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***Dominion Assets LLC***

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

DOMINION ASSETS LLC, a Delaware limited  
liability company,

Plaintiff,

vs.

MASIMO CORPORATION, a Delaware  
corporation, and CERCACOR  
LABORATORIES, INC., a Delaware  
corporation;

Defendant.

Case No.:

**ORIGINAL COMPLAINT  
FOR PATENT INFRINGEMENT**

**DEMAND FOR JURY TRIAL**

**ORIGINAL COMPLAINT**

Plaintiff Dominion Assets, LLC (“Plaintiff” or “Dominion”), files this Original Complaint for patent infringement against Masimo Corporation (“Masimo”) and Cercacor Laboratories, Inc. (“Cercacor”) (collectively “Defendants”) alleging as follows:

1. Dominion is a development stage company employing scientists to continue the development of its non-invasive monitor for the determination of the concentration of blood constituents. Dominion owns a portfolio of patents arising from its predecessors’ path-breaking work in the area of non-invasive measurement of blood constituents. This Complaint concerns patents directed to the use of visible and invisible light radiation to passing through body tissue to

measure constituents of the blood, such as oxygen saturation, hemoglobin, carboxyhemoglobin, and methemoglobin.

2. Defendants' infringing products are sold throughout the United States. They provide market leading pulse CO-oximeters to hospitals and the alternate care market for patient monitoring of a variety of blood constituents.

3. Beginning in 2005, on information and belief, Masimo introduced a series of improvements to its pulse oximeters based on measuring the absorption of light at multiple wavelengths beyond the two used in conventional pulse oximetry. In 2005, Masimo introduced its rainbow SET platform, leveraging and incorporating rainbow technology licensed from Cercacor to provide reliable, real-time monitoring of additional measurements beyond arterial blood oxygen saturation and pulse rate. The Masimo rainbow SET platform has the ability to distinguish oxygenated hemoglobins from certain dyshemoglobins, hemoglobin incapable of transporting oxygen, and allows for the rapid, non-invasive monitoring of hemoglobin, carboxyhemoglobin, methemoglobin, and pleth variability index, which it refers to as Pulse CO-Oximetry.

4. Along with the release of the rainbow SET Pulse CO-Oximetry products, Masimo developed multi-wavelength sensors that have the ability to monitor twelve wavelength measurements with a single sensor. Thus, this case concerns the Defendants' infringement of patents that cover a fundamental piece of the products that Defendants sell and license.

## THE PARTIES

5. Plaintiff Dominion Assets, LLC is a limited liability company organized under the laws of the state of Delaware with its principal place of business in Potomac Falls, Virginia. It is the owner of United States Patent Nos. 5,460,177, and 5,379,764 (“Patents-in-Suit”)

6. Defendant Masimo, on information and belief, is a corporation organized under the laws of the State of Delaware. Masimo is doing business in Northern California, and has its principal place of business at 40 Parker, in Irvine, California.

7. Defendant Cercacor, on information and belief, is a Delaware corporation having its principal place of business in Irvine, California. It was founded in 1998, and formerly known

1 as Masimo Laboratories, Inc.

2 **JURISDICTION & VENUE**

3 8. This is an action for infringement of a United States patent. Accordingly, this  
4 action arises under the patent laws of the United States of America, 35 U.S.C. § 1 *et seq.*, and  
5 jurisdiction is properly based on 35 U.S.C. § 271 and 28 U.S.C. § 1338(a).

6 9. Venue is proper in this district under 28 U.S.C. §§ 1391(b-c) and 1400(b). Upon  
7 information and belief, each of the Defendants transacts or has transacted business in this judicial  
8 district, or committed and/or induced acts of patent infringement in this district.

9 **INTRADISTRICT ASSIGNMENT**

10 10. This action is an intellectual property action subject to district-wide assignment.

