

**UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.**

In the Matter of

**CERTAIN HYBRID ELECTRIC VEHICLES
AND COMPONENTS THEREOF**

Inv. No. 337-TA-1042

Order No. 30 (Initial Determination)

On August 31, 2017, pursuant to 19 C.F.R. § 210.18, complainants Paice LLC and Abell Foundation, Inc. (collectively, “Paice”) filed a motion for summary determination that respondent Ford Motor Company (“Ford”) is estopped from challenging validity of claims for which the Patent Trial and Appeal Board (“PTAB”) has rendered a final written decision under 35 U.S.C. § 315(e). Motion Docket No. 1042-34. On September 11, 2017, Ford filed a response in opposition.

On September 22, 2017, Paice filed a motion for leave to file a reply, and a reply. Motion Docket No. 1042-43. On October 16, 2017, Ford filed a motion for leave to file a sur-reply, and a sur-reply. Motion Docket No. 1042-51. The parties’ motions for leave are granted.

Paice argues:

Complainants respectfully request the ALJ estop Ford from asserting in this Investigation invalidity grounds that it raised or reasonably could have raised in its *inter partes* review petitions before the Patent Trial and Review Board (PTAB). The IPR estoppel provision (35 U.S.C. § 315(e)) prevents IPR petitioners from taking a second bite at the apple on invalidity once the PTAB issues a final written decision. Ford, however, seeks just that—a second attempt to challenge the validity of claims that have been fully litigated at the PTAB. Win or lose, Ford should be held to the invalidity grounds it presented to the PTAB. 35 U.S.C. § 315(e) is unequivocal on this point. Because there is no factual dispute that 35 U.S.C. § 315(e) prevents Ford from re-litigating invalidity at the ITC, this issue is appropriate for summary determination.

Mem. at 1.

In its opposition, Ford argues:

Complainants Paice LLC and Abell Foundation, Inc. (collectively, “Paice”) have advanced an unprecedented position: that Respondent Ford Motor Company (“Ford”) is estopped from here defending itself against infringement charges by showing that asserted patent claims are unpatentable where *those claims were already held unpatentable* by the Patent Trial and Appeal Board (“PTAB”). Paice’s motion is inconsistent with the plain language of 35 U.S.C. § 315(e)(2) which is explicitly directed to “estoppel” – and the Supreme Court defines estoppel as preventing a party from relitigating an issue *previously lost*. Courts do not apply estoppel to a *successful* litigant advancing the same position. Paice did not cite any cases in which a petitioner was estopped under § 315(e)(2) from proving invalidity after *successfully* having done so.

This is just one more cog in Paice’s attempt to game the system to assert patents despite the PTAB having held 272 patent claims unpatentable. With little left apart from narrow claims, and where even its broader affirmed unpatentable claims were directed to torque control strategies utterly different from Ford’s control strategies, Paice turned its sights on pressuring Ford through the ITC with the hope that the ITC will outpace the appeal process. The Federal Circuit, however, has reached decision on eight appeals of the unpatentable claims. The unpatentability of all claims have thus far been affirmed except *one claim* where the PTAB decision was *vacated and remanded*; the last subset of unpatentable claims are briefed and ready for oral argument. If the Federal Circuit again affirms, the patent claims will be nullified. But, if the Federal Circuit vacates and remands, then the ITC will *need to rely on its own decision on validity*. Thus, Paice’s estoppel motion is premature because an evaluation of estoppel should be part of the Initial Determination, *together with a reasoned decision on validity*. While asserting invalid patent claims here, Paice is remarkably attempting to prevent Ford from presenting evidence of that invalidity to the Commission. Respectfully, Paice’s perversion of judicial process should be rejected and its motion denied.

Opp’n at 1-2 (emphasis in original).

The Commission Rules provide that “[a]ny party may move with any necessary supporting affidavits for a summary determination in its favor upon all or part of the issues to be determined in the investigation.” 19 C.F.R. § 210.18(a). Summary determination “shall be rendered if pleadings and any depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a summary determination as a matter of law.” 19 C.F.R.

§ 210.18(b).

