

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
Petitioner,

v.

MASIMO CORPORATION,
Patent Owner

IPR2024-00296
Patent 10,984,911

**PETITIONER'S REPLY
TO PATENT OWNER'S PRELIMINARY RESPONSE**

LIST OF EXHIBITS

APPLE-1001	U.S. Patent No. 10,984,911 to Smith et al. (“the ’911 patent”)
APPLE-1002	Excerpts from the Prosecution History of the ’911 patent
APPLE-1003	Declaration of Dr. Thomas Kenny
APPLE-1004	U.S. Patent Application Publication No. 2004/0039272 to Abdul-Hafiz et al. (“Abdul-Hafiz”)
APPLE-1005	U.S. Patent No. 6,014,576 to Raley (“Raley”)
APPLE-1006	U.S. Patent No. 5,188,108 to Secker (“Secker”)
APPLE-1007	U.S. Patent No. 5,983,122 to Jarman et al. (“Jarman”)
APPLE-1008	U.S. Patent No. 5,413,100 to Barthelemy et al.
APPLE-1009	U.S. Patent No. 6,721,585 to Parker (“Parker”)
APPLE-1010	U.S. Patent No. 5,720,284 to Aoyagi et al. (“Aoyagi”)
APPLE-1011	Excerpts from Webster, Design of Pulse Oximeters, Institution of Physics Publishing (1997)(“Webster”)
APPLE-1012	U.S. Patent No. 5,692,503 to Kuenstner (“Kuenstner”)
APPLE-1013-1059	RESERVED
APPLE-1060	Combined Civil and Criminal Federal Court Management Statistics (Sep. 30, 2023) United States Courts (uscourts.gov), available at: https://www.uscourts.gov/sites/default/files/fcms_na_distpro-file0930.2023.pdf
APPLE-1061	Memorandum, Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation (USPTO June 21, 2022)(“ <i>Director’s Guidance</i> ”)

- APPLE-1062 Apple’s Complaint for Patent Infringement (Design), *Apple Inc., v Masimo Corporation, et al.*, Case No. 1-22-cv-01377 (D. Del. Oct. 20, 2022)
- APPLE-1063 Apple’s Complaint for Patent Infringement (Utility), *Apple Inc., v Masimo Corporation, et al.*, Case No. 1-22-cv-01378 (D. Del. Oct. 20, 2022)
- APPLE-1064 Defendant Masimo Corporation’s Answer to Complaint and Counterclaims, *Apple Inc., v Masimo Corporation, et al.*, Case No. 1-22-cv-01378 (D. Del. Dec. 12, 2022)
- APPLE-1065 Order Granting Joint Motion to Amend the Case Schedule, *Apple Inc., v Masimo Corporation, et al.*, Case No. 1-22-cv-01378 (D. Del. Sep. 21, 2023)
- APPLE-1066 Stipulation by Apple Inc.
- APPLE-1067 Email Identifying Masimo’s District Court Invalidity Grounds (Nov. 16, 2023)
- APPLE-1068 Excerpt of Apple’s District Court Expert Invalidity Report, *Apple Inc., v Masimo Corporation, et al.*, Case No. 1-22-cv-01378 (Nov. 22, 2023)
- APPLE-1069 Order Granting Unopposed Motion to Stay Certain Patent Counterclaims, *Apple Inc., v Masimo Corporation, et al.*, Case No. 1-22-cv-01378 (Jan. 10, 2023)
- APPLE-1070 Excerpt of Rebuttal Expert Report Of Vijay K. Madiseti, Ph.D. Regarding Validity Of U.S. Patent No. 10,984,911, *Apple Inc., v Masimo Corporation, et al.*, Case No. 1-22-cv-01378 (Dec. 15, 2023)
- APPLE-1071-1074 RESERVED
- APPLE-1075 Joint Letter for March 20, 2024 Case Management Conference, *Apple Inc., v Masimo Corporation, et al.*, Case No. 1-22-cv-01378 (Mar. 16, 2024)

- APPLE-1076 Combined Civil and Criminal Federal Court Management Statistics (Dec. 31, 2023) | United States Courts (uscourts.gov), available at: https://www.uscourts.gov/sites/default/files/fcms_na_distpro-file1231.2023_0.pdf
- APPLE-1077 Median Time to Disposition in Cases Terminated After Hearing or Submission | United States Court of Appeals for the Federal Circuit (Sep. 30, 2023), available at: [MedDispTimeMERITS-Table-FY23.pdf \(uscourts.gov\)](#)
- APPLE-1078 *Sotera* Stipulation by Apple Inc.

