UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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TESLA, INC.

Petitioner,

v.

THE UNITED STATES OF AMERICA AS REPRESENTED BY THE SECRETARY OF THE NAVY
(INTELLECTUAL VENTURES II LLC)

Patent Owner.

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Case No. IPR2025-00341
U.S. Patent No. 7,181,743

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# BRIEF IN SUPPORT OF PATENT OWNER'S REQUEST FOR DISCRETIONARY DENIAL

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## PATENT OWNER'S EXHIBIT LIST

| | |
|---|---|
| Ex. 2001 | Petitioner's Answer to Complaint and Counterclaim, dated June 20, 2024, in *Intellectual Ventures II LLC v. Tesla, Inc*., C.A. 1:24-cv-00884-ADA (W.D. Tex.) |
| Ex. 2002 | Docket from District Court Litigation, *Intellectual Ventures II LLC v. Tesla, Inc*., C.A. 1:24-cv-00884-ADA (W.D. Tex.) |
| Ex. 2003 | Scheduling Order from District Court Litigation, *Intellectual Ventures II LLC v. Tesla, Inc*., C.A. 1:24-cv-00884-ADA (W.D. Tex.) |
| Ex. 2004 | Defendant's Second Supplemental Preliminary Invalidity Contentions, dated January 9, 2025, in District Court Litigation, *Intellectual Ventures II LLC v. Tesla, Inc*., C.A. 1:24-cv-00884-ADA (W.D. Tex.) |
| Ex. 2005 | Letter from Patent Owner to Associate General Counsel for Petitioner, dated August 20, 2020, enclosing copy of U.S. Pat. No. 7,181,143 and Claim Chart Presentation |

## I. INTRODUCTION

Pursuant to the Memorandum by the Acting Director dated March 26, 2025, setting forth the "Interim Processes for PTAB Workload Management" (the Memorandum), Patent Owner hereby sets forth the applicable bases for discretionary denial of institution. This filing is being made within one month of the Notice Extending Deadline for Discretion Briefing dated March 28, 2025. Paper #7. As explained more fully below, all of the *Fintiv* factors, as well as several additional factors set forth in the Memorandum, favor the discretionary denial of institution in this case.

With respect to the *Fintiv* factors, Petitioner filed a Counterclaim on June 20, 2024 challenging the validity of U.S. Patent No. 7,181,743 (" '743 Patent," Ex. 1001) in *Intellectual Ventures II LLC v. Tesla, Inc*., C.A. 1:24-cv-00884-ADA (W.D. Tex.) (the "Parallel Litigation.") Ex. 2001, at 87-88 and Ex. 2002, at 6-7. As discussed in detail below, the Parallel Litigation has already progressed significantly, including completion of Preliminary Infringement and Invalidity Contentions, and the filing of all claim construction briefing. The Court is scheduled to hold the Markman Hearing in a few days (on April 10, 2025). By the anticipated date of the institution decision in this matter (July 29, 2025), the parties will be well into fact discovery, service of Final Infringement and Invalidity Contentions will be complete, and the Court will in all likelihood have issued its claim construction

ruling. Ex. 2003, 2-3. The Trial is scheduled for May 14, 2026, over *2 months before the statutory deadline for issuing a Final Written Decision* in this matter on July 29, 2026. Ex. 2003, 4.[1]

With respect to other factors identified in the Memorandum, the Petition relies heavily on expert testimony that largely parrots *verbatim* the wording of the Petition. In addition, the claims of the '743 Patent were in force for over 16 years, and the patent has now expired. Despite having been specifically alerted to the '743 Patent in August 20, 2020 (and provided with a copy of '743 Patent at that time), Petitioner waited more than four years to file this IPR challenging the '743 Patent. Ex. 2005, at 1-4, 5-12 (claim chart mapping representative product to claim 10 of '743 Patent) and 13-70 (copy of patent enclosed with letter).[2] These factors also weigh in favor of a discretionary denial.

For all of these reasons, and as explained more fully below, the Director should exercise her discretion to deny institution.

