

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 RESPONSE TO
PETITIONER'S SUPPLEMENTAL BRIEF**

TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	PROCEDURAL HISTORY	1
III.	ARGUMENT	3
	A. Petitioner’s <i>Sotera</i> Stipulation is Untimely.....	3
	B. Petitioner’s Stipulation Exceeds the Scope of the Director’s Limited Remand	6

TABLE OF AUTHORITIES

	Page(s)
Cases	
<i>Cleveland Medical Devices Inc. v. Resmed Inc.</i> , C.A. No. 22-794-GBW, D.I. 127 (D. Del. Aug. 4, 2023)	2
<i>NXP USA, Inc. v. Impinj, Inc.</i> , IPR2021-01556, Paper 13 (P.T.A.B. Sept. 7, 2022).....	<i>passim</i>
<i>Sullivan v. Hudson</i> , 490 U.S. 877 (1989).....	6
<i>United States v. Arthrex, Inc.</i> , 141 S. Ct. 1970 (2021).....	7
<i>United States v. Campbell</i> , 168 F.3d 263 (6th Cir. 1999)	6, 7
<i>Vector Flow, Inc. v. HID Glob. Corp.</i> , IPR2023-00353, Paper 15 (P.T.A.B. Oct. 17, 2023).....	4, 5
Statutes	
35 U.S.C. § 314(a)	1
35 U.S.C. § 315(b)	2
Other Authorities	
H.R. Rep. No. 112-98, pt. 1 (2011).....	1
PTAB Consolidated Trial Practice Guide (Nov. 2019).....	1
USPTO Memorandum, Interim Procedure for Discretionary Denials In AIA Post-Grant Proceedings With Parallel District Court Litigation (June 21, 2022).....	3

PATENT OWNER'S EXHIBIT LIST

Exhibit	Description
2001	Scheduling Order, <i>Cleveland Medical Devices Inc. v. ResMed Inc.</i> , No. 22-cv-00794-GBW, D.I. 40 (D. Del. Nov. 3, 2022)
2002	Excerpts from ResMed Inc.'s Amended Initial Invalidity Contentions, <i>Cleveland Medical Devices Inc. v. ResMed Inc.</i> , No. 22-cv-00794-GBW (D. Del. Apr. 5, 2023)
2003	Cleveland Medical Devices, Inc.'s Initial Infringement Contentions and Initial Election of Asserted Claims, <i>Cleveland Medical Devices Inc. v. ResMed Inc.</i> , No. 22-cv-00794-GBW (D. Del. Jan. 9, 2023)
2004	Oral Order Denying Stipulation to Modify Scheduling Order, <i>Cleveland Medical Devices Inc. v. ResMed Inc.</i> , No. 22-cv-00794-GBW, D.I. 56 (D. Del. Mar. 9, 2023)
2005	ResMed Inc.'s Motion for Reconsideration, <i>Cleveland Medical Devices Inc. v. ResMed Inc.</i> , No. 22-cv-00794-GBW, D.I. 61 (D. Del. Mar. 20, 2023)
2006	Email correspondence between counsel for CleveMed and counsel for ResMed, dated Feb. 15., 2023 - Exhibit 2 to ResMed Inc.'s Motion for Reconsideration, <i>Cleveland Medical Devices Inc. v. ResMed Inc.</i> , No. 22-cv-00794-GBW, D.I. 61-3 (D. Del. Mar. 20, 2023)
2007	Declaration of Benu Wells in Support of Patent Owner's Preliminary Response
2008	Joint Claim Construction Brief, <i>Cleveland Medical Devices Inc. v. ResMed Inc.</i> , No. 22-cv-00794-GBW, D.I. 96 (D. Del. June 21, 2023)

Patent Owner's Response to Petitioner's Supplemental Brief
IPR2023-00565 (U.S. Patent No. 10,076,269)

