

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

***REDACTED

CIVIL MINUTES - GENERAL

Case No. SACV 20-48 JVS (JDEx) Date October 13, 2020

Title Masimo Corporation et al. v. Apple Inc.

Present: The Honorable **James V. Selna, U.S. District Court Judge**

Lisa Bredahl

Not Present

Deputy Clerk

Court Reporter

Attorneys Present for Plaintiffs:

Attorneys Present for Defendants:

Not Present

Not Present

Proceedings: [IN CHAMBERS] Order Regarding Motion for Stay

Before the Court is Defendant Apple Inc.'s ("Apple") motion to stay proceedings pending inter partes review ("IPR"). Mot., ECF No. 196-1. Plaintiffs Masimo Corporation ("Masimo") and Ceracor Laboratories, Inc. ("Ceracor") (collectively – "Plaintiffs") filed an opposition. Opp'n, ECF No. 209-1. Apple filed a response. Reply, ECF No. 217.

For the following reasons, the Court **GRANTS** the motion as to claims one through twelve.

I. BACKGROUND

The background of this case is well known to the parties, and is only repeated here so as to frame the discussion below. Plaintiffs specialize in the development and sale of noninvasive technology that monitors physiological parameters. Opp'n at 2-3. Its core business is in the production of products that measure blood oxygen content, also known as pulse oximeters. Mot. at 15. Apple, the well-known consumer technology company, is the creator of the Apple Watch, a leading smart watch. The most recent version of the Apple Watch, the Series 6, was announced on September 15, 2020, and notably includes the ability to measure "Blood Oxygen." Opp'n at 7. This patent infringement and trade secrets lawsuit, however, goes back to Apple's hiring of some of Masimo's employees beginning in 2013. Second Amended Complaint ("SAC"), ECF No. 88-2, ¶¶ 19-25.

On January 9, 2020, Plaintiffs filed their complaint against Apple, alleging

APPLE 1011

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. SACV 20-48 JVS (JDEx) Date October 13, 2020

Title Masimo Corporation et al. v. Apple Inc.

infringement of the ten patents.¹ Plaintiffs subsequently filed a First Amended Complaint (“FAC”) on March 25, 2020, alleging infringement of two additional patents.² Then, on July 24, 2020, Plaintiffs filed a Second Amended Complaint (“SAC”), removing from the case five patents³ and adding allegations of infringement of five new patents.⁴ Overall, there are now twelve patents at issue in the case.

Apple has since filed IPR petitions challenging all asserted claims of all the asserted patents.⁵ Apple now asks for the Court to issue a stay pending a determination by the Patent Trial and Appeal Board (“PTAB”) of their IPR petitions. See generally Mot.

II. LEGAL STANDARD

“The District Court has broad discretion to stay proceedings as an incident to its power to control its own docket.” Clinton v. Jones, 520 U.S. 681, 706 (1997); see also Ethicon, Inc. v. Quigg, 849 F.2d 1422, 1426-27 (Fed. Cir. 1988). In deciding whether to stay an action pending IPR, a court’s discretion is typically guided by three factors: “(1)

¹U.S. Patent Nos. 10,258,265 (“the ’265 patent”), 10,258,266 (“the ’266 patent”), 10,292,628 (“the ’628 patent”), 10,299,708 (“the ’708 patent”), 10,376,190 (“the ’190 patent”), 10,376,191 (“the ’191 patent”), 10,470,695 (“the ’695 patent”), 6,771,994 (“the ’994 patent”), 8,457,703 (“the ’703 patent”), and 10,433,776 (“the ’776 patent”). See generally Complaint, ECF No. 1.

²U.S. Patent Nos. 10,588,553 (“the ’553 patent”) and 10,588,554 (“the ’554 patent”). See generally FAC, ECF No. 28.

³The five patents that were removed were the ’266, ’708, ’190, ’191, and ’695 patents.

⁴U.S. Patent Nos. 10,624,564 (“the ’564 patent”), 10,631,765 (“the ’765 patent”), 10,702,194 (“the ’194 patent”), 10,702,195 (“the ’195 patent”), and 10,709,366 (“the ’366 patent”). See generally SAC, ECF 88-2.

⁵On August 31, 2020, Apple filed IPR petitions challenging all asserted claims of the ’265 patent, the ’776 patent, the ’994 patent, and the ’553 patent. Rosenthal Decl., ECF No. 197, at pages 29-530. On September 2, 2020, Apple filed IPR petitions challenging all claims of the ’554 patent and all claims of the ’628 patent. Id. at 532-859. On September 9, 2020, Apple filed an IPR petition challenging all asserted claims of the ’703 patent. Id. at 861-945. Finally, on September 30, 2020, Apple filed IPR

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. SACV 20-48 JVS (JDEx) Date October 13, 2020

Title Masimo Corporation et al. v. Apple Inc.

whether discovery is complete and whether a trial date has been set; (2) whether a stay will simplify the issues in question and trial of the case; and (3) whether a stay would unduly prejudice or present a clear tactical disadvantage to the nonmoving party.” Universal Electronics, Inc. v. Universal Remote Control, Inc., 943 F. Supp. 2d 1028, 1030-31 (C.D. Cal. 2013) (quoting Aten International Co., Limited v. Emine Technology Co., Limited, 2010 WL 1462110, at *6 (C.D. Cal. Apr. 12, 2010)). The inquiry, however, is not limited to these factors and “the totality of the circumstances governs.” Allergan Inc. v. Cayman Chemical Co., 2009 WL 8591844, at *2 (C.D. Cal. Apr. 9, 2009) (citation omitted). In addition, “[t]here is a liberal policy in favor of granting motions to stay proceedings pending the outcome of re-examination, especially in cases that are still in the initial stages of litigation and where there has been little or no discovery.” Limestone v. Micron Technology, 2016 WL 3598109, at *2 (C.D. Cal. Jan. 12, 2016).

