

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

FORD MOTOR COMPANY,
Petitioner

v.

AUTOCONNECT HOLDINGS LLC,
Patent Owner

Case No. IPR2025-01342
Patent No. 9,020,697

**AUTHORIZED RESPONSE TO DIRECTOR REVIEW
REHEARING REQUEST**

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Patent Trial and Appeal Board
U.S. Patent and Trademark Office
P.O. Box 1450
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TABLE OF CONTENTS

I. INTRODUCTION	1
II. THE DIRECTOR DID NOT OVERLOOK THE DEVELOPMENTS ON WHICH PETITIONER RELIES.	3
III. THE DECISION WAS ENTIRELY CONSISTENT WITH <i>MAGNOLIA</i>	4
A. The Decision Correctly Concluded that Petitioner’s Inconsistent Claim Construction Positions Supported Denial.....	5
B. The Stay Does Not Undermine the Basis for Denial.	7
C. Petitioner’s New Manufacturing Argument Is Untimely and Should Be Disregarded.....	8
IV. PATENT OWNER SETTLED EXPECTATIONS IN ITS DECADE-OLD PATENT INDEPENDENTLY SUPPORTS DENIAL.....	9
V. CONCLUSION.....	11

TABLE OF AUTHORITIES

Cases

<i>Apple Inc. v. Fintiv, Inc.</i> , IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020)	7
<i>Ford Motor Company v. AutoConnect Holdings LLC</i> , IPR2026-00171, Paper 8 (Director April 1, 2026)	6
<i>Ford Motor Company v. AutoConnect Holdings LLC</i> , IPR2026-00171, -00172, Paper 9 (May 1, 2026)	3
<i>Ford Motor Company v. AutoConnect Holdings LLC</i> , IPR2026-00171, -00172, -00173, Papers 12-13 (Director May 27, 2026).....	1, 4
<i>Ford Motor Company v. AutoConnect Holdings LLC</i> , IPR2026-00173, Paper 7 (March 11, 2026).....	10
<i>Ford Motor Company v. AutoConnect Holdings LLC</i> , IPR2026-00173, Paper 10 (May 1, 2026).....	4
<i>Ford Motor Company v. AutoConnect Holdings LLC</i> , IPR2026-00173, Paper 11 (May 8, 2026).....	9
<i>Magnolia Med. Techs., Inc. v. Kurin, Inc.</i> , IPR2026-00097, Paper 17 (Director May 14, 2026)	<i>passim</i>
<i>Revvo Techs., Inc. v. Cerebrum Sensor Techs., Inc.</i> , IPR2025-00632, Paper 20 (Director Nov. 3, 2025)	5, 6
<i>Tesla, Inc., v. Intellectual Ventures II LLC</i> , IPR2025-00340, Paper 18 (Director Nov. 5, 2025)	5, 6

Statutes

35 U.S.C. § 314(a)	4, 5
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Regulations

37 C.F.R. § 42.71(d).....	3, 8
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I. INTRODUCTION

Director Review rehearing requests “should be rare” and are “not an opportunity to raise new issues, reargue issues, or disagree with determinations by the Director.” USPTO, *Director Review Process*, § 4(C)(ii) (Requests for Rehearing).¹ They must identify matters the Director overlooked or misapprehended. Petitioner identifies neither. Instead, it asks the Director to revisit a discretionary determination based on arguments and developments that were already presented during Director Review, new evidence the Director did not authorize Petitioner to introduce, and an argument regarding domestic manufacturing that Petitioner never previously raised.

Nor does *Magnolia* support rehearing. After *Magnolia* issued, the Director denied review in three related proceedings involving the same parties, the same parallel litigation, and the same underlying conduct at issue here. *See* IPR2026-00171, 00172, 00173, Papers 12-13. In those proceedings, the Director rejected Petitioner’s arguments that its withdrawal of district-court indefiniteness positions and the stay of related litigation warranted institution notwithstanding its earlier inconsistent litigation conduct. Those decisions confirm that the improperly introduced facts that Petitioner relies upon here do not support institution. They also

¹ <https://www.uspto.gov/patents/ptab/decisions/director-review-process>

confirm that *Magnolia* reinforced, rather than altered, the discretionary principles on which the challenged Decision was based.

