

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

KIA CORP.,
TOYOTA MOTOR CORP.,
Petitioner,

v.

EMERGING AUTOMOTIVE LLC,
Patent Owner.

Case No. IPR2024-01167
U.S. Patent No. 11,738,659

PETITIONERS' PRE-INSTITUTION REPLY

Petitioners’ diligence filing the present IPR, its broad stipulation, and the petition’s strong merits outweigh other applicable factors and favor institution.

Factor 1 – Neutral: *Fintiv* cautions against speculating whether the district court would grant a stay. The absence of a stay is, at most, *neutral*. *Apple, Inc. v. Fintiv, Inc.*, IPR2020-00019-15 at 12 (PTAB May 13, 2020).

Factor 2 – Does Not Warrant Denial: Trial is set for July 21, 2025, six months before the FWD deadline. EA provides district-wide time-to-trial statistics that are less useful for the EDTX, where >70% of cases are assigned to Judge Gilstrap, delays are common, and case filings have skyrocketed. Judge Gilstrap now has fifteen trials set for July 21, 2025. EA’s speculation that this case would be prioritized *and* that EDTX’s trial backlog would be clear is extremely unlikely.

Further, EA’s shorter median times for *disposition* (POPR, 38) are irrelevant, as neither *Fintiv* nor the June 21, 2022 Guidance Memo support weighing statistics for disposition *other than by trial*. In any case, the district court trial date alone is not determinative. Guidance Memo at 8; *Google LLC v. Proxense, LLC*, IPR2024-00232-10 at 28–29 (PTAB Jul. 24, 2024) (instituting where trial preceded FWD by five months; same stipulation as here); *Samsung Electronics America, Inc. v. Cobblestone Wireless, LLC*, IPR2024-00137-15 at 11-12 (PTAB May 22, 2024) (*Sand* stipulation, eight months); *SRAM, LLC v. FOX Factory, Inc.*, IPR2024-00216-11 at 52 (PTAB June 7, 2024) (no stipulation, four

months). EA’s citations (POPR, 37-38) do not involve effective stipulations and predate the Guidance Memo’s clarification that this factor does not outweigh the rest. Guidance Memo at 8.

Factor 3 – Favors Institution: EA has described the case as “in the initial stages” to the Federal Circuit. *In re: Kia Corp.*, C.A. 24-138, Dkt. No. 12 (Fed. Cir. 2024). EA cites to “a flurry of technical motions,” yet all but one were denied as moot by agreement of the parties, and the last was summarily denied. *Emerging Automotive LLC v. Kia Corporation et al.*, 2:23-cv-00437-JRG, Dkt. No. 105 (E.D.Tex. Sept. 22, 2023). By time of institution, fact discovery will still be ongoing. Ex. 1024 at 4. The district court’s substantive investment regarding invalidity will be nil. See *Samsung Electronics America, Inc. v. Cobblestone Wireless, LLC*, IPR2024-00606-13 at 40-41 (PTAB Sept. 10, 2024) (close of fact discovery occurring after institution weighs against denial).

Factor 4 – Favors Institution: Petitioners offer a “*Sand plus*” stipulation: If the Board institutes, Petitioners will not pursue any invalidity ground that includes *Kleve*, *Hatton*, *Sekiyama*, *Mikan*, or *Xiao* against the ’659 patent in the related litigation. Moreover, EA does not deny that this IPR will address issues not present in the district court.

Factor 5 – Neutral/Does Not Warrant Denial: EA asserts that this factor favors denial if trial precedes the FWD, (POPR, 45-46), but EA cannot be sure of that.

This factor is neutral or, at most, weighs only slightly against institution.

Factor 6 – Strongly Favors Institution: The petition’s grounds are compelling and speak for themselves. Indeed, EA’s only analysis for this factor is that “[t]here are no ‘other circumstances’ that support institution.” POPR, 49. This runs counter to the Director’s Guidance that this factor can outweigh the remaining factors. Guidance Memo at 4-5. Regardless, EA’s challenges to the petition are flawed and each is already addressed by the Petition.

