UNITED STATES INTERNATIONAL TRADE COMMISSION
WASHINGTON, D.C.

In the Matter of **CERTAIN WEARABLE ELECTRONIC DEVICES WITH EGG FUNCTIONALITY AND COMPONENTS THEREOF**	**Investigation No. 337-TA-1266**

ALIVECOR'S OPPOSITION TO APPLE'S EMERGENCY MOTION TO SUSPEND ANY REMEDY OR EXTEND THE TARGET DATE AND STAY PROCEEDINGS

(Motion Dkt. No. 1266-034C)

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AliveCor respectfully opposes Apple's Emergency Motion to Suspend Any Remedy or Extend the Target Date and Stay Proceedings (EDIS No. 785898).

I. Introduction

On June 27, 2022, an Administrative Law Judge found that Apple copied AliveCor's technology, infringed AliveCor's patents, and violated Section 337. Since those findings, Apple has inundated the Commission with a series of extraordinary requests that run contrary to Commission practice and precedent. Apple has asked the Commission to reverse its longstanding interpretation of 19 U.S.C. § 1337(d)(1) and announce that exclusion orders are optional, even though settled law holds that "the Commission is ***required*** to issue an exclusion order upon the finding of a Section 337 violation absent a [public interest issue]." *Spansion, Inc. v. Int'l Trade Comm'n*, 629 F.3d 1331, 1358 (Fed. Cir. 2010) (emphasis added); *see* Apple Initial Remedy Submission at 65-67 (EDIS No. 782052). Apple also asked the Commission to accept a 1,400-page filing in response to a notice limiting submissions to 75 pages—and then Apple asked that it be allowed an extra brief to explain why it flouted the Commission's page limits. *See* AliveCor Opp. to Mot. for Leave to File Sur-Reply (EDIS No. 783276). Now, three business days before the Target Date, Apple filed an "emergency" motion because Final Written Decisions on *Inter Partes* Reviews issued when Apple "expected" them to issue. Mot. at 2. In the motion, Apple asked the Commission to stay an investigation that is ripe for decision. Apple is once again asking for special treatment.

Granting the requested stay would be unprecedented. The Commission has never stayed an investigation that is in this posture pending the appeal of a FWD when the complainant opposes, and Apple cites no authority to the contrary. Apple merely cites an Administrative Law Judge's Order granting an ***unopposed*** motion to stay while the investigation was in the ***early stages of discovery***. *See* Mot. at 6 (citing *Integrated Cirs. with Voltage Reguls.*, Inv. No. 337-TA-1024, ALJ Order No. 55 (Aug.

31, 2018)). But that is not even close to the procedural posture of this case, where the Target Date is just days away and the motion is opposed.

Further, Apple's decision to make its request three business days before the Target Date is inexcusable. Apple has been reminding the Commission that these FWDs will issue and requesting a suspension of any remedial orders since it filed its Petition for Review. *See* Apple Petition for Review at 98 (EDIS No. 776877). Apple could have requested a stay or delay of the Target Date at the same time. But it failed to do so—presumably because (a) there is no authority supporting its request, *see* Mot. at 4-5 (never mentioning a stay in the argument about "adhere[ence] to precedent"), and (b) Apple feared it might lose its arguments in the IPRs, so wanted to maintain the option of seeing what the Commission would do with its Final Determination.

Apple called its filing an emergency motion, but there is no emergency here. Circumstances have not materially changed—all that has happened is the FWD issued as scheduled. As the Commission has recognized before, when rejecting many of the arguments Apple now relies on, the PTAB issuing a FWD does not invalidate any patent claim. *See Certain Network Devices, Related Software and Components Thereof (II)*, Inv. No. 337-TA-945, Comm'n Op., 2017 WL 10954555, at *6-7 (Aug. 16, 2017). Congress directed that "a patent claim . . . subject to IPR . . . is valid until the PTO issues a certificate of cancellation as to that claim following the exhaustion of all possible appeals." *Id.* (citing 35 U.S.C. § 318(b)). And Congress also directed the Commission to "conclude . . . investigation[s] . . . at the earliest practicable time after the date of publication of notice of such investigation." 19 U.S.C. § 1337(b)(1). Together, these directives refute both Apple's claim that there is an emergency and every argument Apple makes about a stay. According to Congress, AliveCor's patent claims are currently valid, and the Final Determination should not be delayed.

