

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

TESLA, INC.,

Petitioner

v.

GRANITE VEHICLE VENTURES LLC,

Patent Owner

Case IPR2025-01035

Patent 12,037,004

(Claims 10–24, 27)

**PATENT OWNER’S REPLY TO PETITIONER’S OPPOSITION TO
PATENT OWNER’S DISCRETIONARY DENIAL BRIEF
PURSUANT TO THE BOARD’S MARCH 26, 2025
INTERIM PROCESSES FOR PTAB WORKLOAD MANAGEMENT**

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Tesla’s Opposition to Discretionary Denial (Paper 9) mischaracterizes the factual record and sets forth arguments that do not withstand scrutiny.

First, regarding *Fintiv* Factors 1 and 2, Tesla admits the parallel litigation is set for trial 143 days—***nearly five months***—before the Final Written Decision deadline. Opp., 11. Tesla argues the litigation *could* be delayed, and *if* it was delayed, it *could* be delayed by as much as 109 days. *Id.*, 12. Significantly, that 109-day delay is based on an average that arbitrarily excludes every trial (one-sixth of the trials) that experienced zero delay. *Id.* Even with this unexplained cherry-picking, Tesla’s 109-day average delay still suggests a trial ***34 days before*** the Final Written Decision.

Tesla then switches from “average delay” to “median time to trial,” while continuing to ignore the three-out-of-eighteen trials that were ***not*** delayed. *Id.* Tesla’s own evidence shows that, when those trials are included, the median time to trial in Judge Gilstrap’s court is 725 days from complaint to trial. EX1064 at 1. This 725-day time to trial in the parallel litigation suggests a trial date of December 1, 2026, which is still more than ***three weeks*** before the Final Written Decision deadline.

The Director has already considered and rejected Tesla’s arguments, finding it “unlikely that a final written decision . . . will issue before the district court trial occurs.” *See Tesla, Inc. v. Granite Vehicle Ventures, LLC*, IPR2025-00943, -944, Paper 17, at 2 (PTAB Sept. 26, 2025) (Acting Dir. C.M. Stewart). That can only be more unlikely here, where the Final Written Decision date (December 24, 2026) is

two weeks *later* than in those two related IPRs. Moreover, discretionary denial of Tesla's other petitions ensures no stay will be granted in the related litigation. *See, e.g., AGIS Software Dev. v. Google, LLC*, No. 2:19-cv-361-JRG, 2021 U.S. Dist. LEXIS 24195, at *9 (E.D. Tex. Feb. 9, 2021) ("It has been [the district court's] consistent and long established practice to deny motions to stay pending IPR . . . when the PTAB . . . [has] instituted review on less than all asserted claims of all asserted patents."). In light of these related discretionary denials, *Fintiv* Factors 1 & 2 dispositively favor denial.

Second, Tesla fails to show any "material error" during prosecution to be "rectif[ied]." Opp., 1. Tesla's (incorrect) belief that it can find every limitation of the '004 patent claims when it combines 4–13 references does not meet the standard for "material error," which requires analysis and explanation of "how the Examiner erred in overlooking the prior art." *Ecto World LLC v. RAI Strategic Hold'gs Inc.*, IPR2024-01280, Paper 13 at 5 (PTAB May 19, 2025) (Acting Dir. C.M. Stewart) (precedential). Tesla's references were not there for the Examiner to overlook.

Moreover, the Examiner's reuse of previously drafted text for the Notice of Allowance is not, as Tesla contends, evidence that the Examiner "simply assumed" the claims of the '004 patent were allowable. Opp., 7. Tesla's speculation about the Examiner's state of mind is also contradicted by the record, which shows the Examiner performed a thorough search of the prior art before allowing the claims of

the '004 patent over the closest art found. EX1002 at 3395–418. In such cases, it is proper not to issue a rejection. Different (or indeed any) art need not be cited in the Notice of Allowance, as Tesla suggests. *See* MPEP 1302.12 (“At time of allowance, the examiner *may* cite pertinent art in an examiner’s . . . statement of reasons for allowance.” (emphasis added)). Tesla’s disagreement with the Examiner’s conclusions does not support finding a “material error.”

