

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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MERCEDES-BENZ GROUP AG,  
Petitioner,  
v.

THE PHELAN GROUP, LLC  
Patent Owner.

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Case IPR2025-00413  
U.S. Patent No. 9,045,101

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**PETITIONER'S OPPOSITION TO  
PATENT OWNER'S DISCRETIONARY DENIAL BRIEF**

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## **I. INTRODUCTION**

Petitioner Mercedes-Benz Group AG (“MBGAG”) opposes Patent Owner’s Discretionary Denial Brief (“PO Brief”). Patent Owner argues that the *Fintiv* factors support denying institution under §314(a) because the district court will likely resolve the dispute over this and six other patents before the Board. *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 2 (P.T.A.B. Mar. 20, 2020) (precedential). However, the facts belie Patent Owner’s argument. In fact, Patent Owner’s brief obscures how little Patent Owner has done to prosecute its case.

Instead of expediently pursuing a resolution, Patent Owner has slowed the district court case to a standstill. The result is a case that has not even reached exchanging terms for claim construction 18 months after the first Complaint was filed. While Patent Owner attempts to blame Petitioner (despite acknowledging its own failure to effectuate service), its disinterest in resolving the district court case is clear—other than venue discovery for transfer, Patent Owner has failed to serve a single discovery request in that 18-month period and has failed to enter an appearance after the case was transferred from the Eastern District of Texas (“EDTX”) to the Northern District of Georgia (“NDGA”).

The result of Patent Owner’s failure to appear in its own case is that the case is *de facto* stayed already. Nonetheless, Petitioner moved for a *de jure* stay on May

28, 2025. This motion is now pending. And with no case schedule issued or trial date or claim construction hearing set, there is far more work ahead for the court than behind it, suggesting that a stay is highly likely pursuant to NDGA precedent. Patent Owner suggests that resolution of the district court case is imminent, but nothing could be further from the truth. Under a corrected factual record, the *Fintiv* factors weigh against discretionary denial and instead strongly favor institution.

## **II. DISCRETIONARY DENIAL UNDER *FINTIV* IS NOT WARRANTED**

The *Fintiv* factors do not warrant denial of the Petition. Each factor favors institution or is at most neutral.

### **A. Factor 1 weighs against discretionary denial: The case is *de facto* stayed, and a motion to stay is both pending and likely to be granted.**

*Fintiv* factor 1—“whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted”—weighs strongly against discretionary denial and favors institution.

While a parallel litigation involving this and six other patents has been pending since December 2023, little substantive activity has taken place. *See infra* Section II.B. Further, upon transfer of the litigation to NDGA, the court ordered the parties to enter appearances by March 28, 2025. *See, e.g.*, EX1013, EX1016. ***Patent Owner, however, failed to appear.*** As a result, the district court action has no case schedule and has effectively been stayed, as it cannot proceed without a plaintiff.

Moreover, Petitioner moved to stay the district court action on May 28, 2025, EX1014, and there is significant “evidence” the court will grant this motion now that IPRs have been filed for all seven asserted patents.<sup>1</sup> In NDGA, courts “have reasoned that a stay pending a related PTO administrative proceeding should be *liberally granted*,” including where, as here, the IPRs may significantly simplify the issues or even dispose of the litigation altogether. *Doubleday Acquisitions, LLC v. Envirotainer AB*, No. 1:21-cv-03749-SCJ, 2022 WL 18778991, at \*3 (N.D. Ga. June 3, 2022) (emphasis added). To that end, NDGA courts “consider three factors in deciding whether to stay litigation pending completion of an IPR: ‘(1) whether discovery is complete and a trial date has been set; (2) whether a stay will simplify the issues in the case; and (3) whether a stay would unduly prejudice or present a tactical disadvantage to the nonmovant.’” *Aegis II S.A. v. Hisense Co., Ltd.*, No. 1:20-cv-3891-MHC, 2021 WL 12300139, at \*2 (N.D. Ga. June 23, 2021) (quoting *Interface, Inc. v. Tandus Flooring, Inc.*, No. 4:13-CV-46-WSD, 2013 WL 5945177, at \*4 (N.D. Ga. Nov. 5, 2013)).