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[1] The Petition (at 98, note 5) incorrectly asserts that "[t]he district court has not entered an order scheduling a trial date." As shown on the last page of the Court's Scheduling Order, a jury trial is scheduled for May 14, 2026. Ex. 2003, 4.

[2] The Petition (at 99) asserts that "Petitioner only learned which claims were being asserted in August 2024." However, for almost 5 years Petitioner has been in possession of a claim chart supplied by Patent Owner mapping claim 10 of the '743 Patent to Petitioner's products. Ex. 2005, at 5-12. Claim 10 is the only independent claim that Petitioner is challenging in this IPR.

## II. THE FINTIV FACTORS FAVOR DISCRETIONARY DENIAL

The precedential order in *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB March 20, 2020) ("*Fintiv*") identifies six factors for the Board to consider in deciding whether to exercise discretion to deny institution based on parallel proceedings involving the same patent. Application of the present facts to these factors demonstrates that there are strong reasons for exercising discretion to deny institution here.

### A. Factor 1 Weighs Against Institution Because A Stay Has Not Been Granted In The Parallel Litigation And There Is No Evidence That A Stay Would Be Granted If This IPR Was Instituted

No stay has even been requested in the Parallel Litigation. Pet., 98. In addition, even if this IPR was instituted (which would not occur until on or around July 29, 2025) it is unlikely that the Court (Judge Albright) would grant a stay. *See, generally*, *Continental Intermodal Grp. v. Sand Revolution LLC*, No. 7:18-cv-00147 (W.D. Tex. July 22, 2020) (Judge Albright) *Multimedia Content Mgmt. LLC v. Dish Network*, No. 6:18-CV-00207-ADA, 2019 U.S. Dist. LEXIS (W.D. Tex. May 30, 2018) (Judge Albright) (denying stay).

Thus, the first factor weighs against institution.

### B. Factor 2 Weighs Against Institution Because The Parallel Litigation Has A Trial Date Scheduled Before The Projected Statutory Deadline For The Board's Final Written Decision

The Trial in the Parallel Litigation is scheduled for May 14, 2026, over 2 months before the statutory deadline for issuing a Final Written Decision in this matter on July 29, 2026. Rather than looking at the actual date trial is scheduled, the Petition relies on the median time from filing to case disposition in the Western District of Texas. However, on February 28, 2025, the Office *rescinded* former Director Vidal's 2022 memorandum on discretionary denials which had directed that such statistics be considered. The announcement rescinding former Director Vidal's 2022 memorandum went on to state that decisions relying on the 2022 memo will be "*neither binding or persuasive on the PTAB*." In view of the above, Petitioner's arguments based on the time to trial statistics cannot be considered persuasive and must be rejected.

Given that the actual trial date is *before* the due date for the Final Written Decision, the second factor favors discretionary denial.

### C. Factor 3 Weighs Against Institution Because The Parties Will Have Invested Significant Effort In The Parallel Litigation By The Time The Board's Institution Decision Is Due

Factor 3 relates to investment in the Parallel Litigation by the District Court and the parties. *Fintiv*, Paper 11 at 9. This factor is judged from the date of the institution decision, which is expected to be no later than July 29, 2025. *Id.* By the

time the Board's institution decision is due, the following will have been completed in the Parallel Litigation:

- PO's Preliminary Infringement Contentions (served August 1, 2024);
- Petitioner's Preliminary Invalidity Contentions (served October 24, 2024);
- Parties exchanged claim terms for construction (November 14, 2024);
- Parties exchanged proposed claim constructions (December 5, 2024);
- Parties disclosed extrinsic evidence for claim construction (December 12, 2024);
- Petitioner's Opening Claim Construction Brief (January 9, 2025);
- PO's Responsive Claim Construction Brief (February 10, 2025);
- Petitioner's Reply Claim Construction Brief (March 3, 2025);
- PO's Sur-Reply Claim Construction Brief (March 24, 2025);
- Parties technical tutorials submitted to Court (March 31, 2025);
- Markman Hearing (scheduled for April 10, 2025);
- Fact discovery (opens April 11, 2025); and
- Final Infringement and Invalidity Contentions (due May 22, 2025).