I. DISCRETION SHOULD NOT PRECLUDE INSTITUTION

The *Fintiv* framework favors institution, at least because Masimo argued to Judge Hall that trial on Masimo’s patents should occur only after a decision that likely will not issue until September 2025, months after the Board’s projected June 2025 final written decision date. *See Director’s Guidance*, 8-9; EX1075, 4-5; EX1076, 14; EX1077, 1.

In more detail, Masimo in its March 28, 2024 POPR urged discretionary denial based on inaccurate assertions, including that the Delaware Litigation “is ready for trial,” and that “trial will likely occur long before Apple’s ‘statistically indicated’ date.” POPR, 16. Contrary to those assertions, Masimo on March 16, 2024 argued in a joint letter to Judge Hall that “the most efficient path” for the Delaware Litigation “would be to try all of Masimo’s patents,” including the ’911 patent, “together in a single jury trial,” admitting that “[b]ecause the ITC patents are stayed by statute, this could occur only after the Federal Circuit rules on Apple’s appeal from the ITC investigation.” EX1075, 4-5. And on May 16, 2024, Judge Hall issued an order scheduling trial on Apple’s patents, while noting that trial on other issues including Masimo’s patents “will be scheduled at a later date.”

Based on the late-December 2023 docketing of Apple’s appeal and a most-recent median time from docketing to disposition of ITC-originated appeals of 20.5 months, trial on the ’911 patent is statistically expected to occur after September,

2025. EX1077, 1. And realistically, the court and the parties will need additional time after issuance of the appeal decision to prepare for trial on Masimo's 10 counterclaim-asserted patents, including the 5 patents that were statutorily stayed at the Delaware Litigation's outset. *See* EX1064, 128-147. As such, trial on the '911 patent will in all likelihood occur months after the Board's projected June, 2025 final written decision date. *See also* EX1060, 14; EX1076, 14 (indicating median time-to-trial of 38.0 months); Petition, 95 (noting a statistically indicated December, 2025 trial date); *Director's Guidance*, 9. For at least these additional reasons, the *Fintiv* framework favors institution. *See Director's Guidance*, 8-9.

But to remove any doubt and enable the Board to focus on the petition's compelling merits, Apple has submitted a *Sotera* stipulation¹. EX1078, 1; *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019 Pap. 12, 18-19 (PTAB Dec. 1, 2020) (precedential); *Director's Guidance*, 3, 9 ("the PTAB will not deny institution...under *Fintiv*...where a petition stipulates not to pursue in a parallel district court proceeding the same grounds as in the petition or any grounds that could have reasonably been raised in the petition").

¹ Apple further stipulates that, if the Board institutes IPR2024-00296, Apple will not pursue in the Delaware Litigation, for the instituted claims, grounds based on the Masimo LNOP ADT sensor. *See* POPR, 21, 23.

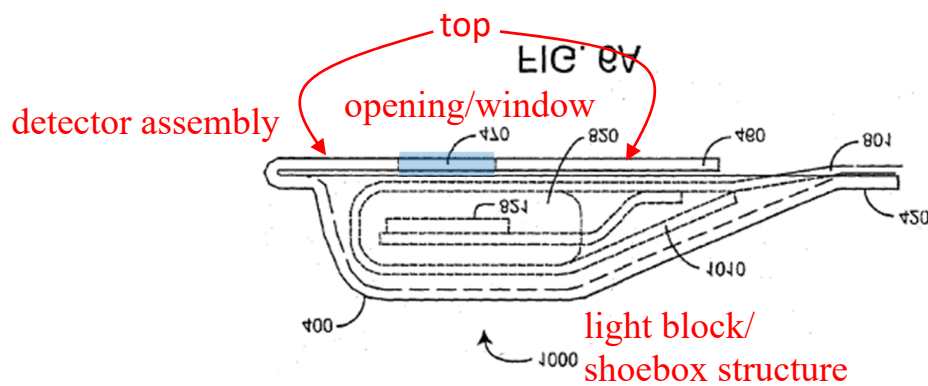
Accordingly, Apple respectfully submits that the Board should not discretionarily deny institution, because (1) a holistic analysis of the *Fintiv* factors favors institution, (2) Apple has submitted a *Sotera* stipulation, and (3) the petition’s merits are compelling. *See Director’s Guidance*, 3-5, 9.

