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Intellectual Ventures Refiles ITC Complaint Over Vehicle IP

By **Kevin Penton**

Law360, New York (August 16, 2017, 6:13 PM EDT) -- Intellectual Ventures has filed a new complaint with the U.S. International Trade Commission alleging that Toyota, BMW and others are infringing IV's patents covering electric motor components, after a judge terminated a prior investigation upon finding an apparent error in an assignment agreement.

Intellectual Ventures II LLC opted to rescind the prior filing and replace it with a new complaint, which includes essentially the same allegations against Toyota Motor Corp., BMW of North America LLC and other manufacturers, after obtaining new assignments for the patents, which had been held by Encap Technologies Inc., according to IV's filing Friday.

"Out of an abundance of caution, and to resolve any potential confusion regarding the fact that Intellectual Ventures is (and has been since 2012) the sole and rightful owner of all right, title and interest in the asserted patent, complainant has obtained new assignments confirming this fact," the new complaint reads.

In an initial determination from Aug. 3 that became public Friday, Administrative Law Judge Dee Lord **terminated** the ITC's investigation into the matter, saying IV lacked standing because of an error in a 2012 assigning agreement between IV's affiliated holding company and Encap Technologies Inc. — a company that had ceased to exist after a 2008 merger with Encap Holding Corp.

IV had told the court that the error was unintended, arguing that the president of Encap Holding, who is the named inventor on the patents, signed the agreement. But Judge Lord said it did not grant IV ownership.

"Only by ignoring corporate distinctions and 'piercing the corporate veil' can the result wished for by Intellectual Ventures be achieved and, contrary to Intellectual Ventures' assertions, courts do not routinely ignore the corporate form; rather, the corporate form is honored absent evidence of abuse," she said.

Because of its lack of ownership, IV did not have standing and could not bring the claim as presented before the ITC, Judge Lord said.

IV's current complaint is based on five patents it says it bought in 2012 from Encap Technologies. IV has also brought suits over its electric motor intellectual property in Delaware federal court.

The ITC said in May it was **launching an investigation** into the matter and identified 25

companies to be part of the investigation, including Japanese auto parts manufacturers such as Denso Corp. and Mitsuba Corp.

The car companies filed a motion to terminate the investigation, citing a **lack of standing** because IV never owned the patents in question. They said that IV failed to disclose the 2008 Encap Holdings merger in which "Encap Technologies ceased to exist," citing public records. Four years after the merger, Encap Technologies sold the patents to IV Holding 88 LLC.

Because the patents were sold by a company that did not exist, IV never owned the patents it bought and so could not press an ITC investigation, the automakers argued.

IV argued in turn that Encap Technologies ceased to exist only in the sense that it did not have its own separate existence from Encap Holding, so Encap Technologies could still convey the patents to IV Holding 88.

"Intellectual Ventures, as a result of an error in the 2012 assignment agreement, does not own the asserted patents," Judge Lord said in August. "No provision of the Patent Act or section 337 permits a Commission ALJ to reform patent assignment agreements to change the ownership of a patent."

Respective counsel for the parties could not be reached for comment Wednesday.

The patents-in-suit are U.S. Patent Numbers 7,154,200; 7,067,944; 7,067,952; 7,683,509; and 7,928,348.

Intellectual Ventures II LLC is represented by James M. Wodarski, Brad M. Scheller, Aarti Shah, Michael T. Renaud, Andrew H. DeVoogd, Nicholas W. Armington and Serge Subach of Mintz Levin Cohn Ferris Glovsky & Popeo PC.

Aisin Seiki Co. Ltd. and its affiliate were previously represented by Eric W. Schweibenz of Oblon McClelland Maier & Neustadt LLP. BMW of North America LLC and its affiliate were previously represented by Joseph R. Lavelle of DLA Piper. Denso Corp. and Denso International America Inc. were previously represented by Louis S. Mastriani of Adduci Mastriani & Schaumberg LLP. Honda Motor Co. Ltd. and its affiliates were previously represented by Matthew Moore and Bert C. Reiser of Latham & Watkins LLP. Misuba Corp. and American Mitsuba Corp. were previously represented by Helena D. Kiepura of Kirkland & Ellis LLP. Toyota Motor Corp. and its affiliates were previously represented by James R. Barney of Finnegan Henderson Farabow Garrett & Dunner LLP. Nidec Corp. and Nidec Automotive Motor Americas LLC were previously represented by Aimee N. Soucie of Andrews Kurth Kenyon LLP.

The case is In the Matter of Certain Thermoplastic-encapsulated Electric Motors, Components thereof, and Products and Vehicles Containing Same II, case number 337-TA-3243, before the U.S. International Trade Commission.

--Additional reporting by Melissa Daniels. Editing by Edrienne Su.