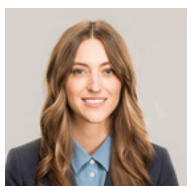


# US update: Levelling the playing field on challenging patents?



In the US, the introduction of the *inter-partes* review (IPR) – permitting a third party to challenge the validity of a granted US patent before the USPTO – has been welcomed. It provides a mechanism for challenging patents in a less costly and potentially more rapid forum than through the US courts. However, it adds another possibility, together with ITC proceedings (and post-grant review) to the landscape of US patent litigation and for adding

complexity and potential cost in the US.

In their update on how increasingly the USPTO is denying “institution” of such proceedings (i.e., refusing to permit such proceedings to progress), **Courtney Bolin** and **Tim McNulty** describe the key factors, identified in the recent decision in *Apple v Fintiv*, for denying institution of an IPR where there are parallel proceedings. These include the efficient use of judicial resources – a factor which is of wider interest, in other jurisdictions, and the discussion illustrates situations that may be relevant to the use of judicial resources. They also note some tactical considerations where such a challenge is being contemplated or proceedings under a US patent have been threatened. And as an interesting additional snippet are some figures on time to trial in different US jurisdictions, showing that not only can a party spend a considerable amount of money in such proceedings, but can do so on a relatively short timetable.

**T**he Patent Trial and Appeal Board (PTAB or the Board) was created in 2013. It quickly became a popular forum to challenge patents and, despite some procedural challenges, it is here to stay.<sup>1</sup> By far, the most common challenge before the Board is *inter partes* review (IPR), with well over 10,000 petitions filed to date.<sup>2</sup> A majority of those challenges directly relate to a parallel district court or ITC litigation.<sup>3</sup> IPRs are generally considered powerful tools for accused infringers because many claims have been cancelled and many district courts are willing to stay the litigation until the IPR concludes. Thus, depending on when petitions are filed and instituted, accused infringers might avoid the costs of litigation altogether.

In an IPR, the Board makes two significant decisions: first, whether or not to institute the trial, and second, whether or not the petitioner met its burden to show the claims are unpatentable. More often than not, the Board ultimately finds claims unpatentable if it institutes a trial.<sup>4</sup> Because of this, patent

owners frequently seek to avoid trial altogether, arguing that the accused infringer’s petition should be denied outright. And denials are especially beneficial to patent owners because that decision is not appealable.<sup>5</sup>

The Board has discretion to deny institution in several scenarios. For example, the Board may deny institution when it believes that there is no “reasonable likelihood that the petitioner would prevail” in ultimately showing the challenged claims are unpatentable.<sup>6</sup> This may occur when a petitioner fails to address all claim elements, has significant evidentiary problems (like status of prior art), or has a legal deficiency in its proposed grounds. The Board may also deny institution when the petitioner relies on “the same or substantially the same prior art arguments previously” considered by the USPTO.<sup>7</sup> This may occur when a petitioner raises grounds that were already overcome during prosecution, reexamination, or another PTAB proceeding.

Since 2013, the Board's overall institution rate has decreased from about 87% in 2013 to about 63% in 2019.<sup>8</sup> As of June, the institution rate for 2020 is about 56%.<sup>9</sup> Discretionary denials have been increasing since the introduction of IPR proceedings, especially after the Supreme Court found the Board's practice of partial institution (instituting some but not all grounds) improper in *SAS Institute*.<sup>10</sup>

In total, the Board has issued almost 800 discretionary denials but has done so mostly in the last few years.<sup>11</sup> As the percentage of denials increases, a closer look at the data shows the trend is due to the Board denying institution under section 314(a) (general discretion of whether or not to institute) more often than denying institution under section 325(d) – discretion to deny institution because of previous consideration of the grounds. In 2013, the year that IPR proceedings were introduced, the Board issued just one section 314(a) discretionary denial.<sup>12</sup> In 2019, the Board issued 109 section 314(a) denials.<sup>13</sup> In the first six months of 2020, the Board has already issued 90 section 314(a) denials, with the potential to far exceed 2019 numbers.<sup>14</sup> In contrast, section 325(d) denials have been declining since 2017.<sup>15</sup>

