

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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**BAYERISCHE MOTOREN WERKE AKTIENGESELLSCHAFT &  
BMW OF NORTH AMERICA, LLC,**  
Petitioners

v.

**PAICE LLC & THE ABELL FOUNDATION, INC.**  
Patent Owners

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*Inter Partes* Review No.: IPR2020-00994

U.S. Patent No. 7,104,347 K2

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**PETITIONERS' REPLY TO  
PATENT OWNERS' PRELIMINARY RESPONSE**

This is not a serial IPR petition, and Petitioners (“BMW”) did not bring this action after gaining any strategic advantage from co-defendants or other similarly situated companies filing IPR petitions around the same time. Rather, BMW quickly filed this petition once Patent Owners finally identified the allegedly infringing claims on March 25, 2020—several *years* after earlier IPRs on mostly *different* claims, against *different* parties, had concluded.<sup>1</sup> BMW challenges six dependent claims (2, 11, 17, 24, 33, and 38) of the ’347 Patent asserted by Patent Owners. Only Claims 2 and 24 had previously been litigated and subject to IPRs, but Claim 2 only reached Institution Decision and Claim 24 reached Final Decision on completely different prior art grounds.<sup>2</sup> Contrary to Patent Owners’ argument, none of the combinations of art asserted against those dependent claims have been

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<sup>1</sup> Patent Owners also sued BMW on two other family patents with overlapping claim features. BMW’s IPR2020-01299 is the *first* challenge on the ’761 Patent, and BMW’s IPR2020-01386 challenges many claims of the ’634 patent never before subject to IPR.

<sup>2</sup> Claim 2 institution denied in IPR2015-00795. Claim 24 institution denied in IPR2015-00794, and not found unpatentable in IPR2014-00884 over different prior art than that presented by BMW here. Claim 24 challenges in IPR2017-00226 and IPR2017-00227 never reached institution decision due to settlement.

previously considered by the Board in an Institution or Final Written Decision.

This Petition presents an unusually straightforward task for the Board. Because all challenged claims are *dependent* claims stemming from canceled *independent* claims (Claims 1 and 23), the Petition uses the same art (notably, Severinsky, Ehsani, and Bumby) that already rendered Claims 1 and 23 unpatentable. BMW's Petition does not "unreservedly rel[y] on Ford's prior art ... to challenge independent claims 1 and 23," as Patent Owners argue (POPR at 11-12), because *BMW is not challenging Claims 1 and 23 at all*. The Federal Circuit has already affirmed their unpatentability over that prior art. *See, e.g., Paice LLC v. Ford Motor Co.*, 681 F. App'x 904 (Fed. Cir. 2017). BMW uses this art because the Board is already familiar with it *and* because of its preclusive effect on Patent Owners. Notably, the Preliminary Response does not dispute the art's applicability to those independent claims. *Not* using the same art for the same features *would be inefficient*, could potentially result in inconsistent findings regarding previously canceled claims, and would likely elicit cries of unfairness from Patent Owners having to analyze it anew. The Petition also relies on a declaration from Dr. Gregory Davis, whose testimony the Board already credited in finding Claims 1 and 23 unpatentable. Dr. Davis incorporates that same testimony here. BMW's approach to this Petition promotes efficiency so that the Board need not re-analyze the myriad limitations in independent Claims 1 and 23 to rule on the challenged

dependent claims.

Additionally, Patent Owners do not raise the six so-called *Fintiv* factors for discretionary denial “due to the advanced state of a parallel district court litigation.” *See Apple Inc. v. Fintiv, Inc.*, Case IPR2020-00019, Paper 15, at 2, 7-8 (PTAB May 13, 2020). BMW agrees with this concession. The District Court’s review is not at an advanced stage, and this IPR proceeding would be more efficient and less burdensome. Here, two of the three judges are intimately familiar with the ’347 Patent and the primary prior art used by BMW, while the District Court has not even held a claim construction hearing let alone scheduled anything beyond basic discovery. Here, the Board’s review has a statutory end date, while the possibility of any jury trial happening during COVID is far from certain, and subject to a backlog of cases to be tried. Potential jurors need not be exposed to a novel virus at a full District Court trial when the Board can render its decision through wholly remote proceedings, as it has for the past six months.

**A. The *General Plastic* Factors Favor Institution**

Patent Owners argue that the *General Plastic* factors favor discretionary denial, but that test is ill-suited here. The *General Plastic* test, as expanded by *Valve I*, *Valve II* and other decisions, is to prevent petitioners from gaining an unfair advantage by lying in wait with known art and coordinating with co-defendants to file follow-on petitions after seeing a patent owner’s preliminary

response. That is far from the case here, as discussed above. Nevertheless, the *General Plastic* factors favor institution.

Under “Factor One,” BMW is *not the same as or related to* the previous petitioners and is *not co-defendants* in the same litigation charged with infringement based on the same product or shared technology among the defendants, like in *Valve Corp. v. Elec. Scripting Prods., Inc.*, Case IPR2019-00062, Paper 11, at 9-10 (PTAB Apr. 2, 2019) (“*Valve P*”) and *Valve Corp. v. Elec. Scripting Prods., Inc.*, Case IPR2019-00064, Paper 10, at 10-11 (PTAB May 1, 2019) (“*Valve IP*”). Nor has BMW coordinated or intends to coordinate this challenge with the previous ones filed against the ’347 Patent, like in *Fresenius Kabi USA, LLC v. Amgen, Inc.*, Case IPR2019-00971, Paper 13 at 7 (PTAB Oct. 19, 2019). BMW and the previous petitioners are all competitor auto manufacturers that sell hybrid vehicles in the U.S., and their only commonality is having been sued by Patent Owners (albeit on different sets of claims).

Factor One *supports institution* because the Petition “challenge[s] claims that were not previously challenged.” *Ericsson Inc. v. Uniloc 2017, LLC*, Case IPR2019-01550, Paper 8 at 11-12 (PTAB March 17, 2020) (denying institution because every claim was previously challenged). Patent Owners do not cite a single case where that was true *and* the Board still applied its discretionary denial.

Patent Owners’ “Factor Two,” “Factor Four,” and “Factor Five” analyses do

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