

**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

BRK BRANDS, INC.,

Plaintiff,

v.

NEST LABS, INC.,

Defendant.

C.A. No. 1:13-cv-07900

Hon. Virginia M. Kendall

**PUBLIC-REDACTED VERSION**

**NEST LABS, INC.'S OPPOSITION TO BRK BRANDS, INC.'S  
MOTION FOR A PRELIMINARY INJUNCTION**

**TABLE OF CONTENTS**

ARGUMENT .....3

I. BRK IS NOT LIKELY TO SUCCEED ON ITS INFRINGEMENT CLAIMS.....4

    A. BRK is Unlikely to Prevail on Alleged Infringement of the '182 Patent. ....4

    B. BRK Cannot Show Invalidity Defenses, for the '182 Patent Lacks Merit. ....6

    C. BRK Cannot Obtain a Preliminary Injunction Under the Morris Patents  
    Because It Fails to Establish a Right to Assert these Patents. ....7

        1. BRK Fails to Make a Threshold Showing of Standing to Sue. ....7

        2. Substantial Questions Exist Regarding Even Dr. Morris' Rights.....7

    D. BRK is Unlikely to Prevail on Alleged Infringement of the Morris Patents. ....8

    E. BRK Cannot Show Invalidity Defenses, For The Morris Patents Lack  
    Merit.....10

II. BRK HAS NOT ESTABLISHED THAT IT WILL SUFFER IRREPARABLE  
HARM IN THE ABSENCE OF AN INJUNCTION.....12

    A. BRK Cannot Cite Its Own Harm for Purposes of Establishing Irreparable  
    Harm for Alleged Infringement of the Morris Patents.....12

    B. BRK Has Not Clearly Established that It Will Suffer Irreparable Harm.....12

    C. BRK Fails to Prove the Required Nexus Between the Specific Accused  
    Features and the Alleged Irreparable Harm. ....14

III. THE BALANCE OF HARMS WEIGHS STRONGLY AGAINST A  
PRELIMINARY INJUNCTION. ....15

IV. THE PUBLIC GOOD WILL BE HARMED IF NEST IS ENJOINED. ....15

**TABLE OF AUTHORITIES**

**Cases**

*Abbott Labs. v. Andrx Pharm., Inc.*,  
452 F.3d 1331 (Fed. Cir. 2006)..... 15

*Anton/Bauer, Inc. v. PAG, Ltd.*,  
329 F.3d 1343 (Fed. Cir. 2003)..... 4

*Apple, Inc. v. Samsung Elecs. Co.*,  
695 F.3d 1370 (Fed. Cir. 2012) (“*Apple II*”)..... 2, 3, 12, 14

*Aro Mfg. Co. v. Convertible Top Replacement Co.*,  
365 U.S. 336 (1961) ..... 10

*Atari Games Corp. v. Nintendo of Am., Inc.*,  
897 F.2d 1572 (Fed. Cir. 1990)..... 12

*Automated Merch. Sys., Inc. v. Crane Co.*,  
357 F. App’x 297 (Fed. Cir. 2009)..... 12, 13

*Eli Lilly & Co. v. Am. Cyanamid Co.*,  
82 F.3d 1568 (Fed. Cir. 1996)..... 14

*Erico Int’l Corp. v. Vutec Corp.*,  
516 F.3d 1350 (Fed. Cir. 2008)..... 4

*Global-Tech Appliances, Inc. v. SEB S.A.*,  
131 S.Ct. 2060 (2011) ..... 10

*H. Jay Spiegel & Assocs., P.C. v. Spiegel.*,  
652 F. Supp. 2d 630 (E.D. Va. 2008)..... 15

*Heidelberg Harris, Inc. v. Mitsubishi Heavy Indus., Ltd.*,  
No. 95 C 0673, 1996 WL 189398 (N.D. Ill. Jan. 9, 1996)..... 4

*Holmes Products Corp. v. Catalina Lighting, Inc.*,  
67 F. Supp. 2d 10 (D. Mass. 1999) ..... 15

*Int’l Gamco, Inc. v. Multimedia Games, Inc.*,  
504 F.3d 1273 (Fed. Cir. 2007)..... 7

*McDavid Knee Guard, Inc. v. Nike USA, Inc.*,  
683 F. Supp. 2d 740 (N.D. Ill. 2010) ..... 12