Regardless of the merits of a petition, the Board is not obligated to institute trial.<sup>16</sup> And discretionary denials are increasing because the Board has designated several precedential opinions directly on point, which outline factors that all Board panels will consider when deciding institution. For example, in 2017, the Board designated a portion of its *General Plastic Industrial Co. Ltd. v Canon Kabushiki Kaisha* decision precedential.<sup>17</sup> *General Plastics* provides a seven-factor test to prevent inequities to patent owners facing serial IPR petitions challenging the same patent. In 2019, the Board designated *Becton, Dickinson and Co. v B. Braun Melsungen AG* as precedential (after previously designating it as informative in 2018).<sup>18</sup> *Becton Dickinson*

provides a six-factor test for evaluating how close the proposed grounds are to challenges previously considered by the USPTO.

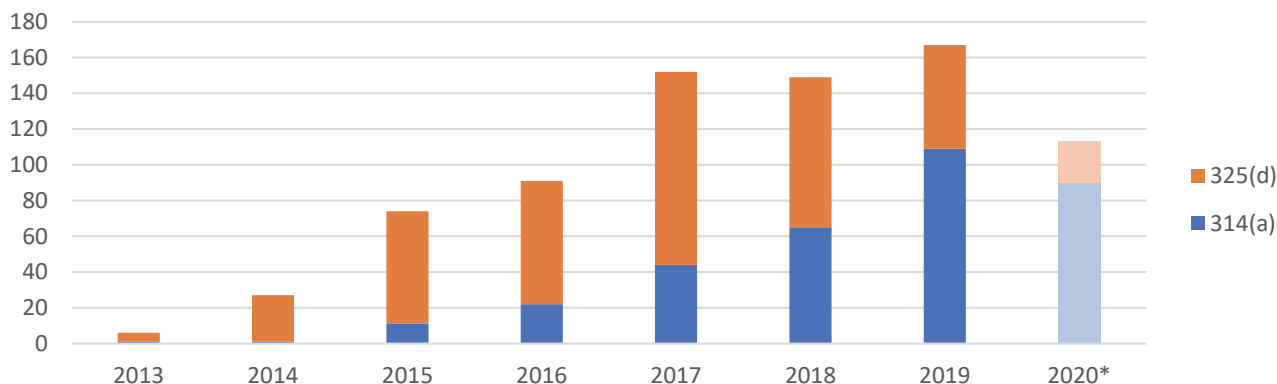
Most recently, the Board determined that discretionary denial may be appropriate where a parallel district court proceeding is “nearing its final stages.”<sup>19</sup> In *Apple Inc. v Fintiv, Inc. (Fintiv)*,<sup>20</sup> the Board focused on its broad discretion over institution (regardless of the merits of the proposed grounds) and created a six-factor test that panels will consider when a parallel district court proceeding is at an advanced stage. This decision (following *General Plastics* and *Becton Dickinson*) is likely to further the trend of discretionary denials.

### The Apple Inc. v Fintiv, Inc. Factors

Fintiv asserted US Patent No. 8,843,125 B2 (the '125 patent) related to mobile electronic wallet applications against Apple in the Western District of Texas in December 2018.<sup>21</sup> Apple petitioned for IPR of the '125 patent in October 2019, after the district court proceeding was fairly advanced but before a trial date was set.<sup>22</sup> Apple raised several grounds and alleged that electronic wallet applications were well known and that the '125 patent claims were obvious in light of prior art. Those grounds were effectively the same as the invalidity challenges Apple raised in the district court. After Apple filed its petition (but before Fintiv filed its preliminary response), the district court set a trial date.

In its preliminary response, Fintiv argued that the Board should exercise its discretion and deny institution because all of the issues that were raised by Apple would be addressed by the district court about six months before the Board would enter a final written decision.<sup>23</sup> Fintiv explained that the trial court and the Board would be assessing the same patent claims, applying the same legal standards, and hearing identical arguments,

Number of section 314(a) and 325(d) denials issued annually



\* The 2020 data represents 314(a) and 325(d) denials issued between 1 January 2020 and 30 June 2020. In some instances, the case involved both issues and the data overlaps. The overall number of discretionary denials has been increasing annually, though there has been a shift towards issuing denials under section 314(a).

which would be a waste of the Board's resources.<sup>24</sup> Fintiv also argued that discretionary denial was appropriate because the district court already conducted a claim construction hearing and issued an order construing the claims.<sup>25</sup> Moreover, Fintiv, citing *NHK Spring Co. v Intri-Plex Techs., Inc.* (another precedential decision),<sup>26</sup> argued that the "advanced state" of the district court weighed in favour of denial.

