

## Volkswagen Knocks Out 2 Cellular Network Patents At PTAB

By Britain Eakin

*Law360 (November 23, 2020, 7:45 PM EST)* -- Volkswagen has notched a pair of victories at the Patent Trial and Appeal Board, which has invalidated claims in two Carucel Investments LP patents covering a mobile communications system after finding them obvious in light of earlier patents.

Volkswagen sought the inter partes reviews after Carucel accused the automaker of infringing four related patents in Texas federal court, and the PTAB's pair of decisions on Friday leave all four patents at stake in the 2018 district court case invalidated. The board invalidated the other two patents at issue in the district court case on Nov. 6.

In its decisions Friday, the board opted to not construe any claim terms, rejecting Carucel's proposed constructions of "mobile device" and "mobile unit" after finding they were unsupported by the patents' written descriptions. Since Carucel's arguments that the prior art doesn't disclose the claimed inventions hinged on its proposed claim constructions, the board said those arguments were unpersuasive.

In its decision on U.S. Patent No. 8,718,543, the board said it likewise didn't buy Carucel's contention that testimony from Volkswagen's expert that skilled artisans would have been motivated to combine elements of the prior art was conclusory and entitled to little weight. In contrast, the board said Volkswagen provided "a persuasive rationale."

"Petitioner has demonstrated by a preponderance of the evidence, including expert testimony and the references themselves, a motivation to combine the teachings ... with a reasonable expectation of success," the board said.

The board also shot down Carucel's contention that Volkswagen was required to provide more detail on how to combine the prior art, saying that Volkswagen's expert gave an example of how the references could be combined sufficient to pass muster under the U.S. Supreme Court's ruling in *KSR Int'l Co. v. Teleflex Inc.*

In *KSR*, the high court held that the Federal Circuit had applied too rigid an obviousness test.

In its decision on U.S. Patent No. 7,221,904, the board said that even if it had adopted Carucel's proposed construction of "mobile unit," which it said should be construed as a radiotelephone that can communicate directly with a cellular network, an earlier prior art patent used a well-known cellular standard that had that capability.

"We find that such phones would be capable of direct communication with the cellular network," the board said.

All of the patents Carucel asserted against Volkswagen in the parallel Texas litigation are titled, "Mobile Communication System with Moving Base System," and cover a system used to maintain cellphone calls in cars that move quickly through cellular networks.

Carucel accused Volkswagen of selling Audi vehicles with infotainment systems with mobile wireless routers that serve as mobile Wi-Fi hotspots that infringe. According to court records in the case, the litigation was paused while the PTAB reviewed the patents.

The original suit asserted five patents against Volkswagen, including U.S. Patent Nos. 7,848,701, 7,979,023 and 8,463,177. The board invalidated all challenged claims in the '701 and '023 patents earlier this month, and granted Carucel's request for adverse judgment on the '177 patent on April 30 after Carucel disclaimed all the claims Volkswagen challenged.

Carucel filed an amended complaint in the Texas case in September 2019 that did not include the '177 patent, according to court records.

In addition to asserting the patents against Volkswagen, Carucel also accused Novatel Wireless Inc. and Verizon Communications of infringement in a 2015 suit for manufacturing and selling "MiFi" devices.

A California federal jury cleared them of infringement in 2017 while finding the patents were not shown to be invalid.

Counsel for Volkswagen declined to comment, while counsel for Carucel did not return a request for comment Monday.

The patents-in-suit are U.S. Patent Nos. 8,718,543 and 7,221,904.

Administrative Patent Judges Thomas L. Giannetti, Daniel J. Galligan and Paul J. Korniczky sat on the panels.

Volkswagen is represented by Ryan Richardson, Michael Specht, Tim Tang, Daniel Yonan and Steven Pappas of Sterne Kessler Goldstein & Fox PLLC.

Carucel is represented by R. Scott Rhoades and Sanford E. Warren Jr. of Warren Rhoades LLP, Charles D.

Gavrilovich Jr. of Gavrilovich Dodd & Lindsey LLP and Elvin E. Smith III of the Law Offices of Elvin E. Smith III PLLC.

The cases are Volkswagen Group of America Inc. v. Carucel Investments LP, case numbers IPR2019-01105 and IPR2019-01101, before the Patent Trial and Appeal Board.

--Editing by Amy Rowe.

*Update: This story has been updated with additional counsel listing for Volkswagen.*