II. THE PETITION’S PRIOR ART SATISFIES APPLE’S DISTRICT COURT CLAIM CONSTRUCTIONS

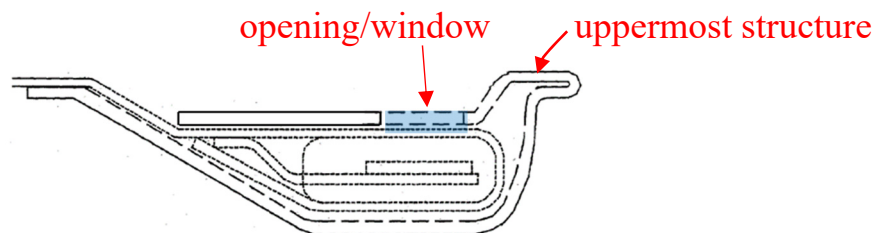
At minimum, the Petition’s prior art grounds satisfy Masimo’s district court claim constructions (though to be clear Apple does not agree that those constructions are correct). *Apple Inc. v. CPC Patent Techs. Pty, Ltd.*, IPR2022-00601 Pap. 11, 12-14 (PTAB Sep. 28, 2022) (instituting IPR and finding petitioner’s application of “constructions proposed by Patent Owner in the related litigation” compliant with §42.104(b)(3)). Nonetheless, Masimo urges denial of institution based on alleged failure of the Petition’s prior art grounds to satisfy Apple’s district court constructions for the terms “cavity” and a “top.” POPR, 9-14. In doing so, however, Masimo misapplies Apple’s constructions to the Petition’s prior art, creating a controversy where there should be none. *Wellman, Inc. v. Eastman Chem. Co.*, 642 F.3d 1355, 1361 (Fed. Cir. 2011) (“claim terms need only be construed to the extent necessary to resolve the controversy”). As discussed below, Apple has applied prior art to the challenged claims in a manner consistent with Apple’s district court constructions.

A. Abdul-Hafiz discloses a “top” under Apple’s Delaware construction

Masimo argues that “Abdul-Hafiz’s *bottommost* ‘base 460’” is not a “top” under Apple’s construction. POPR, 13. Masimo’s argument ignores that uppermost and bottommost are relative to the orientation of the device. While in operation, Abdul-Hafiz’s detector assembly is oriented as shown below, and in that orientation, the base 460 is the uppermost structure that covers the shoebox structure/light block.