The Board acknowledged that, while Apple addressed the parallel proceeding in its petition, it did so before the district court set a trial date.<sup>27</sup> The Board ordered supplemental briefing to allow Apple to address the change in status of the district court proceeding.<sup>28</sup> In that same order, the Board outlined the six factors relevant to the Board's decision to institute or deny a petition "in view of an earlier trial date in a parallel proceeding."<sup>29</sup> The Board explained that "[t]hese factors relate to whether efficiency, fairness, and the merits" support a denial. The Board acknowledged that there is "some overlap among these factors" and explained that it will take a "holistic view of whether [the] efficiency and integrity of the system are best served by denying or instituting review."<sup>30</sup> On 5 May 2020, the Board designated the original order as precedential.

The factors include: whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted; proximity of the court's trial date to the Board's projected statutory deadline for a final written decision; investment in the parallel proceeding by the court and parties; overlap between issues raised in the petition and the parallel proceeding; whether the petitioner and the defendant in the parallel proceeding are the same party; and other circumstances that impact the Board's exercise of discretion, including the merits.<sup>31</sup>

**Factor 1: Has the trial court granted a stay or does evidence exist indicating that a stay may be granted if the Board institutes an IPR proceeding?**

The Board reasoned that when a district court stays litigation pending the resolution of an IPR proceeding that it allays the concerns that would generally be present regarding inefficiency and duplicated efforts between the courts and the USPTO. Generally, a stayed case has been "strongly weighed against" the Board exercising its authority to deny institution.<sup>32</sup>

Under this factor, where there is no stay in place but the district court has indicated that it will likely consider imposing a stay in the event that the Board institutes the IPR proceeding, then the Board should "usually weigh[] against" denying institution.<sup>33</sup> However, the court's trial date and investment of time should be considered when weighing the court's willingness to reconsider or grant a stay upon institution.<sup>34</sup>

Further, if a district court has denied staying the case until the resolution of an IPR proceeding and has not indicated that it would consider a renewed motion to stay or reconsider a motion to stay if the Board instituted the proceeding, then the Board has "sometimes weighed" this fact in favour of denying to institute

a proceeding. Similarly, an earlier US International Trade Commission (ITC) trial date may favour denial of institution where the ITC is going to decide the same or substantially similar issues to those presented in the IPR petition.

**Factor 2: How close is the court's trial date to the Board's projected statutory deadline for a final written decision?**

An IPR proceeding has two distinct phases. In the first phase, the USPTO must determine whether or not to institute the proceeding. In the second phase, the Board conducts the actual IPR proceeding and issues a final decision. A party accused of infringing a patent has one year from the date that they are served with a complaint to file an IPR petition.<sup>35</sup> After the petition is filed and the patent owner receives notice of the filing, the patent owner has three months to submit a preliminary response.<sup>36</sup> The Board will issue a decision on whether or not to institute three months after the preliminary response (or the day it is due).<sup>37</sup> After institution, the Board has one year to issue a final determination (extendable by up to six months if good cause is shown).<sup>38</sup> Thus, an IPR takes approximately 18 months from petition to final written decision. Considering that a petitioner can file a petition 12 months after being served with a complaint, the Board may not issue a final decision until almost 30 months after a complaint.

This timing is on par with average time to trial in most district courts, and considerably longer compared to some of the faster jurisdictions like the Eastern District of Virginia – which has an average time to trial of less than 23 months for patent-related cases.<sup>39</sup> Other relatively fast jurisdictions include the Central District of California, the Western District of Washington, the Northern District of Texas, and the Western District of Texas (where Fintiv asserted the '125 patent against Apple). Accused infringers who wait too long to file IPR petitions, even though they have one year to do so, risk this factor weighing against institution.

