IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF DELAWARE

AERIN MEDICAL, INC.,	)	
	)	
Plaintiff,	)	
	)	C.A. No. 23-756-JLH
v.	)	
	)	
NEURENT MEDICAL INC.,	)	
	)	
Defendant.	)	
- - - - - - - - - - - - - - - - - - -		
NEURENT MEDICAL LTD,	)	
	)	
Plaintiff,	)	
	)	C.A. No. 24-1070-JLH
v.	)	
	)	
AERIN MEDICAL INC.,	)	
	)	
Defendant.	)	

J. Caleb Boggs Courthouse
844 North King Street
Wilmington, Delaware

Friday, February 28, 2025
11:02 a.m.
Oral Argument

BEFORE: THE HONORABLE JENNIFER L. HALL, U.S.D.C.J.

APPEARANCES:

MORRIS NICHOLS ARSHT & TUNNELL LLP
BY: BRIAN P. EGAN, ESQUIRE
BY: CAMERON P. CLARK, ESQUIRE

-and-

WILMERHALE
BY: JOSHUA L. STERN, ESQUIRE
BY: BOBBY HAMPTON, ESQUIRE

For Neurent

APPEARANCES CONTINUED:

McCARTER & ENGLISH LLP
BY: ALEXANDRA M. JOYCE, ESQUIRE

-and-

FINNEGAN HENDERSON FARABOW GARRETT & DUNNER
BY: SONJA W. SAHLSTEN, ESQUIRE
BY: CHRISTOPHER C. HOWES, ESQUIRE
BY: J. MICHAEL JAKES, ESQUIRE

For Aerin

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*** PROCEEDINGS ***

11:02:13 DEPUTY CLERK: All rise. Court is now in session. The Honorable Jennifer L. Hall presiding.

11:02:20 THE COURT: Good morning. Please be seated.

11:02:22 We are here today to hear the parties' positions on how this case is going to proceed vis-a-vis another case that's currently stayed. We've got 24-1070 and 23-756. This is *Aerin vs. Neurent* and *Neurent vs. Aerin*.

11:02:45 Let's go ahead and put our appearances on the record.

11:02:49 MR. EGAN: Good morning, Your Honor. Brian Egan from Morris Nichols on behalf of Neurent. Joining me at counsel table are Josh Stern and Bobby Hampton from WilmerHale. And my colleague from Morris Nichols, Cameron Clark.

11:03:04 THE COURT: Good to see you.

11:03:07 MS. JOYCE: Good morning, Your Honor. Alex

Joyce from McCarter & English on behalf of Aerin Medical. I'm joined today by Sonja Sahlsten, Mike Jakes, Chris Howes and our client representative from Aerin Medical, Irina Ridley.

THE COURT: Welcome. Good to see you.

All right. I'm just drawing myself a diagram on who's on which side because we're got parties on both sides of this case.

All right. So I read the papers. We've got a dispute we can't resolve about how we're going to proceed.

So this is Aerin's motion, so I guess we'll hear from Aerin first.

MS. SAHLSTEN: Thank you. Good morning, Your Honor. This is Sonja Sahlsten on behalf of Aerin.

Your Honor, we think the two cases should be consolidated and then the consolidated case in its entirety should be stayed. And just by way of brief background, so we're all oriented here, the first case, Aerin and The Foundry sued Neurent for infringement of eight patents.

In that first case, Neurent counterclaimed for infringement of one patent, the '262, against Aerin. And then the parties, on Neurent's prompting, agreed to stay that first case. And that case is stayed in its entirety, both our claims against Neurent and Neurent's claims against Aerin.

11:04:29 And then shortly after that stay was negotiated
11:04:32 and entered, Neurent brought the second case accusing Aerin
11:04:37 of infringement of three more patents, all in the same
11:04:40 family as that original '262 patent. And now when we've
11:04:45 reached out to stay the second case and consolidate the
11:04:48 cases, Neurent was opposed to the stay and also
11:04:51 consolidation.
11:04:52 So we have this somewhat unusual situation where
11:04:55 they have asserted one patent in a family in one case and
11:04:59 then three more patents in the very same family in a second
11:05:02 case. And one is stayed and one is not.
11:05:04 So, Your Honor, we're asking that the cases be
11:05:07 consolidated and the entire case stayed. I was planning to
11:05:11 address the consolidation issue first and then the stay
11:05:14 issue, but I'm happy to do whatever Your Honor prefers.
11:05:17 THE COURT: Go ahead, whatever you like.
11:05:18 MS. SAHLSTEN: Okay. Great.
11:05:19 So on the consolidation issue, Your Honor,
11:05:21 consolidation is appropriate because the case involves
11:05:24 common questions of law and fact. And then, for all of the
11:05:27 other reasons, consolidation is in the best interest of
11:05:31 efficiency, judicial economy and fairness.
11:05:34 So starting with the common questions of law and
11:05:36 facts, I don't think there's a major dispute that there are
11:05:39 common questions of law and fact. We've got patents in the

same family asserted in two different cases. The patents not only are in the same family, they have the same inventor, the exact same specification, the same claim priority date. They're asserted against the same Aerin product. And Neurent acknowledged all of that. They had to.

