

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

TESLA, INC.,

Petitioner,

v.

PERCEPTIVE AUTOMATA LLC

Patent Owner.

Case No. IPR2025-01574

Patent No. 11,126,889

PATENT OWNER'S BRIEF IN SUPPORT OF DISCRETIONARY DENIAL

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35 U.S.C. § 325	1

PATENT OWNER'S EXHIBIT LIST

Exhibit #	Description
2001	Tesla February 1, 2022 IDS
2002	Tesla March 1, 2022 IDS
2003	Tesla March 4, 2022 IDS
2004	Tesla March 17, 2022 IDS
2005	Tesla March 18, 2022 IDS
2006	Tesla March 18, 2022 IDS
2007	Tesla March 21, 2022 IDS
2008	Tesla March 22, 2022 IDS
2009	Tesla March 22, 2022 IDS
2010	Tesla May 4, 2022 IDS
2011	Tesla May 10, 2022 IDS
2012	Tesla May 11, 2022 IDS
2013	Tesla May 11, 2022 IDS
2014	Tesla May 11, 2022 IDS
2015	Tesla May 12, 2022 IDS
2016	Tesla May 12, 2022 IDS
2017	Tesla May 13, 2022 IDS
2018	Tesla May 13, 2022 IDS
2019	Tesla May 25, 2022 IDS
2020	Tesla June 28, 2022 IDS
2021	Perceptive's Original Complaint
2022	Tesla's Motion to Dismiss
2023	Perceptive's First Amended Complaint
2024	Tesla's Motion to Stay
2025	Perceptive's Opposition to Tesla's Motion to Stay
2026	Tesla's Reply in Support of Motion to Stay
2027	Perceptive's Sur-Reply in Opposition to Motion to Stay
2028	Docket Sheet
2029	Motion for Protective Order
2030	Protective Order
2031	Operative Docket Control Order
2032	Perceptive's Document Request Letter
2033	Perceptive's First Set of Interrogatories
2034	Tesla's First Set of Interrogatories
2035	Tesla's Notice of Broadened Sotera Plus Stipulation

2036	Tesla's Initial and Additional Disclosures
2037	District Court Statistics on Post-Institution Motions to Stay Pending IPR
2038	District Court Time-to-Trial Statistics

I. INTRODUCTION

Pursuant to 35 U.S.C. §§ 314 and 325 and the Director’s Interim Processes for PTAB Workload Management (“Workload Memo”), Patent Owner Perceptive Automata LLC (“Perceptive”) respectfully requests that the Director exercise discretion to deny institution of this Petition. Discretionary denial is appropriate for two reasons.

First, Petitioner Tesla, Inc. (“Tesla”) has been highly aware of the family of the challenged patent for at least four years. Indeed, Tesla cited a family member of the challenged patent at least 20 times as relevant prior art between February and June 2022. There are thus settled expectations as to the validity of the challenged patent.

Second, the *Fintiv* factors favor discretionary denial here. Any final written decision in this proceeding will be very near the trial date in the parallel district court action, requiring both the parties and the district court to expend substantial resources. There is also very little likelihood of a stay of the parallel district court action. In addition, Tesla is not pursuing this IPR petition as a true alternative to asserting invalidity challenges in the parallel district court action, as it is reserving the ability to present certain §§ 102/103 challenges in the parallel district court action. Also, the parties to this proceeding and the district court action are the same, and other circumstances (including the settled expectations of the parties and the

merits of Tesla’s petition) favor exercising discretion to deny institution.

II. FACTUAL BACKGROUND

A. The Challenged Patent

The challenged patent (U.S. Patent No. 11,126,889 (the “’889 patent”)) claims priority to U.S. Patent Application No. 16/512,560, filed on July 16, 2019 (and which issued as U.S. Patent No. 10,614,344 (the “’344 patent”)) and U.S. Patent Application No. 15/830,549, filed on December 4, 2017 (and which issued as U.S. Patent No. 10,402,687), as well as to U.S. Provisional Patent Application No. 62/528,771, filed on July 5, 2017.