Apple has no answer for these Congressional directives. It does not even address them when arguing for a stay. The Commission has before it an investigation that is complete, but for the Final

Determination. The FWDs do not change that. The Commission has a mandate to act expeditiously. There is no evidentiary overlap between the investigation and the IPRs because Apple promised to use different prior art in the IPRs in order to avoid a stay of them. *See* EDIS No. 759993, Ex. A at 16-17. There is no reason to deviate from Congress's directives and withhold a Final Determination when it can be issued.

Commission precedent is likewise settled, and it too shows that no stay is warranted. The Commission has held that a FWD on unpatentability is not sufficient grounds to rescind or modify the substance of a remedial order. *Unmanned Aerial Vehicles*, Inv. No. 337-TA-1133, Comm'n Op., 2020 WL 5407477, at *20 (Sept. 8, 2020) (citing *Network Devices (II)*, Comm'n Op., 2017 WL 10954555 at *6, *8). The Commission has explained that, when a FWD issues before the ITC's remedial orders, "suspension of the remedial orders" can "comport[] with the statutory directive that the Commission complete its investigations 'at the earliest practicable time' (19 U.S.C. § 1337(b)(1)), while at the same time deferring to the PTAB's Final Written Decision by holding its remedial orders in abeyance pending appeal of that decision." *Id.* at *21. And the Commission has gone on to hold that such a suspension does not mean staying the issuance of the remedial order is warranted. *See Certain Magnetic Tape Cartridges and Tape Components Thereof*, Inv. No. 337-TA-1058, Comm'n Op., 2019 WL 2635509 at *38 (Apr. 9, 2019).

Apple's unfounded narrative that the PTAB is the only word that matters on patent claims is similarly unwarranted. The Commission is an independent agency, enforcing a different statute, and reviewing different evidence, including different combinations of prior art than were considered by the PTAB. In the Commission's investigation, all of the evidence and briefing have been submitted. Apple's contention that the FWDs nevertheless bring the Commission's investigation to a screeching halt on the eve of the Final Determination elevates the FWDs above the Commission's own work

and, if accepted, would provide a blueprint for respondents to seek eleventh-hour stays after the Commission and the parties devote substantial resources to Section 337 investigations.

Nothing prevents the Commission from issuing its Final Determination on December 12. AliveCor respectfully requests that it do so.

II. Apple's Motion Is Untimely And It Has Forfeited All Requests for Relief Other Than Suspension Pending An Appeal

The Commission should not address Apple's request to stay or delay the Target Date. The FWDs attached to Apple's motion are not a surprise. Apple knew when they were scheduled to issue, and it informed the Commission of the relevant date in its Petition for Review. *See* Apple Petition for Review at 98 (EDIS No. 776877). Apple then requested suspension of any remedial orders in both its Petition for Review and its response to the Commission's request for remedy briefing. *See id.*; Apple Initial Remedy Submission at 69-70 (EDIS No. 782052). Apple never previously argued that the FWDs may warrant a stay or delay of the Final Determination. And Apple should not be permitted to raise new arguments now. The Commission has ordered that "[n]o further submissions on any of the[] issues [under review] will be permitted" in this investigation "unless otherwise ordered by the Commission." Notice of Commission Decision to Review-in-Part, *Certain Wearable Electronic Devices With ECG Functionality and Components Thereof*, Inv. No. 337-TA-1266, 87 Fed. Reg. 58819, 58820 (Sept. 28, 2022).

If Apple wanted the Commission to see the FWDs, it could have filed a simple, non-argumentative notice to bring them to the Commission's attention. Instead, Apple filed an eleven-page "emergency" motion three business days before the extended Target Date reiterating arguments from its earlier briefing and also raising the new requests for a stay or delay. Apple's desire to change its request for relief and raise additional arguments that it omitted from its remedy briefing does not constitute an "emergency." Apple raised the suspension argument in its prior briefs. There was nothing preventing Apple from making every argument in its "emergency" motion months ago. And

it would not be fair to prejudice AliveCor or delay adjudication of its Section 337 complaint because Apple is raising new arguments out of time. Apple's request to stay or delay the investigation is untimely and improper. The Commission should dismiss it outright.

III. There Is No Precedent For the Requested Stay

If the Commission does consider Apple's request for a stay, it should dismiss that request as contrary to Commission precedent and to Section 337.