11 **FACTUAL BACKGROUND**

12 11. Biocontrol Technology (BICO) was a medical products company formed in 1972.  
13 In 1986 and 1987, BICO and its scientists invested in their hypothesis that blood glucose levels  
14 could be detected noninvasively by correlating points on the infrared spectrum that are reflected  
15 by electromagnetic energy through the skin. BICO studied this method in its own laboratory  
16 together with consultants at Battelle Memorial Institute in Columbus, Ohio. Information from  
17 these studies, and additional information acquired over years of refinement and further research,  
18 formed the building blocks upon which BICO filed a series of patent applications. BICO  
19 incorporated Diasense, Inc. in 1989, as its wholly owned subsidiary. Diasense was to serve as the  
20 marketing entity for BICO's non-invasive blood glucose monitor device while BICO focused on  
21 R&D and manufacturing functions. In December 1991, Diasense and BICO entered into a  
22 purchase agreement and BICO conveyed to Diasense its entire right, title and interest in the  
23 noninvasive glucose sensor and its development, including its extensive knowledge, technology  
24 and proprietary information. In December 1992, Diasense and BICO executed an amendment to  
25 the purchase agreement, which clarified certain terms and defined the "sensors" subject to transfer  
26 to include all devices for the noninvasive detection of analytes in mammals or in other biological  
27 materials. Diasense, thus, took assignments from all of the inventors of the patents at issue in this  
28 case. In 2006, Dominion acquired all of Diasense's intellectual property and recruited some of the

1 scientists, along with a leading scientist in the field, to meet its business objective to improve on  
2 the Diasense non-invasive monitor and bring devices for the non-invasive determination of analyte  
3 concentration to market. Dominion took assignment of the patents at issue in this suit in  
4 furtherance of this objective.

5 12. On April 18, 2014, Dominion entered an agreement with Acacia Research Group  
6 LLC, resolving all possible doubt that an agreement that the parties had entered in 2010 and  
7 discontinued performance under in 2012 had transferred substantial rights to the patents at issue.  
8 On and after that date, Dominion is and has been the sole legal and equitable holder of the title to  
9 the patents in issue.

10 13. On January 10, 1995, United States Patent No. 5,379,764 (“the ‘764 patent”)  
11 entitled “Non-invasive determination of analyte concentration in body of mammals” was duly and  
12 legally issued. Dominion holds the title by assignment from the company that employed the  
13 inventors, Diasense, Inc., including the right to sue for past, present and future damages. A copy  
14 of the ‘764 patent is attached as Exhibit A.

15 14. On October 24, 1995, United States Patent No. 5,460,177 (“the ‘177 patent”)  
16 entitled “Method for non-invasive measurement of concentration of analytes in blood using  
17 continuous spectrum radiation” was duly and legally issued. Dominion holds the title by  
18 assignment from the company that employed the inventors, Diasense, Inc., including the right to  
19 sue for past, present and future damages. A copy of the ‘177 patent is attached as Exhibit B.

20 15. The ‘764, and ‘177 patents (“Patents-in-Suit”) are directed to methods and  
21 apparatus for measuring non-invasively components in the blood of humans by projecting near-  
22 infrared radiation on a portion of the subjects body, sensing the radiation at a plurality of  
23 wavelengths, and calculating the concentration of particular constituents of the patient’s blood.

24 16. Pursuant to 35 U.S.C. § 282, the Patents-in-Suit are presumed valid.

25 17. On information and belief, Defendant Masimo develops, manufactures, and  
26 markets non-invasive patient monitoring products, including ones measuring a variety of  
27 constituents in the patient’s blood. Such products include Masimo’s pulse oximetry devices such  
28 as sensors, monitors, circuit boards and software. Masimo sells monitors, such as its Radical-7,

1 Rad-87, Rad-57, Pronto-7 and Pronto to hospitals and the alternate care market. Masimo sells  
2 circuit boards to original equipment manufacturers (“OEMs”), such as its MX-1 and MS-2011. It  
3 sells sensors, such as its SET and rainbow SEDline sensors to hospitals and the alternate care  
4 market. Masimo also sells software to upgrade installed monitors to add new features such as its  
5 Rainbow measurements.