Ex. 2003, 1-2. Clearly, the parties and the Court will have made a substantial investment in the Parallel Litigation by the expected date of the institution decision on July 29, 2025.

The Petition was filed on December 23, 2024. At that time, Petitioner asserted that "[t]he investment in the co-pending litigation has been minimal." Pet., at 99. Patent Owner disagrees that the investment in the co-pending litigation was minimal as of December 23, 2024. However, even if Petitioner's assertion about the state of affairs on December 23, 2024 was accurate, it is irrelevant. As explained in *Fintiv*, the investment in the Parallel Litigation by the District Court and the parties is judged from *the date of the anticipated institution decision*, which is expected to be about *July 29, 2025* -- rather than *December 23, 2024*. *Fintiv*, Paper 11 at 9. There can be no argument that by July 30, 2025, the District Court and the parties will have made a substantial investment in the Parallel Litigation.

Thus, the third factor weighs against institution.

### D. Factor 4 weighs against institution because there is substantial overlap between the Parallel Litigation and this IPR

As mentioned above Petitioner filed a Counterclaim in the Parallel Ligitation challenging the validity of '743 Patent *as a whole*. Ex. 2001, at 87-88. The Counterclaim is not limited to an particular claim(s) of the '743 Patent, and therefore covers all claims of the '743 Patent -- including the claims challenged in this IPR.

On January 9, 2025 -- a few days after filing this IPR -- Petitioner filed its Second Supplemental Preliminary Invalidity Contentions in the District Court. As explained below, there is *complete* overlap between the prior art references advanced by the Petitioner in this IPR and those advanced by the Petitioner in the Parallel

Litigation. Set forth below is a summary of the grounds raised in the Petition, and the prior art asserted in each ground:

| Grounds | Claims | Pre-AIA Basis |
|---|---|---|
| #1 | 10, 11, 14, 16, and 18 | 35 U.S.C. § 103 over Welch alone and in combination with Ravindran |
| #2 | 10, 11, 14, 16, and 18 | 35 U.S.C. § 103 over Welch, Ravindran, and Hosokawa |

Pet., 18. Set forth below is an excerpt from Petitioner's Second Supplemental Preliminary Invalidity Contentions in the Parallel Litigation showing the prior art relied on by Petitioner for the challenging the '743 Patent in the District Court:

**1. Prior Art Patents and Patent Publications**

| Ex. No. | Patent/ Publication | Referenced As | Publication / Priority Date |
|---|---|---|---|
| B4 | U.S. Pat. No. 6,088,727 | Hosokawa | October 17, 1997 |
| B5 | U.S. Pat. No. 6,985,937 | Keshav | May 11, 2000 |
| B6 | U.S. Pat. App. No. 60/184,758 | Peacock | February 23, 2000 |
| B7 | U.S. Pat. No. 6,269,396 | Shah | December 11, 1998 |

**2. Prior Art Publications**

| Ex. No. | Patent/ Publication | Referenced As | Publication / Priority Date |
|---|---|---|---|
| B1 | Lonnie R. Welch, Binoy Ravindran, Behrooz A. Shirazi, and Carl Bruggeman, *Distributed, Scalable, Dependable Real-Time Systems: Middleware Services and Application*, The University of Texas at Arlington (April 1999) | Welch I | April 1999 |
| B2 | David R. Alexander, Douglas A. Lawrence, and Lonnie R. Welch, *Feedback Control Resources Management Using a* Posteriori *Worload Characterization, Ohio University*, Presented at the 39th IEEE Conference on Decision and Control, December, 2000 (June 4, 1999) | Alexander | June 4, 1999 |
| B3 | Lonnie R. Welch, Binoy Ravindran, Paul V. Werme, *et al.*, *Specification and Modeling of Dynamic, Distributed Real-time Systems* (December 4, 1998) | Welch II | December 4, 1998 |