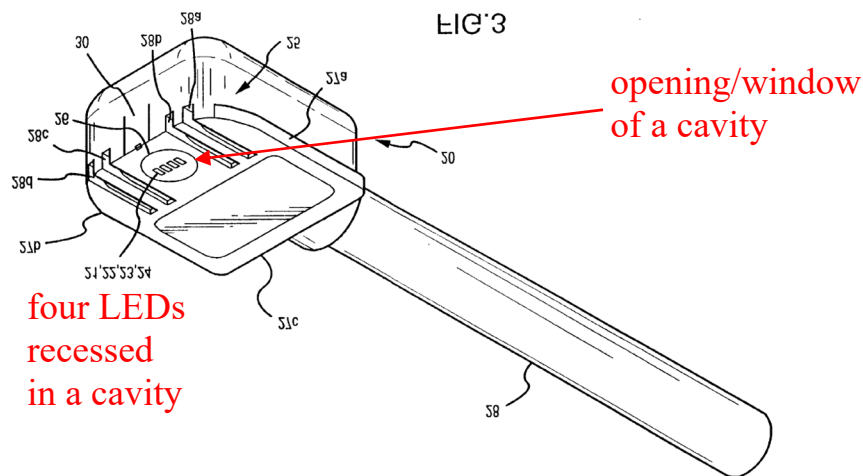


Unlike in Abdul-Hafiz’s disclosure, an example that would not meet the claimed requirement of “a top of the shoebox structure includes only one opening...” is shown below. As shown, the opening is not in the uppermost structure no matter the orientation of the shoebox structure/light block.



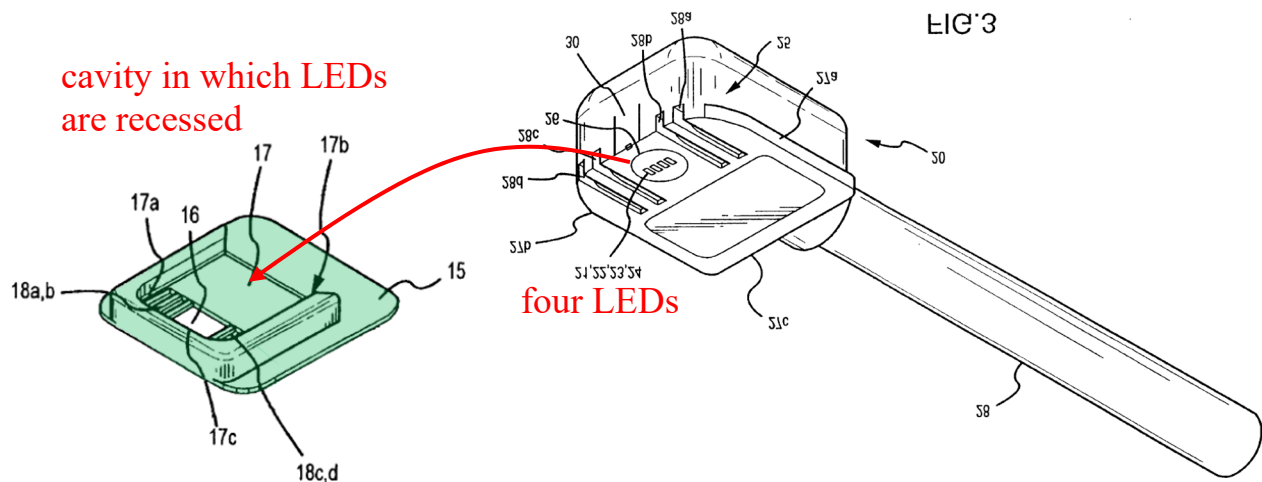
B. Raley discloses a “cavity” under Apple’s district court claim construction

Masimo first argues that “the LEDs (21-24) of Raley’s interconnect cable segment (20) are flush with the window/opening (26)—not recessed and not in a hollowed-out space.” POPR, 12. Masimo’s argument here defies logic. Because LEDs 21-24 “are flush” with (i.e., not protruding from) the window/opening 26, as Masimo acknowledges, they are recessed in a hollowed-out space that accommodates the LEDs in the window/opening 26.



Masimo further argues that “even when Raley’s segment (20) and connector (17) are assembled, the LEDs (21-24) are not recessed into a hollowed-out space *within a solid body* because the segment and connector are separable components.” POPR, 12-13. That the segment and connector are separable components is irrelevant. The connector 17, including the lip portions 17a-c, together with the connector portion 15 is a solid body (highlighted green) with a hollowed-out space (cavity surrounded by connector 17 and lip portions 17a-c) for inserting the connector-end 25, and thus the LEDs 21-24 located in the connector-end 25, of the interconnect cable

segment 20. Upon the connector-end 25 being inserted into the cavity, the LEDs 21-24 are recessed in the cavity surrounded by connector 17 and lip portions 17a-c.