III. DISCUSSION

A. Stage of the Proceedings

The Court first considers “the stage of proceedings,” including the progress of discovery, the status of claim construction, and whether a trial date has been set. See Universal Electronics, 943 F. Supp. 2d at 1031. Essentially, where “there is more work ahead of the parties and the Court than behind,” this factors weighs in favor of granting a stay. See Tierravision, Inc. v. Google, Inc., 2012 WL 559993, at *2 (S.D. Cal. Feb. 21, 2012).

This case is in its early stages. On September 21, 2020, the Court issued an amended scheduling order. ECF No. 204. The Amended Scheduling Order notes that the Markman hearing is more than six months away, on April 26, 2021. Id. Fact discovery is not scheduled to close until July 5, 2021, while the expert discovery cut-off is not until December 6, 2021. Order re Scheduling Dates, ECF No. 37. The parties have not noticed or taken any depositions. Andrea Decl., ECF No. 197, ¶ 5. The deadline for the parties to submit their preliminary claim constructions is not until January 11, 2021. Amended Scheduling Order. Trial is set for well more than a year from now. Order re Scheduling Dates.

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. SACV 20-48 JVS (JDEx) Date October 13, 2020

Title Masimo Corporation et al. v. Apple Inc.

*2 (C.D. Cal. June 3, 2019) (finding the case to be in its early stages where no depositions had been taken, no expert discovery had occurred, claim construction was not complete, and trial was nine months away). Plaintiffs' arguments that this case is not in its early stages are unavailing. While it is true that the Court has addressed several motions from the parties and the parties have produced approximately 150,000 pages of discovery, Opp'n at 19-20, these numbers do not weigh heavily when compared to the substantial amount of work in the months of discovery ahead. Nor did Apple's motion for a protective order or Apple's subsequent challenges to the magistrate judge's order, see ECF Nos. 54, 76, and 92, cause undue delay, for it did not significantly impact the schedule mentioned above.

The Court therefore finds that this factor weighs in favor of a stay.

B. Simplification of Issues in Question

The Court next considers "whether a stay will simplify the issues in question and the trial of the case." Universal Electronics, 943 F. Supp. 2d at 1032. Apple has filed IPR petitions challenging all of the asserted claims in the asserted patents. Reply at 10. If an IPR is instituted and the PTAB issues a final written decision, Apple will be estopped from asserting invalidity based on any ground it "raised or reasonably could have raised" during the IPR. 35 U.S.C. § 315(e)(2). Apple has also stipulated that if the PTAB "institutes on any ground raised in its IPR petitions, Apple will not assert in this litigation that same ground against the corresponding claims" even before the issuance of a final written decision. Rosenthal Decl., ECF No. 197, ¶ 17; Reply at 13. A final IPR determination is expected by March 2021, a month before trial is set.⁶ 35 U.S.C. § 316(a)(11).

Although Plaintiffs argue that granting a stay of proceedings prior to institution is "inherently speculative," Opp'n at 21, "courts in this District have adopted the majority position that even if IPR has not yet been instituted, the simplification factor may still weigh in favor of a stay." Purecircle, 2019 WL 3220021, at *3 (collecting cases). This is because "many courts have ultimately been persuaded that the potential to save significant judicial resources sways the analysis in favor of stay." Id. at *2. The statistics in this case

⁶Apple points out that only 3.8% of written decisions are issued more than 13 months after

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. SACV 20-48 JVS (JDEx) Date October 13, 2020

Title Masimo Corporation et al. v. Apple Inc.

support such a conclusion, for there is a 56% IPR institution rate as of 2020 and 76% of Apple's IPR requests since the beginning of 2019 have led to institution.⁷ Rosenthal Decl. at 980, Andrea Decl., ECF No. 211-2, at 701. Plaintiffs seek to distinguish Purecircle because that case only involved a single patent. Opp'n at 23. But Apple correctly notes that the existence of twelve different patents in this case weighs even more heavily in favor of a stay because the IPR proceedings have the potential save an even greater amount of judicial resources. Reply at 13.

Further, where a defendant is actively involved in the IPR process with respect to all of the asserted claims, simplification is likely. See Limestone, 2016 WL 3598109, at *4 ("Because Defendants have petitioned for review of nearly all claims asserted in this action, the outcome of the IPR has the potential to significantly narrow the scope and complexity of the litigation."). If the PTAB cancels all of the asserted claims, the patent claims in this action will be rendered moot. Cancellation of only a portion of the asserted claims may still significantly reduce the scope of this litigation, particularly as there are twelve patents asserted in this case. Notably, only 20% of final written decisions issued in IPRs since 2012 have found all the claims to be patentable, meaning that some winnowing is likely. Rosenthal Decl., at 985. Furthermore, the record developed during the IPR even if institution is denied could inform the claim construction process. Aylus Networks, Inc. v. Apple Inc., 856 F.3d 1353, 1362 (Fed. Cir. 2017) ("[S]tatements made by a patent owner during an IPR proceeding, whether before or after an institution decision, can be considered for claim construction and relied upon to support a finding of prosecution disclaimer.").

Accordingly, the Court finds that this factor also weighs in favor of a stay. The outcome of the IPR may significantly narrow the scope and complexity of the litigation and the parties' and Court's resources are likely to be conserved.

⁷ Plaintiffs do correctly note that Apple has brought a lawsuit over the NHK-Fintiv Rule, which Apple alleges has "dramatically reduced the availability of IPR." Opp'n at 23; Larson Declaration, ECF No. 207-2, 257 ¶ 5. But the NHK-Fintiv Rule relates to those cases where the trial date set in pending

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.