But there's more than that. The patents are super related because the claim terms are very, very similar across these patents. In fact, when the second batch of three patents was being prosecuted at the PTO, the examiner issued double-patenting rejections of all three of those patents over the '262 patent.

So the PTO considered these patents not patentably distinct from one another. So these patents are very, very related.

THE COURT: Was there a terminal disclaimer?

MS. SAHLSTEN: Yes, Your Honor. All three cases in the second case.

So, as a result of that, Your Honor, there's going to be many common questions of law and fact. You've got common questions of claim construction. Same accused products, so common questions of infringement. Same claim priority date, so similar invalidity challenges to all four patents asserted across the two cases.

So we think the -- you're certainly able to

consolidate the cases because there's common questions of law and fact.

So then we think about whether that's in the best interest that we should do. And we think it is, Your Honor.

Two efficiency points I want to make. The first one is Neurent conceded in the briefing that there's likely to be overlapping discovery. There's going to be a lot of the same documents, the same witnesses, both fact and expert witnesses between these two cases. So that's one issue of efficiency.

The second point on efficiency that I want to address is in the briefing, Neurent raised the issue of, Well, the first case was months ahead when it got stayed of where this case is now. And that's only partially correct, Your Honor.

That case was a few months ahead with respect to the patents that Aerin had asserted and Foundry had asserted against Neurent. There had been the initial infringement contentions and those cases were slightly ahead.

But with respect to the '262 patent that Neurent had asserted against Aerin, that hadn't gone anywhere. That had just been added to the case and there had been no contentions.

So when you're thinking about the four Neurent

patents, they're actually all at the exact same place. There's been no contentions.

THE COURT: Let me ask you this: So let's just confirm what was done in the case with respect to the Aerin patents that are now in the IPR. There were Rule 26 disclosures?

MS. SAHLSTEN: Yes.

THE COURT: And there was infringement contentions?

MS. SAHLSTEN: Yes.

THE COURT: And invalidity contentions?

MS. SAHLSTEN: Had we gotten to invalidity contentions? I don't believe so, Your Honor.

THE COURT: Okay. So there were infringement contentions.

And there was a cross-use agreement?

MS. SAHLSTEN: Not yet, Your Honor.

THE COURT: Okay. But there was some type of initial technical document production?

MS. SAHLSTEN: Exactly. And other interrogatories have been served and responded to, and requests for production had gone out. Parties had begun producing documents more generally as well.

THE COURT: So there was some document production beyond just the initial production?

MS. SAHLSTEN: Correct.

THE COURT: And you said the interrogatories were responded to? I mean, were they responded to or were they objected to?

MS. SAHLSTEN: Definitely objected to. Can you remind me where we were in the interrogatories?

MR. STERN: Yeah, we exchanged them and had done initial responses.

THE COURT: So, right. Yeah.

MS. SAHLSTEN: We hadn't had any discovery disputes yet. We hadn't conferred on deficiencies.

THE COURT: Right. Yeah.

So let me ask you this: To the extent that the other side has expressed a concern that they don't want to be a few months behind, and say I agreed with you that the cases should be consolidated, what would be the problem, in your view, of just getting the three patents in the second case just caught up to where we were in the first case, and then seeing where we're at at the time of the final written decision in the IPR?

MS. SAHLSTEN: I think the issue, Your Honor, would be that the '262 would also need to catch up because that hasn't had any contentions.

THE COURT: Yeah, right. I mean --

MS. SAHLSTEN: So you're saying all four patents

11:10:03 catching up?

11:10:04 THE COURT: Yeah.

11:10:04 MS. SAHLSTEN: No real objection to that, Your
11:10:08 Honor, other than I just don't think we're going to get very
11:10:11 far in the five months between now and then.

11:10:13 THE COURT: But to the extent that they're
11:10:15 worried about getting behind, you know, maybe we won't get
11:10:17 far, but there's not much to do. There's just infringement
11:10:20 contentions, which presumably they've already got in a
11:10:24 hopper somewhere considering that they signed the Complaint,
11:10:28 filed the case. It doesn't seem like that much would have
11:10:32 to be done.

11:10:32 MS. SAHLSTEN: I agree, Your Honor.

11:10:34 THE COURT: Okay. Okay.

11:10:38 By the way, does the bar think that the final
11:10:43 written decisions are going to be coming out timely in view
11:10:48 of what appears to be a potential mass exodus of PTAB
11:10:54 judges?