Tesla has cited to the ’344 patent during prosecution of 20 of its own patent applications. Specifically, between February and June 2022, Tesla cited the ’344 patent in information disclosure statements in 20 of its patent applications. *See* Exs. 2001-2020. Despite Tesla’s heightened awareness of the ’344 patent for at least four years (and despite the challenged claims having been in force for six years), Tesla never challenged the validity of the ’344 patent, the ’889 patent, or any other Perceptive patent (before the Office or otherwise) until the filing of this petition.

B. The Parallel District Court Action

Perceptive filed a complaint against Tesla in the U.S. District Court for the Eastern District of Texas on July 23, 2025, asserting the ’889 patent, the ’344 patent, and three additional patents. *See* Ex. 2022. Since the filing of Perceptive’s

complaint, the parties have made substantial investment in that parallel district court action.

For example, Tesla filed a motion to dismiss Perceptive's complaint, raising arguments concerning improper venue and the alleged lack of patentable subject matter of all five asserted patents. *See* Ex. 2022. Perceptive responded to that motion by filing a detailed, 230-page amended complaint including specific substantive allegations related to Tesla's arguments concerning the alleged lack of patentable subject matter. *See* Ex. 2023. Tesla has also moved for a stay of the parallel district court action in view of its petitions in this and four other IPR proceedings (IPR2025-01573, -01575, -01576, and -01577). *See* Ex. 2024. Perceptive responded to that motion on November 14, 2025, Tesla filed a reply on November 21, 2025, and Perceptive filed a sur-reply on December 1, 2025. *See* Exs. 2025-2027. Thus, the parties have already engaged in substantive submissions (pleadings and briefs) in front of the district court, and the district court will soon have to invest resources in deciding those issues.

In addition, the district court held a scheduling conference in the parallel district court action on September 30, 2025 and entered a schedule in the case on October 10, 2025. *See* Ex. 2028. The parties have also negotiated and submitted (and the court has issued) a discovery order, and the parties have negotiated and submitted a proposed protective order, including a disputed provision on which the

Court had to issue a ruling. *See* Exs. 2029-2030. Under the operative version of the district court's schedule (*see* Ex. 2031), Tesla will serve its invalidity and subject matter eligibility contentions on December 9, 2025. The parties are also already actively engaged in fact discovery. Perceptive has already produced 8,700 pages of documents and a document request letter, and both parties have served interrogatories. *See* Ex. 2032-2034.

Under the operative version of the district court's schedule (*see* Ex. 2031), the district court will hold a claim construction hearing on November 12, 2026, fact discovery will close in December 2026, expert discovery will close in February 2027, and the district court will conduct jury selection and begin trial in this case on May 17, 2027. In contrast, the Board will issue its institution decision in this proceeding by April 8, 2026, and if the Board were to institute trial in this proceeding (which it should not), a final written decision would not be due until April 8, 2027, a mere five weeks before trial in the parallel district court action. By that time, the parties will have briefed summary judgment motions, negotiated and submitted a pretrial order, and will be four days away from the Court's April 12, 2027 pretrial conference. *Id.*

On November 10, 2025, Tesla filed in the parallel district court action a Notice of Broadened *Sotera* Plus Stipulation, in which it stipulated that, should the Board institute trial in this proceeding (or in any of its other four co-pending IPR petitions):

Tesla will not assert or otherwise argue at trial that any claim of the patent is invalid on the basis of: (i) the specific grounds raised in the instituted IPR, (ii) any other grounds that could have reasonably been raised before the PTAB in that instituted proceeding (i.e., any ground that could have reasonably been raised under §§ 102 or 103 on the basis of 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 the corresponding instituted IPR.

Ex. 2035. Notably, Tesla’s stipulation is limited to (a) invalidity theories based on “prior art patents or printed publications” and (b) invalidity theories “based on a combination of system prior art and the references asserted as part of a ground raised in the corresponding instituted IPR.” *Id.* Tesla is thus reserving the ability to pursue invalidity theories in the parallel district court action based on system prior art alone, as well as combinations of system prior art with patents/publications other than those references specifically raised in grounds in its petitions. In addition, Tesla’s pleadings in the parallel district court make clear that Tesla intends to litigate issues beyond infringement in the parallel district court case despite its stipulation. Specifically, Tesla has already indicated that it intends to pursue inequitable conduct claims in the parallel district court action (*see* Ex. 2036), and Tesla has moved to dismiss the district court case arguing that inventions are all directed to ineligible subject matter (*see* Ex. 2022).

