

UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

KONINKLIJKE PHILIPS ELECTRONICS N.V.
and PHILIPS ELECTRONICS NORTH
AMERICA CORPORATION,

Plaintiffs,

v.

ZOLL LIFECOR CORPORATION,

Defendant.

C.A. No. 2:12-cv-01369-NBF

Judge Nora Barry Fischer

Electronically Filed

ZOLL'S REPLY TO PHILIPS' OPPOSITION TO MOTION TO STAY

Pursuant to Docket No. 30, ZOLL Lifecor Corporation (“ZOLL”) hereby replies to the opposition (Dkt. 29) of Koninklijke Philips Electronics N.V. and Philips Electronics North America Corporation (collectively, “Philips”) to ZOLL’s motion to stay this case (Dkt. 26).

Philips does not dispute that an invalidity finding with regard to any of the asserted claims in the Massachusetts Matter would be binding in this action. Given the large number of overlapping patents asserted both here and in Massachusetts, the potential issue-narrowing consequences on this case in light of the Massachusetts Matter are significant.¹ So too are the potential issue-simplifying consequences.² Four out of six patents asserted here are also asserted

¹ See e.g., *Adventus Americas, Inc. v. Calgon Carbon Corp.*, 2009 WL 2998094, at *5–*6 (W.D.N.C. Sept. 15, 2009) (staying action in light of previous action because the first case may moot the second case); *Gibson Guitar Corp. v. Wal-Mart Stores, Inc.*, 2008 WL 3472181, at *5–*7 (M.D. Tenn. 2008) (“[i]t would be inequitable and inefficient to require Activision (who is defending and indemnifying the Retailer Defendants here) to litigate the same issues against the same opposing party in two different fora.” *Morton Int’l, Inc. v. Atochem N. Am., Inc.*, 1991 WL 98609, at *1 (D. Del. Apr. 26, 1991) (staying patent action in light of concurrent action based on same patent because first action “may very well preclude further litigation of the instant case.”).

² See e.g., *Cephalon, Inc. v. Sandoz Inc.*, 2011 WL 1750446, at *2 (D. Del. May 5, 2011) (granting stay due to other co-pending federal action because a “stay will simplify the issues for trial.”); *Ultra Products, Inc. v. Best Buy Co., Inc.*, 2009 WL 2843888, at *4–*7 (D.N.J. 2009)

in Massachusetts, and the other two patents share identical specifications and contain many of the same claim terms. Thus resolution of many issues (*e.g.*, prior art invalidity, inequitable conduct, *etc.*) could impact all of the patents asserted here.

These potential consequences are tangible and meaningful, and fully warrant the stay sought by ZOLL. They certainly cannot be trivialized or dismissed as “speculative,” as Philips contends.³ Philips’ principal case on this point, *Itext, Inc. v. Mount Vernon Mills, Inc.*, 2010 WL 3655990 (N.D. Ill. Sept. 9, 2010), does not support such a broad proposition. Philips omits that the patent at issue in *Itext* had previously survived invalidity challenges in reexamination—twice. Moreover, in *Itext* the defendants in a later-filed action were seeking a stay pending resolution of an earlier-filed action before the same judge, which thus reduced, if not eliminated, the risk of inconsistency and duplication: “because both cases are proceeding before the same district judge, there is not the risk of inconsistent decisions or waste of judicial resources that attends simultaneous litigation conducted in separate fora.” *Id.* at *3. Moreover, in that case there would have been judicial diseconomies to a stay, since common issues would have to be

(“The [First] litigation should clarify and possibly simplify the issues in this current matter”); *nCube Corp. v. Seachange Intern. Inc.*, 2010 WL 2266335, at *2–*3 (D. Del. 2010) (staying matter in light of pending district court action involving same patents to narrow and simplify the issues).

³ Nor can the authority cited in ZOLL’s moving papers fairly be dismissed as “inapposite” because some of it concerns stays in the contexts of reexaminations or ITC actions. Like a reexamination, the Massachusetts Matter may moot some, if not most or all, issues in this case. Moreover, a stay pending the results of a reexamination usually takes longer than the stay sought by ZOLL, so the considerations that bear on stays in that context are if anything more germane in this context. So too can a non-binding ITC investigation simplify the issues for a court that stays a litigation pending the outcome of such an investigation. Moreover, Philips wrongly contends that the stays in *Flexsys Americas, LP v. Kumho Tire, U.S.A., Inc.*, 2005 WL 1126750, at *3 (N.D. Ohio Apr. 29, 2005) and *FormFactor, Inc. v. Micronics Japan Co., Ltd.*, 2008 WL 361128, at *2 (N.D. Cal. Feb. 11, 2008) were done pursuant 28 U.S.C. 1659(a). Because Section 1659(a) addresses only overlapping patents, both these Courts had the option to allow the non-overlapping patent counts proceed, but chose to stay them to conserve judicial resources and simplify the issues.