Exhibit	Description
2009	Excerpts from Defendant ResMed Inc.'s Initial Invalidity Contentions, <i>Cleveland Medical Devices Inc. v. ResMed Inc.</i> , No. 22-cv-00794-GBW (D. Del. Feb. 21, 2023)
2010	LaFrenz, C., "How the pandemic changed ResMed boss Mick Farrell" (May 21, 2021) https://www.afr.com/companies/healthcare-and-fitness/how-the-pandemic-changed-resmed-boss-mick-farrell-20210514-p57s49
2011	Thompson, H., "ResMed is disrupting connected health: Here's how" (Apr. 3, 2018) https://www.medicaldesignandoutsourcing.com/resmed-is-disrupting-connected-health-heres-how/
2012	Email from Kramer Levin to counsel for Petitioner regarding Service of Patent Owner's Preliminary Response and Exhibits (June 28, 2023)
2013	Memorandum Opinion, <i>Cleveland Medical Devices Inc. v. ResMed Inc.</i> , No. 22-cv-00794-GBW, D.I. 181 (D. Del. Oct. 30, 2023)
2014	Transcript of Telephonic Conference Hearing with Board (P.T.A.B. Dec. 8, 2023)

I. INTRODUCTION

Patent Owner respectfully requests that the Board exercise its discretion to deny the Petition under 35 U.S.C. § 314(a) because Petitioner's *Sotera*-style stipulation is untimely under *NXP USA, Inc. v. Impinj, Inc.*, IPR2021-01556, Paper 13 at 3-4 (P.T.A.B. Sept. 7, 2022) (precedential). Petitioner's untimely stipulation also violates the scope of the remand that Petitioner requested and the Director granted.¹

II. PROCEDURAL HISTORY

"The AIA was 'designed to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.'" Consolidated Trial Practice Guide at 56 (quoting H.R. Rep. No. 112-98, pt. 1, at 40 (2011)). Yet at every turn, Petitioner has sought to multiply the cost and complexity of its invalidity case.

In the co-pending litigation, Petitioner originally agreed to assert no more than 10 prior art references per patent. Following the Court's Order denying Petitioner's request to eliminate the per-patent cap (Ex. 2004), Petitioner filed a

¹ Although Patent Owner was authorized to file the Final Invalidity Contentions and Expert Report, Patent Owner has not filed them because they are irrelevant to the issues raised in this Response.

Motion for Reconsideration (Ex. 2005) and filed its initial invalidity contentions asserting over 30 references against the '269 Patent. *See* Ex. 2002 at 3-6. That Motion was also denied. *Cleveland Medical Devices Inc. v. Resmed Inc.*, C.A. No. 22-794-GBW, D.I. 127 (D. Del. Aug. 4, 2023).

Two days after filing the Motion for Reconsideration, Petitioner filed its Petition in this case, citing a substantial subset of the references asserted in its Initial Invalidity Contentions, including Schmidt, Westbrook, and Farrell. *See* Paper 1; *see* Ex. 2002 at 3-6. Accordingly, rather than comply with the Court's Order, Petitioner chose to multiply the complexity of the proceedings by initiating this proceeding. And because Petitioner waited until the very end of the one-year period for filing an IPR under 35 U.S.C. § 315(b) and has not sought a stay of that proceeding, it knew (or at least hoped) that the Board would consider the validity of the '269 Patent in parallel proceedings with the Court, thereby using resources of both the PTAB and the Court.

Petitioner's gamesmanship has continued in this proceeding. Petitioner chose not to address the reasonably foreseeable *Fintiv* issues in its Petition. Then in its Reply to the Preliminary Response, Petitioner cited the median time to trial statistics, but neglected to inform the Board of Judge Williams' caseload. Paper 11 at 4-5. Yet while parties "may present evidence regarding" median time to trial, the Board *must* consider any "additional supporting factors such as the number of

cases before the judge.” USPTO Memorandum, Interim Procedure for Discretionary Denials In AIA Post-Grant Proceedings With Parallel District Court Litigation, 8-9 (June 21, 2022). Petitioner did not supply those “additional supporting factors” to the Board (Paper 11 at 4-5), which resulted in Patent Owner supplying this required information in its Sur-Reply (Paper 12 at 5-6), the original decision denying Institution (Paper 13), and Petitioner’s successful Request for Rehearing (Paper 14).

