

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

TESLA, INC.,
Petitioner

v.

GRANITE VEHICLE VENTURES LLC,
Patent Owner

Inter Partes Review Case No. IPR2025-00943
U.S. Patent No. 11,597,402

**PETITIONER'S OPPOSITION TO PATENT OWNER'S
REQUEST FOR DISCRETIONARY DENIAL**

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I. INTRODUCTION

The Director should deny Patent Owner’s request for discretionary denial. To avoid duplication of efforts between the Board and the District Court, Tesla filed a broadened *Sotera*+ stipulation that extends the standard *Sotera*+ stipulation to forgo all 102/103 invalidity grounds in the Parallel Litigation except for “grounds based solely on system prior art or system prior art in combination with one or more of” twelve expressly identified patents and patent applications (“Broadened *Sotera*+ Stipulation”). EX1040, 2–3. Tesla respectfully submits that this expansive stipulation outweighs all other *Fintiv* factors as it conclusively eliminates potential overlap with invalidity issues raised in the Parallel Litigation. This alone weighs heavily against discretionarily denying under the Board’s current caselaw.

Additionally, the Patent Office has an interest in rectifying material errors made during examination of the ’402 Patent, to which Patent Owner has no strong settled expectations. Here, the Patent Office materially erred during examination. The Examiner allowed the ’402 Patent after the Applicant convinced the Examiner that the cited prior art lacked two limitations of the pending claims—determining that a fault has occurred and using a fault-remediation table to make decisions based on that fault—even though both of those limitations are not in all the allowed claims

or, as a result of Patent Owner's disclaimer, any of the remaining Challenged Claims. Additionally, the only limitation in the remaining Challenged Claims for which the Examiner identified as the basis for allowance is taught by multiple references cited **during original examination**. The Examiner's acceptance of the Applicant's argument and summary allowance that followed constituted material error.

Patent Owner also lacks settled expectations in the '402 Patent. The patent only recently issued on March 7, 2023, and was not assigned to Patent Owner until July 2023. Patent Owner's arguments regarding alleged prior notice to Tesla are disingenuous, however, as Patent Owner never accused Tesla of infringement or identified any patent to Tesla until filing of the Complaint in the concurrent litigation. The lack of settled expectations makes the Board's interest in reviewing the Patent Office's errors during examination all the stronger.

A proper analysis of the *Fintiv* factors further weighs against discretionarily denying Tesla's IPR. As this opposition demonstrates, Patent Owner's conclusion that five of the six *Fintiv* factors favor discretionary denial is incorrect. Only Factor 1 weighs in favor of denial. But the likelihood of a stay, when weighed against the other *Fintiv* factors and the Board's interest in reviewing the Patent Office's error in allowing the Challenged Claims of the '402 Patent, does not justify discretionary

denial. Accordingly, Tesla respectfully requests that the Director deny Patent Owner's request for discretionary denial.

II. INSTITUTION OF TESLA'S PETITION FOR IPR IS AN APPROPRIATE USE OF BOARD RESOURCES

A. Tesla's Broadened *Sotera*+ Stipulation Mitigates any Remaining Overlap Concerns Between the IPR and the Parallel Litigation, Strongly Favoring Institution

To mitigate the possibility of overlap between the issues in this IPR and the parallel litigation, Tesla filed a Broadened *Sotera*+ Stipulation in the Parallel Litigation. Ex. 1040. Through its stipulation, Tesla has affirmed that, if this IPR is instituted, it will not pursue in the Parallel Litigation: "(i) the specific grounds raised in IPR2025-00943, (ii) any other grounds that could have reasonably been raised before the PTAB in instituted IPR2025-00943 (i.e., any ground that could have reasonably been raised under §§ 102 or 103 on the basis of only prior art patents or printed publications), or (iii) any ground based on a combination of system prior art and the references asserted as part of a ground raised in IPR2025-00943, as reflected in the table summarizing the Statutory Grounds for Challenges on page 3 of the Petition." *Id.*, 2. In addition to foregoing all of those invalidity grounds, Tesla has further stipulated to **limit** the invalidity grounds it presents in the Parallel Litigation to "grounds based solely on system prior art or system prior art in combination with

one or more of” twelve expressly identified patents and patent applications, removing at least nine references Tesla had identified in its invalidity contentions from the Parallel Litigation. *Id.*, 2–3.

Tesla’s broad stipulation goes beyond the scope of estoppel under 35 U.S.C. § 315(e)(2). *See Ingenico Inc. v. IOENGINE, LLC*, 136 F.4th 1354, 1367 (Fed. Cir. 2025) (holding that IPR estoppel does not preclude an IPR petitioner from relying on system art in litigation that is related to printed publications relied on in an IPR). This stipulation also specifically addresses the Director’s comment regarding remaining overlap in *Motorola Solutions* (combinations of system art with the references asserted in the IPR). IPR2024-01205, Paper 19 at 3–4 (“Petitioner’s invalidity arguments in the district court are more expansive and include combinations of the prior art asserted in these proceedings with unpublished system prior art, which Petitioner’s [*Sotera*] stipulation is not likely to moot.”). Further still, Tesla’s stipulation removes any remaining ambiguity from the scope of the invalidity theories it would be able to pursue in the Parallel Litigation by expressly identifying a discrete list of patents and patent publications it may rely on as secondary references in combinations with system art. EX1040, 2–3.

Tesla respectfully submits that this expansive stipulation outweighs all other *Fintiv* factors as it conclusively eliminates potential overlap with invalidity issues raised in the Parallel Litigation. The Director has credited narrower *Sotera+* stipulations in denying requests for discretionary denial. *See, e.g., Shenzhen Tuozhu Tech. Co., Ltd. v. Stratasy, Inc.*, IPR2025-00438, Paper 10 at 3 (PTAB July 17, 2025); *Tesla, Inc. v. Intellectual Ventures II LLC*, IPR2025-00340, Paper 10 at 2 (PTAB July 2, 2025); *Tesla, Inc. v. Intellectual Ventures II LLC*, IPR2025-00217, Paper 9 at 2 (PTAB June 13, 2025). Tesla's Broadened *Sotera+* Stipulation goes even further than the stipulations the Director has credited. Thus, it goes even further in eliminating potential overlap compared with those prior stipulations and weighs even more strongly in favor of institution.

Fintiv Factor 4 strongly favors institution.

B. The Patent Office Erred in a Way Material to Patentability When It Allowed the '402 Patent

The Acting Director has repeatedly emphasized that “it is an appropriate use of Board resources to review” errors made by the Patent Office during the examination of a Challenged Patent. *Skullcandy Inc. v. Earin AB*, IPR2025-00690, Paper 9 at 2 (PTAB July 31, 2025); *Microsoft Corp. v. Partec Cluster Competence Ctr. GmbH*, IPR2025-00318, Paper 9 at 3 (PTAB June 12, 2025). The Board's

interest in reviewing such errors can even supersede other factors (e.g., strong settled expectations). *Skullcandy*, Paper 9 at 2; *see also TSMC Ltd. v. Marlin Semiconductor Ltd.*, IPR2025-00847, Paper 11 at 2–3 (PTAB Sept. 3, 2025) (referring to merits panel in light of material error despite finding that settled expectations of a patent in force for fifteen years outweighed the final decision issuing before parallel ITC trial occurs).

