

IN THE UNITED STATES DISTRICT COURT FOR
THE DISTRICT OF MARYLAND, NORTHERN DIVISION

PAICE LLC, et al.,

Plaintiffs,

v.

HYUNDAI MOTOR COMPANY, et al.,

Defendants.

CIVIL NO.: WDQ-12-0499

* * * * *

MEMORANDUM OPINION

Paice LLC ("Paice") and The Abell Foundation, Inc. ("Abell") (collectively, the "Plaintiffs") sued Hyundai Motor Company, Hyundai Motor America (together, "Hyundai"), and others¹ (collectively, the "Defendants") for patent infringement. Pending is the Defendants' motion to file first amended invalidity contentions, and claim construction. On January 14, 2014, the Court held a claim construction hearing. For the following reasons, the Defendants' motion to file first amended invalidity contentions will be denied, and the claim constructions adopted by the Court will govern this litigation.

¹ The other defendants are Kia Motors Corporation and Kia Motors America, Inc. (together, "Kia"). See ECF No. 52, Ex. 1 (hereinafter "2d Am. Compl.").

I. Background²

A. The Parties

Paice is a Delaware limited liability company with a place of business in Bonita Springs, Florida. 2d Am. Compl. ¶ 1. Since Paice was established in 1992 by Doctor Alex J. Severinsky, the company has developed "innovative hybrid electric technology" to promote fuel efficiency, lower emissions, and "superior driving performance." *Id.* According to Paice, its hybrid patents are "well known" in the automotive industry. *Id.* ¶ 30.³ Abell, a Maryland corporation, is a nonprofit charitable organization whose objectives include increasing energy efficiency and producing alternative energy. *Id.* ¶ 2. In 1998, Abell was introduced to Paice and has become an equity owner of the company. *Id.* Hyundai Motor Company and Kia Motors Corporation are Korean companies. *Id.* ¶¶ 3-4. Hyundai Motor America is a California subsidiary of Hyundai Motor Company, *id.* ¶ 5; Kia Motors America, Inc. is a California subsidiary of Kia Motors Corporation, *id.* ¶ 6. Hyundai and Kia are "related companies" and share information and technology. *Id.* ¶ 34.

² The facts are from the Plaintiffs' proposed second amended complaint.

³ For instance, in 2010, IP firm Griffith Hack published a study in which it found that Paice owns four of the world's 10 most dominant hybrid vehicle patents. 2d Am. Compl. ¶ 30.

B. The Patents in Suit

Paice and Abell are co-owners by assignment of the entire right, title, and interest in and to U.S. Patent Nos. 6,209,672 (the "'672 patent");⁴ 7,104,347 (the "'347 patent");⁵ 7,237,634 (the "'634 patent");⁶ 7,559,388 (the "'388 patent");⁷ and 8,214,097 (the "'097 patent").⁸ 2d Am. Compl. ¶¶ 11-16. The '347, '634, '388, and '097 patents issued from continuation-in-part applications relating to the '672 patent. *Id.* ¶ 16. The '672 patent is entitled "Hybrid Vehicle" and protects a "hybrid electric vehicle that is fully competitive with presently conventional vehicles as regards performance, operating convenience, and cost, while achieving substantially improved fuel economy and reduced pollutant emissions." '672 patent, Col. 1, ll.13-18.⁹

⁴ The '672 patent issued on April 3, 2001. Am. Compl. ¶ 14.

⁵ The '347 patent issued on September 12, 2006. *Id.* ¶ 12.

⁶ The '634 patent issued on July 3, 2007. *Id.* ¶ 11.

⁷ The '388 patent issued on July 14, 2009. *Id.* ¶ 13.

⁸ The '097 patent issued on July 3, 2012. *Id.* ¶ 15.

⁹ The '672 patent is attached to the first amended complaint at ECF No. 27-2.

C. Procedural History

On February 16, 2012, the Plaintiffs filed suit against the Defendants for directly, indirectly, and willfully infringing the '634, '347, and '388 patents, in violation of 35 U.S.C. § 271. ECF No. 1. On March 20, 2012, the parties stipulated to, and the Court approved, an extension of time to respond to the complaint. ECF Nos. 5, 8. On May 22, 2012, the Defendants timely moved to dismiss. ECF No. 14. On June 8, 2012, the Plaintiffs opposed the motion and moved for leave to file an amended complaint. ECF No. 24. On June 13, 2012, the Court denied the Defendants' motion to dismiss as moot and deemed the proposed amended complaint filed as of June 13, 2012. ECF No. 26. Also on June 13, the Plaintiffs filed the first amended complaint. ECF No. 27.¹⁰ On June 27, 2012, the Defendants moved

¹⁰ The amended complaint alleged eight causes of action:

- (1) Direct, indirect, and willful infringement of the '634 patent, against Hyundai (Count One)
- (2) Direct, indirect, and willful infringement of the '634 patent, against Kia (Count Two)
- (3) Direct, indirect, and willful infringement of the '347 patent, against Hyundai (Count Three);
- (4) Direct, indirect, and willful infringement of the '347 patent, against Kia (Count Four);
- (5) Direct, indirect, and willful infringement of the '388 patent, against Hyundai (Count Five);
- (6) Direct, indirect, and willful infringement of the '388 patent, against Kia (Count Six);
- (7) Direct, indirect, and willful infringement of the '672 patent, against Hyundai (Count Seven); and
- (8) Direct, indirect, and willful infringement of the '672 patent, against Kia (Count Eight).

to dismiss for failure to state a claim. ECF No. 29. On July 16, 2012, the Plaintiffs opposed the motion. ECF No. 30. On July 30, 2012, the Defendants replied. ECF No. 31. On March 27, 2013, the Court denied the Defendants' motion to dismiss. ECF Nos. 32, 33.

On April 10, 2013, the Defendants answered the amended complaint and asserted counterclaims for declaratory judgment of the invalidity and non-infringement of the patents. ECF No. 34 at 15-19. On May 6, 2013, the Plaintiffs answered the Defendants' counterclaims. ECF No. 38. On May 20, 2013, the Court entered a scheduling order pursuant to Local Rule 103.9. ECF No. 49. The order provided that any motion to amend the pleadings must be filed within 60 days. *Id.* at 1 ¶ 8. On May 28, 2013, the Court modified the scheduling order to limit the number of proposed terms for construction to 15, and to limit the number of asserted claims to 30 within 15 days of the claim construction ruling. ECF No. 50.

On June 7, 2013, the Plaintiffs moved for leave to file a second amended complaint adding the '097 patent to the case.

ECF No. 27 ¶¶ 36-90. The complaint sought judgments that Hyundai and Kia infringed the patents in suit; compensatory damages; pre- and post-judgment interest; attorney's fees; and a permanent injunction prohibiting further infringement (or, alternatively, determination of an ongoing royalty). *Id.* at 27-28.

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