11:10:55 MS. SAHLSTEN: As far as I know, Your Honor,
11:10:57 those are -- it's a statutory deadline, and I know there's a
11:11:00 lot of turmoil at the PTAB right now. But I think we're
11:11:04 optimistic. We haven't gotten any indication that they're
11:11:07 off track for the July final written decisions.

11:11:09 THE COURT: Okay. All right.

11:11:11 Anything else you wanted to add?

MS. SAHLSTEN: On consolidation, Your Honor, I think that's all I had on consolidation.

THE COURT: Mm-hmm.

MS. SAHLSTEN: If I could turn to the stay issue?

THE COURT: Sure.

MS. SAHLSTEN: So before I walk through the stay factors, I kind of wanted to just address one overarching issue of what we kind of see as fairness and consistency. And that's, you know, with the view to where we've been in this case, which is back in July it was Neurent who prompted the whole stay in the first place. And back then, Neurent was comfortable with staying one of their patents pending resolution of the IPRs on Aerin and The Foundry's patents. And they were okay at that time with a stay that was going to be for a year, essentially from July to this upcoming July. And now, they have three more patents, all in the same family, and now suddenly they're not okay with a stay, which at this point is now more palatable, if anything, because it's a shorter duration from this point.

So, in our view, nothing's really changed that would justify Neurent's change of position on that. And if, anything, like I said, the stay at this point should be more palatable.

So then turning to the stay factors. On the

simplification of the issues, I think that was probably the hottest debated factor in the briefing. We believe that the IPRs on Aerin and The Foundry's patents can simplify the issues in the case for the patents brought by Neurent, specifically with respect to invalidity. And that's because Aerin and Foundry's patents have an earlier priority date than Neurent's.

So the references that Neurent is contending in the IPRs read onto references in our patent. Any of those references would also be prior art to their patents.

And it's not just an abstraction that that could simplify the issues in this case. There's some claim terms in our patents and Neurent's patents that are quite similar.

So you have claims like claim terms like treating rhinitis, shaft, multiple electrodes. So, you know, positions that Neurent is taking in those IPRs and then findings that the board may ultimately make on those limitations in our patents can apply to the very similar limitations in the Neurent patents. So that's our argument for how IPRs on our patents could, in fact, simplify the issues of validity of their patents.

Turning to the next factor, stage of the case. That clearly favors Aerin. Neurent's conceded that this second case, the 1070 case, is in its early stages. And the overwhelming case law from this Court is that an early stage

of a case favors the stay.

They're arguing that that somehow weighs against the stay. But the case law here is pretty clear that the early stage favors the stay, not weighs against it.

And then the final stay factor, Your Honor, is whether there's going to be, you know, undue prejudice to Neurent because of the stay or an unfair advantage to Aerin.

And, first, Your Honor, the short length that we're talking about between now and July, we don't think there's going to be any unfair advantage or undue prejudice from that short of a stay.

The second point, Neurent had raised that this is a competitor case, and so there's prejudice from any delay. But there's no unique circumstances here that would suggest that damages wouldn't be sufficient to compensate for that time, that delay.

And then back to kind of the fairness point, Your Honor. It's hard to understand how Neurent is suddenly prejudiced by something that they asked for just a few weeks before, which is a stay with respect to their patents, pending the IPRs on our patents. So that runs hollow to us.

And then, finally, one last point on prejudice and fairness. Neurent had raised the issue that issuing the stay would somehow, like, allow us to race ahead on our claims while theirs lagged behind. And, Your Honor, the

stay that we're asking for for all claims, it would end in July. So our position is that would -- no one would be racing ahead. It would actually allow all the claims to proceed kind of synchronously together from July.

So, Your Honor, we are asking for consolidation and a stay of the consolidated action in its entirety. I'm happy to answer any questions.

THE COURT: All right. Thank you.

Can I ask you, because they seem to be worried in their papers that if your patents or at least some of your patents make it through the IPR around the same time, you're going to file for IPRs on their patents, and then ask for a stay on there. And then you're going to move forward and then they're going to be stuck.

Any response to that?

MS. SAHLSTEN: I think that's a couple steps ahead. We're not even in our IPR window right now.

You know, I think we're going to have a lot more clarity, both parties and the Court, in July, just where the chips fall on the first batch of IPRs, but we can't commit to not filing an IPR or not moving to stay if we -- if those are instituted.

THE COURT: Okay. Thank you very much.

MS. SAHLSTEN: Thanks, Your Honor.

MR. STERN: Good morning, Your Honor. Josh

Stern from WilmerHale.

So, hopefully, I can cut through a couple things. Your Honor asked whether, for purposes of streamlining things and catching things up, it would make sense to go forward with the four Neurent patents and catch them up to the Aerin patents.

