

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

TOYOTA MOTOR CORPORATION,

Petitioner,

v.

BUNKER HILL TECHNOLOGIES, LLC,

Patent Owner.

Case No.: IPR2026-00333

U.S. Patent No. 11,374,508

PATENT OWNER'S REQUEST FOR DISCRETIONARY DENIAL

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EXHIBIT LIST

<u>Exhibit No.</u>	<u>Description</u>
2001	Declaration of David M. Pridham
2002	<i>Bunker Hill Technologies, LLC v. Toyota Motor Corporation et al.</i> , No. 2:25-cv-1133 (E.D. Tex.) Complaint
2003	Toyota Motor Corporation, “ <i>Toyota Launches All-New Prius PHEV in Japan</i> ,” March 1, 2023, TOYOTA MOTOR CORPORATION OFFICIAL GLOBAL WEBSITE, https://global.toyota/en/newsroom/toyota/38869594.html .
2004	Prosecution History of U.S. Pat. No. 9,800,182
2005	Prosecution History of U.S. Pat. No. 10,374,529
2006	Prosecution History of U.S. Pat. No. 10,673,358

I. INTRODUCTION

Patent Owner Bunker Hill Technologies, LLC respectfully requests that the Director exercise discretion under 35 U.S.C. § 314(a) and deny institution of trial. The challenged '508 patent has been commercially relied upon and licensed within the automotive industry for substantial value, and the present petition duplicates issues already positioned for resolution in an Article III court. As the '508 patent is only one of nine at issue in the parallel litigation, regardless of the outcome of this challenge the litigation will not be disposed of and many of the same issues presented here will remain. Under the totality of the circumstances, discretionary denial is warranted.

II. LEGAL STANDARD

The Director “may not authorize an inter partes review to be instituted unless” certain conditions are met. 35 U.S.C. 314(a). Further, the Director is vested with broad discretion to deny institution even where a petition otherwise satisfies threshold requirements. *Cuozzo Speed Techs., LLC v. Lee*, 136 S.Ct. 2131, 2140 (2016).

Discretionary considerations are evaluated separately from the merits, and factors for consideration included: settled expectations of the parties, strength of the unpatentability challenge, reliance on expert testimony, parallel proceedings, economic and public-interest considerations, and any

other considerations bearing on the Director’s discretion. Coke Morgan Stewart, Acting Director, Memorandum Regarding Interim Processes for PTAB Workload Management at 2-3 (March 26, 2025). No single factor need be dispositive. The inquiry is holistic, focusing on efficiency, fairness, and the integrity of the patent system. *See, e.g., Tanklogix, LLC v. Sitepro, Inc.*, IPR2025-00647, Paper 10 at 2-3 (PTAB, Dir. Decision, July 31, 2025).

III. SETTLED EXPECTATIONS CONCERNING THE ’508 PATENT STRONGLY FAVOR DISCRETIONARY DENIAL

A. Past Licensing Confirms Actual Market Reliance

This is not a case involving speculative or hypothetical reliance interests. Patent Owner has successfully concluded arm’s-length licensing transactions involving the ’508 patent with sophisticated market participants.

1. Actual Licensing Is Powerful Evidence of Reliance

In exercising discretion under § 314(a), the Director evaluates settled expectations as a practical inquiry into whether the patent has meaningfully shaped commercial behavior. Actual licenses are clear (sometimes the clearest) indicators that market participants have treated the patent as a valid and enforceable right. *See e.g., Alliance Laundry Systems, LLC v. Payrange LLC*, IPR2025-00950, Paper 11 at 3 (PTAB, Dir. Decision, Sep. 19, 2025)

(evidence of licensing creates settled expectations even where challenged patent in force only four years).

U.S. Pat. 11,374,508 (the “508 patent”) patent is included in Patent Owner’s broader licensing program directed to entities operating in the automotive industry. License rights have been negotiated and executed at arm’s length with sophisticated licensees, and the license rights granted forward-looking freedom to operate, not merely backward-looking releases. Ex. 2001 at ¶¶ 6-20. These facts go well beyond abstract expectations and demonstrate concrete, market-based reliance.

