

After *Fintiv*: The Continuing Evolution of Discretionary Denial at the PTAB

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In 2019, the U.S. Patent Trial and Appeal Board (PTAB) designated precedential *NHK Spring Co., Ltd. v. Intri-plex Technologies, Inc.*², a decision in which the PTAB exercised its discretion under 35 U.S.C. § 314(a) to deny institution of a timely filed³ petition for *inter partes* review (IPR) based on the advanced stage of a related district court litigation. Following *NHK Spring*, many patent owners began urging the PTAB to deny petitions in light of co-pending district court litigations, and many petitioners saw petitions denied on this ground.

In *Apple Inc. v. Fintiv, Inc.*⁴, which was designated precedential in May 2020, the PTAB articulated six factors (*Fintiv* factors) for Administrative Patent Judges to weigh when considering whether to exercise discretion to deny institution. This article summarizes the *Fintiv* factors and explores subsequent developments pertaining to each.

I. The *Fintiv* Factors

The *Fintiv* “factors relate to whether efficiency, fairness, and the merits support the exercise of” discretionary denial by the PTAB.⁵ Because “there is some overlap among these factors,” the PTAB explained, “[s]ome facts may be relevant to more than one factor.”⁶ “In evaluating the factors,” the PTAB “takes a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.”⁷ Each factor is explored below.

A. *Fintiv* Factor 1: Whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted

Fintiv Factor 1 considers stays of the district court litigation. According to the *Fintiv* panel, “[a] district court stay of the litigation pending resolution of the PTAB trial allays concerns about inefficiency and duplication of efforts.”⁸ Accordingly, a stay of the district court litigation “has strongly weighed against exercising the authority to deny institution.”⁹ This is also true where the district court litigation is stayed pending an ITC investigation, rather than any IPR.¹⁰ A denial of a motion to stay, on the other hand—absent any indication that the district court will “reconsider . . . if a PTAB trial is instituted”—can “sometimes weigh[] in favor of exercising authority to deny institution.”¹¹

Since *Fintiv*, the PTAB has stated that where a stay has been neither requested nor granted, “[t]his factor does not weigh for or against discretionary denial.”¹² Panels have “recognize[d] that many legitimate reasons may lead a party not to file a motion to stay prior to the Board’s institution decision, including that such a motion may be premature.”¹³ In the informative decision *Sand Revolution II, LLC v. Continental Intermodal Group—Trucking LLC*, the PTAB explained that, “[i]n the absence of specific evidence”—that is, specific to the instant district court case—the PTAB “will not attempt to predict how the district court . . . will proceed because the court may determine whether or not to stay any

individual case . . . based on a variety of circumstances and facts beyond our control and to which the Board is not privy.”¹⁴ In the subsequent institution decision in *Fintiv*, also designated informative, the panel reasoned similarly: “We decline to infer, based on actions taken in different cases with different facts, how the District Court would rule should a stay be requested by the parties.”¹⁵

B. *Fintiv* Factor 2: Proximity of the court’s trial date to the Board’s projected statutory deadline for a Final Written Decision

Fintiv Factor 2 examines the timing between a district court’s forthcoming trial and a projected¹⁶ Final Written Decision date in the IPR. “If the court’s trial date is earlier than the projected statutory deadline” for a Final Written Decision, this factor has often weighed in favor of exercising authority to deny institution.”¹⁷ “If the court’s trial date is at or around the same time as the projected statutory deadline,” however, “or even significantly after the projected statutory deadline, the decision whether to institute will likely implicate other factors . . . such as the resources that have been invested in the parallel proceeding.”¹⁸