The Examiner made at least two such errors material to the patentability of the Challenged Claims during examination. Each error, alone, warrants review of the Challenged Claims, and the combination of these errors leaves no doubt that the Board should reevaluate the Challenged Claims' patentability.

1. The Examiner Erred by Allowing the '402 Patent Based on Limitations Not Recited in Every Claim

The Examiner's first error was allowing all Challenged Claims based on limitations not found in every claim of the '402 Patent. Notably, these claim limitations that formed the basis for allowance are recited in just one of the '402 Patent's independent claims. Consequently, it was material error for the Examiner to allow the remaining claims of the '402 Patent that lacked those limitations. Moreover, due to the Patent Owner's statutory disclaimer, none of the remaining Challenged Claims include both of the limitations that formed the basis for

allowance, further highlighting the material error. Accordingly, it is an appropriate use of Board resources to review the correctness of their prior allowance. *See Activision Blizzard, Inc. v. Milestone Ent., LLC*, IPR2025-00708, Paper 13 at 2–3 (PTAB Aug. 14, 2025) (determining it is an appropriate use of Office resources to address the patent challenged in the IPR because Petitioner presented evidence that the challenged claims omit limitations that appear to have been the examiner’s reason for allowance).

The Examiner initially rejected the claims of the ’402 Patent during examination as being anticipated by U.S. Patent No. 9,365,213 to Stenneth (“Stenneth”). EX1002, 3318. In response, the Applicant argued that “Stenneth does not teach, ‘whether a fault has occurred.’” *Id.*, 3401. According to the Applicant, “Stenneth is discussing adjusting a confidence level and not determining that a fault has occurred. **Applicant claims the use of a, ‘fault-remediation table’** which allows for decisions based on the type of fault occurring.” *Id.* Thus, Applicant expressly argued that Stenneth purportedly did not teach two limitations: (1) *determining...whether a fault has occurred* (e.g., Claim 1(b)); and (2) *determining a corrective action associated with the fault using a fault-remediation table* (e.g., Claim 1(d)) (hereinafter collectively referred to as the “fault limitations”). In

response, the Examiner allowed the pending claims. *Id.*, 3411 (“[T]he prior art of record does not disclose or teach every limitation recited by” the pending claims).

The Patent Office’s allowance constitutes material error because not every claim set in the ’402 Patent (i.e., every independent claim and its dependents) includes the fault limitations. The fault limitations are only found in independent Claim 1 and its dependents, Claims 2 and 3.¹ EX1001, 21:29–63. Board precedent instructs that these circumstances during examination make Tesla’s IPR an appropriate use of Board resources. *See Activision*, Paper 13 at 2–3. Thus, even if the fault limitations had been novel, the Examiner materially erred by allowing independent Claims 4, 9, and 15 because the fault limitations are not recited in these claims. That error is sufficient to justify Board review of the Challenged Claims. *Activision*, Paper 13 at 2–3.

¹ A fault remediation table is also recited in other dependent claims (Claims 7, 17, and 21), but not the independent claims from which those claims depend (Claims 4 and 15). EX1001, 21:64–22:60, 24:9–54. However, Claim 7 is not a Challenged Claim, and Claims 4, 15, 17, and 21 have all been disclaimed.

Moreover, when Patent Owner filed its Discretionary Denial Brief, it also statutorily disclaimed Claims 1, 3, 4, and 14–24. Paper 11, 3 n.2; EX2013. Consequently, it is “as though the disclaimed claim(s) had ‘never existed[.]’” *Sanofi-Aventis U.S., LLC v. Dr. Reddy’s Labs, Inc.*, 933 F.3d 1367, 1373 (Fed. Cir. 2019) (quoting *Genetics Inst., LLC v. Novartis Vaccines & Diagnostics, Inc.*, 655 F.3d 1291, 1299 (Fed. Cir. 2011)). As a result, **none of the Challenged Claims** includes the fault limitations that appear to have been the Examiner’s reason for allowance. Therefore, reviewing the Challenged Claims’ patentability is an appropriate use of Office resources. *Activision*, Paper 13 at 2–3.

2. The Examiner Erred By Only Searching for Prior Art Containing Both Fault Limitations

As noted above, the Patent Office materially erred in allowing the ’402 Patent because both fault limitations cited by the Applicant were not recited in every pending claim. In addition, even if the Examiner determined that just one of the fault limitations (e.g., *determining...whether a fault has occurred*), alone, was sufficient for allowance, he still erred by allowing the pending claims. The Examiner’s search during original examination was focused on locating prior art references that disclosed **both** purportedly novel fault limitations identified by the

Applicant.² Had the Examiner considered only the limitation of *determining... whether a fault has occurred*, the Examiner would not have allowed the Challenged Claims—or at least should not have. The '402 Patent itself cites multiple references (e.g., *Cullinane, James*) that the Applicant disclosed to the Patent Office that indisputably teach switching driving modes after detecting a fault. EX1001, 2, (56) (identifying *Cullinane* and the published patent application that would issue as *James*).

As Tesla's expert, Dr. Wilson, explained, *Cullinane* teaches determining whether a fault has occurred:

² The Examiner conducted a specific, narrow search for prior art directed to both purportedly novel fault limitations that still yielded 6,685 hits. Some of the relevant aspects of the Examiner's search string included:

(vehicle OR car OR automobile) AND (autonomous OR self-driving OR driverless) AND (manual OR driver OR operator OR user) AND (condition OR hazard OR danger OR risk OR *fault* OR failure) AND (table OR database) AND (mode OR switch OR transition OR takeover)

EX1002, 3433 (identifying the various search strings the Examiner employed).

SDVs were capable of “switching between autonomous and manual driving modes. In order to do so, the vehicle’s computer may conduct a series of environmental, system, and driver checks to identify certain conditions.” **Upon detecting “some emergency or some preventative condition** [i.e., *a fault*] such as a loss of communication with some component of the autonomous driving system, the computer 110 may immediately inform the driver of the need to switch to the manual driving mode.”

EX1003, ¶ 36 (quoting *Cullinane* (EX1019) (emphasis added), Abstract, FIG. 10, 16:38–43) (internal citations omitted). “Thus, SDVs were known to switch driving modes in response to detecting a fault[.]” *Id. James*, likewise, teaches taking action based on determining that a fault has occurred:

James further teaches “transitioning a vehicle between a first operational mode and a second operational mode” dependent on if “an operational mode transition event has occurred” (**e.g., a fault**). “Such an event may be indicative of a **problem** which is to be communicated to the driver to prepare to take a greater degree of involvement in the vehicle control.”