III. DENIAL OF INSTITUTION IS NOT WARRANTED BECAUSE APPLE'S PETITION IS NOT REQUIRED TO ADDRESS SECONDARY CONSIDERATIONS EVIDENCE THAT WERE NOT FULLY DEVELOPED IN THE LITIGATION

Masimo argues that Apple's failure to address known evidence of secondary considerations justifies denying institution and cites several Board decisions in attempted support of its argument. POPR, 71. Masimo's cited IPR proceedings are distinguishable from the facts here. In *Stryker*, the secondary considerations evidence was **developed fully** during the litigation, and the Federal Circuit affirmed the jury's verdict. In *Bosch*, the evidence was **developed fully** during the ITC proceeding, and the Administrative Judge determined that the evidence was very strong. In *Gilead*, the evidence was key to the allowance of the claims during prosecution.

In contrast to the cited IPR proceedings, the evidence here is not fully developed and not yet relied upon by a judge or jury in determining obviousness. Mere allegation that evidence exists and that Apple fails to address it in the Petition does not warrant denial of institution. “Indeed, the Board has repeatedly found similar arguments unpersuasive.” *Symantec Corp. v. Finjan, Inc.*, IPR2015-01892, Paper 21, 11-12 (May 23, 2016) (citing Board decisions); *see also GTNX Inc. v. INTTRA Inc.*, CBM2014-00075, Paper 8, 22 (PTAB Aug. 12, 2014) (finding unpersuasive patent owner’s faulting of petitioner for failing to address objective evidence of non-obviousness in petition); *Petroleum Geo-Services Inc. v. Western Geco LLC*, IPR2014-01477, Paper 18, 32 (PTAB Mar. 17, 2015) (same); *Samsung Elecs. Co. v. Queen’s Univ. at Kingston*, IPR2015-00603, Paper 10, 21 (PTAB Aug. 6, 2015) (same); *Crocs, Inc. v. Polliwalks Inc.*, IPR2014-00423, Paper 8, 15 (PTAB Aug. 20, 2014) (same). In *Symantec*, the Board stated that “in this preliminary proceeding, Patent Owner cannot rely on Petitioner to make Patent Owner’s secondary considerations arguments and then to overcome them.” *Symantec*, Paper 21, 12. But this is exactly what Masimo is requiring of Apple, which the Board should reject.

Masimo alleges that “Apple employed substantially the same tactics to conceal objective evidence of nonobviousness in IPR petitions on other Masimo patents (many of which were denied institution)” and cites EX2069-EX2074. POPR, 72. However, Masimo fails to inform the Board that these IPR petitions were denied

institution based on the merits of the prior art arguments and not based on Apple's alleged failure to address secondary considerations in the petitions.

The evidence that Masimo cites to show that Apple knew of secondary considerations evidence before filing the Petition includes no evidence or arguments showing any secondary considerations *specific* to the '911 patent. POPR, 71-72 (citing EX2064-2066). The first time that Masimo raised secondary considerations specific to the '911 patent in the district court was on December 15, 2023, *after* Apple's filing of the Petition, when Masimo served a rebuttal expert report of Dr. Madisetti. EX1070. At present, there have been no motions or decisions concerning secondary considerations.

Even the evidence that Masimo presents in its POPR shows that the evidence is not fully developed because it does not show nexus between commercial success and the "blood-oxygen feature," which is not recited in any of the '911 patent claims. For example, EX2075-EX2078 highlight many features of the Apple Watch Series 6 including ECG, new sleep tracking, more precisely track workout metrics, enhanced always-on retina display, new always-on altimeter, new aluminum cases, new seamless band, new watch faces, in addition to the blood oxygen feature. Further, Masimo provides no evidence of commercial success such as the relative sales volume of the Apple Watch Series 6 versus any other of Apple's products.

Accordingly, Apple respectfully requests IPR institution.

Respectfully submitted,

Date: May 20, 2024

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CERTIFICATE OF SERVICE

Pursuant to 37 CFR § 42.6(e)(4), the undersigned certifies that on May 20, 2024, a complete and entire copy of this Petitioner's Reply to Patent Owner's Preliminary Response was provided by email to Patent Owner by serving the email correspondence addresses of record as follows:

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