Since *Fintiv*, some petitioners facing a district court trial scheduled earlier than the projected Final Written Decision date have argued that trial dates are often moved.¹⁹ Panels of the PTAB have split on the extent to which uncertainty in a trial date impacts this factor. The *Sand Revolution* panel, for example, faced with evidence that the scheduled trial date had been moved four times and the district court included “the qualifier ‘or as available’” on the schedule, concluded that it was “unclear that the court in the related district court litigation will adhere to any currently scheduled jury trial date or, if it is changed, when such a trial will be held.”²⁰ Noting “the uncertainty that continued to surround the scheduled trial date,” the panel found this fact to “weigh[] marginally in favor of not exercising discretion.”²¹ By contrast, the *Fintiv* panel itself rejected Apple’s arguments that the district court trial date was uncertain in light of its postponement due to the COVID-19 pandemic.²² It stated: “We generally take courts’ trial schedules at face value absent some strong evidence to the contrary.” Finding “no reason to believe” the trial date would be postponed again, the panel concluded “this factor weighs somewhat in favor of discretionary denial.”²³

One way the PTAB has navigated uncertainty in a trial date is by focusing on “the *proximity* of the trial date to the date of [a] final written decision.”²⁴ “The proximity inquiry,” one panel explained, “is a proxy for the

likelihood that the trial court will reach a decision on validity issues before the Board reaches a final written decision.”²⁵ Where “[a] trial set to occur soon after the institution decision,” it “is fairly likely to happen before the Board’s final written decision, even if the trial date were postponed due to intervening circumstances,” the uncertainty may be given little weight.²⁶ Where the trial is set closer to the final written decision, uncertainty may be given more weight.²⁷

C. *Fintiv* Factor 3: Investment in the parallel proceeding by the court and the parties

Fintiv Factor 3 “consider[s] the amount and type of work already completed in the parallel litigation.”²⁸ This includes investment by both “the court and the parties” and is measured “at the time of the institution decision.”²⁹ *Fintiv* specifically noted that “this fact favors denial” where “the district court has issued substantive orders related to the patent,” such as a preliminary injunction or a claim construction order.³⁰

A “countervailing consideration,” the panel noted, is whether “Petitioner acted diligently” in filing its petition.³¹ Accordingly, the *Fintiv* panel encouraged parties to “explain facts relevant to timing.”³² Filing a petition “expeditiously, such as promptly after becoming aware of the claims being asserted,” may weigh against discretionary denial.³³ Filing a petition later, “such as at or around the same time that the patent owner responded to the petitioner’s invalidity contentions,” may weigh in favor of discretionary denial.³⁴ In the precedential decision *Sotera Wireless, Inc. v. Masimo Corporation*, the panel considered as relevant to the timing “the large number of patents and claims challenged in this and [the petitioner’s] other related petitions for *inter partes* review, as well as the increased difficulty in preparing . . . due to concurrent office closures.”³⁵

D. *Fintiv* Factor 4: Overlap between issues raised in the petition and in the parallel proceeding

Fintiv Factor 4 explores the extent to which arguments and evidence before the district court and the PTAB will overlap. The *Fintiv* panel observed that where a “petition includes the same or substantially the same claims, grounds, arguments, and evidence” as presented in the district court litigation, “concerns of inefficiency and the possibility of conflicting decisions [are] particularly strong.”³⁶ It noted, though, that “weighing the degree of overlap is highly fact dependent.”³⁷

Some petitioners have attempted to address this factor using stipulations. The petitioner in *Sand Revolution*, for example, stipulated that “if the IPR is instituted, Petitioner will not pursue the same grounds in the district court litigation.”³⁸ The panel granted that this stipulation “mitigate[d] to some degree the concerns of duplicative efforts” and “potentially conflicting decisions.”³⁹ The *Sand Revolution* panel also observed that the petitioner could have done more: “Petitioner could have stipulated that it would not pursue any ground raised *or that could have been reasonably raised in an IPR*, i.e., any ground that could be raised under § 102 or 103 on the basis of prior art patents or printed publications.”⁴⁰ Because “[a] broader stipulation of that nature . . . might better address concerns regarding duplicative efforts and potentially conflicting decisions in a much more substantial way,” the panel ventured, “[d]oing so might have tipped this factor more conclusively in [the petitioner’s] favor.”⁴¹ In *Sotera*, the petitioner employed the “broader stipulation” envisioned by the *Sand Revolution* panel, and the *Sotera* panel was persuaded.⁴² “Importantly,” the panel stated, “Petitioner broadly stipulates to not pursue *any ground* raised or that could have been reasonably raised.”⁴³ Finding the “broad stipulation ensures that an *inter partes* review is a ‘true alternative’ to the district court proceeding,” the panel found “this factor weighs strongly in favor of not exercising discretion to deny institution.”⁴⁴