*Mylan Labs., Inc. v. Leavitt*,  
484 F. Supp. 2d 109 (D.D.C. 2007) ..... 13

<i>Nutrition 21 v. United States</i> , 930 F.2d 867 (Fed. Cir. 1991).....	13
<i>Phillips v. AWH Corp.</i> , 415 F.3d 1303 (Fed. Cir. 2005).....	5, 9
<i>Ranbaxy Pharm. Inc. v. Apotex, Inc.</i> , 350 F.3d 1235 (Fed. Cir. 2003).....	4
<i>Rowe Int'l Corp. v. Ecast, Inc.</i> , 500 F. Supp. 2d 885 (N.D. Ill. 2007) .....	7
<i>Siemens Med. Solutions USA, Inc. v. Saint-Gobain Ceramics &amp; Plastics, Inc.</i> , Civ. No. 07-190-SLR, 2008 WL 114361 (D. Del. Jan. 8, 2008) .....	13
<i>Smith Int'l, Inc. v. Hughes Tool Co.</i> , 718 F.2d 1573 (Fed. Cir. 1983).....	4
<i>State Contracting &amp; Eng'g Corp. v. Condotte Am., Inc.</i> , 346 F.3d 1057 (Fed. Cir. 2003).....	7
<i>Voda v. Cordis Corp.</i> , 536 F.3d 1311 (Fed. Cir. 2008).....	12
<i>Winter v. Natural Res. Def. Council, Inc.</i> , 555 U.S. 7 (2008) .....	3, 4
<b>Statutes</b>	
35 U.S.C. §112.....	6

BRK seeks a preliminary injunction to block the launch and sale of Nest Labs' new product but fails to provide a basis for this extraordinary relief. Nest is preparing to launch, on Friday, a truly innovative home safety device—Nest Protect. In addition to implementing certain features required for basic compliance with national fire safety codes, Nest Protect introduces next-generation technology that distinguishes it from conventional products (and BRK's patents), including (1) "Heads Up" (early alerts regarding levels of smoke or carbon monoxide ("CO") without alarm tones), (2) "Nest Wave" (users can hush the Nest Protect with the wave of a hand), (3) push notifications to remote devices, (4) a mobile app, and (5) a motion-sensing nightlight, to name a few. Nest has planned a holiday-season launch because, unlike other smoke/CO alarms, Nest expects consumers will want to give this unique product as a gift.

BRK's motion fails at multiple levels. As an initial matter, ***BRK does not own and lacks standing to sue on two of the three patents*** asserted in its motion. BRK's pleadings acknowledge it is not an owner or assignee of the two "Morris Patents"; BRK thus cannot seek relief under these patents, let alone a preliminary injunction. Even beyond this threshold problem, BRK's motion falls short on all four preliminary injunction factors.

*First*, with respect to likelihood of success on the merits, BRK offers no claim constructions and only superficial analysis of infringement via a declarant parroting the claim language without substantive analysis. BRK's cursory treatment does not even establish a *prima facie* case of infringement, and indeed there are numerous substantial questions of non-infringement and invalidity, including:

- With respect to the asserted claims of the '182 patent, the allegedly inventive feature requires a "substantially symmetrical" or "substantially planar" airflow to the smoke detection sensor, whereas the Nest Protect is specifically designed to ***discourage*** symmetrical or planar airflow by including multiple vanes and deflecting elements that are the antithesis of the alleged invention. Moreover, it was known in the prior art to have a mountable smoke alarm designed for symmetrical and/or planar airflow,

and if BRK asserts Nest Protect falls within the claims, then there is at least a substantial question whether these claims are valid.

- The claims of the ‘424 and ‘780 patents (the “Morris Patents”) were also known or at least obvious to those of skill in the art. Prior art fire protection code standards set forth tonal alarm patterns combined with voice alerts injected into the silent periods of the alarms. Numerous prior art references taught the inclusion of alarm type, alarm location, and multi-language directions as part of the voice alerts. At the very least there are substantial questions whether the asserted claims are obvious in light of code standards and multiple prior art references teaching all the claimed features.
- The asserted claims of the Morris Patents contain several claim limitations that are entirely glossed over by BRK’s alleged evidence of infringement, which treats all voice alerts as necessarily covered by the patents. But several novel features of Nest Protect distinguish the Morris Patent claims. For example, these claims require that an alarm sound “for the duration of the sensed environmental condition” and/or inject fire-indicating words “only” into silent periods of an alarm sequence. Nest Protect, in contrast, allows a user to (1) receive a “Heads Up” notification that provides fire-indicating words *without* a tonal alarm, and (2) “wave off” an alert, such that an alarm will *not* necessarily sound during the duration of an environmental condition. Additionally, Nest’s novel Internet connection and mobile app means that Nest users select room names using the app, not via “selectable coding circuitry” included in the detector as claimed by Morris. These issues are only exemplary but demonstrate BRK’s failure to meet its burden to demonstrate likelihood of infringement.

In short, Nest Protect does not infringe, and there are substantial questions regarding the validity of the asserted patent claims that preclude a finding of likelihood of success on the merits.

*Second*, BRK has failed to meet its burden to demonstrate likelihood of irreparable harm. Federal Circuit precedent requires BRK to make a “clear showing” of a “likelihood of substantial and immediate irreparable injury” *and* “that a sufficiently strong causal nexus relates the alleged harm to the alleged infringement.” *Apple, Inc. v. Samsung Elecs. Co.*, 695 F.3d 1370, 1374 (Fed. Cir. 2012) (“*Apple II*”). BRK fails on both prongs. BRK’s conclusory declaration alleging the possibility of lost market share and goodwill falls far short of clearly establishing a likelihood of substantial irreparable injury, particularly where two of the patents are owned by a party other than BRK and apparently are available for license from that owner. Even if BRK could establish the likelihood of substantial irreparable injury, it cannot satisfy the causal nexus requirement.