2. Confidentiality Does Not Diminish the Evidentiary Weight of Licensing Reliance

Patent Owner is prohibited from publicly disclosing the identities of its licensees and the terms associated with the license rights due to binding confidentiality obligations. *Id.* at ¶ 11. Such confidentiality is common in technology licensing, yet it does not undermine the probative value of the underlying reliance. To the contrary, confidentiality itself reflects commercial sensitivity and seriousness, not token or nuisance licensing.

3. Licensing Through an Intermediated Program Reinforces, Rather Than Undermines, Reliance

The licensing program at issue is designed to efficiently provide freedom to operate across a complex industry ecosystem. *Id.* at ¶¶ 8, 14-15.

Such programs are widely used in sectors like automotive systems, where products incorporate components from multiple suppliers and design cycles are long. Moreover, the licenses were not nominal, and were executed in the ordinary course of business, not in anticipation of this IPR. *Id.* at ¶¶ 7, 9, 13, 16. Accordingly, market participants are able to structure their activities secure in the knowledge that their license to the '508 patent increases flexibility in their forward-looking commercial activities. Allowing a late-stage administrative challenge after such reliance has crystallized would undermine the predictability that discretionary denial is intended to protect.

B. Settled Expectations Attach to the Patent Right, Not Merely the Original Patentee

1. Ownership Changes Do Not Reset the Reliance Clock

Toyota may suggest that settled expectations should be discounted because it did not interact with the original patentee and/or because Patent Owner, Bunker Hill Technologies, is not the original assignee. Previous discretionary denial decisions have unambiguously rejected the notion that settled expectations evaporate upon assignment. *SAP America, Inc. v. Valtrus Innovations Ltd.*, IPR2025-00414, Paper 12 at 3 (PTAB, Dir. Decision, Jul. 10, 2025).

Valtrus reflects an institutional reality. Patents are statutorily assignable property rights, and the Patent Act expressly contemplates that

patents will be transferred, licensed, and enforced by entities other than the original inventor. If settled expectations could be nullified simply by pointing to an assignment, they would rarely exist at all, particularly in industries where patent portfolios are routinely acquired and licensed.

Thus, whether termed “settled expectations” or “reliance interests,” these expectancies persist through post-issuance assignments. A successor in interest (e.g., a new patent owner) inherits the settled expectations created by virtue of the patent's presence on the public record. See *Dabico Airport Solutions Inc. v. AXA Power ApS*, IPR2025-00408, Paper 21 at 3 (PTAB, Dir. Decision, June 18, 2025) (recognizing that these interests, like the right to sue for infringement, are an attribute of the patent grant itself). The inquiry is not whether a petitioner personally relied on the patent, but whether the patent’s public enforceability has created reliance interests that counsel against late-stage administrative review.

2. Allowing Ownership-Based Exceptions Would Undermine Discretionary Denial

Treating ownership changes as a basis to discount settled expectations would undermine the very purpose of discretionary denial under § 314(a). It would penalize lawful patent transfers, destabilize secondary markets for patent rights, incentivize delayed challenges timed to ownership changes,

and reintroduce uncertainty long after patents have shaped commercial behavior. The Director’s discretionary authority exists to prevent *inter partes* review from becoming a perpetual validity check untethered from reliance, predictability, and fairness. *See, e.g., Rules Governing Post-Grant, Inter Partes, and Derivation Proceedings*, 89 Fed. Reg. 79,744, 79,747 (Oct. 1, 2024) (Director Review at the institution stage of proceedings “aligns with the Office’s priority to promote the accuracy, consistency, and integrity of PTAB decision-making in AIA proceedings.”). If settled expectations could be nullified by pointing to a patent transfer, or by labeling a patent owner as a licensing entity, the doctrine would become meaningless. The Director has therefore consistently rejected such carve-outs.

C. Although the ’508 Patent Issued in 2022, Settled Expectations are Established Here

The ’508 patent issued in June 2022; hence, Petitioner is expected to complain that no “settled expectations” can exist. That is incorrect.

The settled-expectations inquiry is not a mechanical age test. The Director has expressly recognized that actual market licensing can create meaningful settled expectations even at shorter post-issuance horizons. *See Alliance Laundry Systems*, IPR2025-00950, Paper 11 at 3 (4 years sufficient to create settled expectations when coupled with evidence of licensing).

