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**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA**

FISHER & PAYKEL HEALTHCARE  
LIMITED, a New Zealand corporation,

Plaintiff,

v.

RESMED CORP., a Minnesota  
corporation,

Defendant.

CASE NO. 16cv2068 DMS (WVG)

**ORDER GRANTING RESMED'S  
MOTION TO STAY PENDING  
RESOLUTION OF *INTER PARTES*  
REVIEW**

This case comes before the Court on ResMed's motion to stay Fisher & Paykel's claims pending review by the Patent Trial and Appeal Board ("PTAB") of ResMed's petitions for *inter partes* review of the Fisher & Paykel patents-in-suit. Fisher & Paykel filed an opposition to the motion, and ResMed filed a reply. For the reasons discussed below, the motion is granted.

**I.**

**BACKGROUND**

This case is one of many currently pending between the parties. In addition to this case, ResMed currently has patent infringement actions against Fisher & Paykel pending in both Germany and New Zealand and before the United States International Trade Commission ("ITC"). Fisher & Paykel also recently filed an action in the High Court of Justice in the United Kingdom seeking a judgment that three ResMed European Patents are invalid and not infringed by the same products accused of

1 infringement in this case. (ResMed’s Notice of Recent Facts Relevant to Its Mot. to  
2 Stay at 2.) Fisher & Paykel also instituted an action for patent infringement in the  
3 Munich District Court. (*Id.*) One of the patents at issue there is related to one of the  
4 patents at issue here. (*Id.*)

5 The present case was filed on August 16, 2016. In the Complaint, Fisher &  
6 Paykel allege ResMed is infringing nine of its patents. On September 7, 2016, ResMed  
7 Corporation filed an Answer and Counterclaim. In the Counterclaim, ResMed asserts  
8 claims for declaratory judgment of noninfringement and invalidity of Fisher & Paykel’s  
9 patents and seven additional claims for infringement of its own patents. On October 3,  
10 2016, Fisher & Paykel Healthcare Limited, Fisher & Paykel Healthcare, Inc. and Fisher  
11 & Paykel Healthcare Distribution Inc. filed an Answer to the Counterclaims and  
12 Counterclaims for declaratory judgment of noninfringement and invalidity of ResMed’s  
13 patents.

14 On October 6, 2016, Fisher & Paykel Healthcare Limited, Fisher & Paykel  
15 Healthcare, Inc. and Fisher & Paykel Healthcare Distribution Inc. filed a motion to stay  
16 ResMed’s counterclaims on two of its patents pending proceedings before the ITC on  
17 those patents. ResMed did not oppose that motion, and the Court granted the request  
18 to stay that portion of this case on November 17, 2016.<sup>1</sup>

19 With respect to the present motion, on September 7, 2016, the same day it filed  
20 its Answer in this case, ResMed filed fifteen petitions for *inter partes* review with the  
21 PTAB challenging the validity of every asserted claim of the Fisher & Paykel patents-

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22  
23 <sup>1</sup> In a recent filing, ResMed informed the Court that Fisher & Paykel has  
24 petitioned for *inter partes* review of four of the seven ResMed patents-in-suit. ResMed  
25 indicated in the present motion that it would not oppose a stay on that portion of the  
26 case if requested by Fisher & Paykel. Two of the patents at issue in Fisher & Paykel’s  
27 petition are already subject to the stay pending the ITC proceedings, therefore, there is  
28 no need to request a stay as to those patents. If the parties wish to stay litigation on the  
other two patents, the Court requests they do so by way of a joint motion. If the case  
is stayed as to those two patents, this litigation will proceed on the three remaining  
ResMed patents only. As to that portion of the case, Fisher & Paykel Healthcare  
Corporation Limited has filed a motion to dismiss it from this case for lack of personal  
jurisdiction and failure to state a claim, which motion is scheduled for hearing on  
December 22, 2016.

1 in-suit. Fisher & Paykel has three months, or until December 7, 2016, to file a response  
2 to the petitions. The PTAB will have three months from (1) the filing of Fisher &  
3 Paykel's responses or (2) December 7, 2016, whichever is sooner, to determine whether  
4 to institute a trial on the petitions. If the PTAB orders a trial, it will have twelve months  
5 to issue a final written decision on the petitions.

## 6 II.

### 7 DISCUSSION

8 As stated above, ResMed moves to stay litigation on Fisher & Paykel's patents  
9 pending resolution of its request for *inter partes* review. Fisher & Paykel asserts  
10 ResMed's petitions for review are barred by 35 U.S.C. § 315(a)(1). It also argues the  
11 relevant factors weigh against the imposition of a stay.

#### 12 A. Statutory Bar

13 Fisher & Paykel's first argument in response to ResMed's motion to stay is that  
14 the petitions for *inter partes* review are barred by 35 U.S.C. § 315(a)(1). This statute  
15 provides: "An *inter partes* review may not be instituted if, before the date on which the  
16 petition for such a review is filed, the petitioner or real party in interest filed a civil  
17 action challenging the validity of a claim of the patent." 35 U.S.C. § 315(a)(1). On  
18 August 16, 2016, three weeks before it filed the petitions for review, ResMed filed a  
19 Complaint against Fisher & Paykel in this Court challenging the validity of Fisher &  
20 Paykel's patents. *See ResMed Inc. v. Fisher & Paykel Healthcare Corporation Limited*,  
21 Case No. 16cv2072.<sup>2</sup> Fisher & Paykel argue that filing falls within the plain language  
22 of the statute and precludes the PTAB from granting ResMed's petitions for review, and  
23 thus the motion for stay should be denied.

