

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

RESMED CORP.,
Petitioner,

v.

CLEVELAND MEDICAL DEVICES INC.,
Patent Owner.

Case No. IPR2023-00565
U.S. Patent No. 10,076,269

**PATENT OWNER'S PRELIMINARY SUR-REPLY
TO PETITIONER'S PRELIMINARY REPLY**

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I. INTRODUCTION

Petitioner's Preliminary Reply (Paper 11, "Reply") does not rebut the arguments and evidence underlying the Preliminary Response. The Board should deny institution (1) because Petitioner did not meet its burden under 37 C.F.R. § 42.104(b)(3) to construe a term that it believes is a means-plus-function term, (2) under *Fintiv*, and (3) under 35 U.S.C. 325(d).

II. PETITIONER FAILED TO ADHERE TO RULE 42.104(b)(3)-(4)'S REQUIREMENT THAT THE PETITION MUST IDENTIFY HOW THE CLAIMS ARE TO BE CONSTRUED

37 C.F.R. §§ 42.104(b)(3)-(4) require that a petitioner identify "[h]ow the challenged claim is to be construed" and "[h]ow the construed claim is unpatentable." "Where the claim to be construed contains a means-plus-function" limitation, the Petition "must identify the specific portions of the specification that describe the structure, material, or acts corresponding to each claimed function." 37 C.F.R. § 42.104(b)(3). The Consolidated Trial Practice Guide (Nov. 2019) ("CTPG") further states that "[w]here claim language *may* be construed according to 35 U.S.C. § 112(f), a petitioner *must* provide a construction" CTPG at 45 (emphasis added). The Board should deny the Petition because Petitioner believes that the challenged claims contain MPF terms and refuses to construe the terms as required.

According to Petitioner “[t]he CTPG does not require that a Petition propose an MPF construction for any term that might be subject to MPF construction.” Reply at 1. That is exactly what CTPG says:

Where claim language **may** be construed according to 35 U.S.C. § 112(f), a petitioner **must** provide a construction that includes both the claimed function and the specific portions of the specification that describe the structure, material, or acts corresponding to each claimed function.

CTPG at 45 (emphasis added) (citing 37 C.F.R. § 42.104(b)(3)). Absent providing a MPF construction, a petitioner “may choose to elaborate why § 112(f) should or should not apply to the limitation at issue.” CTPG at 45 Petitioner did not do this either, despite being on notice that “[a] petitioner who chooses not to address construction under § 112(f) risks failing to satisfy the requirement of 37 C.F.R. § 42.104(b)(3).” *Id.*

Petitioner's attempt to dodge this requirement by arguing that the “claim limitations do not recite ‘means’ and thus are presumptively not subject to MPF construction” is unavailing. See Reply at 1-2. In the parallel co-pending litigation, Petitioner asserted that four claim terms invoke 35 U.S.C. § 112(6). See Ex. 2008 at 57, 60-61. For example, Petitioner asserted that the “processor” terms recited in the Challenged Claims are MPF terms because “processor” is a nonce word. *Id.*; '269 Patent at Claims 5, 15 (reciting the “processor” terms). It is apparent, therefore, that Petitioner believes that the “claim language may be construed according to

35 U.S.C. § 112(f).” It certainly does not deny it in the Reply. That continued belief that the claims are amenable to construction under § 112(6) gives rise to a duty to comply with 37 C.F.R. § 42.104(b)(3), which Petitioner continues to shirk.

Turning a blind eye to Petitioner's conduct would undermine the Office's goals, encouraging gamesmanship that exploits dueling claim construction processes. Such gamesmanship was supposed to end when the Office harmonized the claim construction standards between PTAB and district court proceedings. *See* Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings Before the Patent Trial and Appeal Board, 83 Fed. Reg. 51,340, 51,350 (Oct. 11, 2018) (under “Fairness,” USPTO noting petitioners should “be required to choose a single claim construction” instead of “advanc[ing] inconsistent arguments about claim scope” before the Board and district court). Petitioner cannot have it both ways, advocating for MPF constructions in district court while urging the Board to apply the plain and ordinary meaning here.

Petitioner's citation to the non-precedential *Abbott Diabetes Care Inc. v. Dexcom, Inc.*, IPR2022-00913, Paper 14 (P.T.A.B. Nov. 3, 2022) decision does not excuse its violation. In *Abbott*, the district court action was stayed at the time of institution, so there was no chance of an inconsistent outcome. *Id.* at 16-17 (finding that the district court has stayed “all issues of patent infringement, patent invalidity, and unenforceability.”). That is not the case here, where the parallel litigation is

ongoing, and the presiding judge, Judge Williams, is in the process of issuing a claim construction order.¹ Given the active pursuit of litigation in both tribunals, there is a distinct possibility of competing constructions between the two tribunals. *See* 37 C.F.R. § 42.100(b).

Thus, the Board should not align itself with the lone *Abbott* decision and continue with its precedent of denying institution when Petitioner fails to meet its burden under 37 C.F.R § 42.104(b)(3).