Id., ¶ 37 (quoting *James* (EX1021) (emphasis added), 1:30–38, 10:52–55, FIG. 2 and citing *James*, 19:19).

In sum, the only limitation the Examiner apparently relied on in deciding to allow the Challenged Claims—*determining...whether a fault has occurred*—does not justify the Examiner’s allowance. That limitation was well-known in the prior art, as demonstrated not only by Tesla’s IPR Petition, but by the very prior art

references cited on the face of the '402 Patent. By nonetheless allowing the Challenged Claims, the Patent Office erred in a manner material to patentability. Therefore, the Office has an interest in reviewing that error, and it is an appropriate use of Board resources to consider the merits of Tesla's Petition. *See, e.g., Skullcandy*, Paper 9 at 2; *Partec*, Paper 9 at 3.

C. Patent Owner Does Not Have a Settled Expectation That the '402 Patent Would Not Be Challenged

Patent Owner “has not developed strong settled expectations” that the '402 Patent would not be challenged because the '402 Patent has “not been in force for a significant period of time[.]” *Microsoft Corp. v. Edge Networking Sys., LLC*, IPR2025-00617, Paper 12 at 2 (PTAB July 31, 2025). Critically, the '402 Patent only issued in 2023. Given its recent issuance and the Director's clear directive to parties to bring their invalidity challenges to patents early, Patent Owner should have expected Tesla's IPR challenge. Indeed, the Director has repeatedly found early challenges like Tesla's “weigh against discretionary denial.” *See, e.g., MIM Software Inc. v. Progenics Pharms., Inc.*, IPR2025-00630, Paper 13 at 2 (PTAB July 24, 2025) (emphasizing that “early challenges favor robust, predictable patent rights and weigh against discretionary denial” and denying requests for discretionary denial of IPRs against patents that issued between 2020 and 2024); *Microsoft*, Paper

12 at 2 (denying discretionary denial request for IPRs against patents that issued between 2020 and 2023 and do not have strong settled expectations).

Patent Owner concedes that it has not developed strong settled expectations in the '402 Patent. Paper 11, 39–40. Indeed, it was not even assigned the '402 Patent until July 2023. Instead, Patent Owner contends that Tesla's notice of the '402 Patent in 2023 "mitigates any weight that should be given" to the lack of settled expectations. *Id.*, 39. Patent Owner's argument lacks merit.

First, Patent Owner's characterization of and reliance on *iRhythm* to support its argument is inaccurate and unavailing. *Id.* In *iRhythm*, the Director found **only** that the Petitioner's notice, **coupled with strong settled expectations** in the more than decade old patent, favored discretionary denial. *iRhythm Techs., Inc. v. Welch Allyn, Inc.*, IPR2025-00363, Paper 10, 3 (PTAB June 6, 2025). Second, while Tesla was sent a list of patents that included the '402 Patent on August 9, 2023, "Tesla did not become aware of the subject matter of, claims, or any potential infringement allegations regarding [the '402 Patent] until on or around the service of the complaint" (i.e., December 6, 2024) in the Parallel Litigation. EX2015, 2. Moreover, because it was not Patent Owner (nor a predecessor-in-interest) that sent the list of patents to Tesla, and because Patent Owner otherwise never notified Tesla of its

infringement allegations before filing the Parallel Litigation, Tesla had no reason to believe the '402 Patent was relevant or that it needed to investigate its subject matter and claims further at that time.

III. PATENT OWNER'S REMAINING *FINTIV* ARGUMENTS ARE MERITLESS

A. The Final Written Decisions Will Likely Issue Before or Around the Time of The Trial in the Parallel Litigation

The underlying litigation is pending before Judge Gilstrap in the Eastern District of Texas. The USPTO's March 24, 2025, Guidance on the Recission of the Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation states that "in applying *Fintiv*, the Board may consider any evidence that the parties make of record that bears on the proximity of the district court's trial date[.]" *Guidance*, at 3. Here, two points bear on the proximity of the district court's trial date and demonstrate that the final written decision in this case will almost certainly issue before trial takes place in the parallel litigation.

1. Judge Gilstrap's Patent Cases Are Regularly Rescheduled and Typically Go to Trial ~24 Months After a Case Is Filed

The Final Written Decision in this proceeding is scheduled to issue before December 10, 2026. On April 10, 2025, Judge Gilstrap entered a scheduling order

setting trial for August 3, 2026. EX2003, 1. However, Judge Gilstrap's history of managing his busy docket by rescheduling trials in the patent cases filed before him in the last three years is strong evidence that the trial in the Parallel Litigation will be postponed.

Across the patent cases filed before Judge Gilstrap in the last three years, eighteen of them went to trial. EX1041 (*Summary of Judge Gilstrap's Recent Patent Trials and Their Dockets*). Of those, only **three** were held on the originally scheduled trial date. *Id.* And in the 15 cases that did not go to trial as scheduled, the average delay from the originally scheduled trial date was 109 days, or almost 4 months. *Id.*, 1. Moreover, across those 15 postponed cases, Judge Gilstrap rescheduled the trial date an average of three times. *Id.* Ultimately, from filing to trial in those 15 cases, the median time to trial was ~25 months, consistent with the median time from filing to trial in civil cases filed in the Eastern District of Texas. *Compare id. with* EX1042 (*National Judicial Caseload Profile*), 35. Accordingly, based on Judge Gilstrap's and the Eastern District's recent median time to trial statistics, the trial in the Parallel Litigation is projected to occur around December 2026 or January 2027—three to four months **after** the currently scheduled trial date and consistent with the average amount of time Judge Gilstrap's recent patent trials

were postponed. EX1041, 1. Thus, there is “a high likelihood” that the final written decision in this proceeding will likely issue at, or just before, the trial in the Parallel Litigation. *See iRhythm*, Paper 10 at 2 (finding a high likelihood of a stay where the Petitioner cited specific, recent cases from its Judge regularly granting stays under similar circumstances).

Additionally, Petitioner filed this IPR on May 5, 2025, but the PTAB did not issue the Notice of Filing Date Accorded until June 10, 2025. Paper 1; Paper 5. Had the PTAB issued the NFDA according to the Acting Director’s recent guidance that all NFDAs will be issued within two weeks of filing of the Petition,³ the time difference between the FWD in this IPR and any trial in the Parallel Litigation would be further compressed. Petitioner should not be prejudiced by the time it took to issue the NFDA.

