

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ZHONGSHAN BROAD OCEAN MOTOR CO., LTD.;
BROAD OCEAN MOTOR LLC; and
BROAD OCEAN TECHNOLOGIES, LLC

Petitioners

v.

NIDEC MOTOR CORPORATION

Patent Owner

U.S. Patent No. 7,626,349
Case No. IPR2014-01121

**PETITIONERS' RESPONSE TO PATENT OWNER'S MOTION FOR
OBSERVATION REGARDING CROSS-EXAMINATION OF REPLY
WITNESS IVAN HOFMANN**

Pursuant to the Board’s January 21, 2015 Scheduling Order (Paper 21), Petitioners Zhongshan Broad Ocean Motor Co., Ltd. Broad Ocean Motor LLC, and Broad Ocean Technologies, LLC (collectively, “Broad Ocean”) provide the following Response to Patent Owner’s Motion for Observation Regarding Cross-Examination of Reply Witness Ivan Hofmann.

As the Board stated in this action, the purpose of observations is to “draw the Board’s attention to relevant cross-examination testimony of a reply witness, since no further substantive paper is permitted after the reply.” Paper 21 at 6. Patent Owner, however, improperly uses the observations as a vehicle to supplement the arguments in its Patent Owner Response. Broad Ocean objects to this misuse of the observations. See PTAB Trial Practice Guide, 77 Fed. Reg. 48756, 48768 (“An observation (or response) is not an opportunity to raise new issues, re-argue issues, or pursue objections.”)

Further, as discussed in the individual responses below, Patent Owner’s observations either are redundant in view of Mr. Hofmann’s Declaration, or reach unwarranted inferences from the cited testimony of Ivan Hofmann in view of other testimony of Mr. Hofmann cited herein that has either been omitted or ignored by Patent Owner.

1. Response to Observation 1 – The testimony cited by Patent Owner is irrelevant to Hofmann’s qualifications. Patent Owner has never challenged

Hofmann's qualifications. Moreover, the cited testimony is taken out of context for Hofmann testified that the opinions where he concluded that there was not objective indicia of obviousness are limited solely with respect to opinions he has given testimony about, and does not include the many matters not listed on his CV nor matters in which he was acting as a consultant or in which he did not testify, in which he came to the opposite conclusion. See, Ex. 2031, page 15, line 9-page 20, line 6. Moreover, this observation disregards Mr. Hofmann's testimony regarding the complexity of prior analysis where a determination of significant sales were determined, however the performance lacked nexus to the patents-in-suit. Id.

2. Response to Observation 2 – Patent Owner incorrectly asserts that this testimony demonstrates that PSC motors and ECM motors operate in separate submarkets, and that ECM motors are more quiet. First, with respect to the testimony cited to by Patent Owner concerning the noise level of motors, Patent Owner takes this testimony out of context and does not include Hofmann's previous answer concerning the same topic:

Q. Is it also your understanding that an ECM motor is inherently quieter than a PSC motor?

A. Well, I guess there I would be careful to say there is a question of degree. If, in fact, an ECM motor is quieter, my understanding as an absolute question, sure, I think an ECM motor is viewed quieter, particularly at startup and shutdown versus a PSC. But oftentimes the level of

quietness is either nondetectable to the human ear or is drowned out, if you will, or that there are other factors in the functioning of an HVAC system that may or may not render any differences in sound irrelevant.

Exhibit 2013, page 24, line 19 to page 25, line 9.

Finally, this observation and others presupposes the existence and relevance of purported “submarkets.” This observation mischaracterizes the conclusion that Mr. Hofmann indicated that PSC and ECM motors are in separate “submarkets”. Mr. Hofmann’s testimony acknowledges that there is natural differentiation between products in a market, but this does not create a purported “submarket.” The line of questioning through-out the deposition involved whether or not OEMs were making decisions to choose between PSC and ECM motors. The mere fact that a “choice” is required demonstrates that both PSCs and ECMs are competing in the same market. As described in the Hofmann Declaration (Ex. 1014, para. 32), there is general consensus from multiple sources regarding this competition: the Declaration of Alan Kessler (the “Kessler Declaration”); the Declaration of Ge Hu (the “Hu Declaration”); his discussions with industry participants; the DOE Market Assessment; and Nidec’s own marketing presentation materials. Customers choosing between different products within a market is common. The existence of certain “advantages” of one product over another does not create a

submarket, but rather provides a consumer of a choice within the same overall market.

3. Response to Observation 3 – Patent Owner incorrectly asserts that this testimony demonstrates that PSC motors and ECM motors operate in separate submarkets. As noted above, this observation and others presupposes the existence and relevance of purported “submarkets.” This observation mischaracterizes the conclusion that Mr. Hofmann indicated that PSC and ECM motors are in separate “submarkets”. Mr. Hofmann’s testimony acknowledges that there is natural differentiation between products in a market, but this does not create a purported “submarket.” The line of questioning through-out the deposition involved whether or not OEMs were making decisions to choose between PSC and ECM motors. The mere fact that a “choice” is required demonstrates that both PSCs and ECMs are competing in the same market. As described in the Hofmann Declaration (Ex. 1014 at ¶32), there is general consensus from multiple sources regarding this competition: the Declaration of Alan Kessler (the “Kessler Declaration”); the Declaration of Ge Hu (the “Hu Declaration”); his discussions with industry participants; the DOE Market Assessment; and Nidec’s own marketing presentation materials. Customers choosing between different products within a market is common. The existence of certain “advantages” of one product over

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