

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

TOYOTA MOTOR CORP. and KIA COPR.,
Petitioners,

v.

EMERGING AUTOMOTIVE LLC,
Patent Owner.

IPR2024-00785
Patent 10,407,026 B2

Before GEORGIANNA W. BRADEN, BARBARA A. PARVIS, and
FRANCES L. IPPOLITO, *Administrative Patent Judges*.

BRADEN, *Administrative Patent Judge*.

DECISION

Denying Petitioner's Request on Rehearing of
Decision Denying Institution of *Inter Partes* Review
37 C.F.R. § 42.71 (d)

I. INTRODUCTION

A. *Background*

Toyota Motor Corp. and Kia Corp. (collectively “Petitioner”) filed a Petition (Paper 1, “Pet.”) under 35 U.S.C. § 311 requesting *inter partes* review of 1–7, 10–15, and 18–20 (the “challenged claims”) of U.S. Patent No. 10,407,026 B2 (Ex. 1001, “the ’026 patent”). Emerging Automotive LLC (“Patent Owner”) filed a Preliminary Response (Paper 7, “Prelim. Resp.”).

With our authorization, Petitioner filed a Reply to Patent Owner’s Preliminary Response (Paper 8, “Prelim. Reply”) and Patent Owner filed a Sur-reply to Petitioner’s Reply (Paper 10, “Prelim. Sur-reply”) to address whether we should deny institution under 35 U.S.C. §§ 314(a), 325(d), and *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv*”). We denied Petitioner’s request to institute trial on November 21, 2024. Paper 11 (“Dec.” or “Decision Denying Institution”). In our Decision, we determined that Petitioner did not provide sufficient explanation and supporting evidence that Zaid discloses or teaches the claim limitation “configured to receive a request from the mobile device for unlocking the vehicle.” Dec. 26–27.

Petitioner filed a Request for Rehearing of on December 23, 2024, contending the Board overlooked the claimed “unlocking” functionality in Zaid. Paper 4–5 (“Reh’g Req.” or “Request for Rehearing”). For the reasons expressed below, although upon reconsideration of the record, we agree with Petitioner’s arguments regarding the “unlocking” functionality taught in Zaid, we also determine that the evidence of record favors

exercising our discretion under 35 U.S.C. § 314(a) to deny institution of an *inter partes* review.

B. Standard for Reconsideration

When rehearing a decision on petition, the Board will review the decision for an abuse of discretion. *See* 37 C.F.R. § 42.71(c). An abuse of discretion occurs when a “decision was based on an erroneous conclusion of law or clearly erroneous factual findings, or . . . a clear error of judgment.” *PPG Indus. Inc. v. Celanese Polymer Specialties Co.*, 840 F.2d 1565, 1567 (Fed. Cir. 1988) (citations omitted). An abuse of discretion may be determined if a decision: (1) is clearly unreasonable, arbitrary, or fanciful; (2) is based on an erroneous conclusion of law; (3) rests on clearly erroneous fact findings; or (4) involves a record that contains no evidence on which the Board could rationally base its decision. *Redline Detection, LLC v. Star Envirotech, Inc.*, 811 F.3d 435, 442 (Fed. Cir. 2015) (internal citations omitted). The party challenging the decision has the burden of showing a decision should be modified, and the request for rehearing must specifically identify all matters the party believes the Board misapprehended or overlooked and the place where each matter was previously addressed in its papers. 37 C.F.R. § 42.71(d).

II. ANALYSIS

A. Petitioner’s Challenges

The Decision Denying Institution addressed challenges to patentability, all of which rely on Zaid as a reference. In the Petition, Petitioner challenges the patentability of claims 1–7, 10–15, and 18–20 of

the '026 patent based on the following reference or combination of references:

Claim(s) Challenged	35 U.S.C. §¹	Reference(s)/Basis
1–7, 11–12, 14, and 18–20	102	Zaid ²
1–7, 11–12, 14, and 18–20	103	Zaid
10	103	Zaid, Patenaude ³
13	103	Zaid, Gilbertson ⁴
15	103	Zaid, Kleve ⁵

Pet. 3. In support of its patentability challenge, Petitioner relies on, *inter alia*, the Declaration of Kevin C. Almeroth, Ph.D. (“Dr. Almeroth”).