The Federal Circuit requires the patentee to “show that the infringing feature drives consumer demand for the accused product.” *Apple II*, 695 F.3d at 1375. Here, common sense dictates that demand for a \$129 Nest Protect will be driven by features that *distinguish it* from products selling for half that, not those that it allegedly has in common with the cheaper products.

*Third*, the balance of harms weighs strongly against an injunction. In contrast to BRK’s speculation of incremental reductions in sales, Nest will suffer immense irreparable harm if enjoined. Nest has invested [REDACTED] to develop Nest Protect during the last two years, and [REDACTED] on procuring inventory, retail shelf space, advertising, and other extraordinary preparations to make products available this weekend for the holiday season. Nest

[REDACTED]  
[REDACTED] In contrast, BRK has been selling the same products for the last several years and BRK does not suggest an expectation of unique sales in the near future. The [REDACTED], compared to the limited and easily-quantifiable impact on BRK’s sales, weighs strongly against an injunction.

*Fourth*, the public interest strongly militates in favor of permitting Nest to introduce a new and improved safety product that will help protect homes and save lives. The public should not be deprived of this innovative product, particularly on the dubious record provided by BRK.

### ARGUMENT

A preliminary injunction is an “extraordinary remedy that may only be awarded upon a clear showing that the plaintiff is entitled to such relief.” *See Winter v. Natural Res. Def. Council, Inc.*, 555 U.S. 7, 22 (2008). As a result, “Courts have ‘developed a reluctance to resort to preliminary injunctions in patent infringement cases, and have constructed a rather strict standard for the granting of this form of equitable relief.’” *See Heidelberg Harris, Inc. v.*

*Mitsubishi Heavy Indus., Ltd.*, 1996 WL 189398, at \*3 (N.D. Ill. Jan. 9, 1996) (quoting *Smith Int'l, Inc. v. Hughes Tool Co.*, 718 F.2d 1573, 1578 (Fed. Cir. 1983)).

To obtain this drastic remedy, BRK bears the heavy burden of proving that: (1) it is likely to succeed on the merits; (2) irreparable injury will be suffered unless the injunction issues; (3) the threatened injury to the movant outweighs the damage to the opposing party; and (4) the injunction is in the public interest. *See Winter*, 555 U.S. at 20; *Anton/Bauer, Inc. v. PAG, Ltd.*, 329 F.3d 1343, 1348 (Fed. Cir. 2003). BRK fails to establish these required elements.

**I. BRK IS NOT LIKELY TO SUCCEED ON ITS INFRINGEMENT CLAIMS.**

To establish a likelihood of success on the merits, BRK “must show, in light of the burdens that will inhere at trial, that (1) it will likely prove infringement and (2) any challenges to the validity and enforceability of its patent ‘lack substantial merit.’” *See Anton/Bauer*, 329 F.3d at 1348. Courts are required to analyze the claim constructions under which the accused products allegedly infringe. *See, e.g., Ranbaxy Pharm. Inc. v. Apotex, Inc.*, 350 F.3d 1235, 1239-40 (Fed. Cir. 2003). A defendant need not “prove” invalidity at the preliminary injunction stage, but only must “put forth a substantial question of invalidity to show that the claims at issue are vulnerable.” *See Erico Int'l Corp. v. Vutec Corp.*, 516 F.3d 1350, 1356 (Fed. Cir. 2008).

BRK’s motion fails to establish a likelihood of success on the merits. Although Nest has had only a little over a week for analysis, it is readily apparent that BRK is unlikely to prevail under any of the asserted patents. In contrast to the broad hand-waving in BRK’s motion, the asserted claims are in fact directed at specific configurations that differ from the accused Nest Protect. Further, prior art not considered during prosecution invalidates the asserted claims.

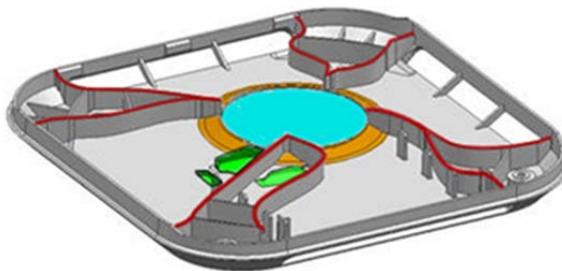
**A. BRK is Unlikely to Prevail on Alleged Infringement of the ’182 Patent.**

The asserted ’182 patent claims require a specific airflow within the smoke alarm housing. Claims 8 and 30 require “substantially *symmetrical* in-flow and out-flow of ambient

atmosphere” to/from the “sensor” or “sensor region.” Claim 20 similarly requires “ingress and egress with a substantially *planar* flow path through the housing adjacent to the interior surface.”