2. *Judge Gilstrap Currently Has Eight Cases Scheduled for Trial on the Scheduled Trial Date in the Parallel Litigation*

Judge Gilstrap’s current trial calendar is further evidence that the trial in the Parallel Litigation will likely be postponed. There are currently seven other cases

³ See <https://www.uspto.gov/subscription-center/2025/ptab-practice-change-aia-petition-notice-filing-date-accorded>.

scheduled for trial before Judge Gilstrap on the same day the parallel litigation is scheduled for trial, four of which are patent cases. EX1043 (*Summary of Judge Gilstrap's Scheduled Trials and Their DCOs*). Moreover, all four of those patent cases were filed **before** the Parallel Litigation. *Id.* It is unlikely the Parallel Litigation will go to trial as scheduled, because seven of the eight cases scheduled to go to trial on August 3, 2026, will ultimately need to be rescheduled absent earlier case resolution, and the four other patent cases scheduled for trial that day were filed before the Parallel Litigation. Instead, as was the case in nearly all the patent cases that went to trial before Judge Gilstrap that were filed in the last three years, there is a high probability that the Parallel Litigation's trial date will be postponed until, or shortly after, the final decision in this proceeding will issue.

Thus, *Fintiv* Factor 2 is neutral. Consequently, *Fintiv* Factor 5 is also neutral. *See, e.g., BOE Tech. Grp. Co., Ltd. v. Optronix Scis. LLC*, IPR2024-01130, Paper 16 at 13 (PTAB Jan. 27, 2025) (Factor 5's weight for or against denial follows Factor 2).

B. The Investment in the Parallel Litigation Is Unremarkable—But It Would Have Been Even Lower Had Patent Owner Not Delayed in Disclaiming Challenged Claims

The parties’ investment in the Parallel Litigation is nothing out of the ordinary. By the Board’s deadline to resolve institution in this proceeding—December 10, 2025, not December 24, 2025 (Paper 11, 18)⁴—the parties will still be roughly one month away from even filing their respective opening claim construction briefs and more than two months from the scheduled Claim Construction Hearing. Paper 11, 18; EX2004 at 3. For this reason alone, Factor 3 “weighs against exercising discretion to deny institution[.]” *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 10 (PTAB Mar. 20, 2020) (“If, at the time of the institution decision, the district court has not issued orders related to the patent at issue in the petition, this fact weighs against exercising discretion to deny institution under *NHK*.”).

The “substantial” investment Patent Owner alleges the parties have made in the Parallel Litigation is anything but. To be sure, like most cases nine months in,

⁴ Patent Owner misleadingly relies on the Board’s deadline in Tesla’s later-filed ’004 Patent IPRs as support for its arguments against the ’402 Patent IPR.

the parties have engaged in fact discovery. Paper 11, 18. But the activities mentioned by Patent Owner relate in large part to venue discovery arising out of Tesla's motion to transfer venue filed in the Parallel Litigation, rather than the merits of the case. Patent Owner cites the production of 185,000 pages of documents. *Id.* But that pales in comparison to the average number of pages produced in a typical civil case broadly, at least by one e-Discovery platform's estimate. EX1044 (*Logikcull Article*) (estimating the average number of pages produced to be 6.5M). Patent Owner notes that a collective 35 interrogatories and ten depositions have been taken. Paper 11, 18. These numbers, too, are unremarkable and still well below the limits the parties agreed to in the Parallel Litigation. EX1045 (*Discovery Order*), 4 (agreeing to 25 interrogatories and 70 hours, or ten 7-hour depositions, per side).

More critically, however, much of this discovery to date was limited to venue transfer issues, not the merits, minimizing its relevance. *See Fintiv*, Paper 11 at 9–10 (explaining that *Fintiv* Factor 3 is centered on substantive issues relating to the patent(s)-in-suit). The *Fintiv* Factors are intended to analyze whether the Board will be duplicating substantive work already performed in the Parallel Litigation. *Id.* But in the Parallel Litigation, none of the depositions taken related to the merits, and many of the interrogatories served focused on, and much of Patent Owner's

document production related solely to, transfer. Consequently, Patent Owner cannot demonstrate duplication of work based on document productions, depositions, and interrogatories that are not germane to the substantive issues presented in this IPR.

Beyond fact discovery, Patent Owner points only to the parties' purported "considerable time and resources [invested] in the development of their infringement and invalidity contentions." Paper 11, 19. However, Patent Owner relies primarily on Tesla's investment in its invalidity contentions as evidence of this claim. *Id.* Patent Owner's reliance primarily on Tesla's work is a perverse application of *Fintiv* Factor 3. The *Fintiv* factors are meant to relate "to whether efficiency, fairness, and the merits support the exercise of authority to deny institution[.]" *Fintiv*, Paper 11 at 6 (emphasis added). Punishing Tesla for investing in its invalidity case does not ensure fairness; it does the opposite. And Tesla has demonstrated its commitment to pursuing its invalidity case through this IPR by filing its Broadened *Sotera+* Stipulation.

As a threshold matter, Tesla's investment was not entirely attributable to the three patents asserted in the Parallel Litigation, as much of Tesla's investment in its invalidity cases was done in furtherance of its IPR Petitions. When Patent Owner filed its Complaint in the Parallel Litigation, Patent Owner identified just one claim

from the '402 Patent—Claim 4. EX2001, 12–23. Moreover, in each of Patent Owner's infringement counts, Patent Owner alleged infringement of “claim 1 *et seq.*” of each of the '402, '765, and '004 Patents. *Id.*, 23–30. So, until Patent Owner served its infringement contentions four months later, Tesla had to assume that Patent Owner could assert every claim in the '402, '765, and '004 Patents. At the same time, Tesla could not wait for Patent Owner's infringement contentions to begin preparing its IPR Petitions, lest it risk its Petitions being discretionarily denied. *See, e.g., Fintiv*, Paper 11 at 11–12. Consequently, Tesla began preparing its IPR Petitions to challenge most of the claims in the '402, '765, and '004 Patents before Patent Owner identified the more-limited claim sets it was asserting against Tesla. And by the time Tesla began work on its invalidity contentions, much legwork underpinning its invalidity theories—prior art searching and charting, development of invalidity theories—had already been done in service of its IPR Petitions.

Moreover, to the extent that Tesla's investment in its own invalidity case can be considered “substantial,” Patent Owner bears much of the blame for that investment. As noted above, Patent Owner mapped just one claim from the '402 Patent in its Complaint, while alleging infringement of “claim 1 *et seq.*” of each of the '402, '765, and '004 Patents, forcing Tesla to prepare an invalidity case against

most of the claims of the '402, '765, and '004 Patents. EX2001, 12–30. Now, more than eight months later, Patent Owner has decided to statutorily disclaim a large share of the '402, '765, and '004 Patents' claims—including **more than half** of the Challenged Claims in this IPR, mooted **six of the ten** grounds Tesla presented in its Petition—to improve its odds of securing denials of Tesla's IPRs. EX2013; *see also* IPR2025-00944, EX2013 ('765 Patent disclaimer), IPR2025-01034, EX2013 ('004 Patent disclaimer). If Patent Owner did not intend to assert the disclaimed claims or had concerns over their validity—and was apparently so concerned with the resources asserting those claims against Tesla in litigation would require—it should have notified Tesla of that fact earlier. Had it done so, Tesla would have not had to invest as many resources into preparing its invalidity case and Tesla could have gotten its Petitions on file even sooner, and the parties would not have been forced to invest as much time and resources in their respective contentions. Instead, Patent Owner waited until it filed its discretionary denial briefs to file its statutory disclaimers. To the extent the parties' investment in their respective contentions weighs on the Director's discretionary denial decision, it weighs against, not for, discretionary denial.

