

EXHIBIT 1

ITC RULING

UNITED STATES INTERNATIONAL TRADE COMMISSION

Washington, D.C.

In the Matter of

**CERTAIN WEARABLE MONITORING
DEVICES, SYSTEMS, AND COMPONENTS
THEREOF**

Inv. No. 337-TA-1190

**ORDER NO. 11: GRANTING COMPLAINANTS' MOTION TO STRIKE;
DENYING RESPONDENTS' MOTION TO AMEND**

(May 6, 2020)

I. Background

On March 25, 2020, Complainants Philips North America, LLC and Koninklijke Philips N.V. (collectively, "Complainants" or "Philips") filed a Motion to Strike Respondents' Affirmative Defense of Inequitable Conduct. Motion Docket No. 1190-002 (the "Motion to Strike").¹ On April 7, 2020, Respondents Fitbit, Inc., Ingram Micro Inc., Maintek Computer (Suzhou) Co., Ltd., Inventec Appliances (Pudong) (collectively, the "Fitbit Respondents") Respondents Garmin International, Inc., Garmin USA, Inc., and Garmin Ltd (collectively, the "Garmin Respondents"), filed a Motion for Leave to File Amended Responses to the Complaint. Motion Docket No. 1190-004 (the "Motion to Amend").^{2,3} On April 13, 2020, Commission

¹ The Motion seeks to strike the eighth affirmative defense of Fitbit, Inc., Maintek Computer (Suzhou) Co., Ltd., Ingram Micro, Inc., and Inventec Appliances, and the second affirmative defense of Garmin International, Inc., Garmin USA, Inc., and Garmin Ltd.

² See Order No. 6 (Apr. 3, 2020) (granting Respondents' motion for extension of time to file response).

³ The Fitbit Respondents also seek leave to withdraw their affirmative defense that relief is not in the public interest ("without prejudice to presenting that position to the Commission under the

Staff filed a Combined Response to the Motion to Strike and the Motion to Amend. On April 27, 2020, Philips filed a Combined Memorandum in Opposition to Respondents' Motion for Leave to Amend ("Opp.>").⁴ On May 4, 2020, Respondents filed a reply.⁵

Philips alleges that Respondents' inequitable conduct defense fails to meet the requirements of Ground Rule 2.2.2, which states that an affirmative defense of inequitable conduct must satisfy *Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312, 1331 (Fed. Cir. 2009). Philips claims that Respondents' inequitable conduct allegations fail to specify that (1) "any named individual even knew of what references were cited in the European and Japanese foreign prosecutions; (2) any named individual knew the references were material; or (3) any named individual withheld either reference with the specific intent to deceive the PTO." Motion to Strike at 2. Philips seeks a dismissal of the inequitable conduct contentions with prejudice because it contends that any amendment would be futile under the pertinent legal standards.

Respondents maintain that their original responses to the complaint were sufficiently specific to satisfy the *Exergen* standard but seek to amend their responses to provide additional details regarding the alleged inequitable conduct. Citing Rule 210.14(b)(2), Respondents contend there is good cause for amending their responses because, after the Motion to Strike was filed, they obtained new information in discovery that adds details to their inequitable conduct defense.

applicable Rules"). Motion to Amend at 1. This request is not opposed and is hereby GRANTED.

⁴ See Order No. 7 (Apr. 16, 2020) (granting Complainants' motion for extension of time to file opposition).

⁵ See Order No. 10 (Apr. 28, 2020) (granting Respondents' motion for extension of time to file reply).

Respondents' defense of inequitable conduct alleges that Philips's in-house prosecution counsel, Frank Keegan, obtained the '228 patent by relying on a particular limitation of the claims, *i.e.*, that the claimed processor can monitor sensor signals "in turn." Motion to Amend, Mem. at 3-4. According to Respondents, Mr. Keegan told the USPTO examiner that the "in turn" limitation was not in the prior art, but he withheld information indicating the opposite. *Id.* Respondents allege that Mr. Keegan did not disclose two items of prior art: U.S. Patent No. 6,077,236 ("Cunningham") and European Patent EP0727242 ("Pacesetter") in connection with prosecution of the '228 patent, but did submit copies of these references in connection with an application for a different patent, "regarding near-identical subject matter with nearly identical claims," during the same time period. Motion to Amend at 3.

Respondents assert, moreover, that the European Patent Office (the "EPO") and the Japanese Patent Office ("JPO") had rejected Philips's arguments regarding the "in turn" limitation based on Pacesetter and Cunningham. "Both the EPO and the JPO rejected Philips' counterpart patent applications over these very same two prior art references, and the office actions described exactly where Pacesetter and Cunningham disclose the 'in turn' limitation." Motion to Amend, Mem. at 4. Respondents claim that withholding the information was material because the asserted claims of the '228 patent would not have issued if the USPTO had known about Pacesetter and Cunningham.

Respondents allege further that, in the course of discovery, they learned that Mr. Keegan knew of Pacesetter and Cunningham at the time he was prosecuting the '228 patent. Respondents state that at the same time Mr. Keegan was counsel of record in the prosecution of the '228 patent, "he was also prosecuting a different patent application for Philips—U.S. Patent Application No. 10/537,888 (the "888 application")." *Id.* at 6. In connection with the '888

application, Respondents allege, Mr. Keegan submitted an international search report to the USPTO “listing Pacesetter and Cunningham as prior art references.” *Id.* at 6-7. According to Respondents, this demonstrates “his awareness of those references even before the EPO and JPO rejections—despite never submitting Pacesetter or Cunningham in connection with prosecution of the ’228 patent.” *Id.* at 7. Respondents claim that this additional information, incorporated into their proposed amended pleadings, shows that Mr. Keegan was aware of the prior art references and their materiality and, inferentially, that he intended to deceive the patent examiner by withholding those references in connection with the prosecution of the ’228 patent.

Respondents and Staff maintain that the amended pleadings satisfy the who, what, when, where, and how of the material misrepresentation required under the *Exergen* standard.

“On information and belief, Mr. Keegan withheld the material Pacesetter reference and EPO rejection from the USPTO with intent to deceive the examiner and the BPAI,” they assert.

Motion to Amend Ex. 1 (Fitbit’s Amended Response to the Complaint and Notice of Investigation) (“proposed amendment”) at ¶ 49.⁶

II. Discussion

The Federal Circuit requires that inequitable conduct be pled with particularity, in accordance with Fed. R. Civ. P. 9(b). *Exergen*, 575 F.3d at 1327–31 (Fed. Cir. 2009); *see also* Ground Rule 2.2.2. (“Affirmative defenses that require heightened pleading in accordance with Fed. Rule Civ. P. 9(b), such as inequitable conduct, must be pled with specificity, in accordance with *Exergen*....”). To plead inequitable conduct, the inventors’ or attorneys’ knowledge of the patent and their intent “may be averred generally.” *Exergen*, 575 F.3d at 1328–29. But a defendant “must include sufficient allegations of underlying facts from which a court may

⁶ Fitbit’s proposed amendment is representative of the amended responses proposed by the other Respondents.

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