, we recognize that much work remains in the district court case as it relates to invalidity: fact discovery is still ongoing, expert reports are not yet due, and substantive motion practice is yet to come.”).

Moreover, Petitioner was not dilatory in filing this petition. After the complaint was filed, the parties spent the next six months engaged in settlement discussions. Minimal activity occurred in the litigation until the District Court issued a scheduling order in December 2019. EX2002. Masimo did not serve its infringement contentions until January 24, 2020. EX2002, p. 1-2. Petitioner served its initial invalidity contentions on March 20, 2020 (constituting over 5,000 pages of claim charts)—concurrent with the nationwide shift to “work from home” and the closing of counsels’ public offices. *Id.* Shortly thereafter, the District Court extended *Markman* proceedings three months per the parties’ joint motion. EX2003.

During this time, Petitioner diligently worked to draft IPR petitions challenging 9 patents and 183 claims. Although the grounds in Petitioner’s Petition are similar to its initial invalidity arguments in the District Court Litigation, they are not identical. Petitioner asserts additional references in the Petition not originally asserted in the District Court Litigation. *See* EX2004. Petitioner also sought *inter parties* review of **all** claims of the ’735 Patent, not only those that Masimo currently asserts in the District Court Litigation, to mitigate the risk of Masimo asserting additional claims after the one-year bar deadline under 35 U.S.C. § 315(b). Any claim of delay is thus not persuasive. *Supercell Oy, Petitioner, v. Gree, Inc., Patent Owner.*, No. PGR2020-00053, Paper 12 at 14-15 (PTAB Oct. 9,

2020) (“Although Petitioner filed its Petition late within the statutory filing window, the evidence before us demonstrates that only minimal investments have been made in the parallel proceeding. Thus, we are not persuaded that Petitioner’s ‘delay’ is a compelling reason to exercise discretion to deny institution.”).

Fintiv Factor #4: Petitioner’s petition seeks review of all claims of the ’735 Patent, not merely those at issue in the concurrent litigation. *Samsung Electronics Co., Ltd. v. Dynamics, Inc.*, IPR2020-00502, Paper 34 at 12 (PTAB Aug. 12, 2020) (finding fourth factor weighs in favor of institution when the petition sought review of all claims, not merely those at issue in the concurrent litigation). More importantly, Petitioner, and real-party-in-interest Hon Hai Precision Industry Co., have offered Masimo a stipulation that, if IPR is instituted, they will not pursue in the District Court Litigation any ground raised or that could have been reasonably raised in an IPR. EX1038. Thus, there will be no overlap of invalidity issues between the District Court litigation and IPR. This factor thus weighs in favor of institution. See *VMware, Inc. v. Intellectual Ventures I LLC*, No. IPR2020-00470, Paper 13 at 19-20 (PTAB Aug. 18, 2020); *Sand Revolution II*, Paper 24 at 11-12; *Nanocollect Biomedical, Inc. v. Cytonome/st, LLC*, No. IPR2020-00551, Paper 19 at 21-23 (PTAB Aug. 27, 2020); *Nvidia Corp. v. Tessera Advanced Techs., Inc.*, No. IPR2020-00708, Paper 9 at 16-17 (PTAB Sept. 2, 2020).

Fintiv Factor #5: Although Petitioner and Patent Owner are the same

parties in both proceedings, the Board nevertheless repeatedly declines to exercise its discretion to deny institution despite this factor. *See e.g., VMWare, Inc.*, Paper 13 at 20-21; *Samsung Elecs.*, Paper 34 at 13-14.

Fintiv Factor #6: The merits of the petition are strong for several reasons. First, the Petition's Grounds address the very features the Examiner found to be lacking in the prior art. Petition, p. 15; EX1002, p. 252. Second, Masimo's substantive arguments against institution (multiple ports, analog/digital signals) are premised on the non-obviousness of basic engineering principals well within the technical grasp of a PHOSITA. EX1003, ¶¶ 63-66, 70-73, 80-86. Regarding ports, Masimo's argument neglects long-standing precedent that duplication of parts has no patentable significance. *In re Harza*, 274 F.2d 669, 124 USPQ 378 (CCPA 1960); EX1006, 8:31-33, Petition, pp. 27, 73. Furthermore, regarding analog and digital signals, again Masimo ignores Supreme Court precedent explaining that, in situations involving a finite number of options, it would be obvious to try all options. *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 421 (2007). In this situation, there are only two options (analog or digital), and knowing when to use analog or digital signals is well within a PHOSITA's technical grasp. EX1008, 5:48-51, 7:4-8, 7:16-20, 7:58-62, 12:4-7, 13:24-32; EX1003, ¶¶ 70-73, 80-86. Thus, the petition strongly suggests invalidity, and Masimo's arguments do not suggest otherwise.

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Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on this 16th day of October 2020, I caused the foregoing to be served via electronic email to the attorneys of record for the '735 patent at the following address:

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