UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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AVANOS MEDICAL, INC.
Petitioner,

v.

STRATUS MEDICAL, LLC,
Patent Owner.

_____

IPR2024-01211
U.S. Patent No. 10,736,688

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PATENT OWNER'S OPPOSITION TO PETITIONER'S MOTION FOR ADDITIONAL DISCOVERY

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I. INTRODUCTION AND BACKGROUND

Stratus Medical, LLC opposes the petitioner's June 25, 2025 motion for additional discovery (Paper 21, "Motion" herein). Stratus is an innovative start-up company revolutionizing RF neurotomy with the inventions in, *inter alia*, the three Stratus Patents under review.

The petitioner, a much larger public company, offers a COOLIEF*® product with which Stratus's Nimbus® device successfully competes. More recently, the petitioner acquired Diros Technology Inc., which makes a product that infringes the Stratus Patents. That product has been the subject of infringement litigation involving counterparts of the Stratus Patents in Australia, an early adopter of and more mature market for the patented technology. These IPRs appear to be an attempt to clear space in the U.S. market for petitioner's recently acquired knock-off product.

All challenges in the petition are based on a flawed combination of the Racz, Fitz, and Lee references, as explained in detail in Stratus's response. *See* Papers 15-16 at 32-59. Moreover, four objective indicia (long-felt need, copying, praise, and commercial success) further support the nonobviousness of the Stratus Patent claims. *See id.* at 61-74. The petitioner has sought additional discovery regarding praise and commercial success, as set forth in exhibit 1036, the petitioner's Requests for Production ("RFPs")—a four-instruction, five-page, six-definition litigation-style set of seven different requests served without notice or prior discussion. In an

effort to compromise and avoid burdening the Board, Stratus voluntarily agreed to provide documents responsive to six of those seven requests, even though none of the requests satisfy the "interests of justice" standard of 35 U.S.C. § 316(a)(5). *See also* 37 C.F.R. § 42.51(b)(2); *Garmin Int'l, Inc. v. Cuozzo Speed Techs. LLC*, IPR2012-00001, Paper 26 at 5 (Mar. 5, 2013) (precedential). The petitioner nonetheless demands complete compliance with three of its seven requests, and more than what Patent Owner is willing to acquiesce to with respect to a fourth. Stratus therefore respectfully solicits the Board's protection from the petitioner's overly aggressive discovery demands.

II. THE DISPUTED ADDITIONAL DISCOVERY IS NOT IN THE INTERESTS OF JUSTICE.

Congress created IPRs "to provide an effective and ***efficient*** alternative to district court litigation." *Gen. Plastic Indus. Co. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19, 16-17 (Sept. 6, 2017) (precedential) (emphasis added). Congress envisioned IPRs as "***quick and cost effective*** alternatives to litigation." H.R. Rep. No. 112-98, pt. 1, at 40 (2011) (emphasis added). Central to that goal is that litigation-style discovery is not tolerated in IPRs. *See Garmin* at 5. Yet, the petitioner's RFPs closely resemble litigation-style requests reminiscent of those criticized in *Garmin*. *See id.* at 8-11; *Garmin*, Ex. 2004 at 1-5.

A. RFPs 1 and 2

RFPs 1 and 2 seek "[d]ocuments sufficient to show Patent Owner's sales in

units, gross revenue, and net revenue for each . . . Product Code (including a description of the device associated with each product code) for each of the fiscal years 2020, 2021, 2022, 2023, and 2024." Ex. 1036 at 4. The two product varieties referenced in RFPs 1 and 2 are (1) disposable needles with deployable tines and (2) RF probes for use with those needles. (1) and (2) are used together as systems and in methods claimed in the Stratus Patents. Each of the needle and the probe are available in different lengths, and there is a unique product code for each item (needle or probe) in each length.

Cody Jorgenson, Stratus's Chief Marketing Office (CMO), submitted evidence of Stratus's total gross sales as evidence of commercial success. *See id.* at ¶ 15. And Stratus has agreed to provide a breakdown of gross revenue for each of the two product categories. Stratus has not, however, agreed to provide this gross sales information at the product-code-by-product-code level requested by petitioner, as this is highly confidential business information upon which Mr. Jorgenson did not rely and for which petitioner has shown no need.

Further, Mr. Jorgensen did not testify about either net revenue or unit sales. Stratus does not believe net revenue or unit sales are necessary to demonstrate commercial success of the claimed invention; gross revenue suffices, at least in this case. *See Chemours Co. v. Daikin Indus., Ltd.*, 4 F.4th 1370, 1378 (Fed. Cir. July 22, 2021) (Board erred by holding that gross sales figures alone "are inadequate to

establish commercial success"). If the petitioner thinks otherwise, it can argue that Stratus has submitted insufficient evidence to prove commercial success. But, instead, the petitioner demands that Stratus provide unnecessary, not-relied-upon—yet highly sensitive—net-revenue and unit-sales data.