The Request is procedurally defective for additional reasons. Petitioner relies on evidence concerning its changed indefiniteness positions that the Director expressly declined to admit into the record. Rehearing cannot be used to circumvent that ruling. Additionally, Petitioner's domestic manufacturing argument was never presented during the Director Review proceedings and therefore cannot constitute a matter the Director overlooked or misapprehended.

The Request also ignores an independent basis supporting the Decision. The challenged patent issued over a decade ago, and Petitioner waited nearly two years after receiving notice of infringement before filing its Petition. At the same time, Petitioner has represented that it was unaware of the patent until Patent Owner asserted it. Having disclaimed any prior awareness of the patent, Petitioner cannot plausibly contend that it possessed settled expectations that it would never be accused of infringing it. Patent Owner, by contrast, possesses strong settled expectations in the validity of its decade-old patent, and those expectations independently support the Director's exercise of discretion.

Petitioner identifies no overlooked or misapprehended factor authority and the Request should be denied.

II. THE DIRECTOR DID NOT OVERLOOK THE DEVELOPMENTS ON WHICH PETITIONER RELIES.

Petitioner's request rests on the incorrect premise that the Director overlooked Petitioner's later withdrawal of district-court indefiniteness positions and the stay of the Delaware litigation. Petitioner brought both developments to the Director's attention before the challenged Decision issued. Ex. 3104; Paper 28 at 12–13 (describing requests by Petitioner that were not granted). A fact disclosed to the Director and not admitted into the record is not a fact the Director “overlooked” or “misapprehended” within the meaning of 37 C.F.R. § 42.71(d).

Petitioner's argument also improperly attempts to convert rehearing into a vehicle for revisiting an evidentiary ruling. Petitioner sought authorization to supplement the record with materials concerning its revised indefiniteness positions. Ex. 3104. The Director denied that request. *Id.* Petitioner cannot use rehearing as another way to obtain consideration of these materials. It is directed to matters overlooked or misapprehended based on the record properly before the Director; it is not a mechanism to challenge the Director's decision declining to admit evidence.

Nor would those developments support rehearing even if considered. Petitioner presented the same arguments about its belated withdrawal of indefiniteness positions and the stay of the litigation in three related proceedings involving the same parties, the same district-court litigation, and the same course of conduct. *See* IPR2026-00171, Paper 9 at 3–7, 9–12; IPR2026-00172, Paper 9 at 3–

7, 9–12; IPR2026-00173, Paper 10 at 1–4, 7–13. The Director denied review in those proceedings weeks after *Magnolia* issued. See IPR2026-00171, -00172, Papers 12; IPR2026-00173, Paper 13. Those decisions confirm that Petitioner’s belated withdrawal-and-stay theory does not require institution.

Petitioner therefore identifies no matter the Director overlooked or misapprehended. It instead asks the Director to reconsider the discretionary denial based on developments that were brought to the Director’s attention, evidence the Director declined to admit, and arguments the Director has already found insufficient to support institution in similar circumstances. That is not a basis for rehearing.

III. THE DECISION WAS ENTIRELY CONSISTENT WITH *MAGNOLIA*.

Petitioner’s request ultimately depends on the incorrect premise that *Magnolia* undermines the challenged Decision. *Magnolia* did not eliminate the Director’s discretion under § 314(a), require institution whenever a parallel action is stayed, or permit a petitioner to cure prior litigation conduct through later strategic adjustments. Instead, *Magnolia* reaffirmed that institution decisions must be guided by the totality of the circumstances and whether the petitioner is genuinely pursuing an AIA proceeding as an alternative to district-court litigation. *Magnolia Med. Techs., Inc. v. Kurin, Inc.*, IPR2026-00097, Paper 17 (Director May 14, 2026). The challenged Decision faithfully applied those principles.

The Decision concluded that Petitioner’s conduct demonstrated an effort to

obtain a strategic advantage through inconsistent positions in parallel proceedings rather than to pursue the IPR process as a true litigation alternative. Decision (Paper 27) at 3. In reaching that conclusion, the Director relied on *Revvo* and *Tesla*, both of which recognize that inconsistent claim-construction positions may properly inform the exercise of discretion under § 314(a). *Magnolia* did not disturb those decisions—it reinforced them. Nothing in *Magnolia* suggests that a petitioner may pursue inconsistent positions while institution is under consideration and then avoid the consequences of that conduct through later course corrections. Petitioner therefore identifies no conflict between *Magnolia* and the reasoning of the challenged Decision.