Ex. 2004, 11-12; *see also*, 54-75. While the prior art in both this IPR and the Parallel Litigation are identical, the abbreviations adopted for the identical references differ between the two proceedings. The Table below reconciles the abbreviations used by Petitioner for the references in both proceedings:

| Full Name of Reference | Abbreviation Used By Petitioner in IPR | Abbreviation Used By Petitioner in Parallel Litigation |
|---|---|---|
| "*Distributed, Scalable, Dependable Real-Time Systems: Middleware Services and Applications."* Lonnie R. Welch et al., Proceedings 13th International Parallel Processing Symposium and 10th Symposium on Parallel and Distributed Processing, April 1999 | Welch[3] | Welch[4] |
| "*Specification and Modeling of Dynamic, Distributed Real-time Systems."* Lonnie R. Welch et al. IEEE Real-Time Systems Symposium, 72-81, IEEE Computer Society Press, Dec. 1998 | Ravindran[5] | Welch II[6] |
| U.S. Patent No. 6,088,727 to Hosokawa et al. | Hosokawa | Hosokawa |

At the time the Petition was filed on December 23, 2024, Petitioner argued that "[t]he extent of overlap is ... speculative at this point in time." Pet., at 100. About two weeks later, on January 9, 2025, Petitioner filed its Second Supplemental Preliminary Invalidity Contentions in the Parallel Litigation setting forth in detail Petitioner's invalidity contentions for the '743 Patent in the Parallel Litigation,

[3] Petitioner's Exhibit List, Petition, at 4, designating Ex. 1005 as "Welch."
[4] Ex. 2004, 11-12 ("Referenced As" column).
[5] Petitioner's Exhibit List, Petition, at 4, designating Ex. 1006 as "Ravindran." Binoy Ravindran is the second named author and Lonnie Welch is the first named author of "*Specification and Modeling of Dynamic, Distributed Real-time Systems."*
[6] Ex. 2004, 11-12 ("Referenced As" column).

which rely on the same references asserted in this IPR. At this point in time, the complete overlap between the proceedings is far from being "speculative."

Because there is a significant overlap between this IPR and the Parallel Litigation, there are particularly strong "concerns of inefficiency and the possibility of conflicting decision" if this IPR is instituted. *Fintiv*, Paper 11 at 12.

Thus, the fourth factor weighs against institution.

### E. Factor 5 weighs against institution because the patent owner is the same and the Petitioner are the same parties as in the Parallel Litigation

Patent Owner and Petitioner are the same parties as in the Parallel Litigation.

Thus, the fifth factor weighs against institution.

### F. Factor 6 weighs against institution because the merits of Petitioner's challenge is weak

The challenges set forth in the Petition are flawed. For example, the Petition extensively relies on an expert declaration that largely parrots *verbatim* the wording of the Petition. Ex. 1003. For example, the following paragraphs of the expert declaration essentially parrot the Petition word-for-word: Ex. 1003, ¶¶ 80-88, 96-98, 104-117, 122-139, 141-146, 148-149, 151-163, 165-173, 175-191, 193-195, 197-201, 203-210, 214, 216-220, 222-224, 226-227, 229-232, 234-235, 237-244, 246-249, 251-255, 258-260, 262, 264-265, 267-270, 273-282, 291-292, 294-300,

302-305 and 308-316.[7] The differences between the wording of these paragraphs from the declaration and that of the Petition are insubstantial. For example, in cases where the Petition provides a point citation to a given reference, the declaration includes a quotation from the reference corresponding to the point citation. For these reasons, the declaration is entitled to little if any weight. *Xerox Corp. v. Bytemark, Inc.,* IPR2022-00624, Paper 9 at 15-17 (PTAB August 24, 2022) (designated precedential) (according "little weight" to declaration testimony that contains a verbatim restatement of a petition's conclusory assertions without additional supporting evidence or reasoning). The Petition's extensive reliance on expert testimony that is a mostly a verbatim restatement of the Petition is a further factor that favors discretionary denial. *See also*, *Facebook* v. *Windy City Innovations, LLC*, 973 F.3d 1321, 1340-41 (Fed. Cir. 2020) (affirming the Board's holding that claim was not unpatentable when "the Board considered Facebook's expert's testimony but determined that it did not add materially to Petitioner's unpersuasive attorney