As explained in the specification, this claim language means air will “*flow unimpeded* into and out of sensor 40 in a *symmetrical fashion* relative to the housing 32” and “[n]o *special vanes or deflecting elements* are required to cause inflow or outflowing ambient, smoke carrying, atmosphere.” (Ex. 3, ’182 Spec. at 3:11-19) (emphasis added.) Thus, the terms “symmetrical” and “planar” require that the natural symmetry and planar orientation of airflow is not altered by vanes or deflectors. *See, e.g., Phillips v. AWH Corp.*, 415 F.3d 1303, 1315 (Fed. Cir. 2005) (claims “must be read in view of the specification, of which they are a part”).

In contrast to the claimed requirements of the ’182 patent, Nest Protect is designed to use several vanes and deflectors to redirect airflow. (Ex. 32, Mittleman Dec., ¶ 5.) For example, the path of airflow between vents on the sides of Nest Protect’s housing and a smoke chamber (placed in the area highlighted blue) is defined by several sets of vanes (highlighted red):



(*Id.*) These vanes are shaped differently on each side of the smoke chamber, thus causing different airflow on each side. (*Id.*) The vanes are used, in part, due to electrical connectors in the airflow path, contrary to the teachings of the ’182 patent. (Ex. 3, ’182 Spec. at 3:7-10.)

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

BRK is highly unlikely to prove infringement of the asserted '182 claims, as properly construed, because airflow in Nest Protect is anything but “symmetrical” or “planar.” (Ex. 4, Milke Dec., ¶¶ 67-74.) Nest Protect is designed for *asymmetric, non-planar* airflows as a result of the irregularly-shaped vanes on each side of the smoke sensor, the deflecting element that redirects air to the sensor, and the additional airflow path through the face openings. (*Id.*)

**B. BRK Cannot Show Invalidity Defenses for the '182 Patent Lacks Merit.**

There are also substantial questions regarding the validity of '182 claims. As explained above, the primary feature of these claims is “symmetrical” or “planar” airflow through the smoke alarm housing. This feature, and the remaining claim elements, are found in prior art.

For example, U.S. Patent No. 3,681,603 (the “'603 Prior Art”) was issued on August 1, 1972, long before the '182 patent. The '603 Prior Art discloses a smoke alarm with an open path for airflow between air vents on the side of its housing and a smoke detector located at the center of the housing. (Ex. 27, '603 Spec., Fig 2.) The specification of the '603 Prior Art explains that this configuration allows smoke traveling along the ceiling of a room to “traverse the detection chamber without any substantial hindrance.” (*Id.* at 5:58-65.) The uninterrupted airflow of the '603 Prior Art satisfies the “symmetrical” and “planar” airflow required by the '182 claims.<sup>1</sup> (Ex. 4, Milke Dec., ¶¶ 60, 62-63). Additional references also have these features (at least to the extent Nest Protect allegedly does). (*Id.*, ¶¶ 61-63.) In light of this significant prior art, there is at least a substantial question regarding the validity of the '182 claims.

---

<sup>1</sup> A key limitation in the '182 claims—“substantially planar”—is not defined or used in the '182 specification. Given the importance of this term and tortuous reading of it by BRK, there is also a substantial question if the claims are indefinite and lack written description under 35 U.S.C. §112.

**C. BRK Cannot Obtain a Preliminary Injunction Under the Morris Patents Because It Fails to Establish a Right to Assert these Patents.**

**1. BRK Fails to Make a Threshold Showing of Standing to Sue.**

As an initial matter, BRK has the burden of proving standing to assert the '424 and '780 patents (the "Morris Patents"). *See Rowe Int'l Corp. v. Ecast, Inc.*, 500 F. Supp. 2d 885, 888 (N.D. Ill. 2007). It is black letter law that only a patent owner or assignee has standing to sue for patent infringement. *See State Contracting & Eng'g Corp. v. Condotte Am., Inc.*, 346 F.3d 1057, 1062 (Fed. Cir. 2003). BRK, by its own admission, is not patentee or assignee of these patents.

Although BRK describes itself as the exclusive licensee, this is not enough to establish standing. *See Int'l Gamco, Inc. v. Multimedia Games, Inc.*, 504 F.3d 1273, 1279-80 (Fed. Cir. 2007). An exception to the general rule against non-owners suing for patent infringement exists where an exclusive licensee can establish that it has been transferred "all substantial rights" such that it has been effectively assigned ownership of the patent. *Id.* But BRK's motion is devoid of any evidence, or even allegations, that this exception is satisfied here.

Indeed, the owner and named inventor of the Morris Patents—Gary J. Morris—appears to be publicly offering these patents for license. In particular, Dr. Morris' website provides a list of patents "which may be licensed" that prominently displays the '424 and '780 patents. (Ex. 33.) Even if the '424 and '780 patents are among those "already licensed for specific purposes," Dr. Morris' apparent freedom to grant licenses for other purposes precludes any possibility that BRK has "all substantial rights" required for standing to sue. *See Int'l Gamco*, 504 F.3d at 1279-80 (exclusive licensee within a specific field of use lacks standing to sue).

