

PTAB Guts Hybrid Car Patent In BMW Win

By **Andrew Karpan**

Law360 (February 1, 2022, 6:21 PM EST) -- The Patent Trial and Appeal Board has wiped out 36 claims from a patent covering a type of hybrid car that has already been the subject of more than two dozen PTAB challenges from major automakers like Ford, Hyundai and Volkswagen.

After fielding arguments from BMW and Paice LLC in early November, the PTAB's latest finding on the contentious patent came down Monday and was a total win for the German automaker, which is facing a lawsuit from Paice involving the patent in Maryland federal court.

A company that collected a number of hybrid car patents connected to paperwork filed by a prolific Soviet immigrant named Alexei Severinsky in the late 1990s, the Baltimore-based Paice is most well-known for mounting a prodigious litigation campaign in federal courts over the last decade against some of the world's biggest automakers. The company and its lawsuits are curiously connected to the Abell Foundation, a Baltimore nonprofit founded by the late Washington, D.C., lawyer William S. Abell. The group is a co-plaintiff on all of Paice's lawsuits and uses the money it wins in courts to dole out grants.

They have had some success litigating the patent, most notably a \$29 million Maryland jury verdict against Hyundai Motor Co. and Kia Motors Corp. Hyundai and Kia later settled the case to avoid a longer appeals battle.

But the Abell Foundation might have a tricky time using the 36 claims in one of the patents Severinsky filed to squeeze out any more money; three judges on the patent board found the inventions those claims covered already fell under one of Severinsky's older patents, as well other patents filed by different companies early to the hybrid car business, like Toyota Motor Corp.

"Based on a preponderance of the evidence ... claims 33-44, 46, 49, 50, 52-55, 68, 105, 188, 189, 199-206, 208, and 211- 214 of [U.S. Patent No. 7,237,634] are unpatentable," Administrative Patent Judge Arthur M. Peslak wrote for the board at the bottom of the 76-page ruling on whether claims in Severinsky's patent were good or not.

But by the time the board heard the case last year, the win wasn't that steep of a climb for BMW's lawyers to mount.

The patent, which originally had more than 300 claims, has been the subject of 26 earlier inter partes reviews, with the PTAB reaching final written decisions in half of those cases and the Federal Circuit affirming seven of those 13 final decisions.

"This board has already found 156 of [the patent's] claims unpatentable," BMW lawyer Vince Galluzzo of Crowell & Moring LLP told board members in November. "And the challenge claims here are largely identical."

One of Paice's lawyers attempted to rebut this by drawing out an image of the company's patent as a major automotive innovation.

The "patent was the first to disclose how to use a turbocharger and electric motor in complementary fashion using the electric motor to provide immediate torque to eliminate the problem of turbo lag," argued Ruffin Cordell of Fish & Richardson PC.

The patent board judges were largely unmoved, interrupting the presentation from the Fish & Richardson lawyers only to criticize them for moving away, occasionally, from the arguments laid out in the briefings.

"Mr. Livedalen, this is clearly a new argument, I mean, that you're making here," Judge Peslak had admonished Fish & Richardson's Brian Livedalen. "It's not in your brief and you ought to move on."

A lawyer for BMW declined to comment on the decision, and lawyers for Paice could not be reached.

The patent-in-suit is U.S. Patent No. 7,237,634.

Administrative Patent Judges Sally C. Medley, Kalyan K. Deshpande and Arthur M. Peslak sat on the panel.

BMW is represented by Jeffrey D. Sanok, Jacob Z. Zambrzycki, Vincent J. Galluzzo and Scott L. Bittman of Crowell & Moring LLP.

Paice is represented by Ruffin B. Cordell, Indranil Mukerji, Brian J. Livedalen and Timothy W. Riffe of Fish & Richardson PC.

The case is Bayerische Motoren Werke Aktiengesellschaft et al. v. Paice LLC et al., case number IPR2020-01386, before the Patent Trial and Appeal Board.

--Additional reporting by Erin Coe and Britain Eakin. Editing by Orlando Lorenzo.