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26 <sup>2</sup> ResMed's Complaint was not the first to be filed. On August 15, 2016, the day  
27 before ResMed filed its Complaint, Fisher & Paykel filed a Complaint against ResMed  
28 in the United States District Court for the Central District of California. *See Fisher &  
Paykel Healthcare Limited v. ResMed Corp.*, Case No. 16cv6099. The following day,  
Fisher & Paykel filed the Complaint in this case, and dismissed the Complaint filed in  
the Central District. Within an hour of Fisher & Paykel's filing in this case, ResMed  
filed its Complaint.

1 ResMed does not dispute that it filed the above-referenced Complaint. It argues,  
2 however, that it dismissed that case without prejudice, thereby avoiding the statutory  
3 bar to *inter partes* review. ResMed argues the PTAB has found that *inter partes* review  
4 is not barred if the previously filed complaint is dismissed without prejudice. *See, e.g.,*  
5 *Tristar Products, Inc. v. Choon's Design, LLC*, Case IPR2015-01883, 2016 WL  
6 2865739 (Patent Trial and Appeal Bd. Mar. 9, 2016); *Microsoft Corp. v. Parallel*  
7 *Networks Licensing, LLC*, Case IPR2015-00483, 2015 WL 4760575 (Patent Trial and  
8 Appeal Bd. July 15, 2015); *Cyanotech Corp. v. Bd. of Trustees of the Univ. of Illinois*,  
9 Case IPR2013-00401, 2013 WL 8563804 (Patent Trial and Appeal Bd. Dec. 19, 2013).  
10 In those cases, the PTAB correctly notes that voluntary dismissal of an action leaves  
11 “the parties as though the action had never been brought.” *Tristar Products*, 2015 WL  
12 2865739, at \* 4 (quoting *Macauto U.S.A. v. BOS GmbH & KG*, Case IPR2012-0004,  
13 slip. op. at 15 (Patent Trial and Appeal Bd. Jan. 24, 2013)). *See also* Charles Alan  
14 Wright & Arthur R. Miller, *Federal Practice and Procedure* § 2637, at 321 (2d ed. 1995)  
15 (stating “as numerous federal courts have made clear, a voluntary dismissal without  
16 prejudice under Rule 41(a) leaves the situation as if the action never had been filed”).  
17 ResMed further argues that when § 315(a)(1) was enacted in 2011, at least eight  
18 Circuits had already determined that a dismissal without prejudice makes the situation  
19 as if the action never had been filed. Quoting *Astoria Federal Sav. and Loan Ass'n v.*  
20 *Solimino*, 501 U.S. 104, 108 (1991), ResMed points out: “[W]here a common-law  
21 principle is well established, ... ‘the courts may take it as given that Congress has  
22 legislated with an expectation that the principle will apply[.]’” (Reply Br. at 4.) ResMed  
23 argues that § 315(a)(1) uses the word “filed” consistently with the settled understanding  
24 that a suit dismissed without prejudice is treated as if it was not “filed” at all, and thus  
25 does not bar institution of an IPR. This Court agrees.

26 Accordingly, “[b]ecause the effect of a voluntary dismissal without prejudice is  
27 to render the prior action a nullity, such actions cannot give rise to a statutory bar under  
28 35 U.S.C. § 315(a)(1).” *Tristar Products*, 2015 WL 2865739, at \* 4. The reasoning of

1 the PTAB decisions is persuasive, and this Court adopts it here. Under that reasoning,  
2 ResMed's petitions would not be barred by § 315(a)(1). Thus, Fisher & Paykel's  
3 statutory bar argument does not warrant denial of the motion to stay.

4 **B. Motion to Stay**

5 "Courts have inherent power to manage their dockets and stay proceedings,  
6 including the authority to order a stay pending conclusion of a PTO reexamination."  
7 *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426-27 (Fed. Cir. 1988) (citations omitted).  
8 District courts in the Ninth Circuit consider three factors in determining whether to  
9 order a stay pending *inter partes* review of a patent. Those factors are: "(1) the stage  
10 of litigation; (2) whether a stay would cause undue prejudice or present a clear  
11 disadvantage to the non-moving party; and (3) whether a stay will simplify the issues  
12 in question and the trial of the case." *Palomar Techs., Inc. v. MRSI Sys., LLC*, No. 15-  
13 cv-1484 JLS (KSC), 2016 U.S. Dist. LEXIS 143624, at \*2-3 (S.D. Cal. June 14, 2016)  
14 (quoting *Sorensen v. Giant Int'l (USA) Ltd.*, Nos. 07cv2121, *et seq.*, 2009 U.S. Dist.  
15 LEXIS 118748, at \*2 (S.D. Cal. Dec. 21, 2009)).

16 1. Stage of Litigation

17 Here, the first factor, stage of litigation, weighs in favor of granting a stay. This  
18 case was filed just over three months ago on August 16, 2016. ResMed filed an Answer  
19 and Counterclaim on September 7, 2016, and filed the present motion the following  
20 day. The Court has not yet scheduled an Early Neutral Evaluation Conference, and the  
21 parties have yet to conduct any discovery. Given the early stage of the litigation, this  
22 factor weighs in favor of granting a stay. *See Market-Alerts Pty. Ltd. v. Bloomberg*  
23 *Finance L.P.*, 922 F.Supp.2d 486, 494 (D. Del. 2013) (quoting *SenoRx, Inc. v. Hologic,*  
24 *Inc.*, No. 12-173-LPS-CJB, 2013 WL 144255, at \*5 (D. Del. Jan. 11, 2013)) ("Staying  
25 a case at an early juncture 'can be said to advance judicial efficiency and maximize the  
26 likelihood that neither the [c]ourt nor the parties expend their assets addressing invalid  
27 claims.'")

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