

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE OFFICE OF THE UNDER SECRETARY OF COMMERCE
FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE
UNITED STATES PATENT AND TRADEMARK OFFICE

TESLA, INC.,
Petitioner,

v.

THE UNITED STATES OF AMERICA AS REPRESENTED BY THE
SECRETARY OF THE NAVY,
Patent Owner.

IPR2025-00341
Patent 7,181,743 B2

Before COKE MORGAN STEWART, *Acting Under Secretary of
Commerce for Intellectual Property and Acting Director of the United States
Patent and Trademark Office.*

DECISION

Denying Patent Owner's Request for Discretionary Denial

The United States of America as represented by the Secretary of the Navy (“Patent Owner”)¹ filed a request for discretionary denial (Paper 8, “DD Req.”) in the above-captioned case, and Tesla, Inc. (“Petitioner”) filed an opposition (Paper 10, “DD Opp.”).

After considering the parties’ arguments and the record, and in view of all relevant considerations, discretionary denial of institution is not appropriate in this proceeding. This determination is based on the totality of the evidence and arguments the parties have presented.

In this proceeding, several considerations favor discretionary denial of institution. For example, the scheduled trial date precedes the projected final written decision due date, and there is insufficient evidence the district court is likely to stay its proceeding even if the Board were to institute trial. DD Req. 3–4; DD Opp. 3–7. In addition, there has been meaningful investment in the parallel proceeding by the parties. DD Req. 4–6. Other considerations, however, counsel against discretionary denial. For example, Petitioner has filed a broad stipulation. DD Opp. 10–11.

Here, Petitioner’s arguments regarding the complex and diverse litigation proceeding tip the balance against discretionary denial. Petitioner explains that the district court proceeding involves eleven patents spanning nine different families that involve a diverse range of subject matter. DD Opp. 5–7. The large number and vast scope of the patents asserted in the district court litigation (*id.* at 7) weighs against discretionary denial, as the

¹ Intellectual Ventures II LLC is the exclusive licensee of the ’743 patent, having all substantial rights. Paper 6, 2. Intellectual Ventures II LLC and The United States of America as represented by the Secretary of the Navy are the real parties-in-interest. *Id.*

Board is better suited to review a large number of patents involving diverse subject matter.

Although certain arguments are highlighted above, the determination not to exercise discretion to deny institution is based on a holistic assessment of all of the evidence and arguments presented. Accordingly, the Petition is referred to the Board to handle the case in the normal course, including by issuing a decision on institution addressing the merits and other non-discretionary considerations, as appropriate.

In consideration of the foregoing, it is:

ORDERED that Patent Owner's request for discretionary denial is *denied*;

FURTHER ORDERED that the Petition is referred to the Board; and

FURTHER ORDERED that neither party shall file a request for rehearing or Director Review of this decision until the Board issues a decision on institution.

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