E. *Fintiv* Factor 5: Whether the petitioner and the defendant in the parallel proceeding are the same party

Under *Fintiv* Factor 5, when the petitioner is also a defendant in the district court litigation, this factor has generally weighed in favor of discretionary denial.⁴⁵ Where the district court litigation is stayed pending

IPR, however, this factor may be “neutral or, at most, weigh[] slightly in favor of exercising discretion to deny institution.”⁴⁶

F. *Fintiv* Factor 6: Other circumstances that impact the Board’s exercise of discretion, including the merits

Noting “the factors considered in the exercise of discretion are part of a balanced assessment of all the relevant circumstances in the case,” the *Fintiv* panel envisioned with Factor 6 that “[o]ther circumstances” may be considered as well, including “the merits” of the petition.⁴⁷ The *Fintiv* panel encouraged parties to “point out . . . particular ‘strengths or weaknesses’ to aid the Board in deciding whether the merits tip the balance one way or another.”⁴⁸ Since *Fintiv*, parties have presented wide-ranging arguments under this factor, from the presence of parallel petitions⁴⁹ to the number of times a patent has been asserted in district court or challenged in IPR.⁵⁰

II. Conclusion

Discretionary denial under § 314(a) has come a long way since *NHK Spring*, and will no doubt continue to evolve as the PTAB balances its workflow and duties under the statute. There has been criticism from petitioners who feel that access to the PTAB is being curtailed unpredictably. This tension was reflected in the U.S. Patent and Trademark Office’s recent Request for Comments “to obtain feedback from stakeholders” on the PTAB’s “current case-specific approaches” to its exercise of discretionary denial and “whether the Office should promulgate rules based on these approaches.”⁵¹ Parties and practitioners will have to keep an eye out for what’s next.

1. The authors are attorneys at the intellectual property firm of Finnegan, Henderson, Farabow, Garrett & Dunner LLP. This article is for informational purposes, is not intended to constitute legal advice, and may be considered advertising under applicable state laws. This article is only the opinion of the authors and is not attributable to Finnegan, Henderson, Farabow, Garrett & Dunner LLP or the firm’s clients.
2. *NHK Spring Co. v. Intri-Plex Technologies, Inc.*, IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018) (designated precedential May 7, 2019).
3. 35 U.S.C. § 315(b) (“An *inter partes* review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent.”).
4. *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (designated precedential May 5, 2020) (*Fintiv*).
5. *Id.* at 5.
6. *Id.*
7. *Id.* at 6.
8. *Id.*
9. *Id.* at 7–8. See also, e.g., *Snap, Inc. v. SRK Tech. LLC*, IPR202-00820, Paper 15 at 9 (PTAB Oct. 21, 2020) (designated precedential Dec. 17, 2020).

10. *Fintiv* at 8 (“[E]ven though the Office and the district court would not be bound by the ITC’s decision, an earlier ITC trial date may favor exercising authority to deny institution . . . if the ITC is going to decide the same or substantially similar issues to those presented in the petition.”).
11. *Id.* at 7–8.
12. *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 12 (PTAB May 13, 2020) (designated informative July 13, 2020) (*Fintiv II*).
13. *GlobalFoundries Inc. v. UNM Rainforest Innovs.*, IPR2020-00984, Paper 11 at 10 (Dec. 9, 2020).
14. *Sand Rev’n II LLC v. Cont’l Intermodal Grp. – Trucking LLC*, IPR2019-01393, Paper 24 at 7 (PTAB June 16, 2020) (designated informative July 13, 2020).
15. *Fintiv II* at 12. See also, e.g., *Dish Network L.L.C. v. Broadband iTV, Inc.*, IPR2020-01280, Paper 17 at 13 (PTAB Feb. 4, 2021) (“[D]etermining how the Texas court might handle the issue of whether to stay . . . when no motion for stay has been filed invites conjecture . . . this factor is neutral to the exercise of our discretion.”).
16. 35 U.S.C. § 316(a)(11) requires the PTAB to issue Final Written Decisions “not later than 1 year after” the date of institution.
17. *Fintiv* at 9.
18. *Id.*