In addition, the '508 patent is part of a multi-generation patent family that has been continuously on the public record since at least the filing of the family's 2013 U.S. application, with multiple issued family patents preceding the '508 patent. Ex. 1001 at pp. 1-1 (63). This continuity is relevant to whether the public had opportunity to account for and rely on the family's claimed control architecture in their freedom-to-operate planning.

1. Director Decisions Have Found Settled Expectations at Short Time Horizons

The Director has not required extraordinary patent age to find settled expectations. Recent decisions demonstrate that expectations may become settled early in a patent's term. *See, e.g., Kahoot! AS v. Interstellar, Inc.*, IPR2025-00696, Paper 12 at 2 (PTAB, Dir. Decision, Jul. 31, 2025) (six-year post-issuance time frame deemed sufficient to "creat[e] strong settled expectations"); *Cambridge Industries USA, Inc. v. Applied Optoelectronics, Inc.*, IPR2025-00435, Paper 11 at 3 (PTAB, Dir. Decision, June 26, 2025) (discretionary denial justified in the case of two patents in force for nine and seven years, respectively). *Alliance Laundry Systems* is particularly instructive inasmuch as it concerned a young patent that was nevertheless already the subject of commercial license agreements by the time it was challenged. Notwithstanding that concurrent litigation had been stayed,

Acting Dir. Stewart recognized that, “although the challenged patent has not been in force for a significant period of time (issued in 2021), Patent Owner presents evidence that it has licensed the challenged patent, which creates some settled expectations favoring Patent Owner.” Accordingly, no trial was instituted. *Alliance Laundry Systems*, IPR2025-00950, Paper 11 at 3.

The principle is clear: once a patent has obtained hallmarks of reliance interests, discretionary denial is appropriate absent extraordinary circumstances. No such circumstances are present here.

2. Settled Expectations Do Not Require Prior Disputes

Toyota may contend that settled expectations should be discounted because the ’508 patent has not previously been litigated or challenged in an IPR. Prior Director Decisions have squarely rejected that proposition.

As explained in *Dabico*, because issued patents are publicly available and provide notice to competitors and commercial actors as a matter of law, “actual notice of a patent or of possible infringement is not required to create settled expectations.” *Dabico Airport Solutions Inc. v. AXA Power ApS*, IPR2025-00408, Paper 21 at 3 (PTAB, Dir. Decision, June 18, 2025).

Moreover, in *Cambridge Industries* Acting Director Stewart declined to require evidence of actual knowledge or specific business decisions (like licensing) by a petitioner. IPR2025-00435, Paper 11 at 3 (PTAB, Dir.

Decision, Jun. 27, 2025). This decision makes clear that reliance interests (central to the idea of settled expectations) are tied to the subject patent being in force. That is, expectations become “settled” because the public has had the opportunity to account for the patent’s existence.

3. The Technology and Industry Context Heightens the Weight of Settled Expectations

The settled expectations arising from the ’508 patent’s existence are further amplified by the technological and industry context in which it operates. The claims at issue relate to vehicle propulsion systems, specifically, electric drive systems, an area characterized by extended development timelines, substantial upfront capital investment, long-term supplier integration, and regulatory gating. In such industries, design decisions are often locked in years before commercial deployment, supply chains are structured around fixed technical assumptions, and freedom-to-operate assessments are made early and relied upon throughout product lifecycles.

When a patent has remained publicly issued and enforceable in this context, industry participants reasonably structure their conduct around its existence. Administrative challenges disrupt that reliance not merely in the abstract, but at a systemic level, introducing uncertainty after investment and

design decisions have already crystallized. The Director has recognized that these realities heighten the weight of settled expectations and counsel restraint where an IPR would undermine predictability rather than promote efficiency. *See Amgen Inc. v. Bristol-Myers Squibb Co.*, IPR2025-00601, Paper 9 at 2 (PTAB, Dir. Decision, Jul. 24, 2025) (recognizing that investment, time, and resources dedicated to research, development, trials, and regulatory approval can correlate to settled expectations). Instituting review here, years after the patent issued and after reliance has formed within a capital-intensive industry, would cut against the institutional goals underlying discretionary denial under § 314(a).

