

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

TOYOTA MOTOR CORP. AND KIA CORPORATION,
Petitioners,

v.

EMERGING AUTOMOTIVE LLC,
Patent Owner

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

PATENT OWNER'S SUR-REPLY

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The facts of this case weigh heavily in favor of denial under the Board’s *Fintiv* framework. Claim construction and the majority of the fact discovery period will be complete before the institution decision. Because the Board found Petitioners’ petition for another asserted patent to have no merit, there will be no stay in the district court, and trial will be complete over six months before any FWD. The concerns under *Fintiv* are compounded given the Petition’s specious invalidity allegations (which are highlighted by the reply), the substantial time the Office has already devoted in assessing the co-pending EPR, and the uncertainty of whether the Board may even institute under §311(b) pending the Federal Circuit’s decision in *Lynk Labs, Inc. v. Samsung Electronics Co., Ltd.*, Appeal No. 23-2346 (Fed. Cir.). Accordingly, institution should be denied under *Fintiv* and on the merits.

Factor 1 strongly weighs against institution. While a stay was already unlikely (POPR, 34-36), now it is certain there will not be one. On November 21, 2024, the Board denied institution of IPR2024-00785 with respect to U.S. Patent No. 10,407,026 (“the ’026 patent”) after finding the petition lacked merit. *See* Paper 11. The ’026 patent is asserted in the underlying litigation; thus the District Court will not stay the case. *See AGIS Software Dev. LLC v. Google LLC*, No. 2:19-CV-00361-JRG, 2021 WL 465424, at *2 (E.D. Tex. Feb. 9, 2021) (“[i]t has been this Court’s consistent and long established practice to deny motions to stay pending IPR and EPR when the PTAB or PTO have instituted review on less than all asserted claims

of all asserted patents”). As the PTAB declined to institute review on any of the asserted claims of the ’026 Patent, there will be no stay.

Factor 2 strongly weighs against institution. Trial is scheduled *six months* before any FWD. Indeed, the median time-to-trial statistics for the Eastern District of Texas, as well as the average time-to-trial for Judge Gilstrap in particular, predict an even earlier trial date than July 2025. POPR, 36-39. Thus, *all of* the considerations of the Interim *Fintiv* Procedure demonstrate that trial will occur long before any FWD and “merely confirm[] that the schedule set by the district court is credible and should be given weight.” *Samsung Elecs. Co. Ltd. v. Mojo Mobility Inc.*, IPR2023-01092, Paper 11 at 11-12 (P.T.A.B. Jan 8, 2024); *Samsung Display Co., Ltd. v. Pictiva Displays Int’l. Ltd.*, IPR2024-00855, Paper 12 at 9 (P.T.A.B. Nov. 19, 2024) (finding “second factor favors denial based on the trial date set [over three months before the FWD] as well as the District Court’s median time-to-trial data”); Guidance Memo at 8-9.

Factor 3 strongly weighs against institution. Petitioners’ leading argument is that Emerging Auto described the case as “in the initial stages” for purposes of settlement during a pending appeal regarding transfer. Even if lack of settlement discussions were relevant, the statement was made over *four months* ago. There is no question that before the Board’s institution decision, a *Markman* hearing, along with numerous technical motion hearings, will have been held by the Court and fact

discovery will be near complete. This litigation investment is undisputedly substantial and warrants denial. POPR, 39-42; *Samsung Elecs.*, Paper 11 at 12-13 (denial warranted where case was pending 14 months, fact discovery nearly complete, and *Markman* hearing only a month away); *see also T-Mobile USA, Inc. v. Cobblestone Wireless LLC*, IPR2024-00136, Paper 18 at 16-17 (P.T.A.B. June 5, 2024) (denial favored “[b]ecause the Markman hearing will be completed” and “discovery will have proceeded to an advanced stage” by institution deadline).