[7] The portions of the expert declaration that do not parrot the Petition include (i) information such as the expert's background, the materials he considered, and boilerplate describing application legal standards and (ii) summation statements at the end of each section asserting in conclusory fashion that individual elements are met. (Ex. 1003, ¶¶1-31 (background of expert and materials considered), ¶¶35-38 (legal standards)) and ¶¶ 140, 150, 164, 174, 192, 202, 213, 221, 228, 236, 245, 250, 256, 263, 266, 271, 306 and 317 (conclusory "In sum, ..." assertions at the end of each section.))

argument," "because it merely repeated Petitioner's argument, nearly verbatim, without citation to the basis for his testimony.")

Thus, the sixth factor weighs against institution.

In summary, all of the *Fintiv* factors weigh against institution. Under §314(a) and, based on the totality of the *Fintiv* factors, institution should be denied.

## III. ADDITIONAL FACTORS SET FORTH IN THE MEMORANDUM SUPPORT DISCRETIONARY DENIAL

In addition to the *Fintiv* factors that support a discretionary denial under 35 U.S.C. § 314(a), two further reasons set forth in the Memorandum support a discretionary denial of the Petition. Specifically, (1) the Petition's impermissible and excessive reliance on expert testimony, and (2) the Petitioner's prolonged and unexplained delay in filing the Petition despite having been notified of the '743 Patent and its alleged infringement more than four years earlier. Both grounds align with key discretionary denial factors identified in the Memorandum—namely, the extent of reliance on expert testimony and the settled expectations of the parties based on the age and expiration of the challenged patent. As detailed below, the Petition not only exceeds the statutory scope of inter partes review by improperly supplementing the prior art through a voluminous expert declaration, but also disrupts the reasonable expectations of the Patent Owner by seeking to institute a review long after the patent has expired. Each of these factors, standing alone,

supports discretionary denial; together, they present an even stronger basis for the Director to exercise discretion and deny institution.

### A. The Petition Relies Extensively on Expert Testimony

One of the relevant considerations for discretionary denial under 35 U.S.C. § 314(a), as identified in the Memorandum, is "[t]he extent of the petition's reliance on expert testimony." Memorandum, at 1. In this case, the Petition relies heavily on a 155-page expert declaration (Ex 1003) comprising 319 paragraphs—well beyond what is appropriate under the statutory framework governing inter partes review.

Specifically, under 35 U.S.C. § 311(b), "[a] petitioner in an inter partes review may request to cancel as unpatentable 1 or more claims of a patent only on a ground that could be raised under section 102 or 103 and *only on the basis of prior art consisting of patents or printed publications*."

Here, the Petition impermissibly relies on the declaration of its expert to fill gaps in the mappings that are not met by the references that are relied on. For example, independent claim 10 of the '743 Patent requires determining the "state and health" of three distinct components: (1) the hosts, (2) the network, and (3) the application programs. Ex. 1001, 56:60-64. The claim element at issue requires determining the "state and health" of *three distinct* components: (1) the hosts, (2) the *network*, and (3) the *application* programs. The Welch reference cited by Petitioner does not disclose monitoring the application itself—only the network. Nevertheless,

the expert asserts, without support, that the "paths" described in Welch are equivalent to "applications." For instance, the expert claims, "the QoS monitor determines the state and health of the RTCS *applications*," citing portions of Welch that discuss *network* QoS metrics and latency. (Ex. 1003 ¶ 188; Ex. 1005, Welch at 2–3.) In so doing, the expert conflates network performance (e.g., path latency or deadline misses) with application-level health, despite the fact that an application can be functioning correctly even if the network path is degraded—and vice versa.

This substitution is not a reasonable interpretation of the reference, but an impermissible effort to rewrite the prior art to meet the claim limitations. Such expert testimony goes beyond interpreting the printed publication and instead attempts to supply missing elements, in direct violation of 35 U.S.C. § 311(b). Gap-filling of this nature is particularly inappropriate where, as here, the expert declaration largely mirrors the Petition's language without offering independent analysis. These aspects of the present challenge further support a discretionary denial under § 314(a).