Ex. 1004. Patent Owner contests the challenges to patentability and supports its position with the Declaration of Sam Malek, Ph.D. (“Dr. Malek”).

Ex. 2001.

Of the challenged claims, claim 1 is the sole independent claim and is reproduced below with Petitioner’s identifiers in brackets, which do not impact our analysis (Pet. 17–35):

¹ The Leahy-Smith America Invents Act (“AIA”) included revisions to 35 U.S.C. § 103 that became effective on March 16, 2013. We apply the pre-AIA version of § 103 here because the application that became the '026 patent was filed before the effective date of the AIA. *See* Ex. 1001, code (22).

² U.S. Patent Application Publication No. 2011/0112969 A1, published May 12, 2011 (Ex. 1005) (“Zaid”).

³ U.S. Patent Application Publication No. 2006/0136106 A1, published June 22, 2006 (Ex. 1007) (“Patenaude”).

⁴ U.S. Patent Application Publication No. 2013/0113602 A1, published May 9, 2013 (Ex. 1008) (“Gilbertson”).

⁵ U.S. Patent Application Publication No. 2014/0129053 A1, published May 8, 2014 (Ex. 1006) (“Kleve”).

1. [1 preamble] A vehicle configured to communicate with a server of a cloud system to enable access to use the vehicle via one or more electronic keys, comprising,
 - [1a] electronics of the vehicle;
 - [1b] a subsystem of the vehicle for enabling unlocking of the vehicle, the subsystem being interfaced with the electronics;
 - [1c] a subsystem of the vehicle for enabling starting of the vehicle for use of the vehicle; and
 - [1d] communications circuitry of the vehicle interfaced with electronics of the vehicle, the communications circuitry being programmable to communicate with the server of the cloud system and communicate with a mobile device;
 - [1e] wherein the communications circuitry of the vehicle is configured to receive a request from the mobile device for unlocking of the vehicle,
 - [1f] the request from the mobile device including a unique access code obtained by the mobile device from the server to enable sending the request to the vehicle,
 - [1g] wherein the unique access code is associated with privileges for use of the vehicle, the privileges are defined for the unique access code,
 - [1h] the vehicle is configured to receive information from the server to authenticate the request by the mobile device,
 - [1i] and if the request is authentic, and the mobile device is provided with data to enable an electronic key to use the vehicle and the electronics of the vehicle instructs the subsystem of the vehicle to enable unlocking of the vehicle and enable starting of the vehicle for use of the vehicle via the electronic key consistent with the privileges of the unique access code.

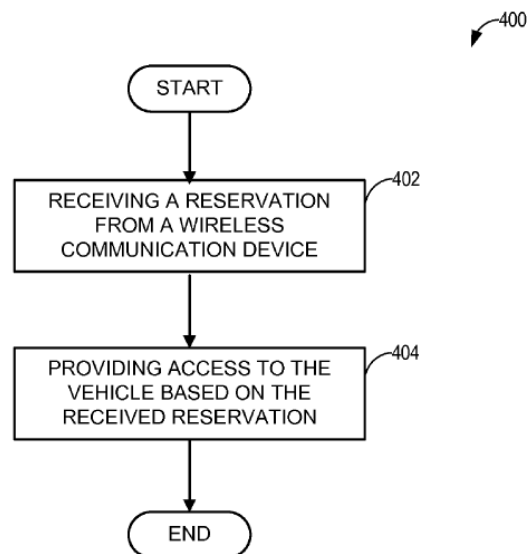
Ex. 1001, 51:61–52:25.

According to Petitioner in its Request for Rehearing, the Board overlooked and/or misapprehended Petitioner's arguments based on the teachings of Zaid with regard to claim element 1[e]. Req. Reh'g 1, 3. We

are persuaded.

Zaid is a U.S. patent application publication titled “Vehicle Access Control Services and Platform.” Ex. 1005, code (54). Zaid discloses a car sharing system where renters use mobile devices to find vehicles, rent them for limited time periods, and use mobile devices to unlock and start the vehicle. *Id.* ¶¶ 67–69. During the rental, a mobile device receives an electronic key from a server and sends an encrypted vehicle reservation to the vehicle for access and use. *Id.* ¶ 70.