Apple asks to "stay these proceedings." Mot. at 6. But this investigation is ripe for decision. The only "proceeding" Apple wants stayed is the Commission's Final Determination—a final agency action under the APA. And although the Commission has the authority to stay a Final Determination pending appeal, *see Certain Marine Sonar Imaging Devices*, Inv. 337-TA-921, Comm'n Op. Denying Stay Pending Appeal at 4 (Oct. 20, 2016) (citing 5 U.S.C. § 705), the party seeking such a stay has to carry a heavy burden. Apple would need to "demonstrate: (1) a likelihood of success on the merits of the appeal;"—or at least a "difficult question"—"(2) irreparable harm to the movant absent a stay; (3) that the issuance of a stay would not substantially harm other parties; and (4) that the public interest favors a stay." *Certain Semiconductor Chips with Minimized Chip Package Size and Products Containing Same*, Inv. No. 337-TA-605, USITC Pub. No. 4282, Comm'n Op. at 3 (July 29, 2009). Apple does not and did not previously try to make this showing, and its failure to try is dispositive. *See Certain Magnetic Tape Cartridges and Tape Components Thereof*, Inv. No. 337-TA-1058, Comm'n Op., 2019 WL 2635509 at *38 (Apr. 9, 2019) ("Because, Fujifilm has not analyzed the four factors, it has not established that a stay of the remedial orders pending appeal is warranted."). This acts as an independent basis for the Commission to deny the stay request.

Rather than address the standard for staying a Final Determination, Apple instead argues about a set of factors ALJs have used to determine whether a stay is warranted prior to an evidentiary hearing—one of the factors is "the ***hearing date***" and another is "whether a stay will simplify the

issues ***and hearing*** of the case." Mot. at 6 (emphasis added) (quoting *Semiconductor Chips with Minimized Chip Package Size*, Inv. No. 337-TA-605, Comm'n Op., 2008 WL 2223426, at *2 (May 27, 2008)). ALJs applying these factors have repeatedly found that the institution of IPRs and issuance of FWDs are insufficient to warrant a stay. *See Certain Automated Storage & Retrieval Sys., Robots, & Components Thereof*, Inv. No. 337-TA-1228, Order No. 6 at 7 (Mar. 9, 2021) (denying stay); *Certain Memory Modules and Components Thereof*, Inv. No. 337-TA-1089, Order No. 49 (Apr. 11, 2019) (denying stay when FWD issued ***before the evidentiary hearing***); *Certain Laser-Driven Light Sources*, Inv. No. 337-TA-983, Order No. 8, 2016 WL 11616074, at *4 (Mar. 3, 2016) (denying IPR-based stay that was requested five days after institution). Again, Apple does not even try to grapple with these past decisions or how these factors could apply when the parties have already completed the hearing in this investigation. Instead, Apple cites only an order approving a joint, unopposed motion and orders that are not related to IPRs or FWDs at all. Mot. at 6 (citing *Integrated Cirs. with Voltage Reguls.*, Inv. No. 337-TA-1024, ALJ Order No. 55 at 7 (Aug. 31, 2018), and orders that do not address IPRs).

In any event, Apple cannot satisfy the *Semiconductor Chips* factors.[1] Discovery has not only "reached an advanced stage"; it has concluded. *Semiconductor Chips*, Comm'n Op., 2008 WL 2223426, at *2. The hearing is over, so it cannot be simplified. In fact, no issue in this investigation is simplified by the FWDs because the PTAB did not address any of the prior art Apple relied on before the Commission. Apple stipulated to the PTAB that it would "not seek resolution in the parallel proceedings," including this ITC investigation, "of invalidity based on any ground that utilizes" the art it relied on in the IPRs. EDIS No. 759993, Ex. A at 16-17. And because "a PTAB final written

[1] The factors are: "(1) the state of discovery and the hearing date; (2) whether a stay will simplify the issues and hearing of the case; (3) the undue prejudice or clear tactical disadvantage to any party; (4) the stage of the [Patent Office] proceedings; and (5) the efficient use of Commission resources." *Semiconductor Chips with Minimized Chip Package Size*, Inv. No. 337-TA-605, Comm'n Op., 2008 WL 2223426, at *2 (May 27, 2008).

decision . . . has no collateral estoppel effect on the Commission proceeding," *Network Devices (II)*, Comm'n Op., 2017 WL 10954555 at *8, the FWDs do not affect, much less simplify, the determinations the Commission will make when resolving this investigation.

