

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

VOLKSWAGEN GROUP OF AMERICA, INC.,

Petitioner,

v.

LONGHORN AUTOMOTIVE GROUP LLC,

Patent Owner.

Inter Partes Review No. IPR2025-00925

Patent No. 8,085,192

**PETITIONER'S REQUEST FOR DIRECTOR REVIEW OF
INSTITUTION DECISION**

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Pursuant to 37 C.F.R. § 42.75(c), Petitioner Volkswagen Group of America, Inc. (“Petitioner”) respectfully requests that the Director vacate the Decision Denying Institution of *Inter Partes* Review (Paper 9, Sept. 12, 2025) (“Decision”) of U.S. Patent No. 8,085,192 (“the ’192 Patent”) and institute review on all grounds. Because the Decision made a material error of fact when relying on an examiner interview (rather than the reasons for allowance provided by the examiner) when assessing whether a material error by the examiner was made in allowing all claims, the Decision should be vacated and all arguments presented in Petitioner’s Opposition to Patent Owner’s Discretionary Denial Request (Paper 7, August 25, 2025) (“Petitioner’s Opposition”) should be considered.

I. The Decision Erred When Relying on an Interview Summary, Not the Stated Reasons for Allowance, to Determine Whether the ’192 Patent Was Allowed in Error

The Decision erred when relying on an examiner interview summary, rather than the rationale provided in the Notice of Allowability, in evaluating whether the examiner may have committed a material error in allowing the ’192 Patent. 37 C.F.R. § 1.104(e) provides: “If the examiner believes that the record of the prosecution as a whole does not make clear his or her reasons for allowing a claim or claims, the examiner may set forth such reasoning.” The Manual of Patent Examining Procedure further underscores the importance of expressly stated reasons for allowance, explaining: “One of the primary purposes of 37 C.F.R. § 1.104(e) is to improve the

quality and reliability of issued patents by providing a complete file history which should clearly reflect, as much as is reasonably possible, the reasons why the application was allowed.” MPEP § 1302.14. The MPEP further explains:

In determining whether reasons for allowance should be recorded, the primary consideration lies in the first sentence of 37 CFR 1.104(e) which states: If the examiner believes that the record of the prosecution *as a whole* does not make clear his or her reasons for allowing a claim or claims, the examiner may set forth such reasoning. (Emphasis added).

Id.

As detailed in the Petition (Paper 1, at 1, 5) and Petitioner’s Opposition (Paper 7, at 2-3), the ’192 Patent examiner determined reasons for allowance were warranted under 37 C.F.R. § 1.104(e) and provided the following as the singular reason for allowance: “[t]he closest prior arts [sic] does not teach or make obvious: ‘A *removable storage module* for storing the encrypted location. . . .’” Ex. 1003, at 143 (emphasis added). This language, and specifically the language regarding “a removable storage module,” is not present in or relevant to all of the independent claims and was thus not a proper basis for allowing at least claims 13-18 and 22.

Instead of accepting the examiner’s stated rationale for allowance, the Decision denied the Petition under 35 U.S.C. § 314(a), stating: “Petitioner’s argument that the Examiner erred is unconvincing as it does not accurately

characterize the prosecution history.” Paper 9, at 2. In support, the Board relied on Ex. 1003 at 134, an examiner interview summary coming five months before the Notice of Allowability, which states:

Applicant argues that Adcox does not teach the information in the memory being encrypted. He pointed Adcox (column 4, lines 39-43) teaches that the device retrieved information from the memory, then encoded in order to transfer to the transmitter. Therefore the information in the memory is not encoded yet.

The examiner did not make any statements regarding allowability in this interview summary. Nor did the examiner ever credit the applicant’s arguments, of which there were many throughout the course of examination. *See* Ex-1003, at 76-84 (responding to Office Action of Sept. 9, 2010, addressing rejections under 35 U.S.C. § 112, ¶ 1, double patenting rejections, and obviousness rejections), 121-124 (responding to Office Action of Feb. 8, 2011, addressing double patenting and obviousness rejections).

Not every argument by an applicant is a reason for allowance. Indeed, the applicant’s description of the interview states that “[n]o agreement was reached other than that Application [sic] would submit remarks to discuss the patentable distinctions between the claims and the cited references to the Examiner in this Response.” Ex-1003, at 121 (emphasis added).

On this record, the Decision did not provide any support for its decision to rely on this interview summary rather than the examiner's chosen language included in the Notice of Allowability. Nor is there any basis in the record to supplant or alter the examiner's stated rationale.

Director Review of a decision regarding institution is warranted when the decision presents “(a) an abuse of discretion, (b) important issues of law or policy, (c) erroneous findings of material fact, or (d) erroneous conclusions of law.” Director Review Process, § 2.B. Here, the Decision made an erroneous finding of material fact when it found a basis for allowance of the '192 Patent lacking any stated acceptance or approval from the examiner, and despite the examiner deciding to memorialize their own reasons for allowance in the Notice of Allowability. As discussed above, by rule any reasons for allowability provided in a Notice of Allowability are meant to clarify the reasons a patent was allowed where the prosecution history *does not make clear* the rationale for allowability. *See* 37 C.F.R. § 1.104(e); MPEP § 1302.14. Specifically, if “the record of the prosecution as a whole”—including the interview summary—*did* “make clear [the examiner's] reasons for” allowance, as the Decision found, there would have been *no need* for the examiner's decision to explicitly state the reasons for allowance in the Notice of Allowability. *See* 37 C.F.R. § 1.104(e). Here, contrary to such a hypothesis, the examiner did not credit the applicant's arguments and instead decided to file express

reasons for allowance. Because those reasons pertained to only *two* of the four independent claims—i.e., those requiring a “removable” storage module—the two independent claims that omitted removability were allowed contrary to the examiner’s stated reason for allowance. This was error.