Demanding data not relied upon is contrary to at least *Garmin* factor 5. As the Board has explained, "requests should be sensible and responsibly tailored according to a genuine need." *Garmin* at 7, 14. The Motion does not articulate a "genuine need" for data beyond what Stratus has relied upon in this case. RFPs 1 and 2 should not be permitted for at least this reason.

Moreover, the per-product net-revenue and unit-sales data that the petitioner—a competitor of Stratus—seeks is highly confidential business information. Stratus is justifiably concerned about providing this data to the petitioner or the petitioner's counsel. Net revenue, in combination with the gross revenue data that has been provided already, would reveal profit information. Unit sales data, in combination with the gross revenue data that has been provided already, would reveal pricing information. This is particularly true if Stratus is ordered to provide petitioner with gross revenue, net revenue, and unit sales data at the product-code level.

Although the protective order in this case would, ideally, prevent disclosure of this information beyond the petitioner's outside counsel, the petitioner has already

(1) taken the highly unusual step of challenging Stratus's designations of outside-counsel-only information in this case, *see* Paper 20 (petitioner's opposition to Stratus's motion to seal), and (2) revealed in a public filing information that Stratus designated as confidential "outside counsel only" material, *compare* Ex. 2015-2016 ¶ 16 (confidential identification of what Stratus believes to be the relevant market) *with* Paper 19 at 5 (petitioner's objections publicly revealing the same). Thus, notwithstanding the protective order, Stratus should not be forced to disclose highly sensitive pricing and profit data in a case against a competitor, absent a compelling need.

This case is distinguishable from the *Brunswick* and *Kolbe* cases cited on page 6 of the Motion. In both cases, a patent owner sought discovery of sales of the petitioner's infringing product. Without that sales data, there would have been no evidence in those cases to evaluate whether the petitioner's products were commercially successful. Such is not the case here. The commercial-success issue in this case can and should be decided on the basis of the gross-revenue data Stratus relies upon. Either that gross-revenue data is sufficient proof of commercial success, or it is not. The petitioner's overly aggressive attempts to discover unnecessary, not-relied-upon, highly sensitive product-code-by-product-code gross-revenue, net-revenue, and unit-sales data in RFPs 1 and 2 should accordingly not be permitted.

B. RFP 3

RFP 3 seeks "***[a]ll documents and electronically stored information*** relied on by Cody Jorgensen to prepare the information in paragraphs 16 through 27 (and the associated charts and graphics) of his declaration (Patent Owner's Exhibit 2015)." (emphasis added). Paragraphs 16-27 of Mr. Jorgenson's declaration pertain to the market in which Stratus operates, including companies that Stratus considers to be competitors, and market-share intelligence.

RFP 3 is far too broad and non-specific. It seeks "***[a]ll*** documents" relied upon in twelve paragraphs of Mr. Jorgensen's declaration. It also seeks "***[a]ll*** . . . electronically stored information [ESI]" regarding the same. RFP 3 runs afoul of at least *Garmin* factors 1 and 5.

Garmin factor 5 requires that the request "not [be] overly burdensome to answer." *Garmin* at 7, 14. Even though the petitioner as movant bears the burden to show entitlement to this information, 37 C.F.R. § 42.20(c), the Motion does not meaningfully address the burden RFP 3 would impose on Stratus. *See* Motion at 9-10. That deficiency in the Motion is, by itself, grounds to disallow RFP 3.

Cleary, RFP 3 would be overly burdensome to answer. Mr. Jorgenson is Stratus's Chief Marketing Officer. It is his job to understand the market in which Stratus operates. For him to check ***all*** of his paper documents for materials relied upon to inform his knowledge of the market would require many hours. For him to

check ***all*** of his ESI for materials relied upon to inform his knowledge of the market would also require many hours. For Stratus's counsel to review that information before production would likewise require many hours. Additionally, much of this would require extensive and time-consuming redactions and confidentiality markings. Defending those confidentiality designations, if challenged (again) by the petitioner, would require even more time. It is difficult to even estimate how much time RFP 3 would impose on Stratus directly or indirectly via its counsel. Yet, it is clear that the imposition would be overly burdensome.

