UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

BMW OF NORTH AMERICA, LLC,

Petitioner,

v.

NORTHSTAR SYSTEMS LLC,

Patent Owner.

Patent No. 8,805,416
Filing Date: February 14, 2008
Issue Date: August 12, 2014

Inventor: Scott C. Harris
Title: METHOD AND SYSTEM FOR MOBILE DEVICE SELECTIVELY REPORTING OF GPS POSITION INFORMATION TO OTHERS

PATENT OWNER'S PRELIMINARY RESPONSE

Case No. IPR2023-01191

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EXHIBIT LIST

Exhibit No.	Description of Document
2001	Amended Docket Control Order, Dkt. 70 in *Northstar Sys. LLC v. Volkswagen AG*, Case No. 2:22-cv-00486-JRG (Lead Case) (E.D. Tex.)

I. INTRODUCTION

On August 3, 2023, BMW of North America, LLC ("BMW" or "Petitioner") submitted a Petition for *Inter Partes* Review (Paper No. 1, "Petition") of U.S. Patent No. 8,805,416 (Ex. 1001, "the '416 Patent"), challenging Claims 1, 2, 7, 8, 11, 14, 16 and 20-35 pursuant to §§ 311-319 and § 42.100, *et seq*. ("the Challenged Claims"). Patent Owner notes that Petitioner also filed *Inter Partes* Review No. IPR2023-01049, which challenged claims 1, 3-6, 9-13, and 17-19. This Petition should be denied because the Petitioner has failed to demonstrate a reasonable likelihood that the Challenged Claims are invalid as obvious under 35 U.S.C. § 103(a) based on the prior art references and obviousness grounds set forth in the Petition. More specifically, Petitioner's obviousness arguments rely primarily on the Chern reference (U.S. Patent Publ. No. 2003/0060211; Ex. 1008 "Chern"). Chern, however, does not teach or disclose numerous claim limitations and Petitioner's combination does not arrive at the claims. For example, Petitioner alleges that "a POSITA would have been motivated and found it obvious to configure Chern's handset to use multiple sources of position information, including an 'associated signal quality or other information,' taught by Garceran, to improve location determination and the location-based services of Chern." Pet. at 13. However, the Challenged Claims do not require the handset to make any location determination. Instead, the Challenged Claims relate to improving location

information by allowing a server to perform location determinations. Because Petitioner's combination places the location determination on the handset, whereas the claims require some determination on the server, the Petition is deficient and the combination fails.

II. LEVEL OF ORDINARY SKILL IN THE ART

For the purposes of this Preliminary Response only, Patent Owner utilizes Petitioner's proposed level of ordinary skill in the art.

III. CLAIM CONSTRUCTION

Petitioner identifies no terms in its Claim Construction section. Patent Owner does not raise any claim construction disputes at this time but reserves such arguments should the Board institute a trial.

IV. LEGAL STANDARD

The question of obviousness is resolved on the basis of underlying factual determinations, including: (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, (3) the level of skill in the art, and (4) where in evidence, so called secondary considerations. *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 17–18 (1966). A claim is only unpatentable under 35 U.S.C. § 103 if "the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having

ordinary skill in the art to which said subject matter pertains." *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007) (quoting 35 U.S.C. § 103).

"An invention is not obvious simply because all of the claimed limitations were known in the prior art at the time of the invention. Instead, we ask 'whether there is a reason, suggestion, or motivation in the prior art that would lead one of ordinary skill in the art to combine the references, and that would also suggest a reasonable likelihood of success.'" *Forest Lab'ys, LLC v. Sigmapharm Lab'ys, LLC*, 918 F.3d 928, 934 (Fed. Cir. 2019). "Of course, concluding that the references are within the scope and content of the prior art to be considered for obviousness does not end the inquiry. *Graham* makes clear that the obviousness inquiry requires a determination whether the claimed invention would have been obvious to a skilled artisan." *Apple Inc. v. Samsung Elecs. Co.*, 839 F.3d 1034, 1051 n.14 (Fed. Cir. 2016).

V. THE BOARD SHOULD DENY INSTITUTION BECAUSE PETITIONER HAS FAILED TO SHOW A REASONABLE LIKELIHOOD OF SUCCESS FOR ANY OF GROUNDS 1-2

Petitioner relies primarily on Chern to teach or disclose the limitations of the Challenged Claims. Petitioner's combinations are framed as combining components of other references, such as Garceran, with the handset of Chern to arrive at a handset that allegedly meets the claims. However, Petitioner's combination places certain functionality on the handset whereas the claims require such functionality to be on

the server. Because Petitioner does not explain how this functionality could be performed by a server, the Petition must fail.