Background

In 2014, Ford filed 25 *inter partes* review petitions on Paice’s patents, including the four patents asserted in this Investigation. Ford’s IPR petitions relate to claims that Paice asserts in this investigation or rely on for domestic industry. These claims are claims 24 and 28 of the ‘347 patent; claim 3 of the ‘388 patent; and claims 25, 240, 278, 290, and 292 of the ‘634 patent. For each of these claims, the PTAB issued a final written decision as set forth below:

| Asserted Claim | IPR No. | Ground(s) | PTAB finding in Final Written Decision | Current Status |
|-----------------------|----------------|--|--|--|
| Claim 3, ‘388 patent | IPR2014-00875 | (1) Ehsani ¹ and Vittone ² and (2) Kawakatsu ³ and Vittone | Found invalid (Ex. 1, IPR2014-00875, Final Written Decision (Nov. 23, 2015)) | Federal Circuit vacated and remanded |
| Claim 24, ‘347 patent | IPR2014-00884 | Tabata ‘201 ⁴ and Tabata ‘541 ⁵ | Found valid (Ex. 2, IPR2014-00884, Final Written Decision (Dec. 10, 2015)) | Valid |
| Claim 28, ‘347 patent | IPR2015-00794 | Ibaraki ‘882 ⁶ | Found invalid (Ex. 3, IPR2015-00794, Final Written Decision (Nov. 1, 2016)) | Appealed to Federal Circuit – decision pending |
| Claim 25, ‘634 patent | IPR2015-00790 | Ibaraki ‘882 and Kawakatsu | Found invalid (Ex. 4, IPR201500790, Final Written Decision (Nov. 4, 2016)) | Appealed to Federal Circuit – decision |

¹ U.S. Patent No. 5,586,613.

² Oreste Vittone et al., FIAT Research Centre, *Fiat Conceptual Approach to Hybrid Car Design*, 12th International Electric Vehicle Symposium (1994).

³ U.S. Patent No. 4,335,429.

⁴ U.S. Patent No. 5,841,201.

⁵ U.S. Patent No. 6,158,541.

⁶ U.S. Patent No. 5,789,882.

| | | | | |
|---------------------------|-------------------|--|--|---|
| | | | | pending |
| Claim 240, '634 patent | IPR2015- 00722 | Ibaraki '882 and Suga ⁷ | Found invalid (Ex. 5, IPR2015-00722, Final Written Decision (Sept. 26, 2016)) | Appealed to Federal Circuit – decision pending |
| Claim 278, '634 patent | IPR2015- 00801 | Severinsky '970 ⁸ and Yamaguchi ⁹ | Found invalid (Ex. 6, IPR2015-00801, Final Written Decision (Oct. 21, 2016)) | Appealed to Federal Circuit – decision pending |
| Claim 290, '634 patent | IPR2015- 00801 | Severinsky '970 and Yamaguchi | Found invalid (Ex. 6, IPR2015-00801, Final Written Decision (Oct. 21, 2016)) | Appealed to Federal Circuit – decision pending |
| Claim 292, '634 patent | IPR2015- 00606 | Severinsky '970 and the '455 PCT Publication ¹⁰ | Found invalid (Ex. 7, IPR2015-00606, Final Written Decision (Nov. 8, 2016)) | Appealed to Federal Circuit – decision pending |

See Mem. at 1-2.

In other circumstances, Paice has withdrawn claims upon final adjudication at the Federal Circuit. *See* Notice of Commission Decision Not to Review an Initial Determination Granting a Motion to Terminate the Investigation as to One Asserted Patent, and Certain Claims of Three Additional Patents (June 26, 2017). With respect to the claims on appeal at the Federal Circuit, briefing has been completed and the parties are in the midst of scheduling oral arguments.

Discussion

35 U.S.C. § 315(e)(2) provides:

Civil actions and other proceedings.—

⁷ U.S. Patent No. 5,623,104.

⁸ U.S. Patent No. 5,343,970.

⁹ U.S. Patent No. 5,865,263.

¹⁰ PCT application, published as WO00/15455.

The petitioner in an *inter partes* review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not assert either in a civil action arising in whole or in part under section 1338 of title 28 or in a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that *inter partes* review.

