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UNITED STATES PATENT AND TRADEMARK OFFICE

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**BEFORE THE PATENT TRIAL AND APPEAL BOARD**

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SOTERA WIRELESS,  
Petitioner,

v.

MASIMO CORPORATION,  
Patent Owner.

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Case IPR2020-00954  
U.S. Patent 9,788,735

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**PATENT OWNER SUR-REPLY REGARDING *FINTIV* FACTORS**

**EXHIBIT LIST**

<b>Exhibit No.</b>	<b>Description</b>
2001	Masimo's Opposition to Sotera's Motion to Stay Proceedings, dated June 8, 2020, filed in <i>Masimo Corp. v. Sotera Wireless, Inc.</i> , Case No. 3:19-cv-01100-BAS-NLS (S.D. Cal.) ("District Court Action")
2002	Case Management Order Regulating Discovery and Other Pretrial Proceedings, dated December 9, 2019, filed in the District Court Action
2003	Order Granting Joint Motion to Modify Case Management Order, dated April 29, 2020, filed in the District Court Action
2004	Defendants' LPR 3.3 Invalidity Contentions, dated March 20, 2020, served in the District Court Action (without exhibits)
2005	Declaration of George E. Yanulis in Support of Petition for <i>Inter Partes</i> Review of U.S. Patent No. 9,795,300 (Exhibit 1003 in IPR2020-01515)
2006	Amended Memorandum of Decision Including Post-Trial Findings of Fact and Conclusions of Law [Redacted], filed July 18, 2017, in <i>In re: Sotera Wireless, Inc.</i> , BK No. 16-05968-LT11 (SD Cal. BK) (Exhibit 1019 in IPR2020-000967)
2007	Defendants' Amended Invalidity Contentions, dated September 8, 2020, served in the District Court Action (without exhibits)
2008	Reserved
2009	Order Granting in Part Defendants' <i>Ex Parte</i> Motion to Modify Case Management Order, dated October 6, 2020, filed in the District Court Action

Pursuant to the Board’s October 7, 2020 Order – Conduct of Proceeding (Paper 8), Masimo Corporation (“Masimo”) hereby submits its Sur-Reply to Petitioner’s Reply regarding the factors laid out in *Apple, Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv*”).

## **I. INTRODUCTION**

None of Petitioner’s arguments change the discretionary *Fintiv* analysis. Petitioner does not dispute it waited until *just before* the one-year deadline to unleash nine different petitions on Masimo. Petitioner had time to draft these petitions far earlier—Petitioner admits “virtually no activity occurred in the District Court litigation” in the first six months. Paper 11 at 1. Petitioner’s dilatory actions eliminated many of the efficiencies that might normally result from an IPR. Indeed, Masimo expended substantial time and resources in discovery, which is active and ongoing, and in claim construction briefing.

Petitioner relies heavily on the fact that the Court extended the trial date by two months. But, the final written decision date for all of these IPRs will still come on or after the trial. That change should not alter the *Fintiv* analysis.

Petitioner also takes advantage of its failure to address the *Fintiv* factors in its Petition—and the Board’s resulting invitation to address those factors in a Reply—to respond to the merits of Masimo’s POPR arguments. But none of Petitioner’s arguments show the Petition is strong on the merits.

## **II. ARGUMENT**

None of Petitioner's arguments changes the balancing of the *Fintiv* factors.

**Fintiv Factor #1:** Petitioner does not dispute that it filed its Motion to Stay over *five* months ago, on May 20, 2020. Paper 11 at 2-3. Yet, as Petitioner also admits, the Court has *not* granted that Motion. *Id.* at 3. Petitioner points to the Court's observation that a rescheduled *Markman* date *may* not be necessary, depending on how the Court rules on the motion to stay. *Id.* But that is always true and hardly controversial. Neither party knows how the Court will rule on the Motion to Stay. But Petitioner does not address, much less rebut, Masimo's argument that the parties directly compete in the market. Paper 7 at 16. Petitioner likewise turns a blind eye to Masimo's case law holding that such competition evidences significant prejudice that weighs against a stay. *Id.* This factor weighs against institution.

**Fintiv Factor #2:** Petitioner points out that the Court extended the trial date by two months and argues without support that there may be additional delays. Paper 11 at 3. But the Court specifically noted that its schedule "will *not* be dictated" by any IPRs. Ex. 2009 at 2 (emphasis added). It further warned that any further extension "would require good cause as to why the discovery could not have been completed under the schedule." *Id.* The district court trial is scheduled for November 30, 2021, which means there is little opportunity for efficiency or

simplification with IPR proceedings because the final written decision date for all of the IPRs will still come during or after trial. An IPR decision during or after trial would undermine any potential litigation efficiency as trial will have begun and the parties will have completed their invalidity arguments. Thus, this factor also weighs against institution.

**Fintiv Factor #3:** Petitioner does not dispute that it waited until just before the statutory deadline to file its Petition. Petitioner claims it delayed because of settlement negotiations. Normal settlement discussions at the beginning of a case cannot excuse Petitioner's complete failure to file all of its petitions until just before the statutory deadline. Indeed, Sotera's representation that it expected a settlement is belied by its representation to the District Court that as of November 22, 2019 "[t]he parties do not currently have an expectation of a prompt settlement or resolution." Ex. 2001 at 6. Petitioner also claims that discovery has not been directed to invalidity issues. But that simply is not true as Masimo invested considerable time and resources analyzing Petitioner's "over 5,000 pages of claim charts," (Paper 11 at 5), served two months before the petitions and more than a half-year ago. Masimo also expended substantial time and resources in discovery, which is active and ongoing, and in claim construction briefing. This factor weighs against institution.