For example, with regard to limitation 1(c), Petitioner states that "a POSITA would have been motivated and found it obvious to configure Chern's handset to use multiple sources of position information, including an 'associated signal quality or other information,' taught by Garceran to improve location determination and the location-based services of Chern." Pet. at 13. Furthermore, regarding limitation 1(d), Petitioner states that "Chern likewise discloses transmitting the handset's 'determined' location 'to server 136 over wireless network 140." *Id.* at 15. Petitioner also states that "[a] POSITA would have had a reasonable expectation of success in sending both types of information to the server because doing so would have merely required using existing conventional components (Chern's handset transceiver) for its intended conventional use (**transmitting the handset's determined location to the server**)." *Id.* (emphasis added.)

Contrary to the Petitioner's assertions, the claims do not require determining location on a handset and sending a handset's determined location to a server. Instead, the claims require that data is gathered by a handset, sent to a server, and that the server performs location determination. For example, Claim 1(a) requires "receiving information **about** a current location," not the location itself. Claim 1(b)-(c) requires "detecting, by the mobile communication device, signal interference;

generating, by the mobile communication device, an indication of the signal interference"—no requirement of determining a location. The claim then specifies the information sent to a server, but that information does not include the location itself; Claim 1(d) requires: "sending both the indication of the signal interference and the GPS information from the mobile communication device to the remote source. The claim does not require the "current location" until it is sent from the server to the mobile communication device: in Claim 1(e), the mobile communication device **receives the current location from the server**. Thus, the location determination is not performed by the mobile device but is, instead, performed by the server in direct contradiction to Petitioner's combination. This deficiency applies to all claims and grounds, and as a result, the Petition must fail.

Accordingly, the combination fails, and the Petition should be denied in its entirety. There are numerous other deficiencies with the Petition, however, Patent Owner reserves the right to address these deficiencies at trial.

VI. THE PETITION SHOULD BE DENIED IN THE DISCRETION OF THE DIRECTOR UNDER 35 U.S.C. § 314(A)

The circumstances of the parallel District Court Litigation in Texas (*NorthStar v. Bayerische Motoren Werke AG, Inc.,* No. 2:22-cv-00496-JRG (E.D. Tex.) (the "East Texas Case") and *BMW of N. Am., LLC v. NorthStar Sys. LLC*, No. 6:23-cv-00456-ADA (W.D. Tex.) (the "West Texas Case," together the "Texas

Actions") necessitate denial of the Petition under the Board's precedent, as every factor considered in relation to efficiency, fairness, and the merits supports denial. *See Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11, at 6 (P.T.A.B. Mar. 20, 2020) (precedential) (considering (a) "whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;" (b) "proximity of the court's trial date to the Board's projected statutory deadline for a final written decision;" (c) "investment in the parallel proceeding by the court and the parties;" (d) "overlap between issues raised in the petition and in the parallel proceeding;" (e) "whether the petitioner and the defendant in the parallel proceeding are the same party;" and (f) "other circumstances that impact the Board's exercise of discretion, including the merits."). Furthermore, there is no "compelling merit" to BMW's Petition that would negate the strong *Fintiv* factors under *Commscope Techs. LLC v. Dali Wireless, Inc.,* IPR2022-01242, Paper 23 (P.T.A.B. Feb. 27, 2023) (precedential).

As set forth below, every *Fintiv* factor demonstrates that efficiency and integrity of the AIA are best served by denying review. First, the Court has not granted a stay and the Court cannot grant a stay for IPR according to longstanding precedent. Second, trial (set for November 2024) will be complete long before the projected statutory deadline for a Final Written Decision in March 2025. Additionally, BMW filed a Declaratory Judgment action against NorthStar on June

16, 2023, indicating that it intends to pursue relief in the District Court rather than the PTAB. Third, the parties have already invested resources developing legal and factual issues of validity, and discovery will be ongoing before the institution decision on this Petition. Fourth, there is complete overlap between the Challenged Claims and prior art and those at issue in the parallel proceedings. Fifth, Petitioner and Patent Owner may complete trial, and receive a judgment on the merits, before or contemporaneous with the projected statutory deadline for a final written decision. Finally, as shown above, BMW's obviousness combination fails to disclose the central claim limitations.

Accordingly, the Board should exercise its discretion under § 314(a) and deny the Petition because institution of this proceeding would not be consistent with the objective of the AIA to "provide an effective and efficient alternative to district court litigation." *NHK Spring Co. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8, at 20 (P.T.A.B. Sept. 12, 2018) (quoting *Gen. Plastic Indus. Co. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19, at 16–17 (P.T.A.B. Sept. 6, 2017) (precedential)).

A. No Stay of the Parallel District Court Litigation

While Petitioner has moved to stay the East Texas Case, the District Court must deny that motion in view of its longstanding precedent. Additionally, BMW has not moved to stay its own Declaratory Judgment action in the West Texas Case.