In the wake of its Request for Rehearing, which sought authorization to address the evidence it withheld from the Board, Petitioner violated the Director’s Order. Paper 15 (authorizing briefing only on Judge Williams’ projected time to trial). Rather than filing the limited authorized briefing, Petitioner filed a belated stipulation that exceeded the scope of the Director’s Order. Paper 18; Paper 20 at 2 (agreeing “that on its face Petitioner’s supplemental brief exceeds the scope of the Director’s order”).

III. ARGUMENT

A. Petitioner’s *Sotera* Stipulation is Untimely

The Board should reject Petitioner’s belated *Sotera* stipulation because it violates the Director’s order in *NXP*, Paper 13 at 4 (“I therefore hold that the only appropriate time for a petitioner to offer a stipulation related to the *Fintiv* factor 4 analysis is prior to the Board’s decision of whether to institute review.”).

Prior to the original Institution Decision in this case, which has since been vacated, Petitioner had any number of chances to file a *Sotera* stipulation. But it chose not to do so in the Petition, its Reply to the Preliminary Response, or in the period between Patent Owner's Sur-Reply and the panel's original Institution Decision. Instead, Petitioner chose to risk discretionary denial under *Fintiv* so that it could continue to maintain parallel invalidity challenges against the '269 Patent in two different fora. Petitioner only sought to file a *Sotera* stipulation **after** the Board denied the Petition under *Fintiv*, **after** Petitioner lost its bid to assert over 30 references against the '269 Patent in the district court, and **after** Judge Williams' projected time to trial became moot because the estimated trial date of March 2025 estimated using the *unadjusted* median time-to trial statistics (Paper 11 at 5) now also precedes the projected Final Written Decision date in this case.

Patent Owner is aware that the *Vector Flow* panel rejected a similar argument from the patent owner in a non-precedential decision. *See Vector Flow, Inc. v. HID Glob. Corp.*, IPR2023-00353, Paper 15 at 8 (distinguishing *NXP* because the Director vacated the original institution decision and the *Sotera* stipulation was offered before the institution decision on remand). Patent Owner respectfully submits that this panel should reach a different conclusion.

The plain language of the Director's holding in *NXP* requires that any stipulation should be filed before the Board's *initial* Institution Decision. *NXP*,

Paper 13 at 4 (“I therefore hold that the *only appropriate time* for a petitioner to offer a stipulation related to the *Fintiv* factor 4 analysis is prior to the Board’s decision of whether to institute review.”) (emphasis added). This holding sets an objective time limit for filing a stipulation. Thus, in *NXP*, the Director found that the filing a stipulation on rehearing was untimely and “open[ed] the door to gamesmanship.” *Id.* The stipulation filed in this case was even later than the untimely stipulation filed in *NXP* and, therefore fails to comport with the precedential holding of that case.

Further, although Petitioner filed its stipulation before an institution decision is due in the case only because the Institution Decision was vacated, the procedural posture here does not eliminate the gamesmanship issues that the Director’s holding in *NXP* sought to avoid. Delaying the filing of this *Sotera* stipulation until receiving a negative institution decision, knowing that the facts related to the *Fintiv* factors weigh more strongly in favor of denial now than they did at the time of the initial Institution Decision, and losing its bids to assert over 30 references against the ’269 Patent in district court, constitutes the very type of gamesmanship that the Director warned of in *NXP*. *NXP*, Paper 13 at 4. These examples of gamesmanship did not become moot once the Director vacated the initial Institution Decision—they got worse.