That's exactly what we have proposed. We actually don't oppose consolidation in the abstract. We suggested it, as part of the meet-and-confer process. What we oppose is a stay if the cases are consolidated.

THE COURT: So can we just get -- I mean, can we just get them caught up and -- so, you know, looking at this record, I'm not saying this is what happened here, but one reader of this record might say, You proposed a stay in their case knowing full well that you had notices of allowance in the other three patents before you proposed the stay, and then you dropped this new Complaint on them.

Almost kind of seems like a trick. Maybe that's not what happened, but one reader of that might think that, especially given that it sounds like you may have some real claim preclusion problems if these go on separate tracks, given that these are from the same family and, apparently, are related enough to where the PTAB is or the PTO is issuing obviousness-type double patenting.

Normally, you'd see a motion to amend to add new

patents to a case you already had going, and then filing a new Complaint. So you can see why I'm just a little confused here.

MR. STERN: I understand fully, Your Honor. What happened in the case, we had a deadline to amend in the first case. And so we added our patent at the deadline to amend in that first case.

THE COURT: Got it.

MR. STERN: We then negotiated the stay, entered it and then the patents issued only after we had negotiated.

THE COURT: Got it.

MR. STERN: Different circumstances may have yielded a different reaction here, but that's the background of what has happened.

THE COURT: Understood. So maybe what we really need to do is say that we're going to get this 1070 case caught up and, presumably, you-all can figure out what "caught up" means.

MR. STERN: Sure.

THE COURT: If it means infringement contentions and getting from them an initial technical document production. And at least you could serve your discovery requests, but they wouldn't have to start doing a bunch of work on them yet beyond just the initial technical document production.

Does that sound fair?

MR. STERN: Yes, it does. And we proposed a schedule, Your Honor, that would have done exactly that, and we were negotiating it. It's now a little stale. We'd have to move things up by about two months in order to fit everything in, but we have an existing schedule. We're happy to meet and confer about fitting everything in.

I believe -- I was just checking. I think there were invalidity contentions that were exchanged as well, but we can confirm that. And we can set deadlines that are reasonable and consistent with the typical --

THE COURT: Okay. Well, here's what I'm going to say. I think it's premature to work on getting a whole thick form Scheduling Order done. What we need is something shorter that just says infringement contentions due, technical document production due, invalidity contentions due.

And then we're going to have a status conference and we'll pick some date that's after the IPR. And that -- with the idea that the cases are going to get consolidated. That's just what's going to happen.

I think it would be -- I know it's within my discretion, but I think it would be an abuse of discretion not to consolidate them. It would just be a waste of time for everybody and everybody here agrees about that.

11:20:16 And so we all know that that's going to happen
11:20:18 and that we're going to worry about the rest of the schedule
11:20:21 with the trial date and everything like that after we get
11:20:24 done with the IPR. And, as opposing counsel said, we get
11:20:27 more clarity and see where the chips fall, and then we'll
11:20:30 work on the rest.
11:20:31 And wouldn't that just save time for everybody?
11:20:33 MR. STERN: Yeah, that sounds great. And I
11:20:34 think, just procedurally, I think it may make sense for us
11:20:37 to work on a proposed order consolidating now so we can get
11:20:40 the '262, which is the one patent in the first case --
11:20:43 THE COURT: Caught up.
11:20:43 MR. STERN: -- caught up with the same -- with
11:20:44 the three patents in the second.
11:20:45 THE COURT: That's an excellent point, and I
11:20:47 didn't think of that. And I think you're right about that.
11:20:49 So, all right. Do we have any disagreements,
11:20:54 then, about how we can proceed?
11:20:58 MS. SAHLSTEN: No, Your Honor. We're fine with
11:20:58 that.
11:20:59 THE COURT: Okay. Great.
11:21:01 So why don't you-all work on that. We're just
11:21:03 going to have a very short interim Scheduling Order that
11:21:08 says everything we've talked about, and it should order that
11:21:11 the cases are -- I actually think we need to formally

consolidate them, not just consolidate them for purposes of discovery. So we'll have them consolidated into the first case number. Everything should be filed in the case number, and then we'll go from there.

Anything else we should address while we're all here today?

MR. STERN: Not from Neurent, Your Honor. Thank you.

THE COURT: Okay. And why don't you pick a date around where you might want to come in and we can all -- we'll plan on being all in the room together again, and we can then assess the record we have and see how we want to move forward at that point.

MR. STERN: That sounds great.

THE COURT: All right? Great. Thanks very much, everybody.

DEPUTY CLERK: All rise.

(Court was adjourned at 11:21 a.m.)

I hereby certify the foregoing is a true and accurate transcript from my stenographic notes in the proceeding.

/s/ Heather M. Triozzi
Certified Merit and Real-Time Reporter
U.S. District Court.