Given the extensive and improper use of expert testimony, the Petition fails to comply with statutory requirements and undermines the integrity of the IPR process. Accordingly, this factor further supports discretionary denial under 35 U.S.C. § 314(a) and the guidance of the Memorandum. The Director should exercise her discretion and deny institution.

### B. The ‘743 Patent Has Been In Force Since 2011 And Petitioner Has Been Aware Of The ‘743 Patent Since At Least 2020

A further relevant consideration identified in the Memorandum was “[s]ettled expectations of the parties, such as the length of time the claims have been in force.” Memorandum, at 1. In this case, the claims of the ‘743 Patent were in force for over 16 years, and the patent expired more than 1.5 years (June 5, 2023) before this Petition was filed (December 23, 2024). Despite having been specifically alerted to the ‘743 Patent in August 20, 2020 (and provided with a copy of ‘743 Patent at that time), Petitioner waited more than four years to file this IPR challenging the ‘743 Patent. Under these circumstances, the Petitioner’s delay in filing this IPR is a further factor that favors discretionary denial.

Specifically, Patent Owner sent a letter to the Associate General Counsel of Petitioner on August 7, 2020 (hereinafter, “the Letter”), which is more than four years ago. Ex. 2005, at 1-4. The Letter was sent by email and contained several attachments, including a claim chart mapping a representative product to claim 10 of ‘743 Patent (at 5-12)(hereinafter “the Claim Chart”) and a copy of ‘743 Patent (at 13-70).

The Letter was addressed to Petitioner’s Associate General Counsel, and stated in part:

> The following is a list of exemplary patents and exemplary infringing products. …. I am further attaching brief descriptions

of the exemplary IV patents listed below in the form of patent infringement summaries. In addition to the attached patent overview summaries, I am attaching a copy of each patent for your convenience. Ex. 2005, at 2.

The Letter included a list of patents which, as shown below, included the '743 Patent.

