

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

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

v.

PAICE LLC & THE ABELL FOUNDATION, INC.
Patent Owners

IPR2020-01386
Patent 7,237,634 B2

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

Petitioners (“BMW”) submit their Reply to Patent Owners’ Preliminary Response (Paper 8) as requested by the Board (Paper 9). The discretionary denial issue presented here is the same as that presented in related IPR2020-00994, where the Board rejected the majority of Patent Owners’ arguments and instituted proceedings. IPR2020-00994, Paper 19, at 10-22.¹ The main difference here is that the ’634 Patent has nearly eight times as many claims—306 in all—which, in conjunction with Patent Owners’ litigation strategy, is the *sole reason* for the high number of IPR challenges. None of that changes the discretionary denial analysis; indeed, that there should be no denial is buttressed by the District Court’s Order granting a stay. BMW1086.

A. The ’634 Patent and Patent Owners’ Litigation Strategy

This is BMW’s first, and only, Petition against the ’634 Patent. While different *unrelated* parties filed prior petitions against various subsets of the ’634 Patent’s 306 claims, those challenges were a direct result of Patent Owners’ strategy of filing serial patent infringement complaints against different parties, asserting different claims against each such party. *See Samsung Elecs. Am., Inc. v. Uniloc Luxembourg S.A.*, IPR2017-01797, Paper 8, 33-34 (PTAB Feb. 6, 2018)

¹ Patent Owners also sued BMW on the related ’761 Patent, which BMW is challenging in IPR2020-01299 (the first IPR challenge of the ’761 Patent).

(recognizing the purpose of the availability of *inter partes* review to parties accused of infringement, and finding Patent Owner's complaint about multiple petitions filed against the same patent unpersuasive "when the volume [of petitions] appears to be a direct result of its own litigation activity"). Patent Owners sued BMW in November 2019, some five years after separately suing its competitors Ford and VW. BMW quickly filed this petition once Patent Owners identified the allegedly infringed claims (on March 25, 2020), which are a different set of claims than Patent Owners asserted against Ford or VW.

Like in IPR2020-00994, BMW is challenging many claims never before challenged and, as to all of the challenged claims, most of the claim limitations are *identical* to limitations in claims previously cancelled by the Board (almost all of which was affirmed on appeal). *See* Petition at 5 (graphic chart), 14-15 (textual chart). And, as in IPR2020-00994, BMW is re-using the same prior art combinations and claim constructions to narrow the substantive issues.

B. 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 others, 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.

Under Factor 1, like in IPR2020-00994, BMW is “challenging claims not previously challenged in any prior petition, is not a co-defendant in pending litigation involving the same products or technology as the prior IPRs, and is a competitor of Ford and VW,” such that there is no “‘significant relationship’ with Ford and VW.” *Accord* IPR2020-00994, Paper 19, at 16. More specifically, BMW is challenging 17 claims that were not previously challenged and one claim that was previously found invalid in a FWD.² Moreover, except for the one previously invalidated claim, none of the challenged claims went through an IPR trial.³ Also, BMW and the previous petitioners are all competitors that sell *different* hybrid vehicles, and their only commonality is having been sued by Patent Owners (albeit on different sets of claims). Factor 1 thus favors institution.

Patent Owners’ analysis of Factors 2, 4, and 5 do not really make sense here,

² Claims 49, 105, 188-189, 199-206, 208, and 211-214 have not previously been challenged. Claims 68, 242, and 268 were found invalid, but the parties settled after appeal remand. Claims 242 and 268 have now been disclaimed. Paper 8 at 5.

³ Ford challenged claims 33-44, 46, 50 and 52-55 in 2015, but the Board denied Institution on those grounds (“Non-instituted Ford IPRs”). Paper 1 at 5-6 (Claim 37 inadvertently omitted from prior identification).

but nonetheless *favor* institution too. Patent Owners complain about the “*five-year* time gap” since the previous challenges to the '634 Patent, Paper 8 at 15, but that delay is solely of their own making. BMW had no reason to challenge the '634 Patent until Patent Owners sued in November 2019. And then, BMW filed its petition quickly, several months before the statutory bar. If Patent Owners were concerned about timing of parallel proceedings, they could have identified their asserted claims with their lawsuit or sued BMW years earlier when they sued BMW's competitors. BMW should not be punished for Patent Owners' lack of diligence, or denied access to IPR's efficiencies. *Accord* IPR2020-00994, Paper 19, at 16-17, 20 (Factors 2 and 4 were neutral, Factor 5 favored institution).

Factor 3 does not apply to 17 of the challenged claims, because those claims have never been subject to IPR, and thus could not have been part of a Preliminary Response or Board decision. Moreover, the *sole* basis for the Board to deny institution in the Non-instituted Ford IPRs was the initial determination that a single limitation of independent claim 33 (“monitoring patterns of vehicle operations over time”), from which the other 17 claims depended, was missing from the asserted prior art (“Ibaraki '882”). Paper 1, at 5-6. That art is not used in any grounds here. If instituted, this will be *the first time* that the Board institutes a trial and evaluates the patentability of those claims on a full record and on *different combinations of art* than were previously at issue. Importantly, the Board has

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