

UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE PATENT TRIAL AND APPEAL BOARD

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BAYERISCHE MOTOREN WERKE, AKTIENGESELLSCHAFT &  
BMW OF NORTH AMERICA, LLC,  
Petitioner,

v.

PAICE LLC & THE ABELL FOUNDATION, INC.,  
Patent Owner.

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IPR2020-00994  
Patent 7,104,347 B2

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Record of Oral Hearing  
Held: August 25, 2021

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Before KALYAN K. DESHPANDE, SALLY C. MEDLEY, and  
ARTHUR M. PESLAK, *Administrative Patent Judges*.

IPR2020-00994  
Patent 7,104,347 B2

APPEARANCES:

ON BEHALF OF PETITIONER:

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The above-entitled matter came on for hearing on Wednesday, August 25, 2021, at 1:00 p.m., by video/by telephone.

PROCEEDINGS

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JUDGE PESLAK: We are now on the record. This is the oral hearing for IPR2020-00994. We're conducting this oral video hearing as a result of the shutdown of the Patent Office due to COVID-19. I'm Judge Arthur Peslak. With me are Judge Sally Medley and Judge Kal Deshpande.

Would counsel for Petitioner please state your name and firm affiliation for the record, please?

MR. GALLUZZO: Hi, Your Honor. My name is Vince Galluzzo. I'm from Crowell & Moring, and I'm here on behalf of Petitioners BMW.

JUDGE PESLAK: All right. Is there anyone else present with you at your location?

MR. GALLUZZO: Yes, Your Honor. Also with me are Jeff Sanok, Scott Bittman, and Jacob Zambrzycki.

JUDGE PESLAK: And presume you'll be presenting the argument, Mr. Galluzzo?

MR. GALLUZZO: Yes, Your Honor.

JUDGE PESLAK: All right. Counsel for Patent Owner, please state your name and firm affiliation for the record.

MR. RIFFE: Good afternoon, Your Honor. Timothy Riffe with Fish and Richardson on behalf of Patent Owners, and with me, also, are Ruffin Cordell and Brian Livedalen, also from Fish & Richardson.

JUDGE PESLAK: Okay. Petitioner, you have 60 minutes, in accordance with the hearing order. Do you wish to reserve any time for rebuttal?

MR. GALLUZZO: Yes, Your Honor. May I reserve 10 minutes for

1 rebuttal?

2 JUDGE PESLAK: Okay. You have 50 minutes, then. You can begin  
3 when ready.

4 MR. GALLUZZO: Thank you, Your Honors, and thank you for the  
5 opportunity to present here today.

6 I'd like to start first with Petitioner's Demonstrative Exhibit Slide No.  
7 2. With all of us there, this slide shows the six dependent claims that are  
8 challenged in this case. They are shown in white here. Each of these  
9 challenged dependent claims tacks on a conventional feature of hybrid  
10 vehicles known at the relevant time. They tack these features on to  
11 independent claims that have been cancelled by the Board, shown in red, and  
12 that cancelation affirmed by the Federal Circuit.

13 Turning now to Slide No. 3, we can see those two independent claims,  
14 Claims 1 and 23. If there was anything novel in a '347 patent, it was in these  
15 claims. These claims that recite a setpoint-based control strategy, but that  
16 setpoint-based control strategy was found obvious by this Board and  
17 affirmed by the Federal Circuit over Severinsky and Bumby, the same two  
18 base references that BMW uses in this IPR to streamline the Board's review.  
19 The Board, in that decision, also credited the credible testimony of Dr.  
20 Davis, the same expert witness who is supporting BMW's challenges here.

21 If the challenged claims that we see here, the setpoint-based control  
22 strategy claims, had come before the Board with the dependent claims that  
23 are challenged here, the parties wouldn't even be arguing about the  
24 challenged dependent claims. The parties would simply recognize that the  
25 dependent claims were obvious over the art known at the time, and if the  
26 control strategy in the independent claims was obvious, so, too, were the

1 tacked-on dependent claims. Unfortunately, the dependent claims came up  
2 separately, and that's what we're arguing about here today.

3 I turn next to Slide 4. Since any novelty, if it existed, was in the  
4 independent claims, not in the challenged dependent claims here, Patent  
5 Owner tries to litigate and relitigate those issues from the prior cases relating  
6 to those independent claims and the limitations in those claims, such as  
7 whether their prior art Severinsky's control strategy is based on torque, or if  
8 it's based on speed alone.

9 Now, Patent Owner lost that issue before and others they tried to  
10 relitigate here. In the case of Severinsky's control strategy, the Board found  
11 that it always takes torque into account. They found that rightly. Patent  
12 Owner is now estopped from raising that issue and relitigating that and the  
13 other issues from the prior decisions that it does again here.

14 Next is Slide 5. We see another Federal Circuit decision, this one  
15 about the bodily incorporation of obviousness combinations. And Patent  
16 Owner also runs afoul of the law in this regard, too, by its repeated reliance  
17 on bodily incorporation arguments. Patent Owner does this because it wants  
18 to ignore the breadth of the dependent claims, which broadly claim known  
19 features in the art, again, tacked on to the independent claims and their  
20 control strategy. Patent Owner does this because they also want to ignore  
21 the motivations that were known in the art to add those broad features onto  
22 the independent claims in that control strategy.

23 This case presents a textbook application of KSR. The features in  
24 these challenged dependent claims were well known, they were documented,  
25 and disclosed in interrelated teachings in other patents about hybrid vehicle  
26 control technology. The features provided a design incentive to one of skill

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