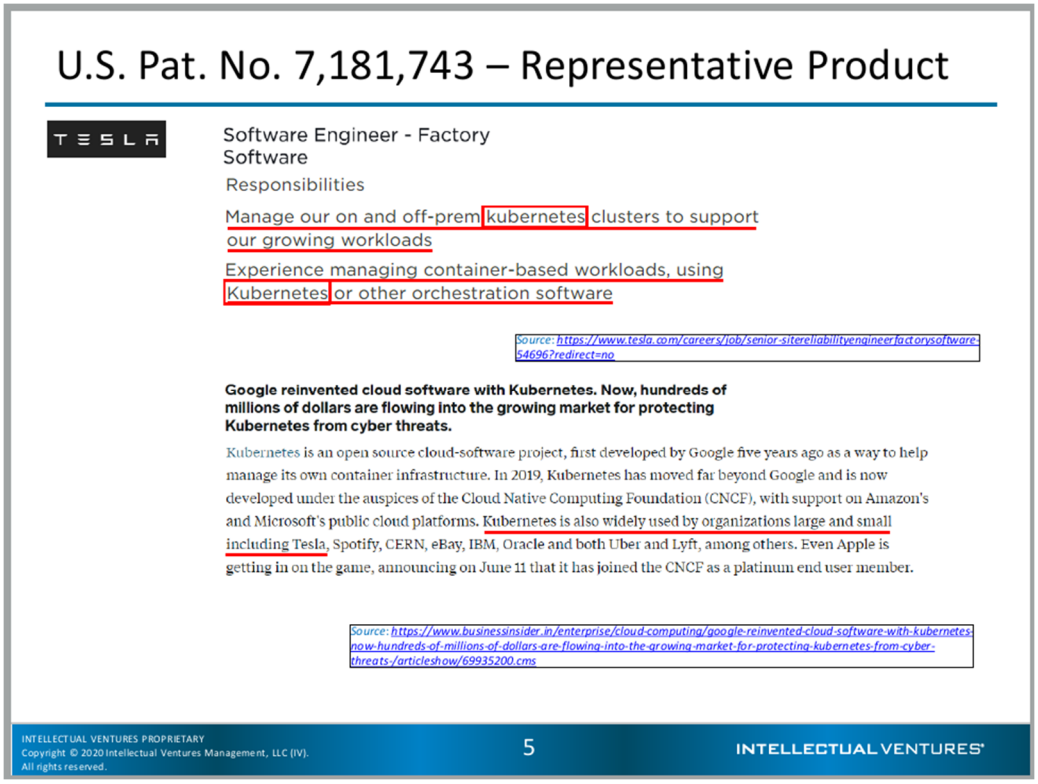
INTELLECTUAL VENTURES®

| | | | |
|---|---|---|---|
| 8,594,122 | Transmit announcement indication | Wentink, Menzo | Models S, X, 3, Y |
| 9,681,466 | Scheduling transmissions on channels in a wireless network | Speight, Timothy J. | Models S, X |
| 8,953,641 | Methods and apparatus for multi-carrier communications with variable channel bandwidth | Li, Xiaodong et al. | Models S, X |
| 10,477,497 | Synchronization in a flexible bandwidth wireless network | Howard, Paul | Models S, X |
| 7,257,582 | Load balancing with shared data | Rothschild, Michael | Data Infrastructure - Docker |
| RE42,153 | Dynamic coordination and control of network connected devices for large-scale network site testing and associated architectures | Hubbard, Edward A et al. | Data Infrastructure - Kubernetes |
| 7,181,743 | Resource allocation decision function for resource management architecture and corresponding programs therefor | Werme, Paul V et al. | Data Infrastructure - Kubernetes |
| 7,822,841 | Method and system for hosting multiple, customized computing clusters | Franklin, Jeffrey B | Data Infrastructure - Kubernetes |

Ex. 2005, at 4. The Letter also included the Claim Chart identifying how Petitioner infringed Claim 10 of the '743 Patent. Ex. 2005, at 5-12.

In addition, the Claim Chart clearly identified that Tesla's usage of Kubernetes infringed claim 10 of the '743. (Ex. 2005, at 8 "At least Claim 10 of US Patent 7,181,743 in infringed by Tesla use of Kubernetes."). As noted above, Claim 10 is the only challenged independent claim in this IPR.

The Claim Chart further provided several pages of evidence that demonstrate Tesla's usage of Kubernetes (an example is shown below)




Ex. 2005, at 9

Accordingly, on August 7, 2020, the Patent Owner notified Petitioner of the '743 Patent, provided Petitioner with evidence that Petitioner infringed claim 10 of the '743 Patent, and furnished Petitioner with a copy of the '743 Patent. Patent Owner and Petitioner subsequently discussed the content of the Letter.

Despite irrefutable evidence to the contrary, the Petition states:

> Petitioner only learned which claims were being asserted in August 2024. See Ex.1014 (infringement contentions cover pleading). Since then, Petitioner has worked expeditiously to file this Petition within four months. Pet., at 99.

Petitioner's assertion that it only learned which claims were being asserted in August, 2024 is belied by the facts, which demonstrate that Petitioner was aware of at least the only independent claim challenged four years prior in August, 2020. Despite having early and detailed notice, Petitioner waited more than four years—until after the '743 Patent had expired —to file the present Petition. The settled expectations of the parties, the length of time the claims were in force, and Petitioner's prolonged and unexplained delay all weigh strongly in favor of discretionary denial under 35 U.S.C. § 314(a) and the guidance set forth in the Memorandum.

### C. The Director Should Deny Institution Under § 314(a) Due to Petitioner's Improper Reliance on Expert Testimony and Undue Delay in Filing.

Taken together, the Petition's excessive reliance on expert testimony and the Petitioner's prolonged, unjustified delay in filing this IPR weigh heavily in favor of discretionary denial under 35 U.S.C. § 314(a). The Petition improperly depends on a 155-page expert declaration to add elements missing from the prior art, in contravention of the statutory limitation under § 311(b), which restricts IPR

challenges to patents or printed publications. The expert declaration largely parrots the Petition's language without providing meaningful independent analysis, further undermining its probative value.