Third, Tesla points to neither a “misunderstand[ing]” of law or “mischaracteriz[ation]” of any ground by Patent Owner. *Opp.*, 21. Tesla only argues “a large number of references does not, without more, weigh against the obviousness of the claimed invention.” *Id.* (citations omitted). Patent Owner does not solely rely on Tesla’s unusually high number of references but rather argues that such a large number of references requires a strong motivation to combine them, which Tesla does not come close to providing. Paper 8, 22–37.

Tesla’s cited cases (which are directed to original examination or reexamination, not IPRs) do nothing to rectify the issue. In *In re Gatabi*, the Federal Circuit affirmed the Board’s combination of “as many as *three* prior art references[,]” calling this a “large” number. No. 2022-1580, 2023 U.S. App. LEXIS 11896, at *9 (Fed. Cir. May 16, 2023) (emphasis added). The Petition here makes such a “large” combination look miniscule by comparison, with no ground using less than *seven* and as many as *eleven* references, Paper 8, 23–24, more than in any of Tesla’s cited cases.

Opp., 21. Tesla also ignores that the Federal Circuit has cast doubt on the effectiveness of “large” combinations in IPR proceedings. *See, e.g., Biogen, Inc. v. Iancu*, No. 19-1364, Oral Argument at 0:59–1:19, 29:40–30:00 (“[A five reference combination is] such a large number of references combining in such an unpredictable area”), available at <https://www.cafc.uscourts.gov/oral-arguments/2019-1364.mp3>.

Tesla even admits that, here, the claims involve “convoluted permutations” of a “large number of disparate limitations.” Opp., 23. Tesla misstates the holding of *Tesla, Inc. v. Intellectual Ventures II LLC*, IPR2025-00217, Paper 9 at 3 (PTAB June 13, 2025), in which “the district court proceeding involves eleven patents spanning nine different families that involve a diverse range of subject matter.” Tesla fails to show a “vast scope of [] patents asserted in the district court litigation” here. Opp., 23. The parallel district court litigation involves only three patents from one family, and the “unusually large number of disparate limitations” of which Tesla complains, *id.*, demonstrate the scope of the claims. Tesla’s inability to: (i) find all the limitations in a reasonable number of references; and (ii) explain motivations to combine each reference underscores the amount of labor the Board will need to exert in parsing the Grounds asserted and the evidence cited. Hence, *Fintiv* Factor 6 strongly favors discretionary denial, and Tesla’s argument is self-defeating.

Fourth, the Director should not give weight to Tesla’s attempt to downplay the discovery that has occurred. Tesla’s “*Logikull Article*” is nothing more than marketing

material from an eDiscovery vendor that boasts saving its clients “thousands in discovery.” EX1067 at 1.¹ Tesla cites this “article” as evidence that the nearly 200k pages of documents produced in this case falls short of the average. Opp., 15. Tesla also relies on an out-of-context quote discussing sanctions for bad-faith litigation, *id.*, which is irrelevant here. There is no evidence that the parallel litigation *here* will require anywhere near 6.5M pages of produced documents—an extraordinary amount. The pace of production (which remains at approximately 200k pages) during the months since Tesla’s Petition confirms that the production will not get close to the alleged “average” of 6.5M pages. Also, most of the production has been technical in nature. While most of the depositions were conducted for venue discovery, many of the facts elicited from witnesses were dual-purpose. For example, Tesla questioned Granite’s witnesses about licenses, which have limited relevance for venue.

Fifth, Tesla’s policy arguments should be disregarded. Opp., 34-36, 40. Neither 35 U.S.C. § 314 nor § 316 give a petitioner a right to an IPR. Instead, § 314(a) gives specific guidance to the Director when she may *not* institute an IPR. Nothing compels the Director to institute. *See SAS Inst. Inc. v. Iancu*, 584 U.S. 357, 366 (2018) (“[T]he Director . . . [has] discretion on the question *whether* to institute review.”).

¹ This “article” makes several other dubious claims such as “attorneys spend 6 hours a day on non-billable work, such as configuring technology.” *Id.* at 4–5.

Dated: October 2, 2025

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned certifies that pursuant to 37 C.F.R. § 42.6(e), a true and correct copy of the foregoing **Patent Owner’s Reply to Petitioner’s Opposition to Patent Owner’s Discretionary Denial Brief Pursuant to the Board’s March 26, 2025 Interim Processes for PTAB Workload Management** was served to the following counsel of record for Petitioner addressed as follows:

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