

Federal Circuit Patent Bulletin: *Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co.*

August 22, 2017

"[W]e need only construe terms 'that are in controversy, and only to the extent necessary to resolve the controversy.'"

On August 22, 2017, in *Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co.*, the U.S. Court of Appeals for the Federal Circuit per curiam (Dyk, Reyna, Wallach) affirmed the U.S. Patent and Trademark Office Patent Trial and Appeal Board inter partes review decision that certain claims of U.S. Patent No. 7,626,349, which related to low-noise heating, ventilating, and air conditioning (HVAC) systems, were invalid as anticipated or obvious. The Federal Circuit stated:

Nidec submits that claim 1 is representative of the independent claims at issue, and Nidec does not raise patentability arguments that are specific to any dependent claims. . . . Nidec does not appear to dispute that the claimed elements are described in the prior art. In general, Bessler describes an HVAC system that includes a thermostat, a motor controller (or microprocessor), and an electronically commutated motor that turns a fan (or a "blower ECM motor"). Bessler does not describe the claimed sinewave commutation or the use of independent Q and d axis currents. However, the Board determined—and Nidec does not dispute—that Kocybik describes sinewave commutation as well as the use of independent Q and d axis currents in electric motors, although Kocybik does not mention HVAC systems. And Kocybik does not limit the application of such commutation to "high precision control tasks," as Nidec contends.

The Board determined that "a person of ordinary skill in the art would have effected the combination proposed"—"configuring the system of Bessler to perform sinewave commutation in the manner described

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in Kocybik.” The Board concluded that “the use of sinewave commutation and independent Q and d axis currents would have provided predictable results to address known problems associated with other types of motors.” Nidec asks us to reweigh the evidence the Board used to make its determination, which we may not do.

Nidec makes two arguments as to why the Board’s conclusion was erroneous. First, Nidec argues that the Board wrongly construed the term “HVAC system” in the claim preambles to be non-limiting. Whether or not Nidec is correct, the result does not change. The Board specifically addressed the issue by stating, “[o]ur conclusion would be unaffected by a determination that the preambles of the claims reciting an HVAC system are limiting. Although Kocybik is not directed specifically to HVAC systems, Petitioner relies on Bessler for such a teaching.” There is no dispute that Bessler teaches an HVAC system as recited in the claims. Because we need only construe terms “that are in controversy, and only to the extent necessary to resolve the controversy,” we need not construe the claim preambles here where the construction is not “material to the [obviousness] dispute”. We see no error in the Board’s decision in this regard.

Second, Nidec argues that Bessler teaches away from the asserted combination. Nidec argues that the purpose of Bessler is to reduce the complexity of HVAC systems by eliminating the need for a conventional system controller. According to Nidec, incorporating sinewave commutation into an HVAC system only increases complexity, which is contrary to the fundamental goal of Bessler. Thus, Nidec urges that a person of ordinary skill in the art would not have combined the teachings of Bessler and Kocybik. We disagree. There is nothing in Bessler that “criticize[s], discredit[s], or otherwise discourage[s]” the use of sinewave commutation in HVAC systems. As Nidec has conceded, Bessler does not even mention sinewave commutation. Instead, Bessler states only that “[i]t is an object of this invention to provide a central [HVAC] system which does not require a system controller.” This statement does not teach away from sinewave commutation. . . .

Nidec too narrowly construes the “control signals” limitation. In an IPR involving an unexpired patent, the “broadest reasonable construction” standard governs. The ‘349 Patent specification explains that “torque,” “speed,” and “airflow” are provided only as examples of the types of control signals that might be used; it is not an exhaustive list. . . . We conclude that the Bessler thermostat is a “system controller” and that the on/off signals it generates are “control signals” encompassed by the ‘349 Patent’s claims. The Board did not err in concluding that the challenged claims would have been obvious over the combination of Bessler and Kocybik. . . .

[(Dyk and Wallach, concurring)]

Although we join the per curiam decision in full, we write separately to express our concerns as to the United States Patent and Trademark Office’s (“PTO”) position on joinder and expanded panels since those issues are likely to recur. Although we do not decide the issues here, we have serious questions as to the Board’s (and the Director’s) interpretation of the relevant statutes and current practices. . . . The joinder dispute in this case turns on the relationship between the joinder provision of § 315(c) and the exception to the time bar in § 315 (b). Section 315(b) ordinarily bars a petitioner from proceeding on a petition if it is filed more than one year after the petitioner is sued for patent infringement. Without the exception to that rule described in the second

sentence of § 315(b), an untimely petition would still be barred even if it raised the same issues as those involved in an existing proceeding that had been timely initiated by a different petitioner. But the exception makes clear that the time bar “shall not apply to a request for joinder under subsection (c).” Thus, the exception to the time bar for “request[s] for joinder” was plainly designed to apply where time-barred Party A seeks to join an existing IPR timely commenced by Party B when this would not introduce any new patentability issues. This is supported by the legislative history for the joinder provision, § 315(c).

The issue in this case is whether the time bar provision allows a time-barred petitioner to add new issues, rather than simply belatedly joining a proceeding as a new party, to an otherwise timely proceeding. Section 315(c) does not explicitly allow this practice. We think it unlikely that Congress intended that petitioners could employ the joinder provision to circumvent the time bar by adding time-barred issues to an otherwise timely proceeding, whether the petitioner seeking to add new issues is the same party that brought the timely proceeding, as in this case, or the petitioner is a new party.

Second, we are also concerned about the PTO’s practice of expanding administrative panels to decide requests for rehearing in order to “secure and maintain uniformity of the Board’s decisions.” Here, after a three-member panel of administrative judges denied petitioner Broad Ocean’s request for joinder, Broad Ocean requested rehearing and requested that the rehearing be decided by an expanded panel. Subsequently, “[t]he Acting Chief Judge, acting on behalf of the Director,” expanded the panel from three to five members, and the reconstituted panel set aside the earlier decision.

Nidec alleges that the two administrative judges added to the panel were chosen with some expectation that they would vote to set aside the earlier panel decision. The Director represents that the PTO “is not directing individual judges to decide cases in a certain way.” While we recognize the importance of achieving uniformity in PTO decisions, we question whether the practice of expanding panels where the PTO is dissatisfied with a panel’s earlier decision is the appropriate mechanism of achieving the desired uniformity. But, as with the joinder issue, we need not resolve this issue here. Nor need we address the predicate issue of appealability.