Since BMW cannot guarantee institution on all patents in the underlying East Texas Case, the Court will likely abide by its "universal practice" to deny motions to stay. *See, e.g., Apex Beam Techs. LLC v. ZTE Corp.,* No. 2:22-cv-00031, Dkt. No. 55 at *1, E.D. Tex. June 14, 2023 (Denying Motion to Stay where IPRs have not been instituted against all patents in the litigation and stating, "In this district, that is not just the majority rule; it is the universal practice.")

Additionally, BMW has filed the West Texas Case, a declaratory judgment action in the Western District of Texas, after filing this IPR. Unsurprisingly, BMW has only sought to stay the East Texas Case and ***not*** the West Texas Case. Thus, this case will march on toward a trial regardless of the outcome here. Indeed, rather than pursue the efficiencies of the PTAB, BMW has doubled down on District Court litigation and chosen to multiply those proceedings. Accordingly, this factor weighs in favor of discretionary denial in order to avoid the significant inefficiency of proceeding with IPR and multiple District Court proceedings.

B. The Board's Written Decision Deadline is Long After the Trial Date

On September 5, 2023, the Court provided a Jury Selection/Trial Date of November 18, 2024. Ex. 2001. Pursuant to 35 U.S.C. § 316(a)(11), the projected statutory deadline for a final written decision is March 2025, long after the jury trial date in this case. Even assuming the median 24.5 months to trial in the Eastern

District of Texas, which would be December 2024, the final written decision is still scheduled to be released after the trial date.

Accordingly, this factor weighs in favor of denying institution. *See Samsung Elecs. Am., Inc. v. Uniloc 2017 LLC*, IPR2019-01218, Paper 7, at 7-10 (P.T.A.B. Jan. 7, 2020)

C. Significant Investment by the Time of Institution Favors Discretionary Denial

The parties' investment in the parallel proceeding weighs in favor of discretionary denial. Significant work in the District Court Litigation has already taken place and the parties will be months into discovery, and months from trial by the time the Board decides whether to institute. Furthermore, the parties are also likely to invest resources in the subsequent Declaratory Judgment action filed by BMW in the Western District of Texas, multiplying the investment.

Pursuant to 35 U.S.C. § 314(b), the Board will issue an institution decision in November 2023. The parties will have already served both infringement and invalidity contentions. These substantial investments, including a significant investment in validity, infringement contentions, and discovery, show that this factor weighs heavily against institution.

Thus, the parties' and the Eastern District of Texas's substantial investments strongly weigh in favor of discretionary denial.

Accordingly, this factor weighs in favor of denial.

D. The District Court Litigation Involves the Same Claims and the Same Arguments

The Asserted Claims in the District Court Litigation and the Challenged Claims in this Petition are substantially the same and at least independent Claim 1 is at issue in both proceedings.

To date, Petitioner has not alleged any prior art other than that at issue in this proceeding. The Board has noted, when both the District Court and the Board will consider the same prior art and arguments, "concerns of inefficiency and the possibility of conflicting decisions [are] particularly strong." *Fintiv, Inc.*, IPR2020-00019, Paper 11, at 12. The likelihood of inefficiency and conflicting decisions is particularly significant in this case where the Texas Actions will proceed to trial in November 2024. Furthermore, to date, BMW has not served any stipulation to remove the challenged prior art from the District Court Litigations. Even if BMW were to serve such a stipulation, the other factors set forth herein, including the deficiencies of the Petition, should favor denial.

This factor accordingly favors discretionary denial.

E. The Parallel District Court Litigation and the Petition Involve the Same Parties

As noted above, the Texas Action is between the same parties. BMW makes no argument as to this factor. Accordingly, this factor weighs in favor of discretionary denial.

F. Other Circumstances Favor Denial of Institution

As shown above, Petitioner fails to show that key limitations are disclosed or rendered obvious by its combinations. As such, it lacks strength on the merits.

Considering all factors together, the Petition should be denied in the Director's discretion under 35 U.S.C. § 314(a).

VII. CONCLUSION

For the foregoing reasons, Patent Owner respectfully requests that the Board deny institution of the Petition in its entirety.

Respectfully submitted,

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CERTIFICATE OF WORD COUNT

The undersigned hereby certifies that the portions of the above-captioned PATENT OWNER'S PRELIMINARY RESPONSE TO PETITION FOR *INTER PARTES* REVIEW OF U.S. PATENT NO. 8,032,297 specified in 37 C.F.R. § 42.24 has 2,365 words in compliance with the 14,000 word limit set forth in 37 C.F.R. § 42.24. This word count was prepared using Microsoft Word for Office 365.

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CERTIFICATE OF SERVICE

A copy of PATENT OWNER'S PRELIMINARY RESPONSE TO PETITION FOR *INTER PARTES* REVIEW OF U.S. PATENT NO. 8,805,416 and EXHIBITS 2001 have been served on Petitioner's counsel of record as follows:

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