Fintiv Factor 3 favors institution.

C. Patent Owner’s Arguments Against the Merits of Tesla’s Petition Are Unfounded

Tesla’s Petition establishes a strong case that the Challenged Claims are likely invalid. Each ground in the Petition specifies, with supporting expert testimony, where each element of each claim is found in the prior art. *See generally* Paper 1, 5–79, EX1003. When a combination of references is relied on to establish the obviousness of a particular limitation, the Petition presents detailed, specific reasons, again with supporting expert testimony, showing why a POSITA would have been motivated to combine the prior art as proposed and would have had a reasonable expectation of success in making the proposed combinations. *See, e.g.*, Paper 1, 21–24, 34–39, 40–41, 43–44, 49–51, 54–57, 61–63, 68–69, 72–73, 78–79; EX1003, 82–88, 103–06, 109–13, 114–17, 121–24, 130–33, 138–43, 151–53, 154–60, 165–66, 170–72, 179–81. In sum, Tesla’s unpatentability challenges, supported with extensive expert testimony that is, itself, supported by objective evidence, are quite strong. *See Tesla, Inc. v. Charge Fusion Techs., LLC*, IPR2025-00032, Paper 11 at 39 (PTAB May 19, 2025) (“[A]pplaud[ing]” Petitioner and the expert for “leav[ing] virtually none of the substance of his testimony unsupported by objective evidence” by supporting its Petition with a 278 page expert declaration containing extensive explanations “with citations to dozens of pieces of objective evidence”).

Patent Owner does not identify any limitations missing from Tesla's cited prior art, nor does Patent Owner contend that any of the proposed combinations are missing motivations to combine. Nonetheless, Patent Owner argues the merits of Tesla's Petition are weak for three reasons: (1) Tesla relies on too many references; (2) Tesla's explanations for its proposed combinations to arrive at the claimed invention are inadequate; and (3) Tesla relies on, but fails to identify, an implicit, incorrect construction for *active learning data*. As demonstrated below, Patent Owner's contentions are factually and legally flawed and do not undermine the merits of Tesla's invalidity grounds.

Fintiv Factor 6 strongly favors institution.

1. The Number of References Relied Upon Has No Relevance to the Obviousness Analysis

First, Patent Owner argues that the Petition relies on an "uncommonly high number of references[,]" which "underscores the uncommon weakness of the Petition." Paper 11, 23. Patent Owner misunderstands the law and overgeneralizes and mischaracterizes the Petition's grounds and the prior art's teachings. It is well established that "a large number of references in a rejection does not, without more, weigh against the obviousness of the claimed invention." *In re Gatabi*, No. 2022-1580, 2023 WL 3477285, at *3 (Fed. Cir. May 16, 2023) (quoting *In re Gorman*,

933 F.2d 982, 986 (Fed. Cir. 1991)); *Gorman*, 933 F.2d at 986 (collecting cases where obviousness rejections based on the combinations of between six and eight prior art references were upheld). Instead, the obviousness of the Challenged Claims requires showing only that all claim limitations are disclosed in the prior art and that a POSITA would have been motivated to combine or modify the teachings in the prior art to arrive at the claimed invention. *See Univ. of Strathclyde v. Clear-Vu Lighting LLC*, 17 F.4th 155, 160 (Fed. Cir. 2021); *Honeywell Int’l Inc. v. 3G Licensing, S.A.*, 124 F.4th 1345, 1353 (Fed. Cir. 2025). By myopically focusing on the number of relied-upon references, Patent Owner fails to fully consider the merits of Tesla’s Petition.

The thrust of Patent Owner’s argument is that the Petition’s reliance on the combinations of between three and five references implies the Petition’s merits are weak or that the combinations are improperly the result of hindsight. Paper 11, 24–25. However, Patent Owner fails to mention *how* the Petition’s grounds use those references. For remaining Grounds 3–6, Tesla relies on the same two references—*Attard* and *Hampiholi*—in every Ground. Paper 1, 3. That’s because *Attard* alone, and *Attard* in combination with *Hampiholi*, teaches or renders obvious the majority of the Challenged Claims limitations. Paper 1, iii–v (Table of Contents identifying

the discrete limitations the Petition relies on secondary references as teaching). The remaining four references relied upon across the Grounds are only required for extraneous limitations which, not surprisingly, the Applicant did not include in every Challenged Claim. *Id.* In other words, the number of references required in Tesla's grounds reflects the unusually large number of disparate limitations the Applicant mixed and matched among the Challenged Claims, resulting in convoluted permutations of the claimed invention. The fact that the Challenged Claims include several such convoluted permutations actually makes "the Board better suited to review" Tesla's invalidity challenges. *See Tesla, Inc. v. Intellectual Ventures II LLC*, IPR2025-00217, Paper 9, 2–3 (PTAB June 13, 2025) ("The large number and vast scope of the patents asserted in the district court litigation...weighs against discretionary denial").

2. The Petition Expressly Articulates the Bases for Tesla's Unpatentability Grounds

Second, Patent Owner alleges "the Petition fails to articulate the bases for the asserted Grounds" and "how or why [a POSITA] would have combined" the prior art references as proposed. Paper 11, 23. Patent Owner identifies two such alleged failings.

The first alleged failing is that “the Petition fails to identify how or why [the Petition’s proffered] motivations would result in the particular combination of elements recited in the challenged claims.” *Id.*, 27, 31, 33. But Patent Owner identifies only one such alleged failure to explain a motivation to combine the references to arrive at the claimed invention—Claim 8. *Id.*, 27–30. Patent Owner argues that “[t]he Petition falls short of explaining why and how the proposed combination of references would result in” the limitations of Claim 8. *Id.*, 28. However, Patent Owner contradicts its own assertion in the sentences that follow, acknowledging that the Petition relies on the combination of *Attard-Scofield* and *Grimm* for the limitation in question (*id.*, 28–29) and that the Petition *does* identify a motivation to combine the references to arrive at the limitation. *Id.* (“The motivation Petitioner ***does identify***...” (emphasis added)).