This error weighs heavily against discretionary denial and warrants institution for the reasons Petitioner articulated. *See, e.g., Anthony, Inc. v. Controltec, LLC*, IPR2025-00559, Paper 12, at 2 (P.T.A.B. July 16, 2025); *Tesla, Inc. v. Charge Fusion Techs., LLC*, IPR2025-00152, Paper 11, at 2 (P.T.A.B. June 12, 2025); *Skullcandy, Inc. v. Earin AB*, IPR2025-00690, Paper 9 (P.T.A.B. July 31, 2025). The Decision should therefore be vacated, and the Petition should be referred for institution on the merits.

II. The Prior Art in the Petition Overcomes the Decision’s Understanding of the Examiner’s Reasons for Allowance

A separate and independent reason for Director Review is also present because even the applicant’s arguments for allowance—never credited by the examiner as reasons for allowance—are erroneous on this record. Based on the reasoning provided in the Decision, the examiner erred in allowing the ’192 Patent over a 35 U.S.C. § 103 rejection regarding art based on encrypted memory. Paper 9, at 2. Here, the Petition details prior art disclosing memory encryption (rather than

the disputed “memory encoding” in the prosecution history), which renders all claims of the ’192 Patent unpatentable.

The primary reference, *Fish* (U.S. Patent No. 6,490,513), is extensively detailed in the Petition, and discloses the use of encryption of data stored in a memory. *See, e.g.*, Paper 1, at 35-41. Further, the Petition details the conventional use of encryption in vehicles well in advance of the ’192 Patent. *Id.*, at 10-11. Even if the reason for allowance was “encryption” of stored location data as argued by applicant—and not the examiner’s stated reason for allowance—here, the prior art clearly teaches it. In that counterfactual, it would have been erroneous for the examiner to allow the claims despite unconsidered prior art such as *Fish*, and thus the Decision erred when denying institution under 35 U.S.C. § 314(a).

III. The Decision Failed to Consider Key Arguments in Favor of Institution, Contrary to the APA and Due Process

Finally, the Decision failed to address several arguments presented in Petitioner’s Opposition. The only *Fintiv* factor discussed by the Board was Factor 2, the impact of a parallel litigation trial date, which the Board found to be neutral. Paper 9, at 2. However, Factor 3, the investment in the parallel proceeding, strongly counsels against discretionary denial as the parties have invested minimal efforts into the district court proceeding to date. Paper 7, 23-29. Factor 4, the overlap between the Petition and the parallel proceeding, also weighs against discretionary

denial, because of the broad stipulations agreed to by Petitioner and the fact that three claims not asserted in the parallel litigation were addressed in the Petition. *Id.*, at 29-32.

Factor 6, which strongly weighs against discretionary denial, was only addressed in terms of the age of the patent despite a number of circumstances existing which strongly support institution. *Id.*, at 33-50; Paper 9, at 2. For instance, the Decision failed to address Patent Owner's failure to provide anything but conclusionary, unexplained allegations regarding its purported settled expectations. *Id.*, at 36-39. The Decision failed to address the impact of Petitioner's stipulations in relation to any settled expectations. *Id.*, at 39-41. The Decision failed to address how Patent Owner's alleged settled expectations are overcome by a lack of commercialization, marking, or assertion. *Id.*, at 41-43. The Decision failed to address the impact of the inventor's reputation of possessing patents vulnerable to patent challenges on settled expectations of a sophisticated downstream purchaser. *Id.*, at 43-45. The Decision failed to address the strength of the Petition outweighing discretionary denial. *Id.*, at 45-49. And the Decision failed to address the fact that the '192 Patent had not yet been adjudicated in any forum, which also weighs against discretionary denial. *Id.*, at 49-50.

Considering the significant unaddressed circumstances set forth in Petitioner's Opposition, discretionary denial is not appropriate and the Decision's

unsubstantiated determination violates the Administrative Procedure Act and Due Process. Specifically, under 5 U.S.C. § 706(2)(A), the Decision reached an arbitrary and capricious outcome that constitutes an abuse of discretion because it rests on a material error of fact regarding the examiner's reasons for allowance. *See supra* § I. Because the Decision's rearticulation of the examiner's reasons for allowance is contrary to the examiner's own stated findings, and contrary also to the guidance of 37 C.F.R. § 1.104(e) regarding the need for express reasons for allowance, it "(1) is clearly unreasonable, arbitrary, or fanciful; (2) is based on an erroneous conclusion of law; (3) rests on clearly erroneous fact findings; [and] (4) involves a record that contains no evidence on which the [Office] could rationally base its decision." *See In re Vivint, Inc.*, 14 F.4th 1342, 1351 (Fed. Cir. 2021) (quoting *Honeywell Int'l Inc. v. Arkema Inc.*, 939 F.3d 1345, 1348 (Fed. Cir. 2019)). The Decision's failure to address Petitioner's arguments is thus not only contrary to the APA and Due Process for being unsubstantiated and unexplained, but it is also contrary to these legal mandates for lacking factual and legal support in the record.

IV. Conclusion

For the foregoing reasons, the Decision should be vacated and the Board should institute review on all grounds.

Dated: October 14, 2025

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing **Petitioner's Request for Director Review of Institution Decision** was served on October 14, 2025, via e-mail directed to counsel of record for Patent Owner at the following:

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Dated: October 14, 2025

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