UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

BMW of North America, LLC,
Petitioner

v.

Michigan Motor Technologies LLC,
Patent Owner

Case IPR2023-01234
Patent No. 8,558,260

PATENT OWNER'S PRELIMINARY RESPONSE

Under 35 U.S.C. § 42.107

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Patent Trial and Appeal Board
U.S. Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450
Submitted Electronically via PTAB E2E

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TABLE OF EXHIBITS

Exhibit Nos.	Description
2001	August 16, 2023, email from Neil A. Benchell to Brian Biggs
2002	November 2, 2023, email from Neil A. Benchell to Brian Biggs
2003	November 16, 2023, email from Brian Biggs to Jason Wejnert and Neil A. Benchell

Through the undersigned Counsel, Patent Owner, Michigan Motor Technologies LLC ("MMT"), submits the following Patent Owner Preliminary Response pursuant to 37 C.F.R. § 42.107(a). *See also* 37 C.F.R. § 42.107(b).

I. INTRODUCTION

Petitioners Mercedes-Benz USA, LLC[1] and BMW of North America, LLC. ("Petitioners") filed a Petition for *Inter Partes* Review of U.S. Patent No. 8,558,260 ("the '260 patent") on July 21, 2023. (IPR2023-01234, Paper No. 2) ("Petition" or "Pet.").) Patent Owner, MMT, respectfully requests that the Board deny the Petition because the '260 expired over two years ago, and was invalidated as ineligible under 35 U.S.C. § 101 in two concurrent district court litigations, first in *Michigan Motor Technologies LLC, v Bayerische Motoren Werke AG,* and then in *BMW of North America, LLC,* Civil Action No. 1:22-cv-3804-SCS-MV on July 21, 2023. In addition, Patent Owner MMT is in discussions with Petitioner BMW NA to dismiss the pending lawsuit, which includes the '260 Patent.

Notwithstanding, MMT also offered to BMW NA a Covenant Not to Sue on the '260 Patent in return for dismissing this IPR Petition. BMW NA suggested this course of action previously but then declined when raised again by MMT. Had BMW NA ultimately agreed to its suggestion, it would have allowed the PTAB to better focus its resources on cases appropriate for its consideration. For at least these

[1] Mercedes-Benz USA, LLC has moved to withdraw from the IPR after a settlement with MMT. (Paper 7)

reasons, the Board should not expend resources on instituting a trial on the '260 Patent when it is unenforceable against Petitioner.

For all the above reasons, the Board should deny the Petition for *inter partes* review.

II. APPLICABLE LEGAL PRINCIPLES

"[T]he decision whether to institute an *inter partes* review is discretionary." *Unified Patents Inc. v. C-Cation Techs., LLC*, IPR2015-01045, Paper 15 at 3 (PTAB Oct. 7, 2015) (citing 37 C.F.R. § 42.108 (a)). Petitioner has the burden to show that it is likely to prevail as to at least one claim of the '260 patent. 35 U.S.C. § 314; *SAS Institute Inc. v. Iancu*, 138 S. Ct. 1348 (2018). The Director's determination to institute or deny an IPR is non-appealable. 35 U.S.C. § 314(a).

The Patent Trials and Appeals Board should consider a set of nonexclusive factors, also known as the *Fintiv* factors, on a case-by-case basis when determining whether to institute an AIA post-grant proceeding where there is parallel District Court litigation. *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential). The six factors include:

1. whether the Court granted a stay or evidence exists that one may be granted if a proceeding is instituted;

2. proximity of the Court's trial date to the Board's projected statutory deadline for a final written decision;

3. investment in the parallel proceeding by the Court and the parties;

4. overlap between issues raised in the petition and in the parallel proceeding;

5. whether the Petitioner and the Defendant in the parallel proceeding are the same party; and

6. other circumstances that impact the Board's exercise of discretion, including the merits. *Id*.

Fintiv Factor 6 "seeks to strike a balance among the competing concerns of avoiding potentially conflicting outcomes, avoiding wasteful parallel proceedings, protecting against Patent Owner harassment, and strengthening the patent system by allowing the review of patents challenged with a sufficiently strong initial merits showing of unpatentability." *Commscope Technologies LLC, v Dali Wireless, Inc*., IPR2022-01242, Paper 23 (PTAB Feb. 27, 2023).

III. THE PETITION SHOULD BE REJECTED UNDER THE FINTIV FACTORS

The *Fintiv* factors weigh in favor of discretionary denial. *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential). The '260 has been invalidated as ineligible under 35 U.S.C. § 101 by two separate courts, in concurrent litigations, first in *Michigan Motor Technologies LLC, v Bayerische Motoren Werke AG*, and then in *BMW of North America, LLC* Civil Action No. 1:22-cv-3804-SCS-MV on July

21, 2023. Notably, Patent Owner MMT is in discussions with Petitioner BMW NA to dismiss the pending lawsuit, which includes the '260 Patent.

Moreover, given that the District Court has already invalidated the patent, MMT offered a covenant not to sue BMW NA on the '260 Patent in return for dismissing this IPR Petition. In fact, it was BMW NA's suggestion that it would dismiss this IPR Petition in exchange for such a covenant. Having agreed to this suggestion in August, MMT immediately notified BMW NA for confirmation but received no response. (*See* August 16, 2023, email from Neil A. Benchell to Brian Biggs, attached hereto as Exhibit 2001.)

MMT again asked whether BMW NA would agree to dismiss this IPR as it suggested on November 2, 2023, again with no response. (*See* November 2, 2023, email from Neil A. Benchell to Brian Biggs, attached hereto as Exhibit 2002.) It was only after MMT was forced to contact BMW NA's local counsel for the underlying litigation, explain again that MMT agreed with BMW NA's suggested course of action, and was still waiting months later for BMW NA's response, that BMW NA finally declined to agree to dismiss this IPR in view of a covenant not to sue. (*See* November 16, 2023, email from Brian Biggs to Jason Wejnert and Neil A. Benchell, attached hereto as Exhibit 2003.)

Thus, BMW NA proposed a course of act, then declined to follow that course. BMW NA chose not to accept MMT's covenant not to sue, despite this allowing the PTAB to better focus its resources on cases more appropriate for its consideration.

A settlement and dismissal of the related district court action is expected long before a Final Written Decision is expected, in February 2025. (Pet. at 84.)

Discretionary denial of the Petition would serve judicial economy in this matter and avoid the Board expending resources in continuing the process at this point in evaluating an expired, invalid patent. Therefore, this factor weighs in favor of discretionary denial under *Fintiv* at least under *Fintiv* Factors 3, 4 and 6.

IV. CONCLUSION

For the foregoing reasons, the Petition to institute *inter partes* review of any claim of the '260 patent should be denied.

Dated: November 24, 2023

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CERTIFICATE OF WORD COUNT

Pursuant to 37 C.F.R. § 42.24(d), the undersigned certifies that there are 1,017 words in this paper, excluding any table of contents, table of authorities, mandatory notices under 37 C.F.R. § 42.8, certificate of word count, certificate of service, or appendix of exhibits. This certification relies on the word count of the word-processing system used to prepare this paper.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on November 24, 2023, I caused a true and correct copy of the foregoing materials to be served via the Patent Office electronic filing system, and electronic service via email to the following attorneys of record pursuant to Petitioner's consent.

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