

Fed. Circ. Upholds PTAB's Save Of Self-Driving Car Patent

By Adam Lidgett

Law360 (February 4, 2022, 6:09 PM EST) -- The Federal Circuit has backed a pair of Patent Trial and Appeal Board decisions that upheld the validity of a patent covering a sensor system that is at the center of a legal fight between two Silicon Valley rivals.

A three-judge panel on Friday upheld the two PTAB findings that Quanergy Systems Inc. had not shown that Velodyne Lidar Inc.'s patent — which was to help self-driving cars sense surroundings — was invalid as obvious.

The board pointed to sales of Velodyne's light detection and ranging, or Lidar, sensors and the praise experts have heaped onto its invention, among other things.

The panel said that the PTAB gave significant weight to various factors in its decision, like Velodyne's emphasis on that industry praise and its commercial success.

The May 2019 PTAB rulings were an early victory for San Jose-based Velodyne, which competes with Quanergy in making Lidar sensors and was accused in a 2016 lawsuit of participating in a scheme to steal Quanergy's trade secrets.

According to the complaint, Quanergy had supplied construction equipment maker Caterpillar with sensors to use on mining equipment. Unbeknownst to Quanergy, Caterpillar had a joint program with Velodyne to develop Lidar sensors, the suit said.

Quanergy had alleged that Caterpillar provided one of its sensors to Velodyne, allowing its rival to study the technology.

Several months after filing suit, in November 2017, Quanergy filed two petitions asking the PTAB to examine the patent in inter partes review. It argued various claims were invalid because they were obvious based on earlier inventions and scholarly articles.

Siding with Velodyne in 2019, the PTAB said it was convinced the invention marked a significant leap forward in the innovation of Lidar sensors for autonomous navigation. Earlier systems, for example, weren't capable of capturing data quick enough for a vehicle to "see everywhere around the vehicle ... in order to safely navigate today's highways," according to the board.

"Velodyne is thrilled with the Federal Circuit's decision affirming the PTAB's rejection of Quanergy's

validity challenge to its patent," said Douglas Lumish, an attorney for Velodyne, in a statement to Law360 on Friday. "This is the latest in a long series of decisions validating Velodyne as the true innovator in rotating lidar, and confirming its IP as fundamental to the industry."

Counsel for Quanergy did not immediately respond to requests for comment on Friday.

The patent-at-issue is U.S. Patent No. 7,969,558.

Circuit Judges Pauline Newman, Alan David Lourie and Kathleen M. O'Malley sat on the panel for the Federal Circuit.

Quanergy is represented by Erik Milch, Priya Viswanath, Elizabeth Shrieves and Jennifer Volk-Fortier of Cooley LLP.

Velodyne is represented by Jonathan Strang, Gabriel K. Bell, Douglas Lumish, Brett Sandford and Ann Marie Wahls of Latham & Watkins LLP.

The cases are Quanergy Systems Inc. v. Velodyne Lidar USA Inc., case numbers 20-2070 and 20-2072, in the U.S. Court of Appeals for the Federal Circuit.

--Editing by Ellen Johnson.