A. The Decision Correctly Concluded that Petitioner’s Inconsistent Claim Construction Positions Supported Denial.

The Decision properly treated Petitioner’s inconsistent claim-construction positions as evidence that Petitioner was seeking a strategic advantage across forums rather than pursuing the IPR process as a genuine alternative to district-court litigation. *See* Decision at 3. That conclusion follows directly from *Revvo* and *Tesla*.

While seeking institution, Petitioner argued that the challenged claims should largely receive their plain and ordinary meaning. At the same time, Petitioner asserted in the parallel litigation that numerous claim terms were indefinite. *See* Paper 15 at 1-2 (outlining Petitioner’s inconsistent constructions). Those positions reflected irreconcilable approaches to the meaning and validity of the same claims

in different forums. *Revvo* and *Tesla*—established precedent at the time of Petitioner’s conduct—recognize that such tactics undermine the efficiency, consistency, and integrity of parallel proceedings, and support discretionary denial.

Petitioner’s later efforts to revise its litigation position do not alter that analysis. Petitioner first attempted to withdraw the inconsistent positions conditionally. Paper 16 at 2. It was only after receiving a discretionary denial decision in another matter with the same issues that Petitioner purportedly “withdrew” its indefiniteness positions. *See e.g.*, IPR2026-00171, Paper 8 (Director April 1, 2026); Ex. 3104. But the concern identified in *Revvo* and *Tesla* arises from the inconsistent positions themselves and what those positions reveal about a petitioner’s use of parallel proceedings. A petitioner cannot eliminate that concern by changing positions after the inconsistency is exposed. Decision at 3 (holding that Petitioner’s promise to pursue consistent constructions in the parallel litigation “which Petitioner offered only *after* Petitioner’s actions ran afoul of *Revvo* and *Tesla* and only *after* Patent Owner brought those actions to the Office’s attention, is insufficient”). Otherwise, parties would be incentivized to advance whatever claim-construction theories are strategically useful in each forum and abandon them only when faced with the prospect of discretionary denial. As the Director rightly found, Petitioner’s approach was “less about a litigation alternative and more about inconsistent positions to gain an upper hand in the overall litigation.” *Id.*

Nor has Petitioner shown that its later submissions resolved the inconsistency. The unauthorized evidence Petitioner references consists of “supplemental” invalidity contentions and claim construction disclosures that were never admitted into the record. Nothing in those materials alters the positions Petitioner elected to maintain while institution was under consideration—the conduct the Director evaluated in exercising discretion. Petitioner likewise has never provided an unconditional abandonment of its indefiniteness defenses in the parallel litigation.

For at least these reasons—and as the Director already determined in the related proceedings—the untimely change in indefiniteness positions in district court does not support institution.

B. The Stay Does Not Undermine the Basis for Denial.

The stay likewise does not create any inconsistency between *Magnolia* and the challenged Decision. At most, the stay affects certain efficiency considerations traditionally associated with *Fintiv*. It does not eliminate the Director’s discretion or require institution where other circumstances weigh against review.

That is particularly true here. The challenged Decision did not rest on case-schedule considerations. Instead, it focused on Petitioner’s litigation conduct and whether Petitioner was using the IPR process as a genuine alternative to litigation. A later stay does not alter that analysis. The conduct that prompted the Director’s concerns occurred before the stay and remains unchanged by it.

Nor did *Magnolia* hold that a stay compels institution. *Magnolia* reaffirmed that institution remains a discretionary determination based on the totality of the circumstances. Even assuming the stay reduces certain concerns regarding parallel proceedings, it does not eliminate the concerns identified in the challenged Decision. Moreover, related litigation involving overlapping invalidity issues remains scheduled for trial next month, regardless of the Delaware stay. *See* Paper 7 at 7-8. The risks of duplicative proceedings, inefficient parallel litigation, and inconsistent outcomes therefore remain present.

Because *Magnolia* neither eliminates consideration of inconsistent litigation conduct nor makes a stay dispositive, it provides no basis for disturbing the challenged Decision.