**Factor 3: How much have the parties and the district court invested in the parallel proceeding?**

The Board considers the amount and type of work completed in preparation for litigating by the parties and the trial court. If the district court has already issued substantive orders related to the patent, the Board generally weighs this factor in favour of denial.<sup>40</sup> For example, claim construction hearings and orders generally indicate that there has been sufficient investment (by the parties and the court) in the parallel proceeding to deny institution. In contrast, where the court has not issued such orders at the time that the Board is deciding whether or not to institute, this should weigh in favour of the Board not exercising its discretion to deny institution.<sup>41</sup>

This factor is also related to the expected trial date as well as the existence (or modification) of a stay and generally relates to what has occurred at the district court. And the Board noted that the timing of the IPR petition filing is important. It explained

that even though petitioners have one year to file a petition, a patent owner may be prejudiced if a petitioner unreasonably delays filing a petition. However, petitions filed soon after learning which claims it faces in the district court (which may come several months after the complaint is filed) are less likely to be denied under this factor.<sup>42</sup>

This factor implicates the issue most accused infringers find themselves in: filing a petition early and challenging all of the patent claims, which can be costly and carries its own procedural hurdles, or waiting until some of the claims drop out of the parallel litigation. Waiting can save resources, but it may come at the cost of institution. Petitioners will need to balance these factors (and others including likelihood of a stay) when deciding when and how to challenge claims in the PTAB.

**Factor 4: How much overlap exists between the issues that were raised in the IPR petition and the issues that were raised in the parallel district court proceeding?**

The Board acknowledged that, in cases where the same prior art arguments are being presented in court and before the Board, the “concerns of inefficiency and the possibility of conflating decisions” are “particularly strong.”<sup>43</sup> Because of this, if a petition includes the “same or substantially the same claims, grounds, arguments, and evidence as presented in the parallel proceeding,” denial of institution is favoured.<sup>44</sup> In contrast, where a petition includes “materially different grounds, arguments, and/or evidence” than those presented at the trial court, this factor weighs against the Board exercising its discretion to deny institution.<sup>45</sup>

This factor will generally be highly factually dependent and be determined on a case-by-case basis. But the degree of overlap between the prior art relied on and arguments presented are likely more determinative in the Board’s institution decision now than before. Thus, a petition that discusses the differences (including challenged claims, legal issues, and asserted prior art) between the grounds raised in the IPR and the contentions raised in the district court likely increases chances of institution. One strategy that petitioners will likely consider (and patent owners should anticipate) is raising different grounds in the district court and in an IPR, but petitioners will also need to balance the possibility of estoppel if challenges before the PTAB ultimately prove unsuccessful.

**Factor 5: Is the petitioner in the IPR proceeding the same party as the defendant in the parallel trial court proceeding?**

If the petitioner in an IPR proceeding is unrelated to the defendant in an earlier district court proceeding, the Board will weigh this factor against exercising its discretion to deny institution.<sup>46</sup> If the petitioner and defendant are not related to each other but the issues are the same or substantially similar to the issues that were litigated, the Board may exercise its discretion to deny institution.<sup>47</sup>

Thus, a petitioner should address any previous court

proceedings involving the challenged patent in its petition, even if the petitioner was not the defendant in those cases, and, if needed, discuss why addressing the same or substantially the same claims would not be duplicative. This factor relates more to situations where a patent owner asserts the same patent (or patents) against multiple accused infringers and raises issues when those cases are staggered or when early challengers settle.

**Factor 6: Are other circumstances, including the merits of the case, present that impact the Board’s exercise of discretion?**

The factors presented in *Fintiv* are balancing factors intended to consider all of the relevant circumstances in the case, including the merits.<sup>48</sup> Where a petitioner raises arguments with strong merits, institution may be favoured.<sup>49</sup> However, where the merits of the grounds raised present a closer call, then this factor may favour denial.

In addition to the merits, considerations such as the petitioner filing serial petitions or parallel petitions challenging the same patent, and whether the grounds are the same or similar to grounds previously considered by the USPTO, may also be considered under this factor.<sup>50</sup>

This factor gives a panel an added layer of flexibility in weighing an institution decision. Because none of these factors are dispositive, the Board could institute an IPR where the merits are strong even if the other factors weigh in favour of denial. Therefore, petitioners may wish to emphasize the merits of their proposed grounds and highlight the public interest in eliminating a bad patent.