**2. Substantial Questions Exist Regarding Even Dr. Morris' Rights.**

In addition to BRK's lack of standing, it is unclear if even Dr. Morris had the ability to convey any rights. During the timeframe when the Morris Patents were allegedly invented, Dr.

Morris was a professor at West Virginia University (“WVU”). (Ex. 34.) Under the WVU patent policy (as it existed in the 1999 timeframe), all intellectual property developed by faculty “in conjunction with his/her employment at WVU” is “the property of WVU.” (Ex. 35 at 1.) The ’424 and ’780 patents appear to relate to Dr. Morris’ work at WVU, and are in fact listed as publications of the WVU Engineering Department. (Exs. 36-37.) These patents are therefore, by default, property of WVU under the patent policy. BRK’s motions fails to offer any explanation or evidence for how Dr. Morris allegedly obtained the right to license the Morris Patents to BRK. At the very least, substantial questions regarding the ability of BRK or even Dr. Morris to sue on the Morris Patents precludes entry of injunctive relief under these patents.

**D. BRK is Unlikely to Prevail on Alleged Infringement of the Morris Patents.**

Even if BRK were to prove standing, BRK is unlikely to succeed on infringement of the asserted Morris Patents. The asserted claims of the Morris Patents contain several limitations that are entirely glossed over by BRK’s argument, which touts the patents as purportedly inventing voice alerts. But Nest Protect is missing several of the claim limitations in each patent.

For example, ’424 claim 8 (depending from claim 1) requires a device that “injects the stored fire indicating word into *only* the second time intervals between groups of fire alarm indicating tones.” Claim 38 (depending from claim 37) requires a “user unalterable prescribed groups of pulsating, audible output tonal patterns *for the duration* of the sensed environmental condition.” Claims 4 and 13 of the ’780 patent (depending from claims 1 and 12) require that a “message verbally describes” a condition or location “*for the duration* of detection thereof.”

As explained in the specification and prosecution history, these claim requirements were needed to distinguish prior art. For example, the specification concedes speaking smoke alarms existed, but asserts that the invention provides a specifically-defined sequence and timing to ensure compliance with recent NFPA and UL codes. (Ex. 1, ’424 Spec. at 3:1-12) During

prosecution, Morris argued (in response to the Examiner’s position that it would be obvious to seek such compliance) that its specifically-defined sequence and timing of tones and voice was not found in the prior art. (Ex. 38 at 2.) This intrinsic evidence reinforces the requirement of the specific sequence and timing specified in the claims. *See Phillips*, 415 F.3d at 1313-14.

In contrast to the asserted Morris Patent claims, as properly construed, Nest Protect provides a unique, and different, sequence of voice messages and tones. For example, one innovation of Nest Protect is a “heads-up” stage where voice messages (i.e., “there’s smoke in the basement”) are provided without any groups of alarm tones—to give users a chance to “hush” false alarms without the annoyance of harsh alarm tones. (Ex. 29, UI Behavior at 2.) Thus, in contrast with the requirement of ’424 claim 8 that voice messages are provided in “*only* the second time intervals between groups of fire alarm indicating tones,” Nest Protect provides voice messages outside of these intervals as well. (Ex. 4, Milke Dec., ¶¶ 75-78.)

A further feature of Nest Protect is the ability to “hush” the device even after certain alarm tones and voice messages are triggered. (Ex. 29, UI Behavior at 2.) This innovative sequence distinguishes the remaining claims. Unlike ’424 claim 38, Nest Protect does not provide “audible output tonal patterns *for the duration* of the sensed environmental condition”—alarm tones are triggered only after the “heads-up” threshold is exceeded, and even then can be hushed. (Ex. 4, Milke Dec., ¶¶ 79-83.) Unlike ’780 claims 4 and 13, Nest Protect does not provide a “message [that] verbally describes” the condition or location “*for the duration* of detection thereof”—verbal warning messages and alarm tones can be hushed. (*Id.*)

Additionally, all four of the claims relied upon by BRK for its injunction request claim apparatus (not methods) with specific circuit components. (*Id.*, ¶ 84-88.) But Nest Protect’s novel design—including its Internet connection, mobile app, and proprietary wireless

interconnect—means that Nest Protect does not have these circuit elements. For example, claim 4 of the '780 patent requires “selectable coding circuitry to define the installation location of the respective detector” and a “second circuit to provide for selection of a language type.” BRK does not identify any of this claimed circuitry and it does not exist. For example, in contrast to the Morris Patent’s disclosure of inserting conductive jumpers into connectors on the detector, Nest Protect *users* select room names with a mobile app. Similarly, claims 8 and 38 of the '424 patent require a “control element” and “electronic circuit” (shown alternatively in Figures 2 and 3). BRK’s infringement “analysis” identifies no such circuits, and no such circuits exist.<sup>2</sup>