Petitioner made a deliberate strategic decision to keep its options open as long as possible, all the while multiplying the cost and complexity of this proceeding and refusing to provide any justification or explanation for its belated filings and strategic staging of arguments. The Board should, therefore, disregard Petitioner's untimely stipulation and issue its institution decision "in light of all of the pre-institution papers, including the supplemental briefings from Petitioner and Patent Owner," as reflected in the Director's Order. Paper 15 at 6.

B. Petitioner's Stipulation Exceeds the Scope of the Director's Limited Remand

The panel should also disregard Petitioner's belated stipulation because it exceeds the scope of the Director's limited remand. Paper 15 at 5-6 (authorizing briefing "regarding Judge Williams' projected time-to-trial" and ordering the panel to "reevaluate[] institution in light of all of the pre-institution papers, including the supplemental briefings from Petitioner and Patent Owner." *Id.* at 6; Paper 20 at 2.

Longstanding precedent holds that "[d]eviation from the court's remand order in the subsequent administrative proceedings is itself legal error, subject to reversal on further judicial review." *Sullivan v. Hudson*, 490 U.S. 877, 886 (1989) (citations omitted); *see also United States v. Campbell*, 168 F.3d 263, 265 (6th Cir. 1999) ("The basic tenet of the mandate rule is that a district court is bound to the scope of the remand issued by the court of appeals."). Although these decisions

concern remands from an appellate court to a trial court or an appellate court to an administrative agency, the rule has just as much force for remand from the head of an agency to an inferior officer. *United States v. Arthrex, Inc.*, 141 S. Ct. 1970, 1982 (2021) (recognizing “the Appointments Clause as a ‘significant structural safeguard[]’ that ‘preserve[s] political accountability’ through direction and supervision of subordinates”) (citation omitted). Just as trial courts and agencies are bound by appellate courts, the inferior officers that make up the PTAB are bound by the Director's orders.

Of course, remands may be limited or general. *Campbell*, 168 F.3d at 265 (“Limited remands explicitly outline the issues to be addressed by the district court and create a narrow framework within which the district court must operate.... General remands, in contrast, give district courts authority to address all matters as long as remaining consistent with the remand.”). In this case, the Director's Order set forth a limited remand, ordering Petitioner to address the limited issue of Judge Williams' projected time to trial and ordering the panel to issue a new institution decision considering only the pre-institution record and the parties' supplemental briefing. Paper 15 at 5-6. An institution decision that considers material outside of this limited record will violate the Director's limited remand even if it does address the “underlying issue addressed in that order.” Paper 20 at 2.

Patent Owner's Response to Petitioner's Supplemental Brief
IPR2023-00565 (U.S. Patent No. 10,076,269)

Respectfully submitted,

Dated: December 29, 2023

/James Hannah/

James Hannah (Reg. No. 56,369)

Jenna Fuller (Reg. No. 74,212)

Kramer Levin Naftalis & Frankel LLP

333 Twin Dolphin Drive, Suite 700

Redwood Shores, CA 94065

Telephone: (650) 752-1700

Facsimile: (650) 752-1800

jhannah@kramerlevin.com

jfuller@kramerlevin.com

Jeffrey H. Price (Reg. No. 69,141)

Jeffrey Eng (Reg. No. 63,189)

Kramer Levin Naftalis & Frankel LLP

1177 Avenue of the Americas

New York, NY 10036

Telephone: (212) 715-7502

Facsimile: (212) 715-8302

jprice@kramerlevin.com

jeng@kramerlevin.com

Attorneys for Patent Owner

Cleveland Medical Devices Inc.

CERTIFICATE OF SERVICE

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

<i>Date of service</i>	December 29, 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 RESPONSE TO PETITIONER'S SUPPLEMENTAL BRIEF
<i>Persons Served</i>	DLA Piper LLP (US) Tiffany C. Miller Edward H. Sikorski James M. Heintz

/James Hannah/
James Hannah
Registration No. 56,369
Lead Counsel for Patent Owner