The actual argument Patent Owner raises is much narrower—the Petition’s motivation “is generic and lacks the necessary particularity.” *Id.* Patent Owner’s argument fails. Patent Owner argues that the Petition failed to support its assertion that the *Attard-Scofield* combination would determine a correction action using *weighted voting* if *Attard-Scofield*’s CPCL is determined using *weighted voting* because it is the CPCL that *Attard-Scofield* relies on to determine a correction action.

Id., 30. Without explanation or argument, Patent Owner alleges “[t]he Petition fails to identify any reasoning to support this attenuated chain of logic.” *Id.* Patent Owner ignores the Petition’s **express incorporation** of the reasoning for the cited logic provided in limitation 4(j) and the reliance on Dr. Wilson’s supporting expert declaration. Paper 1, 51 (“Per 4(j),...*Dec.* 193”). In 4(j), the Petition explained how *Attard* “teaches the computer system is capable of determining a corrective action using the competence level of the processor [CPCL].” *Id.*, 35. To support the assertion that a CPCL that used weighted voting based on active learning data teaches *determining a correcting action using weighted voting*, Dr. Wilson further opined that “since the CPCL is determined using a weighted voting parameter, and the CPCL is used in determining the corrective action, the corrective action uses the weighted active learning data because ***it is in the CPCL.***” *Dec.*, 193 (emphasis added). Thus, the Petition, read alongside Dr. Wilson’s supporting opinion, fully supports the logic of the cited assertion.

The second alleged failure identified by Patent Owner is that “the Petition relies extensively on unexplained cross-references to arguments” which “involv[e] different claim language and different combinations of art[]” and “imposes an undue burden on the merits panel of the PTAB[.]” Patent Owner is wrong on the facts and

the law. On the facts, Patent Owner points to “the Petition’s arguments against claims 8–11 and 13. *Id.*, 31. However, Patent Owner fails to mention that the limitations for which cross-references were utilized are **substantively identical** to the limitations cross-referenced. Claim 8 is exemplary. Patent Owner points to Claims 8(Pre), 8(a), 8(b), and 8(d), which cross-reference Claims 4(Pre), 6(a), 6(b), and 6(d), respectively. *Id.* But each cross-referenced limitation is identical to the limitation upon which it relies. Paper 1, 83–84 (identical Claims 4(Pre) and 8(Pre)), 84 (identical Claims 6(a), 6(b) and 8(a), 8(b)), 84–85 (identical Claims 6(d) and 8(d)). The same is true for Claims 9 and 11 cited by Patent Owner. *Id.*, 83–86 (reciting relevant claim language). Patent Owner cites no authority to suggest Tesla’s cross-references are improper and, more importantly, requiring petitioners to repeat identical mappings for substantively identical limitations would be a waste of the Board’s resources.

Moreover, Patent Owner’s argument that the Petition’s cross-referencing “conceal[s] fatal defects” in the mappings for Claims 9–11 and 13 rests on a clear misreading of the Petition. Paper 11, 32. For example, Patent Owner points to Claim 9(e)(ii), for which Petitioner cross-references limitations 1(b), 1(c), and 1(d). *Id.*; Paper 1, 59. According to Patent Owner, this is a problem because the Petition’s

ground for Claim 1 relies on *Scofield* and *Frazer*, which are not part of Ground 5 against Claims 9–11 and that relies on *Attard*, *Hampiholi*, and *Grimm*. Paper 11, 32.

The plain text of the Petition refutes Patent Owner’s argument. Claim 9(e)(ii) requires, in relevant part, “determining a corrective action” by “determining whether a fault has occurred.” Paper 1, 85. Claim 1(d) likewise requires “determining a corrective action associated with the fault[.]” *Id.*, 83. The Petition’s 1(d) mapping relies exclusively on *Attard* for teaching the *corrective action* limitation. *Id.*, 18–19. Thus, there is no ambiguity in the Petition’s use of cross-referencing.

Patent Owner advances a similarly flawed argument for limitation 9(e)(iv). *Id.*, 32–33. Patent Owner’s argument rests on 8(c)’s mapping, which is cross-referenced by 9(e)(iv), being premised on *Scofield*, which is not part of the 9(e)(iv) mapping. *Id.*, 32. PO’s point is irrelevant. The Petition explicitly states that it is only relying on *Grimm*’s teaching “[a]s discussed in 8(c)” for its 9(e)(iv) mapping. Paper 1, 61. Thus, it is irrelevant that the Petition “does not explain how the absence of *Scofield*’s alleged *active learning data* would affect the operation of the combined system[.]” as Patent Owner contends, because the combined system is **different** for 9(e)(iv). *Compare id.*, 54 (combining *Attard-Scofield-Grimm*) with 61 (combining *Attard-Hampiholi-Grimm*). Most critically, the Petition, with supporting expert

testimony, sets forth its proposed combination and a motivation directed to that specific combination of references. *Id.*, 61 (citing EX1003, 226-229 opining on the motivation to combine *Attard-Hampiholi-Grimm*).

As used in the Petition, Tesla's cross-referencing is proper under the law. The decisions cited by Patent Owner primarily address to the impropriety of cross-referencing to **other documents** in violation of 37 C.F.R. § 42.6(a)(3)'s express prohibition against incorporating arguments "from one document *into another document*." 37 C.F.R. § 42.6(a)(3) (emphasis added); *Parus*, 70 F.4th at 1370 ("Parus does not dispute that it incorporated arguments by reference and therefore violated 37 C.F.R. § 42.6(a)(3)."); *Gen. Access Sols., Ltd. v. Sprint Spectrum L.P.*, 811 F. App'x 654, 656 (Fed. Cir. 2020) (discussing 37 C.F.R. § 42.6(a)(3)); *Cisco Sys., Inc. v. C-Cation Techs., LLC*, IPR2014-00454, Paper 12 at 8 (PTAB Aug. 29, 2014) (noting the impropriety of citing large portions of other documents in footnotes). The only case Patent Owner cites to suggest Tesla's intra-Petition cross-references are improper is *In re Magnum Oil Tools Int'l, Ltd.*, 829 F.3d 1364, 1378 (Fed. Cir. 2016). Paper 11, 34. However, *Magnum Oil* stands only for the proposition that a Petitioner must explain "why borrowing the rationale for combining the first set of references equally applies to the second set of references." *Id.* (quoting

Magnum Oil, 82 F.3d at 1378). As, demonstrated above, however, Tesla’s Petition provides exactly that explanation when borrowing rationales from earlier grounds. *See, e.g.*, Paper 1, 61.

3. *The Petition Does Not Rely on an Implicit Construction of the Active Learning Data Limitation*

Third, Patent Owner contends that the Petition’s merits are not compelling because the Petition purportedly “relies on an implicit and incorrect construction of ‘active learning data’ that (among other things) reads out the word ‘learning.’” Paper 11, 23. Patent Owner oversimplifies the Petition’s discussion of *active learning data*.