III. LEGAL STANDARD

35 U.S.C. § 314 provides the Director with discretion regarding whether to institute an IPR proceeding. *See In re Motorola Sols., Inc.*, No. 2025-134, 2025 WL 3096514, at *3 (Fed. Cir. Nov. 6, 2025); *see also Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 273 (2016) (“[T]he agency’s decision to deny a petition is a matter committed to the Patent Office’s discretion.”); *SAS Inst. Inc. v. Iancu*, 584 U.S. 357, 366 (2018) (“[Section] 314(a) invests the Director with discretion on the question whether to institute review”) (emphasis omitted); *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) (“[T]he PTO is permitted, but never compelled, to institute an IPR proceeding.”).

As discussed in the Interim Process Memo, among the criteria that the Director may consider in determining whether to exercise discretion to deny institution are “[s]ettled expectations of the parties,” “[t]he strength of the unpatentability challenge,” and “[a]ny other considerations bearing on the Director’s discretion.”

IV. THE DIRECTOR SHOULD EXERCISE DISCRETION TO DENY INSTITUTION BECAUSE OF THE PARTIES’ SETTLED EXPECTATIONS

Tesla has had knowledge of the ’344 patent (which is related to the ’889 patent) since at least early 2022, when Tesla identified the ’344 patent as relevant prior art at least 20 times between February and June 2022 during the prosecution of

its own patent applications. *See* Exs. 2001-2020. The '344 patent, the '889 patent, and other Perceptive patents are directed to groundbreaking inventions associated with autonomous vehicles, so it is not surprising that Tesla was fully aware of such patents given that Tesla was developing its own technology and patents associated with autonomous vehicles during this time period. Indeed, Tesla identified the '344 patent as relevant prior art across a plethora of patent families directed to different aspects of autonomous vehicles. Thus, Tesla likely knew about the '344 patent much earlier than the aforementioned dates of Tesla notifying the USPTO that the '344 patent was relevant prior art to at least 20 of its pending patent applications.

At no point during the nearly four years since Tesla learned of the '344 patent family did Tesla ever contend the '344 patent, the '889 patent, or any other Perceptive patent was invalid, or otherwise challenge the validity of the '344 patent, the '889 patent, or any other Perceptive patent, through an IPR petition, other USPTO proceeding, or through a declaratory judgment action in district court.

The settled expectations of the parties thus favors exercising discretion to deny institution of Tesla's IPR petition. *See iRhythm Techs., Inc. v. Welch Allyn, Inc.*, Nos. IPR2025-00363, Paper 10 at 3 (P.T.A.B. June 6, 2025) (petition discretionarily denied institution under settled expectations when petitioner cited then-pending application in an IDS in its own patent application).

V. THE *FINTIV* FACTORS FAVOR EXERCISING DISCRETION TO DENY INSTITUTION

The Director should also exercise discretion to deny institution under *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 5-6 (P.T.A.B. Mar. 20, 2020). Because of the substantial efforts by the parties (and the district court) in the parallel district court action, the unlikelihood of a stay, and Tesla’s efforts to pursue invalidity challenges in both the district court and before the Board, the *Fintiv* factors favor exercising discretion to deny institution.

Factor 1 (likelihood of a stay): Tesla has asked the district court to stay the parallel district court action. *See* Ex. 2024. However, as Perceptive noted in opposing Tesla’s motion, the district court’s practice is to deny motions to stay when the IPR petition(s) have not been instituted. *See* Ex. 2025; *see also, e.g., Arbor Global Strategies v. Samsung Elecs. Co.*, No. 2:19-cv-333-JRG-RSP, 2021 U.S. Dist. LEXIS 2434, at *7 (E.D. Tex. Jan. 7, 2021) (“The ‘universal practice’ in this District, as well as the practice of most district courts, is to deny a motion to stay when the Board has not yet acted on the IPR petition(s).”). Even if Petitioner was to move to stay post-institution, the district court is unlikely to stay the case. *See* Ex. 2037 (showing that, of the 45 decisions on opposed motions to stay after IPR institution in the district court, only 14 such motions were granted). Moreover, in several instances in which the district court granted motions to stay, the proceedings were in such an early stage at that time that final written decisions would be several