When enacting the America Invents Act, Congress intended to apply “a strengthened estoppel standard to prevent petitioners from raising in a subsequent challenge the same patent issues that were raised or reasonably could have been raised in the prior challenge.” 157 Cong. Rec. S952 (daily ed. Feb. 28, 2011) (statement of Sen. Grassley). The legislative history does not require that the petitioner must be unsuccessful in its challenge for this strengthened estoppel provision to apply. Instead, Congress’s focus concerned a provision that would “significantly reduce the ability to use post-grant procedures for abusive serial challenges to patents.” *Id.* Indeed, Congress recognized that repeated litigation and administrative attacks on the validity of a patent “would frustrate the purpose of the [post-grant] section as providing quick and cost effective alternatives to litigation.” H.R. Rep. No. 112-98 at 48 (2011).

Based on the plain language of the statute, and its interpretation by courts, it is clear that estoppel applies to invalidity challenges based on grounds that the petitioner raised in its IPR petition. Yet, while some courts have also interpreted the statutory estoppel to apply to grounds that could have been raised in the petition, others have held that the estoppel cannot apply to grounds that were absent from the petition (*i.e.*, inasmuch as the estoppel should be focused only on events “during” the *inter partes* review). See *Cobalt Boats, LLC v. Sea Ray Boats, Inc.*, No. 2:15cv21, 2017 WL 2605977, at *3 (E.D. Va. June 5, 2017) (discussing the “split in the district courts”); see also *Douglas Dynamics, LLC v. Mever Prod. LLC*, No. 14cv886, 2017 WL 1382556, at *4 (W.D. Wis. Apr. 18, 2017), *reconsideration granted in part*, No. 14cv886, 2017

WL 2116714 (W.D. Wis. May 15, 2017) (not changing the analysis regarding scope of estoppel) (“[T]he court will construe the statutory language ‘any ground that the petitioner . . . reasonably could have raised during that inter partes review’ to include non-petitioned grounds that the defendant chose not to present in its petition to PTAB.”); *Intellectual Ventures I LLC v. Toshiba Corp.*, No. 13-453-SLR, 221 F. Supp. 3d 534, 553-54 (D. Del. 2016) (citing *Shaw Indus. Grp., Inc. v. Automated Creel Sys., Inc.*, 817 F.3d 1293 (Fed. Cir. 2016)).

Same Invalidity Grounds Ford Raised in the IPRs

A ground for invalidity petitioned on, instituted on, and subject to a final written decision by the PTAB cannot be asserted again before the ITC. *See* 35 U.S.C. § 315(e); *Intellectual Ventures I*, 221 F. Supp. 3d at 553-54; *Evolutionary Intelligence, LLC v. Sprint Nextel Corp.*, No. C-13-4513-RMW, 2014 WL 819277, at *5 (N.D. Cal. Feb. 28, 2014) (“IPR petitioners are subject to statutory estoppel provisions preventing them from relitigating invalidity arguments that were raised or could have been raised in the IPR”).

Ford challenges the validity of claim 3 of the ‘388 patent and claims 25, 278, and 290 of the ‘634 patent using the exact same grounds for invalidity in its expert report¹¹ as shown below:

| Asserted Claim | IPR Ground(s) | Invalidity Grounds in Expert Report |
|-----------------------|---|---|
| Claim 3, ‘388 patent | (1) Ehsani and Vittone and (2) Kawakatsu and Vittone | (1) Ehsani and Vittone (Stein Rpt. at 330-362) and (2) Kawakatsu and Vittone (Stein Rpt. at 362-394) |
| Claim 25, ‘634 patent | Ibaraki ‘882 and Kawakatsu | Ibaraki ‘882 and Kawakatsu (Davis Rpt. at 490-493) |
| Claim 278, ‘634 | Severinsky ‘970 and | Severinsky ‘970 and Yamaguchi (Stein |

¹¹ *See* EDIS Doc. ID No. 621059, Expert Report of Dr. Jeffrey L. Stein (“Stein Rpt.”); EDIS Doc. ID No. 621037, Expert Report of Dr. Gregory W. Davis (“Davis Rpt.”).

| | | |
|------------------------|-------------------------------|--|
| patent | Yamaguchi | Rpt. at 593-622) |
| Claim 290, '634 patent | Severinsky '970 and Yamaguchi | Severinsky '970 and Yamaguchi (Stein Rpt. at 593-620, 622-629) |

See Mem. at 5-6.