As shown in Zaid’s Figure 4, which is a flow diagram reproduced below, Zaid’s vehicle reservation includes a time period when a user is authorized to unlock a vehicle. *Id.* ¶ 124.



Zaid specifically discloses that at step 404, “vehicle access is provided based on the received reservation.” *Id.* According to Zaid, “once vehicle access is provided, the user can send commands from the wireless communication device to a vehicle access control component coupled to the vehicle to accurate various vehicle functionalities, such as open the vehicle door, turn on the engine, and/or otherwise allow the user to use the vehicle.” *Id.*

In the Decision Denying Institution, we were persuaded by Patent Owner that Petitioner reads Zaid’s reservation for a vehicle as providing “access” to said vehicle too broadly. Dec. 24. Specifically, we found that Zaid discloses that (1) when a reservation is received, (2) vehicle access is provided, and (3) then “once vehicle access is provided, the user can send commands from the wireless communication device to a vehicle access control component coupled to the vehicle to accurate various vehicle functionalities, such as open the vehicle door, [turn] on the engine, and/or otherwise allow the user to use the vehicle.” *Id.* at 24–25 (citing Ex. 1005 ¶ 124). Based on Zaid’s Figure 4, we understood that Zaid provides a separate command for unlocking the doors, which occurs after the vehicle is reserved. *See id.* Thus, we found that the reservation request was different than and separate from the request for unlocking the reserved vehicle.

In its Request for Rehearing (Reh’g Req. 3), Petitioner contends we overlooked a different embodiment of Zaid, shown in Figure 6, which is a flowchart reproduced below:

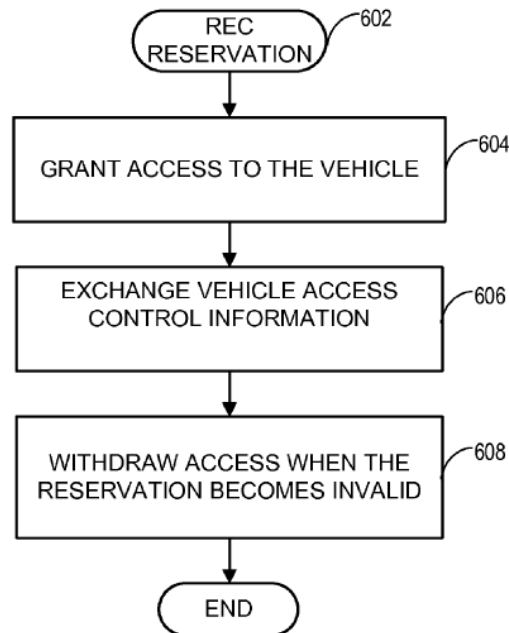


Figure 6 is a flowchart illustrating process 600 that provides vehicle access when a vehicle reservation is received at a vehicle access control system in accordance with some embodiments. Ex. 1005 ¶ 129. According to Zaid, at step 602, a “vehicle reservation is received from a wireless communication device.” Zaid explains that “the vehicle reservation is decrypted and authenticated at the vehicle access control system.” *Id.* Then, as disclosed by Zaid, at step 604, “vehicle access is granted.” Zaid explicitly states that “[i]n various embodiments, *granting access includes opening the vehicle door*, and/ or allowing engine to be turned on by user.” *Id.* (emphasis added).

In its Petition, Petitioner never explained Figure 6 nor did it discuss how it differed from the process of Figure 4. Rather, the Petition focuses on

Figure 4 and the embodiment encompassed by Figure 4. *See* Pet. 27–28; Ex. 1005 ¶¶ 67–69, 90. Nonetheless, the Petition does cite to Figure 6 and Zaid’s ¶ 129, specifically noting that “granting access includes opening the vehicle door.” Pet. 28. And, in its Request for Rehearing, Petitioner contends that Zaid’s disclosure with respect to Figure 6 does not support Patent Owner’s allegations or the Board’s conclusions that Zaid requires a separate unlock request. Req. Reh’g 3. In particular, Petitioner argues that for at least one embodiment shown in Figure 6, the vehicle reservation is sufficient to grant access to the vehicle, which includes opening the vehicle door. *Id.* (citing Ex. 1005 ¶ 129, Fig. 6 (element 604); Pet. 27–28).