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months to a year before the district court’s trial date, which is not the case here. *See, e.g., Resonant Sys., Inc. v. Nintendo Co.*, No. 2:25-cv-00090, 2025 WL 2097883, at *2 (E.D. Tex. Jul. 25, 2025) (FWD “expected to issue . . . more than a year before this case goes to trial”); *Analytical Techs., LLC v. Little Caesar Enterprises, Inc.*, No. 2:24-cv-00090, Dkt. 21 at 3-4 (E.D. Tex. Jul. 25, 2025) (same); *Foras Techs. Ltd. v. Aptiv plc*, No. 2:23-cv-00314, Dkt. 92 at 4 (E.D. Tex. Jul. 25, 2024) (FWD expected to issue more than four months before trial). Thus, there is “insufficient evidence that the district court is likely to stay its proceeding even if the Board were to institute trial.” *See, e.g., Cerence Op. Co. v. Samsung Elecs. Co.*, IPR2025-00458, Paper 14 at 2 (June 25, 2025); *Cisco Systems, Inc. v. WSOU Investments LLC*, IPR2025-00429, Paper 15 at 2 (June 25, 2025); *Full-Metal-Power B.V. v. InFocus Downhole Solutions USA LLC*, IPR2025-00391, Paper 14 at 2 (June 25, 2025); *Neogenomics Laboratories, Inc. v. Natera, Inc.*, IPR2025-00455, Paper 13 at 2 (June 12, 2025). This factor, therefore, favors denying institution.

Factor 2 (proximity of district court trial date): As discussed above, should the Board institute trial in this proceeding, a final written decision will issue only approximately five weeks before the district court’s scheduled trial date. Moreover, time-to-trial statistics support that this case will be tried on or around the currently scheduled trial date. *See* Ex. 2038. This factor thus favors denying institution. *See, e.g., Shenzhen Tuozhu Tech. Co. v. Stratasyss, Inc.*, IPR2025-00354, Paper 11 at 2

(PTAB June 12, 2025) (denying institution and finding that, “[u]nder the circumstances of this case, it will be inefficient to maintain two parallel proceedings when the district court scheduled trial date and the projected final written decision due date are in close proximity” and that “[e]xercising discretion to deny the petition in this case reduces the inefficiencies and burdens on the parties to maintain two parallel proceedings”).

Factor 3 (investment in parallel proceeding): As discussed above, the parties have already made substantial investment in the parallel district court action and will continue to do so between now and any institution decision in this proceeding. Tesla has already filed two substantive motions before the district court. In its motion to dismiss, Tesla not only raised arguments about allegedly improper venue based on substantive infringement issues, but also argued that all of the asserted patents are invalid for lack of patentable subject matter. *See* Ex. 2022. Tesla has also moved to stay the parallel district court action, and briefing on that motion is now complete. The parties also had to file a motion regarding a dispute over the protective order, which the district court has already decided. *See* Exs. 2029-2030. Thus, assuming Tesla renews its motion to dismiss, the parties will have filed ten substantive briefs¹

¹ These include Tesla’s original motion to dismiss; a motion, response, reply, and sur-reply on Tesla’s motion to stay; a motion, response, reply, and sur-reply on

and a 230-page amended complaint in just the first few months of the parallel district court action’s pendency. The issues presented in that briefing will require the district court to invest time and resources into considering and deciding the issues presented—including one dispute it has already decided.

In addition, the parties have already begun their fact discovery efforts, including producing thousands of pages of documents, serving interrogatories, and serving a document request letter. *See* Exs. 2032-2034. Patent Owner has prepared and served extensive infringement contentions comprising over 550 pages of detailed analysis. Petitioner will serve extensive invalidity and subject matter eligibility contentions on December 9, 2025. These facts alone favor denial. *See Motorola Solutions, Inc. v. Stellar, LLC*, IPR2024-01205, Paper 19 at 3 (“Motorola Solutions”) (PTAB March 28, 2025) (holding this factor strongly favors denial because, among other things, “the parties had served extensive infringement and invalidity contentions”).