**Additional Guidance from the Board on the *Fintiv* factors**

On 13 July 2020, the Board designated two opinions applying the *Fintiv* factors as informative: *Apple Inc. v Fintiv, Inc.* (the Board’s decision denying institution after considering the six *Fintiv* factors previously discussed) and *Sand Revolution II, LLC v Continental Intermodal Group-Trucking LLC*. These cases are helpful for practitioners that are seeking clarification on how the Board will apply the *Fintiv* factors in future cases.

***Apple Inc. v Fintiv Inc. (Fintiv Institution Decision)***

The Board ultimately denied institution after considering the supplemental briefing by Apple and Fintiv addressing the six factors.<sup>51</sup> In reaching its conclusion, the Board emphasized that it considers efficiency and fairness by taking “a holistic look at the facts surrounding the parallel proceeding” and applying the six-factor test set out in the precedential *Fintiv* opinion.<sup>52</sup>

Applying factor one, the Board declined to make any inference regarding how the district court “would rule should a stay be requested” and found that, because no stay was requested, this factor was effectively neutral relative to the Board exercising its discretion to deny institution.<sup>53</sup>

Under the second factor, the Board explained that it would “generally take courts’ trial schedules at face value”



One strategy that petitioners will likely consider (and patent owners should anticipate) is raising different grounds in the district court and in an IPR, but petitioners will also need to balance the possibility of estoppel if challenges before the PTAB ultimately prove unsuccessful.

and determined that the trial date (which was subsequently postponed slightly due to Covid-19 concerns and scheduled to occur just two months before the Board's statutory deadline to issue a final written opinion if instituted) weighed "somewhat in favour of discretionary denial in this case."<sup>54</sup>

Under the third factor, the Board reasoned that, even though claim construction was complete and the parties exchanged infringement and invalidity contentions, "much work remain[ed]," including fact discovery, document production, depositions, and expert reports, but found the third factor weighed "somewhat in favour of discretionary denial."<sup>55</sup>

Addressing the fourth factor, the Board rejected Apple's argument that its IPR should be instituted because its invalidity contentions in the district court contained more prior art than in the petition. In the Board's view, the additional invalidity contentions presented in the district court were "not relevant to the degree of overlap for this factor."<sup>56</sup>

The court briefly addressed the fifth factor, explaining that because the parties to the IPR and district court proceedings were the same, this factor weighed in favour of discretionary denial.<sup>57</sup>

The court then turned to the final factor, finding that "the strengths of the merits" did not "outweigh the other factors in favour of discretionary denial."<sup>58</sup>

The Board held that the factors, when weighed together, favoured denying institution and did so because proceeding with the IPR would be an "inefficient use of Board resources."<sup>59</sup>

#### *Sand Revolution II, LLC.*

##### *v Continental Intermodal Group – Trucking LLC*

Several months before *Fintiv* and the six-factor test, Sand Revolution filed an IPR petition against claims in a Continental patent.<sup>60</sup> In a divided decision, the Board denied institution in view of the reasoning set forth in the precedential *NHK Spring* decision (which came out before *Fintiv*).<sup>61</sup> Sand Revolution sought rehearing and the Board ordered additional briefing by the parties. While the rehearing was pending, the USPTO designated *Fintiv* as precedential and, weighing the six-factor test, the Board granted Sand Revolution's request for rehearing and instituted review.<sup>62</sup>

The Board originally applied the *NHK Spring* factors and denied institution because the parallel district court proceeding involved the same parties, the district court litigation began before the Board's final written decision was due, and the patent claims were similarly interpreted in the parallel proceeding and before the USPTO. Applying the *Fintiv* factors, the Board reached a different result.

Applying the first factor, the Board held, as it did in *Fintiv*, that where neither party has requested a stay in the district court litigation that the Board "will not attempt to predict how the district court may determine whether or not to stay an individual case..."<sup>63</sup> Thus, the Board found the first factor to be neutral.