We find this argument adequately persuasive. Specifically, we agree that at least in this one embodiment of Zaid, it appears that the vehicle receives a request from a mobile device that unlocks the vehicle as required by claim 1[e]. Patent Owner did not address the embodiments encompassed by Figure 6 in its Preliminary Response.

Petitioner’s arguments regarding the citation of Zaid in the prosecution of the related ’659 patent are unpersuasive, because (1) the statement was not made in the prosecution of the ’026 patent, which has different claims from those in the ’659 patent, and (2) the prosecution statements were presented in the prior art section and were not in Petitioner’s arguments related to this limitation. Req. Rehear. 6; Pet. 14.

In sum, we agree with Petitioner that we overlooked arguments and evidence in determining that Petitioner did not sufficiently show that Zaid discloses or teaches “a request from the mobile device for unlocking of the vehicle.” Nevertheless, for the reasons explained below, we deny institution

B. Request for Discretionary Denial under 35 U.S.C. § 314(a)

Patent Owner asserts that we should discretionarily deny the Petition under 35 U.S.C. § 314(a). Prelim. Resp. 41–55; Prelim. Sur-Reply 3–5. Petitioner argues against discretionary denial. Pet. 69–71; Prelim. Reply 1–4.

In exercising the Director’s discretion under § 314(a), the Board may consider “events in other proceedings related to the same patent, either at the Office, in district court, or the ITC.” Patent Trial and Appeal Board Consolidated Trial Practice Guide, 58 & n.2 (Nov. 2019) (“CTPG”). *NHK Spring* explains that the Board may consider the advanced state of a related district court proceeding, among other considerations, as a “factor that weighs in favor of denying the Petition under § 314(a).” *NHK Spring Co. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 at 20 (PTAB Sept. 12, 2018) (precedential). Additionally, the Board’s precedential order in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 5–16 (PTAB Mar. 20, 2020) (precedential) (“the *Fintiv* Order”) identifies several factors for analyzing issues related to the Director’s discretion to deny institution in view of related litigation, with the goal of balancing efficiency, fairness, and patent quality.

When considering related litigation, the Board evaluates the following factors (“*Fintiv* factors”):

1. whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
2. proximity of the court's trial date to the Board's projected statutory deadline for a final written decision;
3. investment in the parallel proceeding by the court and the parties;

4. overlap between issues raised in the petition and in the parallel proceeding;
5. whether the petitioner and the defendant in the parallel proceeding are the same party; and
6. other circumstances that impact the Board's exercise of discretion, including the merits.

Fintiv Order at 5–6.⁶

1. First Factor – Likelihood of Stay

According to the record before us, Petitioner has not requested a stay in the related district court litigation and argues that factor one is neutral. Pet. 69; Prelim. Reply 1. Patent Owner argues that the related district court litigation is unlikely to be stayed based on that court's low grant rate in other cases and the progress of this case in particular. Prelim. Resp. 42–44.

On this record, we decline to speculate as to how the district court might rule on any motion. Thus, we determine that Factor 1 is neutral.

2. Second Factor – District Court Trial Date

The related district court litigation is currently scheduled for trial on July 21, 2025. Pet. 69; Prelim. Resp. 69; *see* Ex. 1036 (Docket Control Order). Patent Owner argues that *Fintiv* factor 2 weighs in favor of denying institution because the district court is set to complete trial over four months

⁶ In considering these factors, we no longer apply the guidance set forth in a Memorandum regarding the “Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation” issued on June 21, 2022 by former Director Kathi Vidal of the United States Patent and Trademark Office (hereinafter, “Guidance Memo”). This Guidance Memo was rescinded by the United States Patent and Trademark Office on February, 28, 2025.

before any final decision from the Board would be due (approximately November 30, 2025). Prelim. Resp. 44–45. Patent Owner further argues that this schedule is consistent with the district court’s median time-to-trial, which Patent Owner states is 21.1 months. Prelim. Resp. 46; *see* Ex. 2006. According to Patent Owner, “the median time from filing to case disposition in the Eastern District of Texas is 7.8 months” so “the parallel [district court] litigation will likely be disposed of in 2024, over a year before the November 2025 statutory deadline for the final decision.” Prelim. Resp. 46 (citing Exs. 2006, 2007, 2008, 2016). Therefore, Patent Owner argues that factor two favors discretionary denial. *Id.* at 36–37.