III. 35 U.S.C. § 314(a) / *FINTIV* FAVORS DISCRETIONARY DENIAL

The Board should deny institution under 35 U.S.C. § 314(a) because, on balance, the factors weigh in favor of denial.

Fintiv Factor 1 weighs in favor of denial because Petitioner has not filed a motion to stay the co-pending litigation and has not stated whether it plans to file such a motion. Nevertheless, Petitioner requests the Board to find this factor neutral because whether the court would grant a stay is speculation. *See* Reply at 4. However, Judge Williams has previously explained that he will not stay a case when

¹ A *Markman* hearing was held August 1, 2023 with a claim construction order expected within 60 days. *See* Ex. 2001 (Scheduling Order) at ¶ 10 (“[T]he parties should anticipate that the Court will issue its claim construction order within 60 days of the conclusion of the claim construction hearing.”).

a trial involves multiple issues not addressed in the IPR (as is the case here).² See *CAO Lighting, Inc. v. Gen. Elec. Co.*, No. 20-681-GBW, 2022 WL 17752270, at *2 (D. Del. Dec. 19, 2022) (denying motion for a stay after institution of all asserted patents because “the issues before the PTAB [were] not the only defenses asserted by Defendants”). Thus, Factor 1 weighs in favor of denial.

Fintiv Factor 2 weighs in favor of discretionary denial. While the Interim Procedure states that “[p]arties *may* present evidence regarding the most recent statistics on median-time-to-trial for civil actions in the district court in which the parallel litigation resides,” it makes clear that the Board will consider “additional supporting factors such as the number of cases before the judge in the parallel litigation” Ex. 1021 at 8-9 (emphasis added).

In the District of Delaware, where the related litigation was filed on June 16, 2022, Petitioner alleges that the median time to trial is 33.7 months. Reply at 5. This data does not, however, accurately reflect Judge Williams’ median-time to trial. In *Vector Flow, Inc. v. HID Global Corp.*, IPR2023-00353, Paper 8 (P.T.A.B. July 17,

² Six of the seven patents asserted in the parallel co-pending litigation have not been challenged in an IPR petition. Moreover, Petitioner is arguing for indefiniteness of claim terms at district court.

2023), the Board acknowledged that Judge Williams median time to trial is only 25.6 months. *Id.* at 20 (citing Paper 7 at 12 (asserting that Judge Williams' time to trial is 25.6 months)). Accordingly, in evaluating this factor based on Judge Williams' case load, the expected trial date is August 2024, as the scheduling order confirms, which remains well before the projected final written decision date of September 28, 2024. Ex. 2001 at 15. Thus, Factor 2, therefore, weighs in favor of denial.

Fintiv Factor 3 weighs in favor of denial. Claim construction briefing is complete, and Judge Williams held a Markman hearing on August 1, 2023. See Reply at 5-6. With regard to this factor, *Fintiv* states that "if, at the time of the institution decision, the district court has issued substantive orders related to the patent at issue in the petition, this fact favors denial." *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 9-10 (P.T.A.B. Mar. 20, 2020) (citation omitted). Judge Williams' scheduling order states that the Court intends to issue a claim construction order "within sixty (60) days of the conclusion of the claim construction hearing." Ex. 2001 at ¶ 10. As such, a claim construction order is expected by September 30, right around the time of the institution decision.

Petitioner does not dispute that at the time of the institution decision, fact discovery will be complete with opening expert reports falling closely behind. See Reply at 5-6. Under similar circumstances, the Board has found that "investment by the Court in claim construction and by the parties in fact discovery [that] will have

occurred by the time th[e] decision is entered” weighs in favor of denying institution. *Google LLC v. Ikorongo Tech. LLC*, IPR2021-00205, Paper 13 at 9, 11 (P.T.A.B. June 7, 2021); *see also* Paper 6 (“POPR”) at 14 (citing other supporting cases).

As to the matter of petition timing, Petitioner has not provided a credible answer to why it waited until the district court's compliance order regarding Petitioner's invalidity contentions to file the petition rather than filing it concurrently with its preliminary invalidity contentions. Reply at 6. Notably, the district court recently denied Petitioner's motion to expand the number of references cited against the '269 Patent, finding that “ResMed does not explain why it needs 25 references now—ten more than the 15 references ResMed originally proposed.” *Cleveland Med. Devices Inc. v. ResMed Inc.*, No. 22-cv-00794 (GBW), D.I. 127 at 4 (D. Del. Aug. 4, 2023). The PTAB should not agree to hear Petitioner's spill-over arguments. For all of these reasons, Factor 3 weighs in favor of denial.

Fintiv Factor 4 weighs in favor of denial. Petitioner's allegation that the Petition challenges ten dependent claims not asserted in the co-pending litigation does not preclude a finding of substantial overlap. Petitioner asserts that the challenged claims include dependent claims 2, 3, 11, and 12 that “recit[e] subject matter that is not recited in the asserted claims of the district court litigation” but provides no explanation as to why the subject matter differs significantly in some way to provide a meaningful distinction between the two proceedings. Reply at 6.

