

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

TOYOTA MOTOR CORP.,
Petitioner,

v.

EMERGING AUTOMOTIVE LLC,
Patent Owner.

Case No. IPR2024-00814
U.S. Patent No. 11,396,244

PETITIONER'S PRE-INSTITUTION REPLY

Patent Owner EA premised its discretionary denial arguments on U.S. 11,396,244 being asserted in a parallel district court litigation. POPR, 4–18. But EA withdrew the '244 patent from the litigation on September 26, 2024,¹ and EA no longer asserts the '244 patent against any party. As a result, EA's only discretionary denial arguments--*Fintiv* challenges--must fail. EA cannot use its forthcoming Sur-Reply to backfill its POPR, which relied *only* on *Fintiv*. Moreover, the June 21, 2022 Guidance Memo instructs that “compelling, meritorious challenges” (which the petition presents) “will be allowed to proceed at the PTAB” Guidance Memo at 4. Although *Fintiv* no longer applies, Petitioner Toyota addresses EA's assertions in the POPR below.

Factor 1 – Not Applicable: Judge Gilstrap routinely grants motions for stays when all asserted patents are under Patent Office review. Ex. 1016 at 35 (“[W]here the PTAB has instituted IPR proceedings or the PTO has granted EPR's as to all claims of all asserted patents, this Court has likewise routinely stayed cases”). In this case, IPRs (and a granted EPR) have been filed against all patents that EA originally asserted in district court, and so a stay would likely be granted if requested upon institution of all proceedings. But with the '244 patent no longer asserted in the district court, this factor is irrelevant.

¹ The PTO denied Patent Owner EA's request for certificate of correction. Ex. 1027.

Shortly thereafter, EA withdrew the '244 patent from district court. Ex. 1029.

Factor 2 – Not Applicable: There is no trial date associated with the '244 patent.

Regarding the case in which the '244 patent was *previously* asserted, EA provides median time-to-trial statistics (for the period ending March 31, 2024), but district-wide statistics are less useful for the Eastern District of Texas, where >70% of cases are assigned to Judge Gilstrap, delays are common, and case filings have recently skyrocketed. Ex. 1017 at 7, 24; Ex. 1018 at 2; Ex. 1019 at 1. For Judge Gilstrap, statistics for the 12 months prior (in contrast to EA's arbitrarily selected dates in Ex. 2016) confirm that time-to-trial is on the rise. Ex. 1028. Judge Gilstrap now has sixteen trials scheduled for July 21, 2025, and it is impossible for all to proceed then. Ex. 1020. While cases may be consolidated for *pretrial* issues in the district court, "[i]ndividual cases remain active for trial." *Id.* EA also speculates that its trial will proceed first, but the court does not set the order of trials until weeks beforehand, and backlogged cases must proceed first. EA assumes *both* that its case would be prioritized over others set for July 21, *and* there would be *no* trials in the court's backlog then, an extremely unlikely scenario.

Should EA attempt to add the '244 patent back into the district court case, it would need to demonstrate good cause, one of the factors being the availability of a continuance to cure the prejudice to Toyota. Thus, even if the '244 patent were later reasserted, it is unlikely that the July 21, 2025 trial date would hold.

Factor 3 – Favors Institution: EA argues "substantial time and resources" were

invested in the related litigation. POPR, 10–14. Yet, EA itself recently described the case as “in the initial stages” to the Federal Circuit. Ex. 1021. EA also identifies discovery-related motions in the district court, but these were mooted or summarily denied. Exs. 1022, 1023. Moreover, EA’s own procedural gamesmanship is delaying the court’s resolution on Toyota’s §101 motion, which relates to issues the Board will not consider. Ex. 1024 (Toyota agreed to EA’s extension, only to have EA amend its complaint at the deadline to moot the motion rather than respond.). As noted above, EA has since filed a *second* amended complaint, again mooted and forcing Toyota to refile its §101 motion.

By the time of institution, the district court case will still not have advanced beyond fact discovery, and claim construction will be ongoing (*Markman* hearing scheduled for January 16, 2025). Ex. 1011 at 4. With the ’244 patent out of the case, the district court has no investment in its invalidity.

Factor 4 – Favors Institution: EA argues that Petitioner does not offer any stipulation. POPR, 14–17. This is irrelevant now that the ’244 patent is no longer at issue in the district court case. There is now no “overlap” in issues. (*Id.*, 15–16). Moreover, EA cannot deny that this IPR, if instituted, will address issues and claims that were *never* present in district court.

Factor 5 – Not Applicable: There are no longer “overlapping parties” given that the ’244 patent is not asserted against any party, much less Toyota. POPR, 17.

Factor 6 – Strongly Favors Institution: The petition’s grounds are compelling and speak for themselves. EA makes only weak challenges to the merits.

For example, EA attacks the prior art references individually, but the petition’s grounds are under theories of obviousness, which considers “what the combined teachings of the references would have suggested to those of ordinary skill in the art.” *MCM Portfolio LLC v. Hewlett-Packard Co.*, 812 F.3d 1284, 1294 (Fed. Cir. 2015). Furthermore, EA’s assertions are wrong. In addition to a smart vehicle processing information, as EA argues, *Rector* discloses a server processing user information to match the user with his settings/profile. Petition at 14, 23. And *Kleve*’s disclosures of server-side verification are not limited only to “verification for *access* to a vehicle,” as EA argues. POPR, 36, 46–49. There is no support for EA’s apparent construction that the “processing . . . to verify the user *for accessing*” recited in element 1[b] is tied to the earlier recited “request from electronics of a vehicles to *access* a profile . . .” of element 1[a], (POPR, 33–35), but in any event, the prior art renders such obvious. *Kleve* explains that credential authorization may be processed by a server (which may include remote credential verification), upon which personalized “enhancements” are applied to the vehicle, including “radio presets, seat and mirror position, and ambient lighting preferences.” Petition at 16–18, 24–25; Ex. 1007, ¶¶[0048]–[0050], Fig. 3B. *Kleve* also shows that “Personal Settings” (which may be retrieved from a nomadic

device, *or* from the server, as shown in Fig. 6) “May be Applied to the Vehicle . . .” after verification, which may be done in preparation to operate the vehicle. Ex. 1007, ¶¶[0048]–[0050], [0063]–[0072]; Fig. 6.

Also, EA’s attacks on the petition’s motivations to combine are contradicted by EA’s own assertions in its First Amended Complaint, Ex. 1025 at ¶¶ 90–91 (touting “server-side verification” as a “security feature”) and by the publications of EA’s expert, Ex. 1026 at 3 (acknowledging that “static point security solutions . . . [like] one-time password authentication” are insufficient, and there is a need to reassess “overall security posture” of systems). The petition’s obviousness motivations are sound--representative of the strong merits demonstrated therein.

Regarding §311(b): At POPR, 50–51, EA advocates a position contrary to the law applied by the PTAB. *Patent Quality Assurance, LLC v. VLSI Tech. LLC*, IPR2021-01229-129, at 27–29 (PTAB June 13, 2023) (citing *Purdue Pharma L.P. v. Iancu*, 767 F. App’x 918, 925 (Fed. Cir. 2019)). The Board should follow this law and treat *Kleve* as prior art as of its application date.

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing **Petitioner's Pre-Institution Reply** was served on October 4, 2024 via email directed to counsel of record for Patent Owner at the following.

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