By the time of the institution decision in April 2026, the parties’ ongoing investment in the parallel district court proceeding will be even more substantial. The parties’ efforts and costs with the production and review of all discovery,

Tesla’s renewed motion to dismiss; and the joint motion presenting the protective order dispute.

including extensive source code produced by each party, will be well underway. And, Tesla will have already burdened the district court with deciding a substantive motion concerning section 101 subject matter eligibility issues. Given the substantial time and effort the parties and the district court will have already invested in the parallel litigation, this factor weighs in favor of denial. The Board has repeatedly found this factor to at worst be neutral (and has still denied institution) in such situations. *See, e.g., Int’l Business Machines Corp. v. Digital Doors, Inc.*, IPR2023-00970, Paper 8 at 11 (P.T.A.B. Jan. 12, 2024); *see also, e.g., Fintiv*, Paper 11 at 9-10 (“[I]f at the time of the institution decision, the district court has issued substantive orders related to the patent at issue in the petition, this fact favors denial.”).

Factor 4 (overlap with parallel proceeding): As discussed above, while Tesla has offered a so-called “*Sotera plus*” stipulation, Tesla has reserved its ability to pursue invalidity theories in the parallel district court action based on system art alone or in combination with patents/publications other than those used in the grounds in the Petition. *See Ex. 2035*. Thus, Tesla is not using its Petition here as a true alternative to litigating validity in the district court, which demonstrates that this factor favors exercising discretion to deny institution. *See Motorola Sols., Inc. v. Stellar, LLC*, IPR2024-01205, Paper 19 at 3-4 (Director review decision vacating institution of IPR and finding this factor to favor denying institution despite *Sotera*

stipulation because “Petitioner’s stipulation does not ensure that these IPR proceedings would be a ‘true alternative’ to the district court proceeding”) (quoting *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 at 19 (PTAB Dec. 1, 2020)).

Tesla’s pleadings in the parallel district court make clear that Tesla intends to litigate issues beyond infringement in the parallel district court case despite its stipulation. Specifically, Tesla has already indicated in its initial disclosures that it intends to pursue inequitable conduct claims in the parallel district court action (*see* Ex. 2036), and its *Sotera* plus stipulation does not address those claims (*see* Ex. 2035).² Thus, even if the Board were to institute Tesla’s IPR petition here, Tesla

² As mentioned above, Tesla will serve its invalidity contentions on December 9, 2025. The extent of Tesla’s invalidity theories that are the subject of its *Sotera* plus stipulation, and whether any of those theories conflict with positions taken by Tesla in the IPRs, will thus be better ascertainable then. Also, to the extent Tesla raises additional invalidity theories in its contentions beyond §§ 102/103 theories, that is an additional reason to exercise discretion to deny institution. Perceptive expects to discuss (and submit relevant portions of) Tesla’s invalidity contentions in its forthcoming discretionary denial briefs in IPR2025-01576 and -01577 (which are

would still burden the parties and the district court with litigating that issue in parallel.

Factor 5 (same parties): Both Perceptive and Tesla are the parties to this IPR proceeding and the parallel district court action. This factor thus also favors exercising discretion to deny institution.

Factor 6 (other circumstances, including the merits): Several other circumstances also favor exercising discretion to deny institution.

(a) *Settled expectations*: As discussed above, the settled expectations of the parties favor exercising discretion to deny institution because Tesla has been highly aware of Perceptive’s patents (including the ’344 patent) for at least four years.

(b) *Weak merits*: As Perceptive will explain in its forthcoming preliminary response, the merits of the Petition are weak—a fact which also favors exercising discretion to deny institution.