In this regard, this case is similar to *Next Caller Inc. v. TRUSTID, Inc.*, IPR2019-00961, Paper 10 at 14 (P.T.A.B. Oct. 16, 2019), where the Board exercised its discretion to deny institution in view of the district court proceeding even though the Petition addressed more claims than were asserted in the district court proceeding. *Id.* at 14; *see also Vizio, Inc. v. Polaris PowerLED Techs., LLC*, IPR2020-00043, Paper 30 at 11 (P.T.A.B. May 4, 2020).

Nor has Petitioner provided any *Sotera*-type stipulation and the same invalidity grounds are being pursued in the parallel co-pending litigation, resulting in a duplication of work and the potential for an inconsistent decision. POPR at 17-18. Accordingly, for the foregoing reasons, Factor 4 weighs in favor of denial.

Fintiv Factor 5 weighs in favor of denial. Petitioner's assertion that this factor weighs in favor of institution is based on the mistaken belief that the median-time-to-trial pushes the district court trial date after the September 28, 2024 statutory deadline for a final written decision. Reply at 7. To the contrary, Judge Williams' median-time-to-trial is estimated at 25.6 months, which sets the trial date for Summer 2024, which is well before the FWD statutory deadline. Moreover, Petitioner does not dispute that it is "intimately" related to ResMed Inc. Thus, Factor 5 weighs in favor of denial.

Fintiv Factor 6 weighs in favor of denial as Petitioner did not show "compelling evidence of unpatentability." Ex. 1021 at 4-5, 9. As such, Petitioner

has not demonstrated, even in its second attempt, that any Challenged Claim is unpatentable, let alone “compelling merits” necessary to overcome discretionary denial of the Petition under *Fintiv*. Ex. 1021 at 3-4.

IV. 35 U.S.C. § 325(d) / *ADVANCED BIONICS* FAVORS DISCRETIONARY DENIAL

Petitioner first argues that § 325(d) does not apply because those references were cited in combination with others that were not before the Examiner. Reply at 8-9. That argument is meritless because the Office already considered the same arguments regarding Farrell and Stahmann that Petitioner raises here, and § 325(d) applies when a petitioner attempts to raise “the same or substantially the same prior art or arguments.” 35 U.S.C. § 325(d).

Petitioner also argues that § 325(d) does not apply because it relies on Genger, not Farrell, for the internal airflow sensor. Reply at 9. However, Petitioner previously admitted that Genger does not disclose this limitation. Pet. at 34. Petitioner then argued that it would be obvious “to locate the airflow sensor *internally* because the location was common.” *Id.* As alleged evidence that the location was “common,” Petitioner cited Farrell. *Id.* at 35. However, the Office already considered whether Farrell discloses this aspect of the Challenged Claims. Specifically, following Patent Owner’s argument that Farrell’s sensors do not detect physiological information, the Examiner withdrew the rejections based on Farrell. Ex. 1002 at 337-338, 372. Accordingly, the Board already considered and rejected

the idea that Farrell discloses that locating a physiological sensor internal to a CPAP machine was “common.” Petitioner’s backup argument, that Genger itself supplies the motivation, might suffice as an “alternative” argument if it were not entirely conclusory. *Xerox Corp. v. Bytemark Inc.*, IPR2022-00624, Paper 12 at 4-5 (P.T.A.B. Feb. 10, 2023). Genger’s external flow sensor already “puts the airflow data where Genger wants it,” (Pet. 1) and Genger provides no motivation to move it to another location where the airflow data can also be accessed. Reply at 36.

Nor does Petitioner explain how the Examiner erred when considering the Stahmann reference. The totality of the factual assertion consists of the attorney argument stating that the Examiner did not consider the correct figures. Petitioner provides no factual basis for its accusation and ultimately fails to point out why uncited Figures 51 and 53 are more relevant than cited Figure 79. Figure 79 shows a relevant Drug Delivery Control module, whereas Figures 51 and 53 do not. See Ex. 1019 at 83, 90, 166.

Thus, Petitioner has neither pointed out how the examiner erred in evaluating the art nor identified any additional evidence or facts that would warrant reconsideration of the prior art. The Board should deny institution.

Patent Owner's Preliminary Sur-Reply to Petitioner's Preliminary Reply
IPR2023-00565 (U.S. Patent No. 10,076,269)

Respectfully submitted,

Dated: August 7, 2023

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CERTIFICATE OF SERVICE

The undersigned certifies, in accordance with 37 C.F.R. § 42.6(e), that service was made on Petitioner as detailed below.

<i>Date of service</i>	August 7, 2023
<i>Manner of service</i>	Electronic Mail (tiffany.miller@us.dlapiper.com; ed.sikorski@us.dlapiper.com; jim.heintz@us.dlapiper.com DLA-ResMed-CleveMed-IPR@us.dlapiper.com)
<i>Documents served</i>	PATENT OWNER'S PRELIMINARY SUR-REPLY TO PETITIONER'S PRELIMINARY REPLY
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