6 18. On information and belief, Defendant Cercacor contracted the services of Masimo  
7 employees to develop a non-invasive blood constituent monitoring platform that measures  
8 hemoglobin, carboxyhemoglobin, methemoglobin and other blood constituents. That platform is  
9 known as, or incorporated into Masimo’s “Rainbow SET” products.

10 19. On information and belief, Defendant Masimo and Defendant Cercacor entered  
11 cross-licensing agreements that provide for the joint development of “Rainbow SET” products and  
12 technologies, and for the sharing of profits from the sale and licensing of such products and  
13 technologies.

14 20. On information and belief, Defendants have known of Dominion’s patents, at least  
15 since November 1, 2010. On that date, Masimo’s Chief Executive Officer, its General Counsel,  
16 and its outside counsel were advised of the patents and provided access to a website containing  
17 detailed information about the patents, their prosecution and how Masimo’s “Rainbow SET”  
18 products infringed a variety of claims in the Patents-in-Suit. It nonetheless continued the  
19 development and sale of its infringing products using the ideas disclosed the Dominion patents.

## 20 **COUNT I**

### 21 **(Defendants’ Patent Infringement)**

22 21. Plaintiff incorporates by reference the allegations of paragraphs 1 through 20  
23 above.

24 22. Dominion is the owner of the Patents-in-Suit.

25 23. Defendants have infringed and are still infringing the Patents-in-Suit, by, without  
26 authority, consent, right or license, and in direct infringement of the patents, making, using,  
27 offering for sale and/or selling patient monitoring products using the methods, processes and  
28 apparatuses claimed in the patent in this country. This conduct constitutes infringement under 35

1 U.S.C. § 271(a).

2 24. In addition, Defendants have infringed and are still infringing the Patents-in-Suit in  
3 this country, through, inter alia, its active inducement of others to make, use, and/or sell the  
4 products and methods claimed in one or more claims of the patent. This conduct constitutes  
5 infringement under 35 U.S.C. § 271(b).

6 25. In addition, Defendants have infringed and are still infringing the Patents-in-Suit in  
7 this country through, inter alia, providing and selling goods and services including products  
8 designed for use in practicing one or more claims of the Patents-in-Suit, where the goods and  
9 services constitute a material part of the invention and are not staple articles of commerce, and  
10 which have no use other than infringing one or more claims of the Patents-in-Suit. Defendants  
11 have committed these acts with knowledge that the goods and services it provides are specially  
12 made for use in a manner that directly infringes the Patents-in-Suit. This conduct constitutes  
13 infringement under 35 U.S.C. § 271(c).

14 26. Defendants' infringing conduct is unlawful and willful. Defendants' willful  
15 conduct makes this an exceptional case as provided in 35 U.S.C. § 285.

16 **PRAYER FOR RELIEF**

17 Wherefore, Plaintiff prays for entry of judgment:

18 A. declaring that Defendants have infringed one or more claims, specifically including  
19 claim 1, of each of the Patents-in-Suit;

20 B. that Defendants account for and pay to Plaintiff all damages caused by their  
21 infringement of the Patents-in-Suit, which by statute can be no less than a reasonable royalty;

22 C. that Plaintiff be granted pre-judgment and post-judgment interest on the damages  
23 caused to it by reason of Defendants infringement of the Patents-in-Suit;

24 F. that Defendants' infringement of the Patents-in-Suit be adjudged willful and that  
25 the damages to Plaintiff be increased by three times the amount found or assessed pursuant to 35  
26 U.S.C. § 284;

27 G. that this be adjudged an exceptional case and that Plaintiff be awarded its attorney's  
28 fees in this action pursuant to 35 U.S.C. § 285;

- 1 H. that costs be awarded to Plaintiff; and  
2 I. that Plaintiff be granted such other and further relief as the Court may deem just  
3 and proper under the current circumstances.

4 **DEMAND FOR JURY TRIAL**

5 Plaintiff, by its undersigned attorneys, demands a trial by jury on all issues so triable.

6  
7 Dated: June 30, 2014

Respectfully submitted,

8  
9 By: /s/ Bruce J. Wecker

BRUCE J. WECKER

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