Petitioner does not dispute Patent Owner’s evidence regarding time-to-trial, but argues that delays in Judge Gilstrap’s cases are common and noting that “case filings have skyrocketed.” Prelim. Reply 1 (citing Ex. 1040, 7, 24; Ex. 1041, 2; Ex. 1042, 1). Petitioner then argues that “[f]or Judge Gilstrap, statistics for 12 months prior confirm that time-to-trial is on the rise,” and “Judge Gilstrap now has sixteen trials set for July 21, 2025.” *Id.* (citing Ex. 1047; Ex. 1043). Thus, Petitioner contends that Patent Owner’s “speculation that this case would be prioritized *and* that EDTX’s trial backlog would be clear is extremely unlikely.” *Id.*

Patent Owner’s representation of median time-to-trial of 21 months is consistent with the most recent available data from the judiciary.⁷ *See* Ex. 2006. Additionally, Petitioner agrees that trial is scheduled for July 21,

⁷ Available at https://www.uscourts.gov/sites/default/files/fcms_na_distprofile1231.2023_0.pdf.

2025, which is approximately eight months before the Board would issue its Final Decision in this proceeding. *See* Prelim. Reply 1.

Accordingly, we determine that Factor 2 weighs heavily in favor of discretionary denial.

3. *Third Factor – Investment in Related District Court Litigation*

Patent Owner argues that Factor 3 strongly weighs in favor of denial because both parties “will have expended considerable resources in the parallel litigation, including on the merits of Petitioners’ invalidity positions, by the time the Board issues an institution decision.” Prelim. Resp. 47–48. According to Patent Owner, Judge Gilstrap will have issued a decision on motions pertaining to technical aspects of the asserted patents, including motions to compel discovery, a motion to amend invalidity contentions, and a motion to strike infringement contentions. *Id.* at 48 (citing Ex. 2007). Additionally, Patent Owner argues that the parties will have (1) served infringement and invalidity contentions; (2) already exchanged interrogatory responses, (3) completed certain depositions; (4) substantially completed document productions; (5) reviewed source code, and (6) substantially completed claim construction briefing. *Id.* at 49 (citing Ex. 1036).

Petitioner argues that Factor 3 does not warrant denial because as Patent Owner “has described the case” “to the Federal Circuit,” it is “in the initial stages.” Prelim. Reply 2 (citing Ex. 1044). Petitioner specifically argues that all but one of the “technical motions” mentioned by Patent Owner were denied as moot by agreement of the parties, and the last was summarily denied. *Id.* (citing Exs. 1045, 1046). According to Petitioner, “[b]y time of institution, fact discovery . . . will [still] be ongoing” and “[t]he district court’s substantive investment regarding invalidity will be nil.” *Id.*

(citing *Samsung Electronics America, Inc. v. Cobblestone Wireless, LLC*, IPR2024-00606, Paper 13 at 40–41 (PTAB Sept. 10, 2024) (close of fact discovery occurring after institution weighs against denial)).

The record before us indicates that the related district court proceeding has moved past the early stages. According to the information provided to us, fact discovery closed on March 3, 2025 and expert discovery will close soon on April 7, 2025. Ex. 2003, 4. Claim construction briefing is underway, and the Markman Hearing that was scheduled originally for January 16, 2025 had been postponed until February 14, 2025, which was after the date of the original Decision Denying Institution but before this decision on rehearing. Paper 11; Ex. 1036. Given the significant investment in the parallel district court case at this point, we are persuaded that this factor weighs heavily in favor of discretionary denial.