The “liberally granted” standard deployed by NDGA lies in stark contrast to Patent Owner’s belief that “the litigation involving the ‘101 patent is unlikely to be

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<sup>1</sup> MBGAG filed its stay motion about two weeks after it filed its IPR against the seventh and final patent.

stayed.” PO Brief at 7. To the contrary, a stay is highly likely, as the factors NDGA considers warrant a stay for similar reasons as presented here: plaintiff has not appeared and the case remains in the early stages, with no non-venue discovery requests having been served; claim construction has not commenced; and no trial date has been set. EX1016. NDGA also stays cases without waiting for IPR institution. *Aegis*, 2021 WL 12300139, at \*3.<sup>2</sup>

Because the district court case has effectively been stayed, Petitioner has filed a motion to stay, and evidence suggests this motion will be granted, *Fintiv* factor 1 weighs against discretionary denial.

**B. Factor 2 weighs against discretionary denial: There is no trial date, and the entire case is ahead of the parties, not behind them.**

*Fintiv* factor 2 asks the Board to consider the proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision.

Here, *there is no trial date in the district court case*—in significant part due to the failure of Patent Owner to appear. Because there is no trial date against which to compare the Board’s projected statutory deadline of July 2026, this factor weighs

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<sup>2</sup> Further, NDGA is statistically likely to grant a stay. Between 2013 and 2023, NDGA courts adjudicated 25 motions to stay pending IPR and denied only 4. *See* EX1015. Over two-thirds of the motions (25) were granted in full, and the remaining (7) were granted in part. *Id.*

against discretionary denial.

Even if the district court case were to re-commence today, it is clear trial would not occur until long after July 2026. The parties and court have significantly more work ahead of them than behind them. Before the transfer to NDGA, no depositions or discovery had taken place (apart from initial disclosures mandated by EDTX's Local Patent Rules and venue discovery taken on MBGAG's transfer motion), and claim construction had not commenced. Since the transfer, nothing at all has occurred because Patent Owner has not appeared in the case.

Patent Owner points to time-to-disposition statistics to speculate that NDGA could dispose of the case in less than six months. PO Brief at 7. But this ignores the posture of this case (*e.g.*, Patent Owner has not appeared and little substantive activity has taken place), and in any event, disposition by early settlement or dismissal is of no moment in the *Fintiv* analysis. A settlement between parties would conclude both the district court case and IPRs, regardless of trial date. When one looks at the actual time-to-*trial* statistics that Patent Owner cites to of 30.8 months, it is clear trial will extend far beyond July 2026.

Because no trial date has been set and there is little concrete reason to believe that the district court trial will occur proximate to the Board's statutory deadline, this factor weighs against discretionary denial.



**C. Factor 3 weighs against discretionary denial: There has been minimal investment in the parallel proceeding, particularly by Patent Owner.**

*Fintiv* factor 3 considers the investment in the parallel proceeding by the court and the parties. Because the court and parties, particularly Patent Owner, have invested so little in the parallel proceeding, this factor weighs against discretionary denial.

The Board has held that “[i]f, at the time of the institution decision, the district court has not issued orders *related to the patent at issue in the petition*, this fact weighs against exercising discretion to deny institution.” *Fintiv*, Paper 11 at 10 (emphasis added). Such is the case here. In contrast to Patent Owner’s suggestion that “the Northern District of Georgia will issue a scheduling order in relatively short order,” PO Brief at 10, NDGA awaits Patent Owner’s appearance before it may do any work in this case at all, let alone issue orders related to the ’101 Patent. For its part, the transferor court (EDTX) had conducted activity during the case’s tenure therein. But this was limited to orders on consolidation (Dkt. No. 30), mooted a motion to dismiss upon Patent Owner’s filing an amended complaint (Dkt. No. 36), venue discovery (Dkt. No. 40), transfer (Dkt. No. 81), and deconsolidation (Dkt. No. 83). EX1016.