**E. BRK Cannot Show Invalidity Defenses For The Morris Patents Lack Merit.**

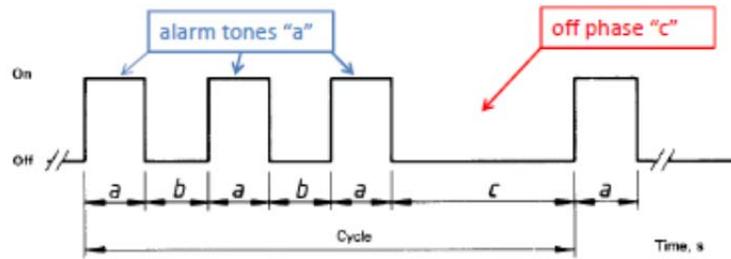
In addition to lack of infringement, a further basis for denying preliminary relief for the Morris Patents is substantial questions regarding validity of the asserted claims. For example, U.S. Patent No. 6,624,750 (“’750 Prior Art”)—which claims priority to October 6, 1998 and thus pre-dates the Morris Patents—teaches every significant feature of the asserted claims.

The '750 Prior Art teaches a “smoke detector with a speaker that plays pre-recorded vocal messages,” such as “*Fire on First Floor.*” (Ex. 12, '750 Spec. at 6:7-19) (emphasis added.) It also “can transmit a message to all the other smoke detectors to repeat a prerecorded vocal message.” (*Id.*) These are the same features noted in BRK’s motion (and in the specifications) as the alleged inventive aspects of the '424 and '780 patents. Further, the particular sequence of alarm tones and voice messages specified in the asserted claims is dictated

---

<sup>2</sup> An independent flaw in BRK’s infringement assertions is that the '780 claims are directed at a system that is not formed by Nest. These claims require “a minimum of two environmental condition detectors,” each of which “responds to received coded signals” from the other detector. Nest Protect devices are sold individually and cannot respond to signals from each other unless configured to do so by customers. Nest cannot be liable for direct infringement with respect to combinations formed by customers. *See Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 340 (1961). Indirect infringement is not alleged by BRK, nor are allegations provided to support the necessary legal elements for indirect infringement. *See Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S.Ct. 2060, 2068 (2011).

by previously-existing safety codes. For example, the 1990 ANSI S3.41 standard and 1996 NFPA 72 code specify a sequence of alarm tones “a” and an off phase “c”:



(Ex. 9, ANSI S3.41; Ex. 10, 1996 NFPA 72 at 3-7.2; A3-7.2.) Importantly, ANSI specifies that voice alerts, *i.e.*, “FIRE,” may be used in off phase “c” and must be “entirely contained” in this period. (Ex. 9 at 3.) In 1996, ANSI S3.41 became the mandated emergency alert for household smoke alarms. (Ex. 4, Milke Dec., ¶¶ 20-21, 34-36.) In fact ANSI S3.41 is specifically referenced in the 1996 NFPA 72 code. Thus, it would be mandatory to use this sequence of three tones followed by a gap, and to insert the voice signals of the ’750 Prior Art into the gap. (*Id.*)<sup>3</sup>

These same obviousness positions based on safety code compliance were repeatedly asserted by the Examiner during prosecution. (Ex. 39 at 5; Ex. 40 at 3-4.) BRK overcame these obviousness rejections by arguing that the prior art cited by the Examiner had long user-recorded verbal directions that would be difficult to fit into the relevant silent periods. (Ex. 41 at 12-13; Ex. 42 at 3-4.) But this argument is eliminated by the ’750 Prior Art, which teaches the same short pre-recorded voice messages as the Morris Patents. (Ex. 12, ’750 Spec. at 6:7-19.)

As explained in the expert declaration of Dr. Milke, the remaining elements of the asserted Morris Patent claims are likewise either disclosed by the ’750 Prior Art or are obvious. (Ex. 4, Milke Dec., ¶¶ 36-44, 51-54.) For example, the ’750 Prior Art discloses different

<sup>3</sup> The claimed sequence of alarm tones with a voice messages in silent periods was also previously demonstrated by Calvin Walker in a prototype in September 1997: “Beep. . .Beep. . .Beep. . .Alert, smoke has been detected in the Basement.” (Ex. 17 at 5, 12; Ex. 18, ’799 Spec. at 2:13-59.) A similar sequence is also found in the Destiny 4100 product that was on the market in early 1998. (Ex. 15 at 8.)

messages for different conditions. (Ex. 12, '750 Spec. at 36:9-19.) Although the '750 Prior Art does not explicitly disclose alternative languages or a different sensor, these incidental points would be obvious in view of extensive prior art on these issues. (Ex. 4, Milke Dec., ¶¶ 43, 54.)