Patent Owner’s contention rests on cherry-picked statements in the Petition. Namely, that “[b]ecause [*Scofield’s*] driving condition data is data from other autonomous vehicles, it is *active learning data including information from other SDVs[]*” and that “Grimm teaches obtaining data from other vehicles (*active learning data*) to determine the reduced visibility (*a fault*),” citing the Petition’s mapping of Grimm’s “property of another vehicle.” Paper 11, 36. Based on these assertions, Patent Owner concludes that the Petition relies on a mapping for *active learning data* that “encompasses essentially any data that is obtained from other vehicles.” *Id.*, 37. Patent Owner mischaracterizes the Petition.

Each of the Petition’s mapping of *active learning data* for *Scofield* and *Grimm* has two components: (1) it is a specific type of data (i.e., *Scofield*’s driving condition data, *Grimm*’s property of another vehicle); and (2) that data comes from other SDVs. Paper 1, 42, 52, 63. PO ignores the former component of the Petition’s mappings. And, as the Petition shows, the specific type of data mapped in *Scofield* and *Grimm* are “learning” types of data. *Id.*, 42 (explaining *Scofield*’s driving condition data, is “evaluated to determine a driving condition” and, if that evaluation exceeds a complexity threshold, to issue “a driver alert to assume manual vehicle control”), 63 (explaining that *Grimm*’s data obtained from other vehicles is used to determine reduced visibility and to issue advisories of the braking activity ahead).

Moreover, while the merits of Tesla’s mappings for the *active learning data* limitations should be left for the merits panel, it is worth noting that the Petition’s mappings align with Patent Owner’s understanding of *active learning data*. Patent Owner defines the scope of *active learning data* using its claimed uses. Namely, that it must at least be “capable of being used as the basis for a ‘weighted voting parameter’ for use in ‘weighted voting[,]’” as recited in Claim 8, and can be used to “determine ‘the competence level of the processor[,]’” as recited in Claim 6. Paper 11, 37–38. The Petition’s mapping shows that both *Scofield*’s driving condition data

and *Grimm's* property of another vehicle are capable of just those uses. *See, e.g.*, Paper 1, 42 (explaining how *Scofield's* active learning data (*i.e.*, driving condition data) is used to determine a competence level of the processor (*i.e.*, driving condition)), 52–53 (explaining how *Grimm's* active learning data (*i.e.*, property of another vehicle) is used in weighted voting (*i.e.*, *Grimm's* threat level equation)). Thus, the Petition's application of the plain and ordinary meaning of *active learning data* is consistent with Patent Owner's own understanding of *active learning data*.

IV. FAULTING PARTIES FOR NOT SEEKING IPR BEFORE LITIGATION WOULD UNDERMINE THE AIMS OF THE INTERIM PROCESSES AND HARM THE PATENT SYSTEM

In support of considering settled expectations in the discretionary denial analysis, the Director has indicated that “early challenges favor robust, predictable patent rights[.]” *Software Inc. v. Progenics Pharms., Inc.*, IPR2025-00630, Paper 13 at 2 (PTAB July 24, 2025). However, requiring companies to preemptively challenge every patent that issues in their technology space, or that a PO could construe to allege infringement, would frustrate the Interim Processes' aims of “improv[ing] PTAB efficiency, maintain[ing] PTAB capacity to conduct AIA proceedings, [and] reduc[ing] pendency of in *ex parte* appeals[.]” *Interim Memo*, at 3. If Tesla were to preemptively challenge any patent that is either (1) in Tesla's technology space, or

(2) includes claims that a patent owner could conceivably interpret to allege that any of Tesla's products or services infringe, Tesla's preemptive filings alone would likely create a significant burden on the PTAB's capacity and resources. And if every major company were to interpret the Director's directive in this way, the PTAB would almost certainly grind to a halt. Indeed, the Director has acknowledged that instituting IPR challenges to claims "that will not be further addressed in [a] district court trial" "is an **inefficient use** of board resources[.]" *Roche Diabetes Care, Inc. v. Trividia Health, Inc.*, IPR2025-00553, Paper 10 at 2 PTAB (July 29, 2025) (emphasis added); *see also SAP Am., Inc. v. Valtrus Innovations Ltd.*, IPR2025-00414, Paper 12 at 2–3 (PTAB July 10, 2025) ("[I]t is an inefficient use of Board resources to review these challenged patents that have been dismissed from the litigation"); *Ericsson Inc. v. Procomm Int'l Pte. Ltd.*, IPR2024-01452, Paper 16 at 2–3 (PTAB June 25, 2025) (same).

Preemptive challenges like these would also harm the patent system overall. Parties, especially individuals and small companies, would be disincentivized from seeking patent protection if a post-grant challenge were essentially guaranteed. The significant resources required to defend the post-grant challenge, with no guarantee

of a valid patent in the end, would likely persuade many inventors to forego patent protection altogether.

Accordingly, Tesla respectfully requests that the Director decline to consider settled expectations in her discretionary denial determination.

V. THE DIRECTOR MUST MAKE A MERITS DETERMINATION

Assuming *arguendo* the Director has the discretion to consider the factors outlined in the Interim Memo in deciding whether to institute an IPR, she must nonetheless comply with 35 U.S.C. § 314’s mandate to notify the parties, in writing, of the merits determination set forth in § 314(a).

Section 314(a) is not ambiguous. Only one determination is mentioned—whether there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the challenged claims. 35 U.S.C. 314(a) (“The Director may not authorize an inter partes review to be instituted unless the Director *determines*...there is a reasonable likelihood” of success) (emphasis added). Section 314(c) is likewise unambiguous: “The Director *shall* notify the petitioner and patent owner, in writing, of the Director’s *determination under subsection (a)*[.]” 35 U.S.C. § 314(c) (emphasis added). Thus, read together, the plain language of §§ 314(a) and 314(c) requires the Director to both make a merits determination and

notify the parties of that determination. While 314(c)'s reference to the "determination under subsection (a)" is clear on its face, 314(d)'s reference to "[t]he determination by the Director whether to institute an inter partes review under this section" is further confirmation that 314(c) is referencing the merits determination, not the determination whether to institute. 35 U.S.C. § 314(d). "Where Congress uses certain language in one part of a statute and different language in another, it is generally presumed that Congress acts intentionally." *Nat'l Fed'n of Indep. Bus. V. Sebelius*, 567 U.S. 519, 544 (2012) (citing *Russello v. United States*, 464 U.S. 16, 23 (1983)). Thus, if Congress intended 314(c) to require notice of the institution determination, 314(d) evidences that Congress knew exactly how to say that. *See also Dep't of Homeland Sec. v. MacLean*, 574 U.S. 383, 394 (2015) ("Congress knew how to distinguish between regulations that had the force and effect of law and those that did not, but chose not to do so in Section 2302(b)(8)(A).")