D. Additional Discretionary Considerations Under the Director’s March 11, 2026 Memorandum

The Director’s March 11, 2026 Memorandum identifying additional discretionary institution considerations applies here and further supports denial. See John A. Squires, Director, Memorandum: Additional Discretionary Institution Considerations (March 11, 2026). The accused products relevant to the ’508 patent are electric vehicles such as the 2025 Toyota Prius Plug-In Hybrid. Ex. 2002 at ¶¶ 120-121. The vehicle is manufactured outside the United States, with production centered in Japan. Ex. 2003 at 8 (identifying Tsutsumi Plant). Institution of this proceeding

therefore would not serve to protect or promote domestic manufacturing activity associated with the accused products. Petitioner's anticipated reliance on domestic sales, distribution, or service footprint does not answer the Director's March 11, 2026 considerations, which are directed to manufacturing and investment in domestic production, not downstream commercial availability of imported products. Further, no small-business equities are implicated as Petitioner is a large, multinational automotive manufacturer. Pet. at 2.

When considered alongside the strong settled expectations associated with the '508 patent and the limited marginal value of IPR in light of parallel district court litigation, the additional considerations identified in the March 11, 2026 Memorandum confirm that this case is not an appropriate candidate for discretionary institution under § 314(a).

IV. PARALLEL DISTRICT COURT LITIGATION AND THE LIMITED VALUE OF PETITIONER'S SOTERA STIPULATION

A. Parallel District-Court Litigation Reduces the Marginal Value of IPR

As a discretionary matter, IPRs are most valuable where they provide clear efficiency benefits, either by resolving issues that would not otherwise be addressed, or by doing so in a way that materially streamlines parallel proceedings. That benefit is absent here. The '508 patent is but one of *nine* patents at issue in the parallel district court litigation. Ex. 2002 at pp. 1, 6-7,

9-139. Other than U.S. Pat. 10,549,648,¹ none of these other patents is the subject of an IPR. Hence, irrespective of institution, the district court will still address potentially overlapping claim construction issues, factual development concerning the same (and potentially other) accused products and possible prior art references, expert testimony concerning the knowledge and perspective of a POSITA, and defenses and issues outside the limited scope of this IPR. Institution would merely introduce a second proceeding, rather than providing a streamlined alternative. Discretionary denial will preserve resources and avoid duplication.

Toyota is expected to argue, just as it did in IPR2026-00250, that the district court's lack of a Markman hearing to date demonstrates "minimal investment" by the parties and therefore counsels against discretionary denial. That argument should be rejected for a straightforward reason: Petitioner has already told the Office, in its own Petition, that no substantive claim construction is required because claim terms "have their plain and ordinary meaning" consistent with *Phillips*. Pet. at 8.

Having elected to proceed on this premise, Petitioner cannot now rely on the absence of a district court Markman hearing as a basis to claim that

¹ U.S. Pat. 10,549,648 is the subject of IPR2026-00250.

the parallel action is “early” in a way that favors institution. Petitioner does not need any express constructions to prosecute the Petition it chose to file; hence, the absence of Markman hearing has no probative value in Petitioner’s favor and should not be treated as a reason to institute. Indeed, the correct inference runs the other direction: Petitioner cannot demonstrate genuine efficiency benefits that would result from this proceeding.

Petitioner’s position thus collapses into a contradiction: it asks the Director to credit the absence of claim construction as evidence of low investment, while simultaneously insisting no claim construction is needed.

B. Any Alleged Diligence is Illusory

Petitioner is also expected to reprise its “diligence” argument from IPR2026-00250—i.e., that filing soon after litigation commenced reflects diligence and therefore weighs against discretionary denial. That framing is not supported on this record.

The district court complaint notes that Toyota was on notice of the asserted patents and alleged infringement as early as November 20, 2024. Ex. 2002, ¶ 27. Further, on November 6, 2025, Patent Owner’s licensing agent sent Toyota claim charts for the ’508 patent identifying Toyota’s infringing products and detailing the infringement theories. *Id.*, ¶ 30. Petitioner nevertheless waited until April 7, 2026 to file this Petition—more

than 16 months after notice and roughly five months after receiving targeted claim charts—yet now seeks to portray itself as “diligent” simply because it filed within a year of service of the complaint. That is not diligence in any meaningful discretionary sense.