19. *See, e.g., Celco Partnership v. Huawei Device Co., Ltd.*, IPR2020-01117, Paper 10 at 18–19 (PTAB Feb. 3, 2021).
20. *Sand Rev'n* at 9.
21. *Id.* at 9–10.
22. *Fintiv II* at 12–13.
23. *Id.* at 13.
24. *Dish Network* at 17.
25. *Id.*
26. *Id.*
27. *Id.*
28. *Fintiv* at 9.
29. *Id.*
30. *Id.* at 9–10. The PTAB added that “the weight to give claim construction orders may vary depending upon a particular district court’s practices,” noting “some district courts may postpone significant discovery until after it issues a claim construction order, while others may not.” *Id.* at 10 n.17. The PTAB has also considered how detailed the claim construction order is. *See, e.g., Sand Rev'n* at 10–11 (“[T]he district court’s two-page *Markman* Order . . . does not demonstrate the same high level of investment of time and resources as the detailed *Markman* Order in *Fintiv*.”).
31. *Fintiv* at 11.
32. *Id.*
33. *Id.*
34. *Medtronic, Inc. v. Teleflex Innovs. S.A.R.L.*, IPR2020-01341, Paper 11 at 10–11 (PTAB Feb. 9, 2021).
35. *Sotera Wireless, Inc. v. Masimo Corp.* IPR2020, 01019, Paper 12 at 17 (PTAB Dec. 1, 2020) (designated precedential Dec. 17, 2020). *See also Samsung Elec. Co., Ltd. v. Acorn Semi, LLC*, IPR2020-01282, Paper 20 at 42 (PTAB Feb. 10, 2021) (“Petitioner filed this Petition, and nine others, in less than four months. We, therefore, consider this factor to only slightly favor denial.”).
36. *Fintiv* at 12.
37. *Id.* at 13.
38. *Sand Rev'n* at 11–12.
39. *Id.* at 12; 12 n.5.
40. *Id.*
41. *Id.*
42. *Sotera* at 18 (PTAB Dec. 1, 2020).
43. *Id.* at 19.
44. *Id.*
45. *Fintiv II* at 15. *But see Cisco Sys., Inc. v. Ramot at Tel Aviv Univ. Ltd.*, IPR2020- 00122, Paper 15 at 10 (PTAB May 15, 2020) (APJ Crumbley, dissenting) (“My interpretation of the fifth *Fintiv* factor is that it only becomes relevant when the district court defendant and the petitioner before the Board are unrelated, in which case it weighs against denial of institution. In cases such as the one at hand, where the parties are the same, the factor is neutral. To hold otherwise—that the factor weighs in favor of denial if the parties are the same—would, in effect, tip the scales against a petitioner merely for being a defendant in the district court.”).
46. *Snap* at 16.
47. *Fintiv* at 14.
48. *Fintiv II* at 15.
49. *See, e.g., Samsung* at 47 (“[W]e do not agree that the filing of the parallel petitions favors denial.”).
50. *See, e.g., Ameristar Perimeter Sec. USA, Inc. v. RSA Protective Techs., LLC*, IPR2020-01369 Paper 11 at 19 (PTAB Feb. 5, 2021) (“We sympathize with Patent Owner that the . . . patent has undergone numerous challenges. However, this fact is tempered by the fact that Patent Owner brought suit against different parties at different times, triggering the earlier challenges.”).
51. “United States Patent and Trademark Office Executive Summary — Public Views on Discretionary Institution of AIA Proceedings” (January 2021) (available at <https://www.uspto.gov/sites/default/files/documents/USPTOExecutiveSummaryofPublicViewsonDiscretionaryInstitutiononAIAProceedingsJanuary2021.pdf>).