Turning to the second factor, the Board determined that it weighed “marginally in favour of not exercising [its] discretion to deny institution,” i.e., slightly weighed against denying institution. It reached this conclusion after finding that the trial date was uncertain due to circumstances caused by Covid-19, while the Board continued to be “fully operational.”<sup>64</sup>

Under the third factor, the Board determined that the court had not “invested substantially in the merits” of the invalidity positions during claim construction.<sup>65</sup> Instead, the Board reasoned that “although the parties and the district court [had] invested effort in the related district court litigation[,] further effort remain[ed] to be expended... before trial.”<sup>66</sup> Thus, the Board found the third factor to weigh “only marginally, if at all, in favour of exercising” its discretion to deny institution under section 314(a).<sup>67</sup>

The Board found that the fourth *Fintiv* factor weighed slightly in favour of not exercising its discretion to deny institution. The Board explained that, because Sand Revolution stipulated that it would not pursue the same grounds in the district court if the IPR was instituted, any concerns of duplicative efforts and potentially conflicting decisions were mitigated to a degree.<sup>68</sup>

The Board considered the fifth factor, noting that the parties to the district court litigation were the same, and explained that it did not need to weigh the sixth factor because the other factors weighed in the petitioner’s favour.<sup>69</sup>

### Impact of *Fintiv* on future IPR proceedings

The number of discretionary denials of institution has been on the rise. Between 5 May 2020, when *Fintiv* was designated precedential, and 30 June 2020, the Board issued 31

## Notes and references

1. See *Oil States Energy Services, LLC v Greene’s Energy Group, LLC*, 138 U.S. 1365 (2018) (upholding the USPTO’s delegated authority to cancel granted patents as constitutional).
2. USPTO, Trial Statistics IPR, PGR, CBM: Patent Trial and Appeal Board June 2020 (2020).
3. Data collected using Docket Navigator. See DOCKET NAVIGATOR, [www.docketnavigator.com](http://www.docketnavigator.com) (reporting that out of the nearly 26,000 IPR mandatory notices filed, about 14,600 of those cited to parallel proceedings).
4. Daniel F. Klodowski, *et al.*, *IPR and CBM Statistics for Final Written Decisions Issued in January 2020*, Finnegan: AIA Blog (Feb. 28, 2020), [www.finnegan.com/en/insights/blogs/america-invents-act/ipr-and-cbm-statistics-for-final-written-decisions-issued-in-january-2019.html](http://www.finnegan.com/en/insights/blogs/america-invents-act/ipr-and-cbm-statistics-for-final-written-decisions-issued-in-january-2019.html)
5. 35 U.S.C. § 314(d).
6. 35 U.S.C. § 314(a).
7. \* 35 U.S.C. § 325(d).
8. USPTO, Trial Statistics IPR, PGR, CBM: Patent Trial and Appeal Board June 2020 (2020).
9. *Id.*
10. *SAS Institute Inc. v Iancu*, 138 S. Ct. 1348 (2018) (holding that the Board’s decision to institute is binary, and that the Board must institute all or no grounds).
11. Data collected using Docket Navigator. See DOCKET NAVIGATOR, [www.docketnavigator.com](http://www.docketnavigator.com).
12. See *Sony Corp. v Yissum Research Dev. Co. of the Hebrew Univ. of Jerusalem*, IPR2013-00219, Paper 33 (P.T.A.B. Nov. 21, 2013).
13. Data collected using Docket Navigator. See DOCKET NAVIGATOR, [www.docketnavigator.com](http://www.docketnavigator.com).
14. *Id.*
15. Data collected using Docket Navigator. See DOCKET NAVIGATOR, [www.docketnavigator.com](http://www.docketnavigator.com) (reporting that 401 section 325(d) denials had been issued as of June 30, 2020).
16. See 35 U.S.C. § 314(a); see also *Harmonic Inc. v Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) (“the PTO is permitted, but never compelled, to institute an IPR proceeding”).
17. IPR2016-01357, Paper 19 (P.T.A.B. Sept. 6, 2017) (precedential).
18. IPR2017-01586, Paper 8 (P.T.A.B. Dec. 15, 2017) (precedential).
19. *NHK Spring Co. v Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 at 20 (P.T.A.B. Sep. 12, 2018) (precedential).
20. IPR2020-00019, Paper 11 (P.T.A.B. Mar. 20, 2020)(precedential).
21. *Apple Inc. v Fintiv, Inc.*, IPR2020-00019, Paper 15 (P.T.A.B. May 13, 2020).
22. *Apple Inc. v Fintiv, Inc.*, IPR2020-00019, Paper 11.
23. *Apple Inc. v Fintiv, Inc.*, IPR2020-00019, Paper 10 (P.T.A.B. Feb. 15, 2020) (explaining that the trial dates had been scheduled after Apple submitted its petition).
24. *Id.* at 24-25.
25. *Id.* at 25.
26. IPR2018-00752, Paper 8 at 20 (Sept. 12, 2018) (precedential) (holding that the stage of a parallel trial court litigation can justify denying institution in an IPR proceeding where institution would be inconsistent with the AIA’s goal of providing an effective and efficient alternative to litigation).
27. *Apple Inc. v Fintiv, Inc.*, IPR2020-00019, Paper 11 at 2 (P.T.A.B. Mar. 20, 2020).
28. *Id.*
29. *Id.* at 2.
30. *Id.*
31. *Id.* at 5-6.
32. *Id.* at 6 (citing *Precision Planting, LLC v Deere & Co.*, IPR2019-01052, Paper 19 at 10 (P.T.A.B. Jan. 7, 2020) and *Apotex Inc. v UCB Biopharma Sprl*, IPR2019-00400, Paper 17 at 31-32 (P.T.A.B. July 15, 2019)).
33. *Id.* at 7 (citing *Abbott Vascular, Inc. v FlexStent, LLC*, IPR2019-00882, Paper 11 at 30-31 (P.T.A.B. Oct. 7, 2019)).
34. *Id.* at 7 (citing *DMF, Inc. v AMP Plus, Inc.*, Case No. 2-18-cv-07090 (C.D. Cal. July 12, 2019)).
35. 35 U.S.C. § 315(b).
36. 27 C.F.R. § 42.107(b).
37. 35 U.S.C. § 314(a). However, though not a matter of right, there may be reasons warranting allowing the petitioner to submit a reply to the patent owner’s preliminary response, allowing the patent owner to submit a sur-reply.
38. 35 U.S.C. § 316(a)(11).
39. Data collected using LegalMetric. See LEGALMETRIC, [www.legalmetric.com](http://www.legalmetric.com).
40. *Apple Inc. v Fintiv, Inc.*, IPR2020-00019, Paper 11 at 10 (citing *Next Caller, Inc. v TRUSTID, Inc.*, IPR2019-00963, Paper 8