**II. BRK HAS NOT ESTABLISHED THAT IT WILL SUFFER IRREPARABLE HARM IN THE ABSENCE OF AN INJUNCTION.**

Federal Circuit precedent requires BRK to make a “clear showing” of a “likelihood of substantial and immediate irreparable injury” *and* “that a sufficiently strong causal nexus relates the alleged harm to the alleged infringement.” *Apple II*, 695 F.3d at 1374. BRK fails to establish likely irreparable harm or a causal nexus between any such harm and the alleged infringement.

**A. BRK Cannot Cite Its Own Harm for Purposes of Establishing Irreparable Harm for Alleged Infringement of the Morris Patents.**

As an initial matter, even if BRK would have standing to assert the Morris Patents, irreparable harm must be shown for the patent *owner*, not an exclusive licensee. *Voda v. Cordis Corp.*, 536 F.3d 1311, 1329 (Fed. Cir. 2008) (affirming denial of an injunction because “Voda had attempted to prove irreparable injury by alleging irreparable harm to his exclusive licensee, rather than himself”). BRK has not attempted to show harm to the Morris Patents’ owner.

**B. BRK Has Not Clearly Established that It Will Suffer Irreparable Harm.**

BRK’s reliance on the Devine declaration (Dkt. No. 8), which makes conclusory assertions regarding loss of market share, goodwill, and research and development monies, falls short of the “clear showing” of “a likelihood of substantial and immediate irreparable injury” required by the law. “The burden is [on BRK] to demonstrate that its potential losses cannot be compensated by monetary damages.” *Automated Merch. Sys., Inc. v. Crane Co.*, 357 F. App’x 297, 301 (Fed. Cir. 2009). This burden requires more than “allegations and conclusory affidavits” from BRK itself. *Atari Games Corp. v. Nintendo of Am., Inc.*, 897 F.2d 1572, 1575 (Fed. Cir. 1990); *McDavid Knee Guard v. Nike USA*, 683 F. Supp. 2d 740, 749 (N.D. Ill. 2010).

BRK's assertions regarding the possibility of lost sales or lost market share do not establish irreparable harm. *See, e.g., Automated Merch*, 357 Fed. Appx. at 300-01 ("lost market share must be proven (or at least substantiated with some evidence) in order for it to support entry of a preliminary injunction"). In view of the stable nature of the smoke alarm market, any such alleged lost market share that does occur can readily be assessed and compensated with a damages award. (Ex. 43, vonReichbauer ("vRb") Dec., ¶¶ 19-23, 32); *Nutrition 21 v. United States*, 930 F.2d 867, 871 (Fed. Cir. 1991) ("neither the difficulty of calculating losses in market share, nor speculation that such losses might occur, amount to proof of special circumstances justifying the extraordinary relief of an injunction prior to trial").

Moreover, there is no evidence that Nest Protect will take significant market share from BRK. Nest Protect is an innovative product that will expand the market by appealing to customers who did not otherwise plan to buy a smoke alarm. (Ex. 43, vRb Dec., ¶¶ 25-26, 30-31.) And this expansion will be [REDACTED] of the current alarm market (which includes many competitors) in its first year. (*Id.* at ¶ 32.) Thus, lost market share speculation by BRK cannot warrant an injunction.<sup>4</sup> *See, e.g., Siemens Med. Solutions USA, Inc. v. Saint-Gobain Ceramics & Plastics, Inc.*, 2008 WL 114361, at \*6 (D. Del. Jan. 8, 2008) (15% drop in market share did not justify injunctive relief); *Mylan Labs., Inc. v. Leavitt*, 484 F. Supp. 2d 109, 123 (D.D.C. 2007) (irreparable injury "must be such that 'it cause[s] extreme hardship to the business, or even threaten[s] destruction of the business'").

Even more generalized and unsubstantiated than BRK's claims of lost market share are BRK's claims that its goodwill and research are threatened by Nest Protect. BRK claims it has a

---

<sup>4</sup> Although BRK claims to have created a niche "premium" segment, there are in fact several other competitive talking smoke alarms. (Ex. 43, vRb Dec., ¶¶ 27-29.) Indeed, the Consumer Reports website cited by BRK identifies one of these competitors, Kidde, as a dominant force in the market.

“reputation as the leading provider of . . . alarms” and “is the most recognized and trusted brand in the smoke alarm business.” None of BRK’s allegations are supported, and survey results refute these allegations. (Ex. 43, vRb Dec., ¶¶ 19-23.) Further, BRK has not described the nature of this “goodwill” or how its alleged loss will cause anything worse than compensable lost sales. Further, BRK has not shown it lacks resources to continue research until any alleged loss can be recovered as damages. See *Eli Lilly & Co. v. Am. Cyanamid Co.*, 82 F.3d 1568, 1578 (Fed. Cir. 1996) (adoption of lost-research argument would “disserve the patent system”).