C. Petitioner’s New Manufacturing Argument Is Untimely and Should Be Disregarded.

Petitioner’s argument concerning domestic manufacturing provides no basis for rehearing because it was never presented during the Director Review proceedings. Requests for rehearing “must specifically identify all matters the party believes the Board misapprehended or overlooked, and the place where each matter was previously addressed in a motion, an opposition, a reply, or a sur-reply.” 37 CFR § 42.71(d). Petitioner’s manufacturing argument satisfies neither requirement.

The Director could not have overlooked an argument that Petitioner never made. Nor did Petitioner seek authorization to address manufacturing after the

Director's March 11, 2026 memorandum identified manufacturing as a discretionary consideration.² Having not elected to raise the issue while Director Review was pending, Petitioner cannot introduce it for the first time through rehearing.

IV. PATENT OWNER'S SETTLED EXPECTATIONS IN ITS DECADE-OLD PATENT INDEPENDENTLY SUPPORTS DENIAL.

Petitioner's request ignores that the settled expectations factor independently supports denial of institution. The challenged patent issued to Patent Owner over a decade ago. Further, Petitioner waited nearly two years after being charged with infringement to challenge the patent. Thus, Patent Owner had strong settled expectations as to the validity of its patent.

Petitioner seeks to overcome those expectations by referring to the Director's prior finding that Petitioner did not expect to be sued for infringement because its supplier, Flextronics, originally owned the challenged patent and supplies the accused products. But that decision was based on assertions by Petitioner that had no evidentiary support. After that decision was rendered, Petitioner took the position that it *was not even aware the patent existed* until AutoConnect accused Petitioner

² The Director's March 11, 2026 Memorandum addressing domestic manufacturing states that it applies to IPRs and PGRs where the due date for Patent Owner's discretionary brief had not yet elapsed. Patent Owner filed its discretionary brief five months earlier, and the memorandum has no application to this proceeding.

of infringement. *See* IPR2026-00173, Paper 11 at 1, 3. That position is irreconcilable with its settled expectations argument—a party cannot have expectations about a patent it does not even know exists.

Nor does the record offer any evidence that Flextronics supplied the accused systems. The system accused of infringing the '697 patent provides Phone As a Key and is included *in model 2020 and later vehicles*. Ex. 1005 at ¶ 65. Petitioner offers no evidence that Flextronics ever supplied anything related to such technology, instead offering evidence concerning Flextronics' involvement with legacy "SYNC" infotainment systems from the 2010–2014 time frame. Paper 8 at 3 (stating that "Ford released its first-generation SYNC infotainment system in 2007 and released SYNC 2 in 2010."). Flextronics' involvement with legacy "SYNC" infotainment systems does not address Phone As a Key. The unidentified legacy "SYNC" systems on which Petitioner relies predate the asserted patent and have not been tied in any way to the accused functionality appearing in the accused vehicles that were not released until many years later.

Petitioner's argument also fails because Petitioner acknowledges that Flextronics was not an exclusive supplier for the accused functionality. IPR2026-00173, Paper 7 at 7–8. Petitioner had no reasonable basis to assume it was insulated from suit for infringing systems sourced from competing suppliers. Absent exclusivity, Petitioner's supplier-based immunity theory collapses because systems

sourced from other suppliers would independently expose Petitioner to infringement liability.

V. CONCLUSION

For the foregoing reasons, the Director should decline rehearing of the Decision.

Date: June 5, 2026

Respectfully submitted,
AVANTECH LAW, LLP
80 S 8th St, Suite 900
Minneapolis, MN 55402
(312) 487-2185

/Eric A. Zelepugas/
Eric A. Zelepugas
Registration No. 73,302
Lead Counsel for Patent Owner

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing **PATENT OWNER'S
AUTHORIZED RESPONSE TO DIRECTOR REVIEW REHEARING
REQUEST** was served electronically via e-mail on June 5, 2026, in its entirety on
the following counsel of record for Petitioner:

Andrew B. Turner (Lead Counsel)
John S. LeRoy (Backup Counsel)
Christopher C. Smith (Backup Counsel)
BROOKS KUSHMAN P.C.
aturner@brookskushman.com
jleroy@brookskushman.com
csmith@brookskushman.com
FPGP0147IPR@brookskushman.com

Date: June 5, 2026

Respectfully submitted,

AVANTECH LAW, LLP
80 S 8th St, Suite 900
Minneapolis, MN 55402
(312) 487-2185

/Eric A. Zelepugas/
Eric A. Zelepugas
Registration No. 73,302
Lead Counsel for Patent Owner