As an initial matter, as noted above, PTAB's final written decision regarding claim 3 of the '388 patent has been vacated and remanded by the Federal Circuit. The Supreme Court recognized in *United States v. Munsingwear, Inc.*, 340 U.S. 36, 39-40 (1950) that vacating a judgment prevents a judgment "from spawning any legal consequences." Thus, the estoppel provision of 35 U.S.C. § 315(e) cannot apply to claim 3 inasmuch as there is no longer a "final written decision." See *Shaw Indus. Grp.*, 817 F.3d at 1297 (Federal Circuit has "jurisdiction to review the Board's final written decisions in IPRs").

Thus, with the exception of claim 3 of the '388 patent, Ford has challenged each of the claims above on the same invalidity grounds (*i.e.*, the same combinations of art) raised before the PTAB, and they are now the subject of a final written PTAB decision. Consequently, the pending motion is granted with respect to claims 25, 278, and 290 of the '634 patent.¹²

¹² Ford raises an issue with respect to the fact that it prevailed before the PTAB. That issue goes more to the weight or effect to be accorded a PTAB decision, rather than to the estoppel which is based on the statute that prevents the same grounds from being litigated before the PTAB, and then later in the district courts or at the Commission. The question of the effect of a PTAB final written decision is also a new issue at the Commission. See, *e.g.*, *Certain Foam Footwear*, Inv. No. 337-TA-567, Commission Order Denying Petition to Modify, Suspend, or Rescind the Commission's General Exclusion Order and Cease and Desist Order with Respect to U.S. Patent No. D517,789 (and case cited therein) (Oct. 20, 2017); *Certain Three-Dimensional Cinema Systems and Components Thereof*, Inv. No. 337-TA-939, Final Determination Finding a Violation of Section 337; Issuance of a Limited Exclusion Order and Cease and Desist Orders; Termination of the Investigation (July 21, 2016). Indeed, Congress intended to apply "a strengthened estoppel standard to prevent petitioners from raising in a subsequent challenge the same patent issues that were raised or reasonably could have been raised in the prior challenge." 157 Cong. Rec. S952 (daily ed. Feb. 28, 2011) (statement of Sen. Grassley). The legislative history does not require that the petitioner must be unsuccessful in its challenge for this strengthened estoppel provision to apply. Congress recognized that repeated litigation and

Invalidity Grounds Ford Reasonably Could Have Raised During the IPRs

Estoppel also applies to invalidity grounds that Ford reasonably could have raised during its IPR proceedings. *See* 35 U.S.C. § 315(e); *see also* Mem. Ex. 10, *Evolutionary Intelligence, LLC*, 2014 WL 819277, at *5. In its expert reports, Ford reasserts its invalidity grounds from the IPRs and relies on new combinations of known references that Ford has used in its various IPRs. A summary of Ford’s invalidity challenges is provided below:

| Asserted Claim | IPR Ground(s) | Invalidity Grounds in Expert Report |
|------------------------|--|--|
| Claim 28, ‘347 patent | Ibaraki ‘882 | (1) Ibaraki ‘882 (Davis Rpt. at 258-327); (2) Severinsky ‘970 (Davis Rpt. at 76-138); and (3) Bumby References ¹³ (Davis Rpt. at 199-255) |
| Claim 240, ‘634 patent | Ibaraki ‘882 and Suga | (1) Ibaraki ‘882 and Suga (Davis Rpt. at 587-92); and (2) Seversinky ‘970 and Suga (Stein Rpt. at 584-93) |
| Claim 292, ‘634 patent | Severinsky ‘970 and ‘455 PCT Publication | (1) Severinsky ‘970 and ‘455 PCT Publication (Stein Rpt. at 404-25); and (2) Severinsky ‘970 and SAE 1996 ¹⁴ (Stein Rpt. at 425-54) |

See Mem. at 7.

administrative attacks on the validity of a patent “would frustrate the purpose of the [post-grant] section as providing quick and cost effective alternatives to litigation.” H.R. Rep. No. 112-98 at 48 (2011).