RFP 3 also fails to satisfy *Garmin* factor 1. To be sure, RFP 3 is a fishing expedition. It does not identify any specific documents or information. *See Boehringer Ingelheim Animal Health USA Inc. v. Ks. State Univ. Research Found.*, PGR2020-00076, Paper 17 at 8 (Apr. 17, 2021) ("[W]e agree with Patent Owner that Petitioner has not met its burden for discovery [under *Garmin*] factor one because it has failed to provide sufficient evidence or reasoning tending to establish ***beyond speculation*** that something useful will be uncovered . . . [W]e agree with Patent Owner that Petitioner's discovery requests resemble a ***fishing expedition***." (emphases added)); *TWI Pharm., Inc. v. Merck Serono SA*, IPR2023-00049, Paper 78 at 4-5 (Sept. 18, 2024) (denying motion for additional discovery of "additional materials providing relevant evidence underlying the declarations [that] were indeed provided to and/or shown to the witnesses when preparing their declarations" and

noting that even if experts "may have considered additional materials during the preparation of their declarations, Petitioner has not sufficiently shown that additional discovery would uncover something useful to any of Petitioner's contentions"); *Brycer, LLC et al. v. Tegris, Inc.*, IPR2023-01196, Paper 16 at 3 (Mar. 25, 2024) ("Patent Owner has not demonstrated a *prima facie* showing that there is more than a ***mere possibility*** that the documents it anticipates Petitioner will provide will be useful to our determination of the patentability of the challenged claims." (emphasis added)); *Fluid Energy Grp. Ltd. v. Green Prods. & Techs., L.L.C.*, IPR2021-00357, Paper 37 at 5 (Nov. 29, 2021) (denying petitioner's motion for discovery of "***all*** 'sales data' so that Petitioner may discern 'whether Patent Owner's stated commercial products constitute 'commercial success.'" (emphasis in original)).

RFP 3 also reflects the petitioner's misguided approach to discovery in IPRs. According to the Motion, the petitioner admittedly seeks comprehensive document discovery before they depose Mr. Jorgenson. *See* Motion at 8 ("Petitioner is entitled to these documents under Rule 42.51(b)(2) for the purpose of cross-examining Mr. Jorgensen."); *see also id.* at 6 (same for RFPs 1 and 2). That approach may be acceptable in court, but not in an IPR. *See Garmin* at 13 ("affidavit or declaration testimony" is followed by "an opportunity to cross-examine the affiant or declarant with regard to the basis of the testimony"). Permitting the discovery that the petitioner seeks in this case would set a dangerous precedent that would upend over

a decade of settled IPR discovery jurisprudence and open the floodgates for litigation-style pre-deposition document discovery in future cases.

Accordingly, overly broad, overly burdensome, and non-specific RFP 3 should not be permitted.

C. RFP 5

The Motion does not address RFP 5, but the parties have a disagreement regarding the terms of production under RFP 5. RFP 5 seeks "[t]wo physical samples of each device 'personally inspected' by Peter Crosby according to paragraph 21 of his declaration (Patent Owner's Exhibit 2006)." Stratus agreed to provide one sample, provided it not be shared with the petitioner (*i.e.*, it be treated as outside-counsel-only) and be returned at the conclusion of the case. The petitioner refuses to abide by the outside-counsel-only designation because it contends Stratus sells the device in the market without restrictions. *See* Ex. 2038 at 1.

However, Stratus is not aware of any instance in which one of its devices has fallen into a competitor's hands. Stratus's devices are sold to physicians, hospitals, clinics, and the like for private use in invasive medical procedures on patients. In fact, Stratus's needles are sold for one-time use and are appropriately disposed of as contaminated medical waste after use.

Moreover, the petitioner's premise that the devices are available without restriction in the market undercuts its request. If that is true, then the petitioner has

ability to obtain the requested device without resorting to additional discovery. *See Garmin* at 6 (factor 3).

Finally, Stratus questions why the petitioner would need to share the device with its client, Stratus's competitor. Stratus's device is relevant in this IPR only in that it is a commercial embodiment of the claimed inventions and thus its praise and commercial success are objective indicia of nonobviousness of the claimed inventions. The petitioner's counsel in this proceeding and its technical expert would presumably be fully capable of verifying—without assistance from their client—that the device practices the claims.

For at least the foregoing reasons, Stratus requests that the Board's decision on the Motion order the petitioner to treat the sample device provided to the petitioner as an outside-counsel-only item under the protective order.

III. CONCLUSION

Stratus respectfully requests that the Board deny the Motion to the extent it seeks discovery beyond what Stratus has voluntarily agreed to produce or on terms beyond those to which Stratus has agreed.

Respectfully submitted,

Date: 2025 July 3

By: /M.C. Phillips/
Matthew C. Phillips
Registration No. 43,403
Lead Counsel for Stratus

CERTIFICATE OF SERVICE

I hereby certify that on July 3, 2025, copies of the foregoing PATENT OWNER'S OPPOSITION TO PETITIONER'S MOTION FOR ADDITIONAL DISCOVERY and all documents filed with it were served via electronic mail, as agreed to by counsel, upon the following counsel for the Petitioner:

Christopher Kelly	ckelly@mcciplaw.com
Gregory Carlin	gcarlin@mcciplaw.com
Warren Thomas	wthomas@mcciplaw.com
Lee Hamilton	lhamilton@mcciplaw.com

/ M.C. Phillips /
Matthew C. Phillips
Registration No. 43,403