

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MASIMO CORPORATION,
Petitioner,

v.

APPLE, INC.,
Patent Owner

Case IPR2023-00807
U.S. Patent No. 11,474,483

PATENT OWNER'S PRE-INSTITUTION SUR-REPLY

I. Petitioner Should Not Be Allowed to Use Its Reply To Cure Its Failure to Meet Its Burden Under 325(d)

Under *Advanced Bionics*, the Board may exercise its discretion under §325(d) upon considering: (1) whether the same or substantially the same prior art or arguments were presented during prosecution and (2) if so, whether the Office erred in a manner material to patentability during prosecution. At a minimum then, the Petition should have meaningfully scrutinized the prosecution record to address these inquiries in its §325(d) analysis. Petitioner failed to do so in its Petition. And, its use of the POPR as a roadmap to cure deficiencies in its material error allegations amounts to improper burden shifting that should be rejected and given little or no weight.

In more detail, the Petition’s 325(d) analysis is a single, 101-word paragraph alleging that the Petition relies on “new” art that discloses certain features not taught by “references considered during examination.” Pet., 82. Given that the first prong of *Advanced Bionics* requires determining whether the “same or *substantially the same*” art was previously presented to the Office, it was not enough for Petitioner to state that the Petition relies upon “new” art. Notwithstanding this deficiency, the POPR demonstrated that the art referenced in the Kotanagi-Schmid grounds of the Petition is substantially the same as the art of record because the art of record has substantially the same teachings as these Petition references and suffers from the same deficiencies—i.e., these Petition references and the art of record lack the features that led to allowance. POPR, 45-52, 53-65.

Additionally, the Petition failed to demonstrate an error material to patentability during prosecution. The only substantive allegation of error in the 325(d) analysis is identification of features—“ECG electrodes on various surfaces of a biosensing watch, a touchscreen display, a rear sapphire cover, wireless charging”—that were allegedly absent from the art of record. Pet., 82. But this identification does not demonstrate an error material to patentability because (1) much like the deficiency in the art of record, the alleged feature of ECG electrodes on the claimed device surfaces is not disclosed or rendered obvious by Kotanagi and Schmid (*see* POPR, 9-15, 45-52, 57-64) and (2) the remaining identified features are not the features that led to allowance and therefore are necessarily disclosed by the art of record—as confirmed by the Examiner’s citation and application of multiple references during prosecution that disclose these features. *See id.*, 57-64.

The POPR also explained (pp. 32-52, 57-65) lack of material error because the record art, like the Petition’s references, lacked the specific device configuration found to be allowable. Petitioner was on notice of what led to allowance, but failed to address this foreseeable issue with sufficient specificity in the Petition’s 325(d) analysis. Pet., 82. The Reply now attempts to remedy that failure by referencing reasons for allowance and providing a multi-page analysis (pp. 3-7) to argue error because the Petition’s combinations were not allegedly considered during prosecution.

The current record thus presents a clear case of improper burden shifting, with Petitioner presenting a cursory and deficient 325(d) analysis in its Petition, and attempting to cure that deficiency with the benefit of reviewing the POPR's detailed rebuttal arguments. Petitioner, however, had the burden to demonstrate material error during prosecution, and its Petition could and should have addressed the issues/arguments now presented in the Reply. Indeed, a regime where petitioners are allowed to use replies to remedy their petition's terse and deficient 325(d) arguments is (1) ripe for abuse as it allows circumventing established word counts for petitions and (2) encourages gamesmanship by Petitioners who can use the POPR as a roadmap to address deficiencies on issues where they alone bear the burden. Both concerns are at issue here. Thus, Petitioner's attempt to cure its failure to meet its burden should be rejected and its reply should be given little or no weight. Even if considered, the Reply confirms that the Petition's references are substantially the same as those presented during prosecution, and its new arguments regarding material error fail to pass muster, as explained below.

II. Petitioner's Reply Confirms that the that the Art of Record Is Substantially the Same as the Kotanagi and Schmid References

For the reasons described below, there can be no dispute that the multiple record references identified in the POPR are substantially the same as the Kotanagi and Schmid references relied upon for Grounds 2 and 5-7.

First, the Reply alleges that Kotanagi is not substantially the same as the art

of record. Reply, 2-4. This argument was refuted in the POPR, which explained how the Examiner applied Hong for most of the limitations of the independent claims. POPR, 54-55, 9-15. The Reply nevertheless alleges that Kotanagi is not substantially the same as Hong because, unlike Hong, Kotanagi allegedly teaches electrodes on its device's rear surface. Reply, 3-4. However, this argument applies a myopic focus on Hong while ignoring that the totality of the art of record discloses rear surface electrodes, as allegedly present in Kotanagi. Specifically, the Reply ignores that (1) Hong discloses sensors/electrodes for measuring ECG (POPR, 9-12, 54-55), (2) Lo, which was applied in a rejection, discloses three electrodes disposed on the front and rear surfaces of the device (POPR, 12-15, 54, 58), and (3) Schmid II, which has the same disclosures as the Schmid reference applied in the Petition, discloses two electrodes on the rear surface of the device (POPR, 15-17, 56-58).