Because this investigation is so close to its conclusion—literally days away—even the stage of PTO proceedings weighs against a stay. Apple represents in its motion that "any appeal from the PTAB's rulings will be due on February 7, 2023," in about two months. Mot. at 4. In 2022, the median disposition time for an appeal to the Federal Circuit from the ITC was eighteen months. *See* United States Court of Appeals for the Federal Circuit, *Median Time to Disposition in Cases Terminated After Hearing or Submission*, https://cafc.uscourts.gov/wp-content/uploads/reports-stats/disposition-time/MedDispTimeMERITS-Table-FY22.pdf. So Apple is requesting a stay of about twenty months—in an investigation that had an initial Target Date of only seventeen months. *See* Order No. 4. Just three business days before the Target Date, Apple is asking to more than ***double*** the length of this investigation at the finish line.

Finally, there are virtually no efficiencies to be gained by sitting on a ripe Final Determination for twenty months. The briefs and evidence are in. The Commission has already devoted time and resources to its determination. Apple is asking for a delay simply to avoid the issuance of that determination. That sort of delay is contrary to Congress's directive to resolve investigations as soon as practicable. *See* 19 U.S.C. § 1337(b)(1). And every relevant factor weighs against granting it.

IV. There Is No Statutory Basis For the Requested Stay

Apple argues that "a suspension ***or stay***" would "faithfully implement[] several Congressional directives." Mot. at 7-8 (emphasis added). But then Apple cites only examples of suspensions—not stays. *See id.* (citing *Unmanned Aerial Vehicles*, 2020 WL 5407477, at *21; *Magnetic Tape Cartridges*, 2019 WL 2635509, at *38 n.23; *Three-Dimensional Cinema Sys.*, Inv. No. 337-TA-939, Comm'n Op., 2016 WL 7635412, at *37 (Aug. 23, 2016)). There is good reason that the Commission has not conflated the

two different procedures as Apple does. *See Magnetic Tape Cartridges*, 2019 WL 2635509, at *38 (suspending remedial orders, but declining to stay them). And there is no basis—statutory or otherwise—for a stay.

The Commission has "broad discretion in selecting the form, scope and extent of the remedy." *Viscofan, S.A. v. Int'l Trade Comm'n*, 787 F.2d 544, 548 (Fed. Cir. 1986). Suspending enforcement of a remedial order is an "exercise [of that] discretion." *Three-Dimensional Cinema*, Comm'n. Op., 2016 WL 7635412, at *37. And in some past cases, the Commission has concluded that "suspension of the remedial orders comports with the statutory directive that the Commission complete its investigations 'at the earliest practicable time' (19 U.S.C. § 1337(b)(1)), while at the same time deferring to the PTAB's Final Written Decision by holding its remedial orders in abeyance pending appeal of that decision." *Unmanned Aerial Vehicles*, Comm'n Op., 2020 WL 5407477, at *21.

But unlike a suspension, and contrary to Congress's directives, a stay delays adjudication. An agency's power to stay is conferred by Congress. *See Clean Air Council v. Pruitt*, 862 F.3d 1, 9 (D.C. Cir. 2017) (finding it "'axiomatic' that 'administrative agencies may act only pursuant to authority delegated to them by Congress,'" and holding that the EPA lacked "'inherent authority' to 'issue a brief stay' of a final rule"); *Automated Storage*, Order No. 6 at 11 ("When Congress recognizes the desirability of staying cases involving the same patent in different fora, Congress 'knows how' to legislate to bring about this result."). Congress has authorized ***the PTAB*** to stay proceedings in certain circumstances. *See* 35 U.S.C. §§ 315(d), 325(d). But it included no similar provision in Section 337, opting instead to require adjudication as soon as practicable. *See* 19 U.S.C. § 1337(b)(1). And while there is a statutory basis to stay remedial orders in the APA, *see* 5 U.S.C. § 705, Apple, as discussed, did not even attempt to meet the standard for such a stay. *See Semiconductor Chips*, Comm'n Op. at 3; *Magnetic Tape Cartridges*, Comm'n Op., 2019 WL 2635509 at *38 ("Because, Fujifilm has not analyzed the four factors, it has not established that a stay of the remedial orders pending appeal is warranted.").