(c) *Petitioner’s extensive reliance on expert testimony*: “The extent of the petition’s reliance on expert testimony” is an enumerated consideration set forth in the Workload Memo. Since the memo issued, the Office has further explained that extensive reliance on expert testimony on dispositive issues may suggest that the

due on December 16) and respectfully requests that the Director consider those contentions and issues in evaluating discretionary denial here.

questions are better resolved in an Article III court and further explaining that the failure to provide focused expert testimony may weigh against institution. FAQs for Interim Processes for PTAB Workload Management, at #22, *available at* <https://www.uspto.gov/patents/ptab/faqs/interim-processes-workload-management> (last visited December 2, 2025) (“FAQ #22”).

This consideration favors discretionary denial because the Petition relies heavily on the unfocused declaration testimony of Petitioner’s purported technical expert, of Dr. Jason Janét. Indeed, Dr. Janét’s declaration consists of 206 paragraphs of testimony spanning 89 pages. *See generally* Ex. 1003. The Petition extensively cites to and relies upon his testimony, including attempting to plug holes by arguing that certain features not disclosed on the relied-on references would have been obvious. *See e.g.*, Pet. at 33 (“a POSITA would have recognized that these values form statistics.”); 35 (“a POSITA would have recognized that these aggregated labels form statistics.”); 39, 41 (“a POSITA would have recognized that these items form statistics.”); 50 (“A POSITA would have understood that such prompting is a *question*.”); 63 (“A POSITA would have recognized that such a collection of data regarding annotations forms statistics.”); and 73 (“A POSITA would have recognized that these tallies are *summary statistics*”). Indeed, the word “POSITA” appears 45 times in the Petition.

Further, Dr. Janét’s declaration contains much of the same language as the

Petition, even including the same annotations and color-coding used in the Petition. *Compare, e.g.,* Pet. 17-55 (analysis of Ground 1), *with* Ex. 1003 at 24-62 (analysis of Ground 1); Pet. 55-68 (Ground 2 analysis), *with* Ex. 1003 at 62-75 (Ground 2 analysis); Pet. 68-74 (Ground 3 analysis), *with* Ex. 1003 at 75-82 (Ground 3 analysis); Pet. 75-78 (Ground 4 analysis), *with* Ex. 1003 at 82-85 (Ground 4 analysis); Pet. 78-81 (Printed Matter analysis), *with* Ex. 1003 at 85-87 (Printed Matter analysis). However, the Board has been skeptical of petition arguments repeated verbatim by a witness purporting to give expert testimony. *Kinetic Techs., Inc. v. Skyworks Sols., Inc.*, IPR2014-00529, Paper 8 at 14-15 (PTAB 2014) (denying institution). Such skepticism is warranted in reviewing the Petition, in light of Dr. Janét's extensive repetition of the Petition in his declaration. *Xerox Corp. v. Bytemark, Inc.*, IPR2022-00624, Paper 9, at 15, 19 (P.T.A.B. Aug. 24, 2022) (denying institution). The Board's resources would be better allocated to other petitions more grounded in substance.

(d) *Claim construction issues*: Tesla has already taken the position before the district court that the claims of the '889 patent (and the other patents Perceptive asserts in the parallel district court action) do not require construction. *See* Ex. 2022 at 6, 33. To the extent Tesla's position later changes (*e.g.*, through its forthcoming invalidity contentions), the Board should consider that change in position in determining whether discretionary denial is appropriate. *See, e.g., Am. Airlines, Inc.*

v. Intellectual Ventures I LLC, IPR2025-01055, Paper 11 at 12-13 (PTAB Nov. 21, 2025); *Tesla, Inc. v. Intellectual Ventures II LLC*, IPR2025-00340, Paper 18 (Squires Nov. 5, 2025).

Finally, as the Board has repeatedly recognized (including in *Fintiv*), no single factor is dispositive, and the Board “takes a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” *Fintiv*, Paper 11 at 6. Given that the above factors favor exercising discretion to deny institution, the Director should deny institution for these reasons as well.

VI. CONCLUSION

For at least the reasons above, the Director should exercise discretion to deny institution of Tesla’s IPR petition.

Respectfully submitted,

Dated: December 8, 2025

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CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing Patent Owner's Brief in Support of Discretionary Denial was served on December 8, 2025, to Lead and Back-up Counsel for Petitioner at the service address provided in Petitioner's Mandatory Notices:

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