Additionally, the settled expectations of the parties and the timeline of events provide further grounds for denial. Tesla was clearly notified in August 2020 that it was infringing Claim 10 of the '743 Patent—the very claim challenged here—and was provided with detailed claim charts, supporting evidence, and a copy of the patent itself. Tesla engaged in discussions regarding the  Letter, yet waited over four years, until well after the patent had expired and more than sixteen years after it had issued, to file this Petition. The Petitioner's assertion that it acted expeditiously is directly contradicted by the record.

These facts reflect not only a misuse of the IPR process but also raise concerns about fairness, efficiency, and respect for the statutory framework. Accordingly, the Director should exercise her discretion under § 314(a) and the Memorandum to deny institution of this untimely and improperly supported Petition.

## IV. CONCLUSION

Institution of inter partes review should be denied under 35 U.S.C. § 314(a) based on the totality of the circumstances presented in this case. All six *Fintiv* factors weigh against institution, including the advanced stage of the Parallel Litigation, the scheduled trial date occurring before the projected Final Written Decision, the parties' substantial investment in the litigation, and the complete overlap of parties, issues, and prior art between the district court and this IPR. These factors raise serious concerns about duplicative proceedings, inefficiency, and the risk of conflicting outcomes.

In addition, the Petition suffers from two independent and compelling defects identified in the Memorandum. First, the Petition's excessive and improper reliance on expert testimony contravenes the statutory requirement that IPRs be based solely on patents or printed publications under 35 U.S.C. § 311(b). Second, the Petitioner delayed nearly five years in bringing this IPR despite having received detailed infringement contentions, supporting evidence, and a copy of the '743 Patent back in August 2020. The Petitioner's claim of only recent awareness is contradicted by the record, and the delay disrupts the settled expectations of the Patent Owner, particularly in light of the patent's expiration.

Each of these issues independently supports discretionary denial. Considered together, they present a compelling case for the Director to exercise her discretion

and deny institution of this untimely and inefficient Petition in accordance with § 314(a).

Respectfully submitted,

Dated: March 31, 2025

By: /Brandon R. Theiss/
Brandon R. Theiss
Registration No. 70,507

*Counsel for Patent Owner*
*Intellectual Ventures II LLC*

## CERTIFICATE OF COMPLIANCE WITH WORD COUNT

Pursuant to 37 C.F.R. § 42.24(d), I certify that this **BRIEF IN SUPPORT OF PATENT OWNER'S REQUEST FOR DISCRETIONARY DENIAL** complies with the type-volume limits set forth in the Memorandum and 37 C.F.R. § 42.24 because it contains 3,924 words, excluding the parts of the Brief that are exempted by 37 C.F.R. § 42.24(a), according to the word processing system used to prepare this Brief.

Respectfully submitted,

Dated: March 31, 2025

By: /Brandon R. Theiss/
Brandon R. Theiss
Registration No. 70,507

*Counsel for Patent Owner*
*Intellectual Ventures II LLC*

## CERTIFICATE OF SERVICE

The undersigned certifies that pursuant to 37 C.F.R. § 42.6(e), a copy of the foregoing **BRIEF IN SUPPORT OF PATENT OWNER'S REQUEST FOR DISCRETIONARY DENIAL** was served via email (as consented to by counsel) on March 31, 2025 to lead and backup counsel of record for Petitioner as follows:

Jonathan R. Bowser
jon.bowser.ipr@haynesboone.com
HAYNES AND BOONE, LLP
2801 N. Harwood Street, Suite 2300
Dallas, TX 75201

Calmann J. Clements
calmann.clements.ipr@haynesboone.com
HAYNES AND BOONE, LLP
2801 N. Harwood Street, Suite 2300
Dallas, TX 75201

Scott T. Jarratt
scott.jarratt.ipr@haynesboone.com
HAYNES AND BOONE, LLP
2801 N. Harwood Street, Suite 2300
Dallas, TX 75201

Ashraf Fawzy
afawzy@tesla.com
TESLA, INC.
1 Tesla Road
Austin, Texas 78725

Dated: March 31, 2025

By: /Brandon R. Theiss/
Brandon R. Theiss
Registration No. 70,507
*Counsel for Patent Owner*
*Intellectual Ventures II LLC*