

## Fed. Circ. Upholds More Ford Wins On Hybrid Vehicle Patents

By **Matthew Bultman**

*Law360 (February 1, 2018, 8:37 PM EST)* -- The Federal Circuit on Thursday held that parts of three Paice LLC hybrid vehicle patents were invalid in the latest rulings to arise from a sweeping series of challenges that Ford Motor Co. brought against the tech company's patents at the Patent Trial and Appeal Board.

With two separate rulings, the appeals court decided appeals that arose from more than a dozen inter partes reviews Ford requested involving the three patents. It said the PTAB's findings that a number of claims across the patents were obvious was supported by substantial evidence.

The patents cover technology that helps determine whether a hybrid vehicle should use its electric motor or gas engine. Paice has described them as being part of a larger group that are "the most dominant hybrid vehicle patents in the world."

But it wasn't a complete victory for Ford Thursday, as the Federal Circuit vacated the PTAB's findings that certain claims with limitations related to the output of the electric motor's battery were invalid. It ordered the board to look at whether a piece of evidence Ford relied on could be considered prior art.

Counsel for both sides could not immediately be reached for comment.

Paice and The Abell Foundation Inc., a Baltimore-based charitable organization that has sponsored Paice's research, own several patents related to hybrid vehicle technology and have filed infringement lawsuits against a number of auto companies over the years, including Ford.

In 2015, a federal jury in Maryland decided that Hyundai Motor Co. and Kia Motors Corp. owed approximately \$29 million for violating Paice's patented technology. Paice also previously reached a licensing deal with Toyota Motor Co.

Ford was the first automaker to take Paice to the PTAB, filing a total of 25 petitions against five patents. The board has invalidated a number of claims based on Ford's challenges, leading to various appeals at the Federal Circuit.

In one case decided Thursday, Paice argued, among other things, the PTAB was wrong to find an earlier patent disclosed a torque-based system for determining which operating mode to select. This was part of the board's basis for determining various claims were obvious.

The Federal Circuit was unconvinced, writing that “substantial evidence supports the board’s finding that [the earlier patent] discloses a torque-based system for selecting operating modes.”

The appeals court also rejected the argument that the PTAB didn’t adequately explain its rationale for finding certain claims were invalid. The court said the board’s analysis was “readily discernible” and “sufficient” under the relevant standard.

Where the court did find fault with the PTAB related to the group of electrical claims in one patent.

Paice argued these claims were entitled to an earlier filing date, based on a previous patent application. That application predated one of the references that Ford cited in its challenge, so if Paice were correct, this reference could not be used as prior art.

The Federal Circuit said the PTAB’s reason for rejecting this argument was “in error” and ordered the board to reevaluate Paice’s contention.

The rulings are the latest to come from the appeals court in the dispute between Ford and Paice.

Last March, the court upheld PTAB decisions that invalidated claims in one of the same patents at issue Thursday. That appeal was focused on a different series of claims. The Federal Circuit at that time also held several claims in a fourth patent were invalid.

The patents at issue Thursday were U.S. Patent Nos. 7,237,634; 8,214,097; and 7,104,347.

Paice and Abell are represented by Ruffin B. Cordell, Timothy W. Riffe, Brian James Livedalen and Daniel Tishman of Fish & Richardson PC.

Ford is represented by Gabriel Bell and Matthew J. Moore of Latham & Watkins LLP, and Frank A. Angileri, Sangeeta G. Shah, John P. Rondini and Andrew B. Turner of Brooks Kushman PC.

The cases are Paice LLC, The Abell Foundation Inc. v. Ford Motor Co., case numbers 2017-1387, 2017-1388, 2017-1390, 2017-1457, 2017-1458, 2017-1406, 2017-1263, 2017-1264, 2017-1308, 2017-1309, 2017-1310, 2017-1311, 2017-1442, 2017-1443, in the U.S. Court of Appeals for the Federal Circuit.

--Editing by Jack Karp.