Second, there can be no dispute that Schmid and Schmid II are substantially the same considering that they have the same inventor, substantially the same descriptions and drawings, and were considered by the Examiner during prosecution of the '483 and '491 Patents. POPR, 54-57. Moreover, Petitioner's new assertion about lack of cumulateness because Schmid II was "not argued or sufficiently evaluated" during prosecution is flawed. This argument has been flatly rejected by the Board in multiple cases where prong 1 of *Advanced Bionics* has been found to be

satisfied based on substantially the same art being cited in an IDS during prosecution. *See Google LLC v. Valtrus Innovations Ltd.*, IPR2022-01197, Paper 18, 15-17 (PTAB June 13, 2023) (finding prong 1 met based on a patent reference, which was presented in an IDS, is related to a reference applied in the petition, and included the same figures and disclosures relied upon in the Petition—as is the case here with Schmid II; citing multiple cases reaching the same conclusion).

Third, not only are Kotanagi and Schmid cumulative of the art of record for the above reasons, they also suffer from the same deficiencies given that they fail to disclose or suggest the features leading to allowance. Specifically, the art of record—including Hong, Lo, and Schmid II—was found to not disclose the particular configuration of electrodes recited in the claims—namely, first and second electrodes positioned along a rear surface of the device and a third electrode positioned along a side of the device. *See* POPR, 9-17. Similarly, and as explained in the POPR, Kotanagi and Schmid—alone or in combination—also do not disclose this claimed configuration and the underlying limitations. *Id.*, 45-52, 57-65. Therefore, Kotanagi and Schmid are substantially the same as the art previously presented in prosecution.

III. The Reply’s Newly Advanced Allegations of Material Error Are Flawed

First, the Reply abandons the Petition’s allegations of material error (Pet., 82) in favor of its new argument that the Petition’s 325(d) analysis and its terse reference to the examiner’s reasons for allowance invoked the “full petition” that as a whole

demonstrates material error in view of “each new argument (structural, functional, and motivational)” as presented therein. Reply, 6-7. This assertion places an extraordinary burden on Patent Owner—and the Board—to mine the Petition to independently discern the material error during prosecution, when the Petition or the Reply failed to advance any such argument with sufficient specificity. *See Google LLC*, IPR2022-01197, Paper 18, at 19-24, 28-29 (in exercising discretion under §325(d), rejecting argument that the Petition’s grounds independently demonstrate material error because Petitioner failed to offer sufficient “specificity” regarding material error).

Second, contrary to the Reply’s assertion and as confirmed by *Google*, the Petition’s use of a reference that is substantially the same as a related reference considered during prosecution (Schmid II) does not demonstrate error simply because the related reference was not applied in a rejection. *See id.*, 18-26; Reply, 5-6. Petitioner had the burden to explain how the Examiner overlooked or misapprehended any relevant teachings of Schmid II to explain any error that allegedly occurred during prosecution. *See id.* Petitioner failed to do so here with the requisite specificity.

Third, the Reply presents multiple pages of analysis (Reply, 5-7) to argue that the Petition’s presented combinations and motivations are not cumulative of the art of record, and “so examination was flawed.” *Id.* At the outset, the POPR demonstrated that the Kotanagi and Schmid grounds (including the presented combination

and motivation arguments) fail to render obvious multiple claim limitations, including the features that led to allowance. POPR, 45-52. Thus, there was no error material to patentability based on these grounds. Moreover, the Reply's arguments—that error stems from the non-consideration of the presented combinations and associated arguments—could have been raised in the Petition. Petitioner's strategy of delaying until the Reply to advance these allegations unduly prejudices Patent Owner and amplifies the above-described concerns of gamesmanship and abuse of process stemming from belated presentation of arguments on an issue where Petitioner alone bears the burden.

For these reasons and those discussed in the POPR, discretionary denial under §325(d) is warranted for grounds based on Kotanagi and Schmid. Petitioner incorrectly asserts that Patent Owner seeks denial of institution of the petition solely on 325(d) grounds. Reply, 1. Rather, Patent Owner seeks denial of institution because (1) none of the grounds presented in the Petition render obvious the Challenged Claims (POPR, 31-52) **and** (2) discretionary denial under 325(d) is warranted for the Kotanagi-Schmid grounds that rely upon references that are substantially the same as those previously presented during prosecution and for which, Petitioner has failed to demonstrate material error during prosecution (*id.*, 53-65). *See Google*, 28-29 (denying institution upon finding that one set of presented grounds failed on the merits and the remaining grounds warranted discretionary denial under §325(d)).

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Respectfully submitted,

Date: September 25, 2023

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CERTIFICATE OF SERVICE

Pursuant to 37 CFR § 42.6(e), the undersigned certifies that on September 25, 2023, a complete and entire copy of this Patent Owner's Pre-Institution Sur-Reply was provided via email to the Petitioner by serving the correspondence address of record as follows:

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