Factor 4 weighs against institution. Petitioners’ stipulation is narrower than the *Sotera* stipulation approved in the Interim *Fintiv* Procedure, and as shown in the POPR, the relevant art includes multiple references that disclose the same basic concepts. POPR, 42-45. Thus, the concerns discussed in *Sand Revolution* and the POPR remain, and denial is warranted. *Samsung Elecs.*, Paper 11 at 13-16.

Factor 5 strongly weighs against institution. There can be no dispute that the parties overlap and that this factor weighs against institution as trial will precede the FWD. POPR at 45-46. Petitioners’ argument to the contrary is without support.

Factor 6 strongly weighs against institution. The POPR demonstrates that the Petition is meritless. Petitioners’ attempt to explain away the Petition’s failures in reply is improper and should be ignored. But if considered, the unsupported attorney argument only highlights the deficiencies.

First, Patent Owner demonstrated that Kleve’s “restrictions” (the alleged

“privilege settings”) are not (and cannot be) included in Kleve’s “virtual key,” as the Petition incorrectly alleged. POPR, 14-16. In Reply, Petitioners curiously argue what the privilege settings are, not whether they are included in the alleged coded data. Reply, 3. Petitioners do not even dispute that the alleged coded data does not include the alleged privilege settings. *Id.* Nor do Petitioners attempt to rebut Dr. Malek’s showing that it would not have been obvious to modify Kleve as proposed and explained in a single sentence in the Petition. *Id.*, 3; *see* POPR, 19-21.

Second, the POPR demonstrated that Petitioners failed to show that Kleve’s alleged “memory” includes any “programming instructions for unlocking and starting of the vehicle.” Petitioners do not dispute that they failed to show the alleged memory has the required program instructions. Reply, 3-4; *see also* POPR, 22. Moreover, the alleged programming instructions, somehow related to activating or enabling a rental transaction, are not instructions for “unlocking and starting of the vehicle,” as explained by Dr. Malek. POPR, 22. Petitioners do not rebut this.

Third, the POPR demonstrated that Mikan is a disparate system in which a local database of a vehicle syncs with a remote master database, including syncing “vehicle operation policies,” the alleged privilege settings. POPR, 28-29. The alleged privilege settings are not included in the alleged “coded data” and are not even “from the mobile device.” *Id.* Recognizing this, Petitioners retreat to an obviousness theory (supported by no secondary reference) that it would have been

obvious to modify Mikan to meet the claim. However, as explained by Dr. Malek, a POSITA would have understood that the theory (preventing a secondary user from tampering with the use restrictions) makes no sense and would only allow the secondary user, for the first time, to even have access to the alleged restrictions. POPR, 29. Dr. Malek further explained that if a POSITA would have wanted to modify Mikan to include encrypted data, the POSITA would have encrypted the data that is already communicated, not recreate an entirely new system that would not serve Mikan's underlying purpose of syncing databases. POPR, 30-31. The proposed hindsight modification to Mikan would have resulted in a less efficient, less secure system. *Id.*, 31-32. Petitioners fail to rebut any of this.

I. CO-PENDING EPR

The Board has no reason to expend additional efforts, in light of the Office's substantial investment in the co-pending reexamination proceedings. POPR, 46-47. The Office has already analyzed hundreds of pages of documents, issued an Office Action, held an interview, and received Patent Owner's Response. Denial is warranted given the advanced stage of the EPR and extensive overlap of issues.

II. THE SECTION 311(B) ISSUE IS BEFORE THE FEDERAL CIRCUIT

The Federal Circuit's forthcoming decision will confirm whether (or not) Section 311(b) permits institution under the facts here. *Lynk Labs*, Appeal No. 23-2346.

Dated: December 4, 2024

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CERTIFICATE OF SERVICE

Petitioners have consented to e-mail service in this proceeding. Pursuant to 37 C.F.R. §42.6, the undersigned certifies that on December 4, 2024, a copy of the foregoing document was served by email upon the following counsel at the below email addresses:

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