

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

BAKER HUGHES INCORPORATED
and
BAKER HUGHES OILFIELD OPERATIONS, INC.,
Petitioner,

v.

PACKERS PLUS ENERGY SERVICES, INC.,
Patent Owner.

IPR2016-00598¹
Patent 7,861,774 B2

Before SCOTT A. DANIELS, NEIL T. POWELL, and
CARL M. DEFRANCO, *Administrative Patent Judges*.

POWELL, *Administrative Patent Judge*.

JUDGMENT
Final Written Decision
Determining All Challenged Claims Unpatentable
35 U.S.C. § 318(a)

¹ IPR2016-01506 has been joined with IPR2016-00598.

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I. INTRODUCTION

Packers Plus Energy Services Inc. (“Patent Owner”) is the owner of Patent No. 7,861,774 B2 (“the ’774 patent”). Baker Hughes Incorporated and Baker Hughes Oilfield Operations, Inc. (collectively, “Petitioner”) filed a Petition challenging claims 1–16 of the ’774 patent. IPR2016-00598, Paper 1 (“598 Pet.”). Rapid Completions LLC, the exclusive licensee of the ’774 patent, filed a Preliminary Response. IPR2016-00598, Paper 7 (“598 Prelim. Resp.”). In view of those submissions, we instituted an *inter partes* review of claims 1–16 of the ’774 patent. IPR2016-00598, Paper 8 (“598 Dec. on Inst.”). Subsequent filings related to the grounds presented in the IPR2016-00598 Petition include a Patent Owner Response (IPR2016-00598, Papers 26, 27², “598 PO Resp.”), a Petitioner Reply (IPR2016-00598, Paper 33, “598 Pet. Reply”), a Patent Owner Surreply (IPR2016-00598, Paper 41, “598 PO Surreply”), and a Petitioner Sur-surreply (IPR2016-00598, Paper 43, “598 Sur-surreply”).

In IPR2016-01506, Petitioner asserted different grounds of unpatentability of claims 1–16 of the ’774 patent in another Petition. IPR2016-01506, Paper 1 (“1506 Pet.”). Rapid Completions LLC filed a Preliminary Response. IPR2016-01506, Paper 17 (“1506 Prelim. Resp.”). In view of those submissions, we instituted an *inter partes* review of claims 1–16 of the ’774 patent. IPR2016-01506, Paper 19 (“1506 Dec. on Inst.”). Additionally, we granted Petitioner’s motion to join IPR2016-01506 with IPR2016-00598. IPR2016-01506, Paper 31. Subsequent filings

² Paper 26 is a private, unredacted version of the Patent Owner Response, and Paper 27 is a public, redacted version of the Patent Owner Response.

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addressing the grounds presented in the Petition for IPR2016-01506 include a Patent Owner Response (IPR2016-00598³, Papers 51, 52⁴, “1506 PO Resp.”⁵), and a Petitioner Reply (IPR2016-00598, Paper 62, “1506 Pet. Reply”). All of the grounds presented in the Petition for IPR2016-00598 and all of the grounds presented in the Petition for IPR2016-01506 are pending in this *inter partes* review.

In IPR2016-01509, we found that a different petitioner demonstrated that claims 1, 3–7, 9, 10, 12, and 16 of the ’774 patent are unpatentable under 35 U.S.C. § 103. *Weatherford International LLC, Weatherford/Lamb, Inc., Weatherford US, LP, and Weatherford Artificial Lift Systems, LLC v. Rapid Completions LLC*, IPR2016-01509, Paper 64 at 62–63 (PTAB Apr. 3, 2018). Specifically, in IPR2016-01509, we found that it had been shown that claims 1, 3–7, 9, 10, 12, and 16 would have been obvious over Thomson⁶ and Ellsworth⁷. *Id.* In IPR2016-01509, we did not address

³ This paper appears in the record of IPR2016-00598 because it was filed after the cases were joined.

⁴ Paper 51 is a private, unredacted version of the Patent Owner Response, and Paper 52 is a public, redacted version of the Patent Owner Response.