discretionary denials.<sup>70</sup> Of those, 15 specifically reference *Fintiv* for support.<sup>71</sup> In July 2020 alone, the Board issued an additional 11 discretionary denials, citing *Fintiv* in five of them.<sup>72</sup> It seems that *Fintiv* has (and may continue to have) a significant impact. As a comparison, *General Plastics* (briefly discussed above), which sets forth factors the Board considers when deciding whether to institute multiple or follow-on petitions was designated precedential in October 2017, and has been cited in less than 50 denials since.<sup>73</sup>

Another point to consider is that institution decisions are “final and non-appealable.”<sup>74</sup> While an unsuccessful petitioner can continue or return to district court, it is not clear how an increased number of discretionary denials at the PTAB may affect parallel district court proceedings. For example, courts may be less likely to grant stays before institution and may weigh timing more than before, especially if delayed petitions (even those within the one-year time statutory limit) may impact the Board’s decision to institute. We will have to wait and see how the Board and district courts address these issues.

Petitioners should also consider filing petitions sooner rather than later when facing parallel litigation in relatively quick schedules and fast times to trial. Based on the number of denials that cite *Fintiv* for support, and the overall timeline from petition to final decision, patent owners may have strong positions when arguing against institution. While an IPR proceeds relatively

quickly after institution (at most 12 months) the overall timeline for final resolution may be significantly longer. For example, a petitioner can file a petition up to 12 months after being served with a complaint for infringement. Generally, the PTAB issues its institution decision six months after a petition (three months for a patent owner preliminary response and three months for the Board to decide). Thus, the Board may not reach a final written decision until almost 30 months after the start of an infringement case, which is on par with many district court schedules.

Further, while most parallel proceedings involve a district court infringement action, ITC practice is also likely to have an impact. As the Board explained in *Fintiv*, the first factor (time to trial or decision) applies to ITC investigations in the same way that it applies to district courts. Most ITC investigations are completed within 18 months. And, unlike district courts, ITC judges almost never stay their investigations due to IPR proceedings. Thus, ITC respondents may need to file petitions well before the statutory period ends to lessen the likelihood the Board denies institution under *Fintiv*.