Patent Owner cites these procedural orders and their related motions as reasons this factor supports a discretionary denial. PO Brief at 8. But none of these

orders were investments by NDGA—let alone investments “related to the patents at issue”—and are therefore irrelevant to this factor. In fact, neither EDTX nor NDGA has progressed towards or issued a claim construction order, or any other order directed at the ’101 Patent. *See* EX1016.

The early steps conducted by EDTX do not weigh against institution when “much work remains” on issues of patent validity—indeed all of it. *See Sand Revolution II, LLC v. Cont’l Intermodal Grp.—Trucking LLC*, IPR2019-01393, Paper 24 at 11 (P.T.A.B. June 16, 2020) (informative); *Google LLC v. Wildseed Mobile, LLC*, IPR2023-00247, Paper 10 at 23-25 (P.T.A.B. June 6, 2023) (citations omitted) (finding infringement and invalidity contentions were exchanged, written discovery was in progress, and claim construction discovery would occur before institution decision, but “much work remain[ed]” and factor 3 favored institution).

Moreover, Petitioner worked diligently to file the instant Petition and six additional IPRs challenging over 120 claims across the seven asserted patents. This Board has found it reasonable to take additional time, still within the statutorily allowed period,<sup>3</sup> when there are a “large number of patents and claims challenged in this and Petitioner’s [six] other related petitions for *inter partes* review.” *Sotera Wireless v. Masimo Corp.*, IPR2020-01019, Paper 12 at 17 (P.T.A.B. Dec. 1, 2020); *see also Samsung Elecs. Co., Ltd. v. Headwater Research LLC*, IPR2024-01396,

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<sup>3</sup> Patent Owner does not contest that the Petition was filed within the statutory period.

Paper 13 at 7 (P.T.A.B. Apr. 1, 2025).

Therefore, the third *Fintiv* factor weighs against discretionary denial.

**D. Factor 4 weighs against discretionary denial: Petitioner’s “*Sotera*” stipulation and non-overlapping claims.**

Factor 4 favors institution. Petitioner stipulates that if the Board institutes, it will not pursue with respect to the ’101 Patent “any ground that [Petitioner] raised or reasonably could have raised” during this IPR proceeding in the related district court case, which removes any overlap. *Sotera Wireless*, IPR2020-01019, Paper 12 at 18-19; 35 U.S.C. § 315(d).<sup>4</sup> Moreover, while Patent Owner broadly claims that “[t]he issues raised in the Petition will be resolved by the district court litigation,” PO Brief at 10, this is not true. In district court, Claims 7 or 12 of the ’101 Patent are not asserted and thus not at issue. In this IPR, however, Petitioner has challenged the validity of these specific claims.

**E. Factor 5 is neutral: The petitioner is the defendant in the parallel litigation.**

As Patent Owner notes, Petitioner and the Defendant in the parallel district

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<sup>4</sup> Patent Owner hypothesizes that Petitioner could later try to raise a challenge in district court based on the combination of system art for “one trivial limitation” with prior art from this IPR and that this may not be subject to the *Sotera* stipulation. PO Brief at 11. Such is pure speculation and immaterial.

court case are the same party. Petitioner notes, however, that there are additional real parties-in-interest in this IPR which are not parties in the parallel district court case.

**F. Factor 6 favors institution: The merits of the Petition are strong, and Patent Owner presents no argument against them.**

*Fintiv* factor 6 requires the Board to consider other circumstances that impact the Board’s exercise of discretion, including the merits. When introducing its factors, *Fintiv* notes that “an early trial date should be weighed as part of a ‘balanced assessment of all relevant circumstances of the case, including the merits.’” *Fintiv* Paper 11 at 5 (quoting PTAB Consolidated Trial Practice Guide (Nov. 2019) at 58). Even when the other *Fintiv* factors would warrant denial, the PTAB can consider compelling merits and institute IPR on that basis. *See Commscope Techs. LLC v. Dali Wireless Inc.*, IPR2022-01242, Paper 23 at 3-6 (P.T.A.B. Feb. 27, 2023) (precedential) (“The Board should first address *Fintiv* factors 1-5; if that analysis *supports discretionary denial*, the Board should engage the compelling merits question.”) (emphasis added); *see also* March 26, 2025, USPTO Memorandum titled “Interim Processes for PTAB Workload Management” (noting that the “strength of the unpatentability challenge” should be considered); *Illumina, Inc. v. Natera, Inc.*, IPR2019-01201, Paper 19 at 8 (P.T.A.B. Dec. 18, 2019) (finding strong merits can “outweigh[] relatively weaker countervailing considerations of efficiency”).