¹³ Ford defines the “Bumby References” as the following publications: J.R. Bumby et al., *Computer Modelling of the Automotive Energy Requirements for Internal Combustion Engine and Battery Electric-powered Vehicles*, IEE PROC., vol. 132, pt. A (Sept. 1985) (“Bumby I”); J.R. Bumby et al., *Optimisation and Control of a Hybrid Electric Car*, IEE PROC., vol. 134, pt. D (Nov. 1987) (“Bumby II”); I. Forster and J.R. Bumby, *A Hybrid Internal Combustion Engine/Battery Electric Passenger Car for Petroleum Displacement*, PROC. INST. MECH. ENGRS., vol. 202, no. D1 (Jan. 1998) (“Bumby III”); J.R. Bumby and P.W. Masding, *A Test-Bed Facility for Hybrid IC Engine-Battery Electric Road Vehicle Drive Trains*, TRANS. INST. MEAS. & CONT., vol. 10, no. 2 (Apr. 1988) (“Bumby IV”); P.W. Masding and J.R. Bumby, *Integrated Microprocessor Control of a Hybrid I.C. Engine/Battery-electric Automotive Power Train*, TRANS. INST. MEAS. & CONT., vol. 10, no. 2 (Jan. 1990) (“Bumby V”).

¹⁴ 1996 Society of Automotive Engineers (SAE) Special Publication SP-1156.


Paice argues that inasmuch as “Ford actually knew of each of the references identified above, there is no question that Ford should be estopped from asserting these grounds at the ITC.” Mem. at 8. Indeed, even though Ford knew of the references, it did not petition on the combinations at issue, or otherwise raise them during IPR proceedings. It remains unclear whether Ford reasonably could have raised these new combinations of known references in its IPR petition or during the *inter partes* review proceedings. An examination of the pending motion and related filings shows a paucity of details that would make it clear that those combinations reasonably could have been raised. Thus, even taking an approach to estoppel that would apply estoppel in connection with grounds not raised in the petition, the pending motion is denied because there remain genuine issues of material fact, and it has not been shown that Paice is entitled to summary determination as a matter of law.

* * *

Accordingly, it is the initial determination of the administrative-law judge that Motion No. 1042-34 is granted in part.¹⁵

¹⁵ Inasmuch as this initial determination will be pending during the evidentiary hearing, and the estoppel issue presented to the Commission may be a matter of first impression, Ford will not be prevented from offering the entirety of its invalidity case during the hearing (provided it is otherwise proper), and Paice may cross-examine if desired.

Pursuant to 19 C.F.R. § 210.42(h), this initial determination shall become the determination of the Commission unless a party files a petition for review of the initial determination pursuant to 19 C.F.R. § 210.43(a), or the Commission, pursuant to 19 C.F.R. § 210.44, orders on its own motion a review of the initial determination or certain issues contained herein.



David P. Shaw
Administrative Law Judge


Issued: November 1, 2017

CERTAIN HYBRID ELECTRIC VEHICLES AND COMPONENTS THEREOF

INV. NO. 337-TA-1042

PUBLIC CERTIFICATE OF SERVICE

I, Lisa R. Barton, hereby certify that the attached **Order No. 30** has been served upon the following parties as indicated, on NOV 02 2017



Lisa R. Barton, Secretary
U.S. International Trade Commission
500 E Street SW, Room 112A
Washington, DC 20436

| | |
|---|--|
| FOR COMPLAINANTS PAICE LLC; AND ABELL FOUNDATION, INC.: | |
| Brian J. Livedalen, Esq. FISH & RICHARDSON P.C. 901 15th Street, NW 7th Floor Washington, DC 20005 | <input type="checkbox"/> Via Hand Delivery <input checked="" type="checkbox"/> Express Delivery <input type="checkbox"/> Via First Class Mail <input type="checkbox"/> Other: _____ |
| FOR RESPONDENT FORD MOTOR COMPANY: | |
| Jamie D. Underwood, Esq. ALSTON & BIRD LLP 950 F Street NW Washington, DC 20004 | <input type="checkbox"/> Via Hand Delivery <input checked="" type="checkbox"/> Express Delivery <input type="checkbox"/> Via First Class Mail <input type="checkbox"/> Other: _____ |