⁵ Because the substance of this paper addresses the grounds originally presented in the Petition for IPR2016-01506, subsequent citations use “1506” to identify this paper, notwithstanding that it appears in the record of IPR2016-00598. We apply the same convention with respect to other papers and exhibits that relate to the grounds originally presented in IPR2016-01506, but were filed in the record of IPR2016-00598 after joinder of the two cases.

⁶ D.W. Thomson et al., *Design and Installation of a Cost-Effective Completion System for Horizontal Chalk Wells Where Multiple Zones Require Acid Stimulation*, SPE (Society for Petroleum Engineering) 37482 (1997) (“Thomson”) (Ex. 1002).

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claims 2, 8, 11, or 13–15 (all of which depend from independent claim 1) because the petitioner in that case did not challenge the patentability of these claims. *See id.* at 7. Our decision in IPR2016-01509 has been affirmed by the U.S. Court of Appeals for the Federal Circuit. *Rapid Completions LLC v. Weatherford International LLC, Weatherford/Lamb, Inc., Weatherford US, LP, Weatherford Artificial Lift Systems, LLC*, 771 F. App’x 478 (Fed. Cir. 2019).

In the present case, Patent Owner maintains that no claim of the ’774 patent would have been obvious over Thomson and Ellsworth. *See generally* Prelim. Resp. Our affirmed decision in IPR2016-01509 precludes Patent Owner from taking a position that is adverse to our prior judgment determining claims 1, 3–7, 9, 10, 12, and 16 to be unpatentable. 37 C.F.R. § 42.73(d)(3) (“A patent applicant or owner is precluded from taking action inconsistent with the adverse judgment.”). Our decision in IPR2016-01509 does not preclude Patent Owner from arguing separately for the patentability of one or more of dependent claims 2, 8, 11, and 13–15, all of which depend directly from previously adjudicated independent claim 1. Thus, we treat the patentability arguments Patent Owner advances in this proceeding as directed solely to previously unadjudicated dependent claims 2, 8, 11, and 13–15. We also address Patent Owner’s arguments with respect to claim 1 because it is the base claim from which claims 2, 8, 11, and 13–15 depend. However, we do not otherwise provide a decision on the merits of previously adjudicated claims 1, 3–7, 9, 10, 12, and 15.

⁷ B. Ellsworth et al., *Production Control of Horizontal Wells in a Carbonate Reef Structure*, 1999 Canadian Institute of Mining, Metallurgy, and Petroleum Horizontal Well Conference (1999) (“Ellsworth”) (Ex. 1003).

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We have jurisdiction over this proceeding under 35 U.S.C. § 6(b). After considering the evidence and arguments of the parties, we determine that Petitioner has proven by a preponderance of the evidence that claims 2, 8, 11, and 13–15 of the '774 patent are unpatentable. *See* 35 U.S.C. § 316(e). We issue this Final Written Decision pursuant to 35 U.S.C. § 318(a).

II. BACKGROUND

A. *The '774 Patent*

The '774 patent describes a method for fluid treatment of a well bore, and a tubing string tool for treating and stimulating flow from particular segments of the well bore in an oil or gas formation while sealing off other segments. Ex. 1001, Abstract. The well bore can be either an open hole or a cased hole. *Id.* at 3:66–4:3. Typically, a tubing string is run into a well bore as a conduit for oil and gas products to flow to the surface. *Id.* at 1:28–48. But when natural formation pressure is insufficient to obtain a desired product flow, a well “stimulation” technique is employed, i.e. fracturing, which involves injecting fracturing fluids into the formation to enlarge existing channels and thereby improve inflow into the well bore. *Id.* at 1:35–39. And, because a well bore may cross multiple zones within an oil or gas formation, only some of which contain desirable products, the ability to inject “treatment fluids wherein fluid is injected into selected intervals of the well bore, while other intervals are closed,” is key to controlling and optimizing production from the well. *Id.* at 2:28–30.

Figure 1b of the '774 patent is reproduced below. We note that Figure 1b as illustrated has a vertical orientation, and referring to Figure 1a

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