**Fintiv Factor #4:** Petitioner points to its stipulation to argue there will be no overlap of invalidity issues. *Id.* at 6. But the scope of Petitioner’s error-filled stipulation (Ex. 1038) is unclear. *See, e.g.*, Ex. 1038 at 7 (“This stipulation is ***not*** intended, ***and should be construed***, to limit . . . .”; “*inter parties* review”) (emphases added). If Petitioner reserves the right to proceed based on the other references and combinations cited in its many-thousand pages of invalidity contentions, the stipulation will not avoid the inefficiency of the continued litigation of invalidity. Petitioner’s invalidity contentions use the same art from its Petition combined with other references not cited in the Petition. *See, e.g.*, Ex. 2007 at 6-7. The vagueness of Petitioner’s stipulation means the Court and the Board may both make factual findings about the scope and content of the same set of references, opening the door to inconsistent findings and duplicative analysis. This factor weighs against institution.

**Fintiv Factor #5:** Petitioner does not dispute that this factor weighs against institution.

**Fintiv Factor #6:** Because Petitioner did not address the *Fintiv* factors in its Petition, the Board ordered a “Reply to the Preliminary Response . . . addressing the *Fintiv* factors.” Paper 8 at 2. Petitioner seizes on this opportunity to oversimplify the issues, in an attempt to hide the weaknesses in its Petition.

First, Petitioner argues that “the Petition’s Grounds address the very features the Examiner found to be lacking in the prior art.” Paper 11 at 7. Petitioner cites to a single page in its Petition under the § 325(d) argument, Paper 1 at 15, and a single page in the file history, Ex. 1002 at 252, to support its argument. The cited page of the Petition incorrectly suggests the Examiner focused on a single difference, “the claimed housing configuration,” between the prior art and the claims as the reasons for allowance. *See* Paper 7 at 7-9. But the cited page of the file history additionally states “there is no teaching or suggestion in the prior art to receive some data in analog form through a first port and other physiological data in digital form through a second port.” Ex. 1002 at 252. Petitioner’s proposed combinations of asserted references also fail to teach the claimed data signal configurations. Paper 7 at 36-42, 47-49, 50-53. All the claims require a second sensor arrangement, separate from the pulse oximeter sensor, that provides digital communications. The only digital sensor communications described in any of the asserted references is the pulse oximeter sensor in Money. Ex. 1008 at 5:38-39, 6:15-20, 7:58-62, 8:20-27, 13:26-28, FIG. 1. Money receives analog data from all of its other sensors. *Id.* at 5:18-51, 8:20-27, FIG. 1. None of the asserted references describes a sensor arrangement, separate from the pulse oximeter, that provides digital sensor communications.

Second, Petitioner argues that “Masimo’s substantive arguments against institution (multiple ports, analog/digital signals) are premised on the non-obviousness of basic engineering princip[le]s well within the technical grasp of a PHOSITA.” Paper 11 at 7. But Petitioner fails to establish that combining the asserted references in the manner proposed would have been obvious. Petitioner fails to even address whether a person of skill would have had a reasonable expectation of success in combining the asserted references. Paper 7 at 23-25.

Regarding the multiple ports limitations, Petitioner claims that “Masimo’s argument neglects long-standing precedent that duplication of parts has no patentable significance.” Paper 11 at 7. But Petitioner failed to explain why a person of skill would have added even one sensor port to Goldberg in Grounds 1 to 4. Paper 7 at 30-32. Thus, there is no port to duplicate. *Id.* at 34. Furthermore, adding sensor ports would increase the size of Goldberg, which directly contradicts the assertions of Petitioner’s expert, Dr. Yanulis, who opined that “when designing wearable technology, PHOSITAs mainly attempted to improve patient comfort when the device is being worn” and that “the best way to improve patient comfort would be to minimize the size of the wearable device and the number of sensors attached to the patient.” Ex. 1003 ¶ 29; Paper 7 at 33.

Regarding the data signal limitations, Petitioner relies on an obvious to try theory and claims “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."

Paper 11 at 7. Petitioner's reliance on "obvious to try" highlights the lack of any reference teaching the claimed data signal configurations, as explained above. A person of skill would have no reason to try transferring digital data from any sensor other than the pulse oximeter sensor, as taught by Money. Paper 7 at 39-40. Petitioner provides no reason beyond hindsight speculation to entirely reconfigure the teachings of Money.

Petitioner's arguments do not change the Petition's missing features, lack of a credible motivation to combine, improper reliance on hindsight, and failure to even address a reasonable expectation of success. Accordingly, this factor, and the factors as a whole, weigh against institution.

Respectfully submitted,

KNOBBE, MARTENS, OLSON & BEAR, LLP

Dated: October 23, 2020

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Attorneys for Patent Owner  
Masimo Corporation

**CERTIFICATE OF COMPLIANCE**

Pursuant to the Board's October 7, 2020 Order – Conduct of Proceeding, Counsel for Patent Owner Masimo Corporation hereby certifies that this document is a total of no more than 7 pages.

KNOBBE, MARTENS, OLSON & BEAR, LLP

Dated: October 23, 2020

/Sheila N. Swaroop/

Sheila N. Swaroop (Reg. No. 53,658)

Attorneys for Patent Owner  
Masimo Corporation

**CERTIFICATE OF SERVICE**

I hereby certify that, pursuant to 37 C.F.R. § 42.6(e) and with the agreement of counsel for Petitioner, a true and correct copy of **PATENT OWNER SUR-REPLY REGARDING *FINTIV* FACTORS AND EXHIBIT 2007** are being served electronically on October 23, 2020, to the e-mail addresses shown below:

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