Indeed, prior decisions have treated delays after receipt of detailed infringement theories as weighing in favor of discretionary denial. *See, e.g., 10x Genomics, Inc. v. President & Fellows of Harvard Coll.*, IPR2023-01299, Paper 15 at 18-19 (PTAB Mar. 7, 2024). Accordingly, Petitioner should not be permitted to convert its extended delay into an institution argument, particularly where the Petition itself is framed as requiring no claim construction beyond plain meaning.

C. The Sotera Stipulation Does Not Eliminate Overlap or Inefficiency

Petitioner has offered a Sotera-style stipulation purporting to limit certain invalidity arguments in district court. Pet. at 8. While perhaps relevant to discretionary analysis, Petitioner’s stipulation is not dispositive, and it provides limited practical benefit.

First, it is conditional on institution. *Id.* If the Director denies institution, Petitioner is free to pursue its full range of defenses in district court. That underscores the stipulation’s essence as a litigation tactic rather than an unconditional commitment to streamline adjudication. Second, even

with the stipulation, substantial overlap with the district court proceeding remains. Institution would not meaningfully reduce this duplication. Third, the stipulation does nothing to mitigate the other considerations present here, including the strong settled expectations arising from the patent's actual market reliance demonstrated through licensing. Discretionary denial under § 314(a) is a holistic inquiry. A stipulation addressing only a portion of potential overlap cannot override these broader institutional concerns.

V. THE PETITION'S WEAKNESS AS A DISCRETIONARY MATTER

A. The Petition Relies Heavily on Expert Testimony Rather Than Clear Documentary Teachings

Petitioner's case depends extensively on expert testimony to supply critical elements of its theories, rather than on clear and self-explanatory disclosures in the asserted prior art. This heavy reliance on expert reconstruction weighs against institution as a discretionary matter. Moreover, Petitioner's multi-ground presentation is not a set of independent, converging theories; it repeatedly relies on the same asserted mode-mapping premise across grounds and then layers additional references that do not cure the dispositive deficiency identified in Patent Owner's merits response.

1. The Petition Uses Expert Testimony to Bridge Gaps in the Prior Art

Inter partes review is intended to provide an efficient mechanism for resolving straightforward patentability disputes grounded in documentary prior art. *Qualcomm Inc. v. Apple Inc.*, 24 F.4th 1367, 1375 (Fed. Cir. 2022) (references that may form the basis of a challenge are limited to “[A] prior art patent or prior art printed publication.”); 35 U.S.C. § 311(b) (a patent can be challenged in an IPR “only on the basis of prior art consisting of patents or printed publications”). The present Petition, however, relies extensively on a single expert’s opinion to: interpret ambiguous disclosures in the cited references; supply motivations to combine that are not expressly articulated therein; and to assert that certain claim limitations would have been “well-understood,” “routine,” or “obvious” despite the absence of explicit disclosure. *See, e.g.*, Pet. at 40 *et seq.* These are not peripheral matters; they are central to the Petition’s *prima facie* case. Absent this testimony, the Petition does not present a self-contained documentary showing that the prior art discloses or renders obvious the challenged claims.

Ground 2 illustrates this defect. There, Petitioner expressly “incorporate[s]” Ground 1 and contends that, “to the extent” a cited reference is “found not to disclose” a required claim element, the claims “still would have been obvious” based on the teachings of that reference.

Pet. at 40. This contingent fallback structure underscores the extent to which Petitioner's theories depend on expert reconstruction rather than on clear teachings in the prior art itself. Moreover, Grounds 3-7 and 9 all rely on alleged obviousness. *Id.* at 42-62, 74-75. Resolving these theories would require engaging in claim-interpretive disputes and credibility assessments driven by expert opinion, rather than evaluating a focused, document-based showing. That posture does not favor institution as a discretionary matter.