Patent Owner does not argue that there are any “circumstances” under *Fintiv* factor 6 that favor denial, other than to claim that “the Petition does not present a

compelling case on the merits.” PO Brief at 12. But Patent Owner provides no argument or explanation as to how the Petition does not present a compelling case on the merits. *Id.* Nor could it. The Petition presents detailed and compelling grounds for unpatentability based on prior art not previously before the PTO, including U.S. Patent No. 6,225,890 to Murphy and U.S. Patent Publication No. 2007/0168125 to Petrik. Moreover, that its patents are susceptible to invalidity is evident in the fact that the PTAB recently adjudicated certain claims of U.S. Patent No. 10,259,470, a continuation-in-part of the instant ’101 Patent, and found its challenged claims to be unpatentable. *See* Appeal No. 2025-001876, Reexamination Control No. 90/015,287, Decision on Appeal mailed May 2, 2025.

Because the merits of the petition are strong with no other considerations weighing against institution, the sixth *Fintiv* factor weighs against discretionary denial.

### **III. CONCLUSION**

The Board should institute Trial based on the above arguments and the merits of the Petition. Further, Patent Owner has already asserted the ’101 Patent in five litigations. Instituting IPR on the ’101 Patent will promote judicial economy, addressing the string of assertions of the patent.

Date: May 28, 2025

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## **TABLE OF EXHIBITS**

<b>Exhibit</b>	<b>Description</b>
1001	U.S. Patent No. 9,045,101 (“’101 Patent”)
1002	File History for the ’101 Patent
1003	U.S. Patent No. 8,417,415 (“’415 Patent”)
1004	Declaration of Dr. Mark Ehsani
1005	Curriculum Vitae of Dr. Mark Ehsani
1006	U.S. Patent No. 6,225,890 (“Murphy”)
1007	German Patent Application Publication No. DE 10,323,723 A1 to Schanz (“Schanz”)
1008	English Translation of Schanz
1009	U.S. Patent Application Publication No. 2007/0168125 A1 (“Petric”)
1010	U.S. Patent Application Publication No. 2008/0136611 A1 (“Benco”)
1011	FMVSS No. 126: Electronic Stability Control Systems (March 2007)
1012	File History for U.S. Patent Reexamination Proceeding No. 90/015,287
1013	<i>The Phelan Group, LLC v. Mercedes-Benz Group AG</i> , No. 1:25-cv-1399-SEG (N.D. Ga.) at Dkt. 86 (letters from court to parties

Exhibit	Description
	ordering parties to appear by March 28, 2025)
1014	<i>The Phelan Group, LLC v. Mercedes-Benz Group AG</i> , No. 1:25-cv-1399-SEG (N.D. Ga.) at Dkt. 108 (Mercedes-Benz Group AG’s Motion to Stay Pending <i>Inter Partes</i> Review Proceedings)
1015	NDGA Docket Navigator statistics, available at <a href="https://search.docketnavigator.com/patent/court/">https://search.docketnavigator.com/patent/court/</a>
1016	Docket report for <i>The Phelan Group, LLC v. Mercedes-Benz Group AG</i> , No. 1:25-cv-1399-SEG (N.D. Ga.)



**CERTIFICATE OF COMPLIANCE**

The undersigned hereby certifies that the foregoing **PETITIONER'S  
OPPOSITION TO PATENT OWNER'S REQUEST FOR DISCRETIONARY  
DENIAL** contains 2,332 words as measured by the word-processing system used to  
prepare this paper.

/s/ Celine J. Crowson  
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**CERTIFICATE OF SERVICE**

The undersigned certifies that the foregoing **PETITIONER'S  
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DENIAL** and exhibits thereto were served on counsel of record via electronic mail  
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