Instead of identifying an actual statutory basis for its requested stay, Apple "emphasize[s] the Patent Office's leadership and expertise," Mot. at 8, and seeks to elevate the PTAB's authority over the ITC's. Again, both Congress and the Commission have made clear that Apple's arguments are wrong. In *Certain Network Devices, Related Software and Components Thereof (II)*, the Commission reviewed the America Invents Act in detail and explained, "the law is clear that patent claims are valid until the PTO issues certificates cancelling for those claims, which it cannot do until the exhaustion of any appeals." Comm'n Op., 2017 WL 10954555, at *7. Moreover, the Commission went on, unlike a decision from a federal district court, "a PTAB final written decision . . . has no collateral estoppel effect on the Commission proceeding." *Id.* at *8. Apple's arguments, which all suggest that a PTAB FWD must stop a Commission investigation in its tracks and take precedence over the Commission's own work, have thus been rejected by the Commission's straightforward and correct interpretation of the statute governing IPRs. Apple's arguments about "remedial orders based on claims the PTAB has already found unpatentable" and the "public interest in enforcing invalid patents," Mot. at 10, likewise get Congress's intent—and its clear statutory directives—backwards. There are no invalid patent claims right now. Congress provided for appeal rights from PTAB decisions. Congress directed that patent claims remain valid until those appeal rights are exhausted. *See* 35 U.S.C. § 318(b). And Congress directed that the ITC should render a determination that is independent of the PTAB's FWD as quickly as is practicable. *See* 19 U.S.C. § 1337(b)(1).

There is no statutory basis for Apple's requested stay.

V. The Commission Should Not Exercise Its Discretion to Suspend Remedial Orders

At most, the Commission could exercise its discretion to suspend enforcement of any remedial orders. But even here, Apple's argument for the Commission doing so is weaker than in any past investigation when the Commission has implemented a suspension.

The Commission has held that the relevant line between when it will and will not consider suspending the enforcement of remedial orders is whether "the Commission issued its remedial orders *before*" or after "the PTAB issued its final written decision of unpatentability." *Unmanned Aerial Vehicles*, Comm'n Op., 2020 WL 5407477, at *20. AliveCor sued Apple in federal district court for infringing the patents at issue in this investigation on December 7, 2020. *See* Complaint, *AliveCor, Inc. v. Apple, Inc.*, Case No. 6:20-cv-01112-ADA (Dec. 7, 2020 W.D. Tex.). Apple did not file IPRs on those patents until June 2021, six months later. *See* EDIS No. 745156. Because of Apple's delay, the FWDs were expected to issue after the Commission's Final Determination—until September 28, 2022, when the Commission extended the Target Date. *See* Notice of Commission Decision to Review-in-Part, *Certain Wearable Electronic Devices With ECG Functionality and Components Thereof*, Inv. No. 337-TA-1266, 87 Fed. Reg. 58819, 58820 (Sept. 28, 2022). Now that the FWDs have issued a few days before the Target Date—a development Apple has "expected," Mot. at 2, since the Commission's September Notice, but a development Apple never argued should warrant a further delay of the Target Date until now—Apple raises new arguments and asks the Commission to delay resolution of an investigation that is nearly complete. Apple's failure to make this request earlier indicates that it strategically laid in wait.

Given these circumstances, AliveCor respectfully submits that the Commission's discretion is best exercised in a manner that promotes diligence, reasoned decision-making, and straightforward (rather than opportunistic) litigation tactics. The Commission has a statutory mandate to act expeditiously, and sets target dates at the outset of investigations. Complaints are made public even before that, a month before the Commission decides whether to institute the investigation. If respondents want the Commission to consider a FWD when deciding remedial issues, they should likewise act expeditiously when filing IPRs. *See, e.g.*, *Unmanned Aerial Vehicles*, Comm'n Op., 2020 WL 5407477, at *4 (FWD issued while Petitions for Review were still pending); *Magnetic Tape Cartridges*, 2019 WL 2635509, at *2, *37 (FWD issued prior to briefing on remedy). Apple did not do so.

AliveCor submits that the policies underlying the Commission's directives are better served by rejecting Apple's strategic delay tactics and declining to suspend any remedial orders that issue.

VI. Conclusion

AliveCor respectfully requests that the Commission deny Apples motion.

Date: December 9, 2022

Respectfully submitted,

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CERTAIN WEARABLE ELECTRONIC DEVICES WITH ECG CAPABILITY AND COMPONENTS THEREOF

Inv. No. 337-TA-1266

CERTIFICATE OF SERVICE

I, Peter Benson, hereby certify that on December 9, 2022, copies of the foregoing document were filed and served upon the following parties as indicated:

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