**C. BRK Fails to Prove the Required Nexus Between the Specific Accused Features and the Alleged Irreparable Harm.**

In addition to establishing likelihood of irreparable harm, “the patentee must also establish that the harm is sufficiently related to the infringement.” See *Apple II*, 695 F.3d at 1374. “Sales lost to an infringing product cannot irreparably harm a patentee if consumers buy that product for reasons other than the patented feature.” *Id.* Thus, the “patentee must rather show that the infringing feature drives consumer demand for the accused product.” *Id.* at 1375.

BRK has not met, and cannot meet, this required showing to support a preliminary injunction. With respect to the ’182 patent, BRK does not even present argument (let alone evidence) that the allegedly infringing design and airflow paths of the Nest Protect will drive demand for this product. With respect to the Morris Patents, BRK generally references the voice/alarm features of Nest Protect, but there are numerous other smoke alarms already on the market that offer various voice alerts. (Ex. 43, vRb Dec., ¶¶ 27-29.) BRK’s “evidence” of a nexus between the alleged irreparable harm and the alleged infringement is far less than what has been found lacking by the Federal Circuit. *Apple II*, 695 F.3d at 1376-77 (reversing entry of preliminary injunction because evidence failed to establish the requisite causal nexus).

Consumers are expected to pay \$129 for a Nest Protect because of its *unique* features

such as mobile “push” notifications, “Nest Wave,” “Heads Up,” and others. (Ex. 43, vRb Dec., ¶ 18.) But it is illogical to expect that the allegedly infringing features will drive consumers to purchase a Nest Protect for \$129 when products with these same features can be had for much less. BRK’s causal nexus arguments, which necessarily rely on this illogical premise, must fail.

**III. THE BALANCE OF HARMS WEIGHS STRONGLY AGAINST A PRELIMINARY INJUNCTION.**

A further basis for denying an injunction is that the hardship to Nest far outweighs any speculative hardships alleged by BRK if an injunction does not issue. *See H. Jay Spiegel & Assocs., P.C. v. Spiegel.*, 652 F. Supp. 2d 630, 636 (E.D. Va. 2008). Nest has invested [REDACTED] dollars and worked closely with retail partners to launch Nest Protect during this holiday season. (Ex. 43, vRb Dec., ¶¶ 33-39.) Even a minimal delay would jeopardize these investments. Further, an injunction would [REDACTED]

[REDACTED] (*Id.*, ¶¶ 6-9.) In contrast, BRK has been a static participant in the market for many years (with no particular reliance upon the holiday season), and stands to suffer at worst a moderate reduction in sales. This does not approach the [REDACTED] if an injunction were to issue.

**IV. THE PUBLIC GOOD WILL BE HARMED IF NEST IS ENJOINED.**

Nest’s innovative, user-friendly technology will increase use of smoke alarms, thus protecting homes and saving lives. (Ex. 43, vRb Dec., ¶17; Ex. 4, Milke Dec., ¶¶ 22-25.) The public interest favors having this product available to consumers. *See Holmes Products Corp. v. Catalina Lighting, Inc.*, 67 F. Supp. 2d 10, 14-15 (D. Mass. 1999) (denying PI due in part to safety concerns); *See Abbott Labs. v. Andrx Pharm., Inc.*, 452 F.3d 1331, 1328 (Fed. Cir. 2006) (public best served by allowing both competitive products on the market).

DATED: November 13, 2013

Respectfully submitted,

*/s/ Marcus E. Sernel, P.C.*

---

Marcus E. Sernel, P.C. (#6243853)  
David Rokach (#6279703)  
Reid P. Huefner (#6291648)  
Louis A. Klapp (#6303722)  
KIRKLAND & ELLIS LLP  
300 North LaSalle  
Chicago, Illinois 60654  
Phone: (312) 862-2000  
Facsimile: (312) 862-2200  
marc.sernel@kirkland.com  
david.rokach@kirkland.com  
reid.huefner@kirkland.com  
louis.klapp@kirkland.com

Gregory S. Arovas, P.C.  
KIRKLAND & ELLIS LLP  
601 Lexington Avenue  
New York, NY 10022-4611  
Phone: (212) 446-4800  
Facsimile: (212) 446-4900  
greg.arovas@kirkland.com

*Attorneys for Defendant Nest Labs, Inc.*

**CERTIFICATE OF SERVICE**

I hereby certify that on November 13, 2013, a true and correct copy of the foregoing document, **NEST LABS, INC.'S OPPOSITION TO BRK BRANDS, INC.'S MOTION FOR A PRELIMINARY INJUNCTION [PUBLIC-REDACTED VERSION]**, was electronically filed and served upon counsel of record via the Court's CM/ECF procedures.

By: /s/ Marcus E. Sernel, P.C.

Marcus E. Sernel, P.C. (#6243853)  
KIRKLAND & ELLIS LLP  
300 North LaSalle  
Chicago, Illinois 60654  
Phone: (312) 862-2000  
Fax: (312) 862-2200  
msernel@kirkland.com

*Attorney for Defendant Nest Labs, Inc.*