Accordingly, if the Director discretionarily denies Tesla's IPR, Tesla respectfully requests that the Director must make a merits determination for Tesla's Petition and notify the parties of that determination.

VI. THE PATENT OFFICE SHOULD RECONSIDER WHETHER SETTLED EXPECTATIONS SHOULD BE A DISCRETIONARY DENIAL FACTOR

The Supreme Court has recognized that the Patent Office’s “decision to deny a petition is a matter committed to the Patent Office’s discretion.” *Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 273 (2016). But that discretion must be read in light of the statute as a whole. Section 314(a)’s use of “may” “leaves a ‘gap’” and therefore “grant[s] the agency leeway to enact [reasonable] rules[,]” *Cuozzo Speed Techs. v. Com. For Intell. Prop.*, 579 U.S. 261, 276–77 (2016), §314(a)’s general “grant[] of authority must be read alongside the express limits contained within the statute” and “in connection with . . . the statute as a whole.” *Dep’t of Homeland Sec. v. Regents of Univ. of California*, 591 U.S. 1, 51 (2020) (Thomas, J., concurring); *Dada v. Mukasey*, 554 U.S. 1, 16 (2008) (quoting *Kokoszka v. Belford*, 417 U.S. 642, 650 (1974)).

Relevant here are the statute’s other standards for instituting review (e.g., 35 U.S.C. §§ 312(a), 315(a)(1), 315(b), and 325(d)) and the Director’s charge “to consider the efficiency of the Patent Office in conducting IPR proceedings” in

prescribing regulations⁵ “setting forth the standards for showing of sufficient grounds to institute[.]”. 35 U.S.C. §§ 316(a)(2), 316(b); *BioDelivery Scis. Int’l, Inc. v. Aquestive Therapeutics, Inc.*, 935 F.3d 1362, 1367 (Fed. Cir. 2019). The former evidences that § 314(a)’s discretion is limited to empowering the PTAB to deny otherwise meritorious petitions that fall short of the statute’s other standards. For example, Congress demonstrated in § 315(b) that when it wished to create categorical time-based bars on institution, it did so expressly; no such time-in-force bar exists in the statute. The latter demonstrates that while the Director must consider the considerations identified in § 316(b) in prescribing regulations setting the standards for showing a reasonable likelihood of prevailing under § 314(a), the Director is not empowered to prescribe *new* substantive standards for denying institution or to alter the existing substantive standards for instituting IPRs.

⁵ The Patent Office’s implementation of the Interim Processes is also improper because it effected “a change in existing law or policy” and “affect[ed] individual rights and obligations[.]” making it a substantive rule subject to the notice and comment requirements of 5 U.S.C. § 533(b). *Paralyzed Veterans of Am. V. West*, 138 F.3d 1434, 1436 (Fed. Cir. 1998).

The context and history of the AIA support this conclusion. Recognizing that “not all issues of validity are obvious immediately upon issuance[,]” Congress retained through the IPR statutory framework the aspect of inter partes reexamination proceedings allowing “a challenge to a patent’s validity throughout the life of the patent.” S. REP. NO. 110-259, at 96 (2008); *see Kroy IP Holdings, LLC v. Groupon, Inc.*, No. 2023-01359, 2025 WL 2178321, at *3 (Fed. Cir. Aug. 1, 2025) (Dyk, J., dissenting) (“Congress recognized that the PTO process of initial examination was often inadequate to weed out poor-quality patents”) (citing *SAS*, 584 U.S. at 360–61 and *Thryv, Inc. v. Click-To-Call Techs., LP*, 590 U.S. 45, 54 (2020)). Consistent with that aim, since the AIA’s passage, parties have challenged—and the Patent Office has frequently invalidated—patents that have been in force for six or more years. EX1046 (*Law 360 Article, Data Undermines Settled Expectations*) (finding that more than 8,000 IPR petitions have been filed since 2012 against patents in force for more than six years, and of those proceedings that reached a final decision, finding the Patent Office cancelled at least one claim over 80% of the time).

The PTAB’s interpretation of § 314(a) also raises constitutional questions. Two constitutional considerations counsel against the PTAB’s interpretation of §

314(a): the Patent Clause of the U.S. Constitution and separation-of-powers principles. The former requires that § 314(a) “be interpreted as a set of rules that ‘wee[d] out those inventions which would not be disclosed or devised but for the inducement of a patent[,]’” *Bilski*, 561 U.S. at 469 (quoting *Graham*, 383 U.S. at 11), and the latter requires that § 314(a) be interpreted in light of the non-delegation and major questions doctrines, which “prevent[] Congress from intentionally delegating its legislative powers to unelected officials” and “guard[] against unintentional, oblique, or otherwise unlikely delegations of legislative power.” *Nat’l Fed’n of Indep. Bus. V. Dep’t of Lab., Occupational Safety & Health Admin.*, 595 U.S. 109, 124–25 (2022). Considering a patent owner’s settled expectations in determining whether to institute an IPR runs afoul of both constitutional considerations.

Interpreted in light of the above considerations, Tesla respectfully requests reconsideration of the Interim Guidance and whether the PTAB’s discretion under § 314(a) empowers the Patent Office to deny a petition for IPR based on a patent owner’s settled expectations.

VII. THE PATENT OFFICE SHOULD RECONSIDER WHETHER § 314(A) EMPOWERS IT TO IMPLEMENT THE INTERIM PROCESSES FOR PTAB WORKLOAD MANAGEMENT

As explained *supra*, 35 U.S.C. § 314(a) does not empower the Patent Office with the discretion to deny petitions for IPR based on a patent owner's settled expectations. *Supra* Section VI. For the same reasons, Tesla respectfully requests reconsideration of whether § 314(a) and/or § 316 empower the Patent Office with the discretion to deny IPR petitions based on the Interim Memo's considerations. *Id.* By introducing *new* standards for institution, i.e., the "relevant considerations" at 2–3 of the *Interim Memo*, the Interim Memo impermissibly alters the existing substantive standards for instituting IPRs. Consequently, the Patent Office's implementation of the Interim Processes exceeds the statutory bounds of § 314(a). Accordingly, Tesla respectfully contends that denying Tesla's petition based on the Interim Processes' considerations is improper.

VIII. CONCLUSION

For at least these reasons, Tesla respectfully requests that the Board deny Patent Owner's request for discretionary denial.

Respectfully submitted,

BY: /s/ Jennifer C. Bailey
Jennifer C. Bailey, Reg. No. 52,583

COUNSEL FOR PETITIONER

CERTIFICATE OF SERVICE ON PATENT OWNER
UNDER 37 C.F.R. § 42.105

I hereby certify that a true and correct copy of the foregoing *Petitioner's*
Opposition To Patent Owner's Request For Discretionary Denial was served on
September 10, 2025, by email on the following counsel of record for Petitioner:

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