4. *Fourth Factor – Overlap of Issues*

Petitioner argues that Factor 4 “favors institution” because the Petitioner “offer[s] a ‘*Sand* plus’ stipulation” where it “will not pursue any invalidity ground that includes Zaid, Patenaude, Gilbertson, or Kleve against the ’026 patent in the related litigation.” Prelim. Reply 2. Additionally, Petitioner contends “this IPR will address issues not present in the district court.” *Id.*

Patent Owner contends Factor 4 weighs in favor of denial “because there is substantial overlap between the claims, arguments, and evidence raised in the Petition and in Petitioners’ invalidity contentions in the parallel district court proceeding.” Prelim. Resp. 51. Patent Owner also argues that Petitioners’ stipulation is narrower or “lesser” than a *Sotera* stipulation and does not fully resolve the concerns about overlap, duplicative efforts, and

conflicting decisions. Prelim. Sur-Reply 4. Thus, Patent Owner asserts that the concerns discussed in the *Sand Revolution* case and the Preliminary Response remain, and denial is warranted. *Id.*

We agree with Patent Owner that the language in Petitioner’s stipulation does not eliminate completely any overlap with district court invalidity arguments. Petitioner’s stipulation allows Petitioner to use any prior art reference that is not relied on in the Petition. This may not fully address “concerns of inefficiency and the possibility of conflicting decisions.” *See Fintiv*, Paper 11 at 12. Nonetheless, Petitioner’s stipulation does decrease the overlap in issues and mitigates to a great degree the concerns regarding duplicative efforts and potentially conflicting decisions.

Based on the foregoing discussion, we determine that Factor 4 weighs slightly against discretionary denial.

5. *Fifth Factor – Defendant in District Court*

Petitioner is the defendant in the related district court litigation. Pet. 71; Prelim. Resp. 54. We find that this factor favors denial. *See Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 at 19 (PTAB Dec. 1, 2020) (precedential as to § II.A).

6. *Sixth Factor – Other Circumstances, Including the Merits*

The sixth *Fintiv* factor takes into account other circumstances that may bear on the decision to exercise discretion to deny, such as the merits of the patentability challenges. *Fintiv*, Paper 11 at 14–16.

Although we determine above that Petitioner adequately shows a reasonable likelihood of success by pointing to a single sentence in Zaid which states that vehicle access “includes opening the vehicle door,” we do not find the merits to be particularly strong on the current record.

Accordingly, we find that the sixth *Fintiv* factor does not weigh against discretionary denial.

7. *Fintiv Determination*

We have considered the circumstances and facts before us in view of the *Fintiv* factors. We take “a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review” when evaluating these factors. *Fintiv*, Paper 11 at 6. As discussed above, only Factor 4 weighs slightly against discretionary denial, Factor 1 is neutral, and Factors 2, 3, and 5 weigh in favor of discretionary denial of institution, with Factors 2 and 3 weighing heavily in favor. Moreover, Petitioner submitted a “*Sand* plus” stipulation that does not eliminate completely any overlap with district court invalidity arguments, and likewise, the Petition does not show that the merits of its patentability challenges are particularly strong under Factor 6.

Accordingly, we determine that the evidence of record favors exercising our discretion under 35 U.S.C. § 314(a) to deny institution of an *inter partes* review.

C. *Request for Discretionary Denial under 35 U.S.C. § 325(d)*

The Patent Office may deny institution under 35 U.S.C. § 325(d), which provides, in pertinent part, that “[i]n determining whether to institute or order a proceeding under this chapter . . . the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.”

Patent Owner asserts that we should discretionarily deny the Petition under § 325(d). Prelim. Resp. 46–47. Because we already discretionarily deny institution under § 314, we do not address this issue.

III. CONCLUSION

For the foregoing reasons, upon reconsideration of the record, we agree with Petitioner’s arguments regarding the “unlocking” functionality in Zaid. Nonetheless, we determine that given the late stage of the parallel district court litigation, the substantial investment by the parties in that proceeding, and the lack of strong countervailing considerations, the evidence of record favors exercising our discretion to deny institution of an *inter partes* review under 35 U.S.C. § 314(a).

IV. ORDER

For the reasons given, it is:

ORDERED that Petitioner’s request for rehearing is *denied*; and

FURTHER ORDERED that the Petition is *denied*, and no trial is instituted.

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