Stay tuned as we continue to report on the ever-developing practice before the PTAB. 

Courtney Bolin is an associate and Tim McAnulty a partner at Finnegan’s Washington, DC office. See [www.finnegan.com](http://www.finnegan.com)

## Notes and references (continued)

- at 13 (P.T.A.B. Oct. 28, 2019) and *Thermo Fisher Sci., Inc. v Regents of the Univ. of Cal.*, IPR2018-01370, Paer 11 at 26 (P.T.A.B. Feb. 7, 2019).
41. *Id.* (citing *Facebook, Inc. v Search and Social Media Partners, LLC*, IPR2018-01620, Paper 8 at 24 (P.T.A.B. Mar. 1, 2019) and *Amazon.com, Inc. v CustomPlay LLC*, IPR2018-01496, Paper 12 at 8-9 (P.T.A.B. Mar. 7, 2019)).
42. *Id.* at 11-12 (citing *Intel Corp. v VLSI Tech. LLC*, IPR2019-01192, Paper 15 at 12-13 (P.T.A.B. Jan 9, 2020)).
43. *Id.* at 12.
44. *Id.* (citing *Next Caller v TRUSTID, Inc.*, IPR2019-00963, Paper 8 at 11-12 (P.T.A.B. Oct. 28, 2019) and *ZTE (USA) Inc. v Fractus, S.A.*, IPR2018-01451, Paper 12 at 20 (P.T.A.B. Feb. 19, 2019)).
45. *Id.* at 13 (citing *Facebook, Inc. v BlackBerry Ltd.*, IPR2019-00899, Paper 15 at 12 (P.T.A.B. Oct. 8, 2019) and *Chegg, Inc. v NetSoc, LLC*, IPR2019-01165, paper 14 at 11-12 (P.T.A.B. Dec. 5, 2019)).
46. *Id.* at 13-14 (citing *Nalox-1 Pharms., LLC v Opiant Pharms., Inc.*, IPR2019-00685, Paper 11 at 6 (P.T.A.B. Aug. 27, 2019)).
47. *Id.* at 14 (citing *Stryker Corp. v KFx Med., LLC*, IPR2019-00817, Paper 10 at 27-28 (P.T.A.B. Sept. 16, 2019)).
48. *Id.* (citing Consolidated Trial Practice Guide November 2019 at 58).
49. *Apple Inc. v Fintiv, Inc.*, IPR2020-00019, Paper 11 at 14-15 (citing *Illumina, Inc. v Natera, Inc.*, IPR2019-01201, Paper 19 at 8 (P.T.A.B. Dec. 18, 2019), *Facebook, Inc. v BlackBerry Ltd.*, IPR2019-00925, Paper 15 at 27 (P.T.A.B. Oct. 16, 2019), *Abbott Vascular*, IPR2019-00882, Paper 11 at 29-30, and *Comcast Cable Commnc’ns., LLC v Rovi Guides, Inc.* IPR2-19-00231, Paper 14 at 11 (P.T.A.B. May 20, 2019)).
50. *Id.* at 16.
51. *Apple Inc. v Fintiv, Inc.*, IPR2020-00019, Paper 15 (P.T.A.B. May 13, 2020) (informative).
52. *Id.* at 12.
53. *Id.*
54. *Id.* at 13.
55. *Id.* at 14.
56. *Id.* at 15.
57. *Id.*
58. *Id.* at 17.
59. *Id.*
60. IPR2019-01393, Paper 24 (P.T.A.B. June 16, 2020) (informative).
61. *Id.*
62. *Id.* at 2-3.
63. *Id.* at 7.
64. *Id.* at 9.
65. *Id.* at 10.
66. *Id.* at 11.
67. *Id.*
68. *Id.* at 11-12.
69. *Id.* at 13.
70. Data collected using Docket Navigator. See DOCKET NAVIGATOR, [www.docketnavigator.com](http://www.docketnavigator.com).
71. *Id.*
72. *Id.*
73. Data collected using Docket Navigator. See DOCKET NAVIGATOR, [www.docketnavigator.com](http://www.docketnavigator.com).
74. 35 U.S.C. § 314(d).