2. Expert-Driven Reconstruction Undermines Efficiency Goals of IPR

The Director's discretionary authority under § 314(a) is informed by institutional efficiency. Where, as here, a petition relies heavily on expert testimony to reconstruct what the prior art allegedly teaches, institution is less likely to streamline the dispute. Institution would necessarily entail dueling expert declarations, disputes over claim interpretation embedded in those opinions, credibility assessments not well-suited for a paper record, and extensive briefing untethered from the face of the references themselves. That dynamic is functionally indistinguishable from district-court validity litigation, but without the procedural tools, such as live testimony and broader discovery, that are designed to resolve such factual disputes.

Further, this dynamic is particularly problematic at the institution stage, where the Director's discretion is exercised with an eye toward

whether an IPR will meaningfully advance efficiency and accuracy as compared to parallel Article III proceedings. A petition that depends on extensive expert interpretation to supply missing teachings, motivations, and claim mappings effectively imports the very fact-intensive disputes that IPR was designed to avoid. Rather than resolving a focused, document-driven question of patentability, institution would commit the Board to adjudicating competing narratives constructed through hindsight and expert opinion, requiring credibility assessments and reconstruction exercises that are ill-suited to a streamlined administrative forum. In such circumstances, the marginal value of IPR is diminished, not enhanced. The Director's discretionary authority exists precisely to prevent IPR from becoming a substitute for district court litigation where the petition's theories rise or fall on expert advocacy rather than the face of the prior art itself. Denial here would therefore conserve administrative resources while preserving the integrity and intended role of *inter partes* review.

B. The Prosecution History Undermines the Petition's Narrative

The Petition's characterization of the challenged claims as reflecting routine, conventional, or well-understood technology is in tension with the actual prosecution history of the '508 patent. As a discretionary matter, this disconnect further weakens the Petition and weighs against institution.

1. The Petition's Narrative Conflicts With the Examiner's Contemporaneous Evaluation

The Petition repeatedly asserts that the claimed subject matter would have been readily apparent to a POSITA at the relevant time. *Id.* That narrative is difficult to reconcile with the fact that the claims were allowed by the Office only after several rounds of amendments to address prior art-based rejections. See Ex. 1002 at 278-282, 329-333.

This record reflects that the Examiner carefully reviewed the claimed invention in view of the prior art. While this decision is not dispositive, it is a contemporaneous evaluation made by a neutral decision-maker applying even broader claim interpretations than govern this proceeding. As a discretionary matter, where a petition's theory depends on reframing the invention as obvious through retrospective expert analysis, such prosecution history counsels restraint. Nothing suggests that the Examiner viewed the claims as reciting mere aggregations of known elements or as obvious design choices as Petitioner contends.

2. Continuation Context Does Not Support the Petition's Assertions

Petitioner may argue that the claims should be discounted because they issued in a continuation application. Such an argument would be misplaced. The continuation process does not diminish the Examiner's obligation to assess patentability, nor does it suggest that allowed claims are

presumptively routine. To the contrary, continuation claims are often evaluated against an expanded prior art record and benefit from a more refined understanding of the invention.

Indeed, that appears to have been the case here as the same Examiner that allowed the claims of the '508 patent had already reviewed and approved three prior parents in the same family. *See generally*, Exs. 2004, 2005, 2006 The allowance of this application is not a flaw in the system, but a predictable outcome of informed examination. Having already reviewed, considered, and allowed the prior patents, the Examiner brought continuity, familiarity, and efficiency to the examination of the present one. Petitioner identifies no indication in the prosecution record that the Examiner failed to consider the prior art, cut corners, or otherwise shirked his duties.

VI. CONCLUSION

For the foregoing reasons, Patent Owner respectfully requests that the Director deny institution of IPR2026-00333 under 35 U.S.C. § 314(a).

Dated: June 10, 2026

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CERTIFICATE OF PAGE COUNT

The undersigned certifies that this brief is no more than 20 pages, exclusive of table of contents, table of authorities, table of exhibits, and certificates, according to the page count of the word-processing system used to prepare this paper.

/Tarek N. Fahmi/

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing

PATENT OWNER'S REQUEST FOR DISCRETIONARY DENIAL
was served on June 10, 2026 by filing this document through the PTAB P-
TACTS System as well as by delivering a copy via email directed to the
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The parties have agreed to electronic service in this proceeding.

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