First, EA argues that the asserted combinations do not disclose “coded data [that] includes privilege settings.” POPR 14. Patent Owner does not dispute that Kleve discloses a time limited rental car system where vehicle access is provided via a virtual key, but Patent Owner argues that Petitioners did not show “that Kleve’s ‘restrictions’ are included in Kleve’s ‘virtual key.’” POPR 15. Yet, the claims require only that the coded data includes privilege settings *for limiting* use or types of use of the vehicle. The Petition addressed this, quoting Kleve’s express disclosure that the vehicle Owner “may set user restrictions ... based on ... parameters” and explaining that it would have been obvious to include those restrictions in the encrypted communication between the user’s phone and the vehicle. Pet. 20-21 (quoting Ex. 1004, ¶138-40).

Second, EA argues that the Kleve-Hatton combination does not disclose “memory... having program instructions for instructing unlocking and starting of

the vehicle.” POPR 21. Patent Owner does not dispute that *Kleve*’s vehicle includes memory and receives a virtual key that “enables keyless drive away.” *Id.* The Petition explained that *Kleve* discloses a “storage medium for storing instructions... [that] enable a vehicle rental transaction” which would include vehicle access (unlocking) and driving (starting). Pet. 16, citing EX1005 [0009].

Third, regarding *Mikan*, EA argues again that Petition fails to show that the “coded data includes privilege settings.” POPR, 27. But the Petition relies on *Mikan*’s express disclosure that the vehicle operation policy may include limitations via access control rules such as the time, distance, or acceleration that a vehicle may be used, *and* these vehicle operation policies may be linked via mapping 312 to keys. Pet. 44 (citing EX1007 [0060-61]. There, *Mikan* discloses an example of “two keys, first with greater access than the second,” illustrating that data in the key includes privilege settings. *Id.* at [0061]. To the extent this “link” is not considered to illustrate the inclusion of the privileges in the coded data, Petitioners explained why it would have been obvious to transmit the policy with its restrictions along with *Mikan*’s secure identifier. Pet. 45, citing EX1004, ¶¶221-22.

Regarding § 325(d): Patent Owner asserts that the Petition should be denied in view of the co-pending EPR. Patent Owner is wrong. Patent Owner provides no analysis of the relevant factors for denial of institution under §325(d). *See Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*, IPR2019-

01469, Paper 6 (Feb. 13, 2020) (precedential). Instead, Patent Owner only cites to a non-binding Notice published by the Patent Office which states that institution “*may*” be denied should the parallel proceeding be in a “more advanced stage *and* involves overlapping issues.” Neither is the case. Patent Owner has not responded to the Office’s first action and has demonstrated no rush to do so, having requested a two-month extension. See PO Request for Extension of Time in App. No. 90/019,456. As a result, this IPR proceeding is likely to be completed before the Office completes reexamination. Further, in its motion for extension of time, Patent Owner admitted that “those [IPR] grounds include different references and combinations thereof than were advanced in the instant 124-page ex parte review request.” *Id.* at 2-3. In fact, the EPR relies on almost entirely unrelated grounds based on U.S. Patent Application Pub. No. 2013/0099892 to Tucker, which is not part of this Petition. See Ex. 1023 at 4, 8. Contrary to Patent Owner’s allegation, there is no risk of “parallel analysis,” and both proceedings should continue. Finally, even if the Board believes the reexamination will duplicate efforts with the IPR proceeding, the Board could stay one of the proceedings.

Regarding §311(b): At POPR, 47-49, 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); *Purdue Pharma L.P. v. Iancu*, 767 F. App’x 918, 925 (Fed. Cir. 2019).

Respectfully submitted,

Dated: November 26, 2024

By: /s/ James M. Glass

James M. Glass, Reg. No. 46,729

Counsel for Petitioner Kia

CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing **Petitioner's Pre-Institution Reply** was served on November 26, 2024 via email directed to counsel of record for Patent Owner at the following.

Jerry D. Tice
jtice@bdiplaw.com

Aaron R. Hand
ahand@bdiplaw.com

Brenda Entzminger
bentzminger@bdiplaw.com

BDIP_EmergingAuto@bdiplaw.com

Dated: November 26, 2024

/s/ James M. Glass
James M. Glass, Reg. No. 46,729
Counsel for Petitioner Kia