addressed separately. *See id.* (“if the case goes forward, the court will be able to consider simultaneously any common issues that arise.”).⁴

Nor does Philips dispute that it is not entitled to an injunction. That fact distinguishes this case from Philips’ other principal authority, *Kahn v. Gen. Motors Corp.*, 889 F.2d 1078, 1079 (Fed. Cir. 1989). As the Federal Circuit recently noted in *Spread Spectrum Screening LLC v. Eastman Kodak Co.*, 657 F.3d 1349, 1358–59 (Fed. Cir. 2011), “*Kahn* focuses exclusively on cases dealing with injunctive relief,” and “[t]he decision in *Kahn* is, thus, a narrow one with limited application.” Granting the stay sought by ZOLL poses no threat whatsoever to Philips’ business. *See id.* (emphasizing *Kahn*’s narrow application due to the fact that “*Kahn* state[d] that by the time the Illinois action is over his business will be dead”).⁵

With regard to the critical issue of prejudice, Philips fails to confront the central issue of ZOLL’s motion: How can a stay until the “conclusion of the liability phase of the [Massachusetts Matter] that is set to begin in October 13, 2013”—which is now less than a year away, and is hardly “an open-ended” or “indefinite” stay, as Philips repeatedly misstates—unfairly prejudice Philips, when Philips by its own admission sat on the rights it is now asserting

⁴ Nor does *St. Clair Intellectual Prop. Consultants, Inc. v. Samsung Electronics Co., Ltd.*, 2010 WL 1213367 (D. Del. Mar. 28, 2010) support Philips’ position. The defendants there sought a stay pending an appeal of an issue that was not dispositive. *Id.* at *3 (denying stay because “it is not clear that such a ruling would be case-dispositive”). There is no dispute here that the Massachusetts Matter could dispose of multiple counts in this action. In *ASUSTek Computer Inc. v. Ricoh Co., Ltd.*, 2007 WL 4190689, at *2 (N.D. Cal. Nov. 21, 2007), the patentee sought an indefinite stay of an alleged infringer’s declaratory judgment action pending an appeal of the patentee’s first action against that same alleged infringer. The court observed that the stay would “highly prejudice” the alleged infringer by allowing the “shadow of Ricoh’s threatened patent litigation” to remain indefinitely, and so denied the stay. Here, in contrast, there is no “shadow of threatened patent litigation” over Philips. Nor is the proposed stay indefinite. *See id.*

⁵ *Kahn* is further distinguishable in that the two pending actions there did not involve overlapping patent claims. 889 F.2d at 1081. Nor did the *Kahn* patentee bring both actions. *See id.* Here, Philips brought three actions, and asserts six overlapping patents in both this case and the Massachusetts Matter.

in this case for at least four years? The accused LifeVest product has been on the market for eleven years. Philips sent ZOLL a letter in 2008 that Philips now says put ZOLL on notice of its contention that the LifeVest product infringes the patents asserted in this case. Philips' opposition does not address any of this important history, and its bearing on the relief ZOLL seeks. In order to buy Philips' prejudice argument the Court would have to accept that ZOLL's marketing and sales of the accused LifeVest product over the last eleven years were of no consequence to Philips, and yet somehow ZOLL's continuation of those activities for another year—with the asserted patents fast approaching expiration—would visit dire prejudice upon Philips.

None of this makes sense. Just as important, none of Philips' excuses are substantiated by anything in the record. Philips says that “[a] recent surge in advertising and sales of the LifeVest product (a wearable defibrillator requiring no bystander assistance) led Philips to file this suit at this time.” (Dkt. 29, at 3.) Where is the evidence of this “recent surge?” Philips points to none (and in fact, ZOLL has not even released any LifeVest sales information in over ten months). Philips further characterizes the LifeVest as a “competing product in the marketplace,” even suggesting that it and ZOLL are “direct competitors” with regard to this product. (*Id.* at 7.) That is news to ZOLL. Where is the evidence that Philips sells “a wearable defibrillator requiring no bystander assistance?” Philips points to nothing on this issue, either, because no such device exists. Nor are its actions consistent with those of a “direct competitor,” filing suit against ZOLL in 2010 against some defibrillator products (and then again in 2012 in a different forum against some of those same products) while knowing full well that ZOLL was also selling the LifeVest. An objective assessment of the facts here if anything compels the conclusion that Philips either did not care about the LifeVest, or never thought it infringed.

Thus, for the foregoing reasons and those stated in ZOLL's moving papers, ZOLL respectfully requests that this case be stayed.

Dated: November 28, 2012

Respectfully submitted,

/s/ Henry M. Sneath

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