

The Explosive Expansion of Discretionary Denials by the PTAB and the Resulting Casualties

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Introduction

Discretionary denials are a relatively new use of the Patent Trademark and Appeals Board’s (PTAB) authority over the post-grant proceedings that sprung from the Leahy-Smith American Invents Act (AIA) of 2011.¹ In short, a discretionary denial allows the PTAB to deny an institution of a post-grant proceeding petition based on factors that range from the petition’s merits² to parallel proceedings in district court³ or in front of the International Trade Commission (ITC).⁴ In their short

¹ Leahy-Smith Am. Invents Act, Pub. L. 112-29, 125 Stat. 284, 300, 306, 308, 329 (2011) [hereinafter AIA].

² 35 U.S.C. § 314(a).

³ Apple Inc. v. Fintiv Inc., IPR2020-00019, Paper 15 at 17 (P.T.A.B. May 13, 2020) (informative).

⁴ See Samsung Elecs. Co., Ltd. v. Evolved Wireless LLC, IPR2021-00949, Paper 8 at 10–20 (P.T.A.B.

life-span, some discretionary denials have been a highly contested use of the PTAB's administrative authority, specifically the factors detailed in *Apple Inc. v. Fintiv Inc* that are used to deny inter partes review (IPR) petitions based on parallel proceedings. On October 20, 2020, the United States Patent and Trademark Office (USPTO) issued a request for comments that invited the public to give feedback on the PTAB's current exercise of discretion under the *Fintiv* factors and on potential new rules regarding discretionary denials.⁵ They received 822 responses.⁶ As a result of these comments and public pressure, on June 21, 2022, the Director of the USPTO, Katherine Vidal, issued a memorandum detailing interim procedures for discretionary denials in post-grant proceedings in front of the PTAB.⁷ This memorandum will remain in effect while the USPTO works on creating formal rules.⁸ This memorandum offers new instruction for the PTAB to apply the *Fintiv* factors and notes three specific instances where the PTAB will no longer deny the institution of a post-grant proceeding based on parallel actions.⁹

These new instructions, while providing clarity, do not rise to the level necessary to fully protect the original interest of the AIA and the institution of post-grant proceedings. The current landscape of discretionary denials is broad, having slowly ballooned beyond the original statutory language of the AIA. Further, the Board's denial of petitions based on parallel proceedings using the factors listed in *Fintiv*, which will be the centerpiece of this paper, has become the zenith of the Board's broad reach. These factors demonstrate use of discretionary power that is both unsanctioned by the AIA and proven to lead to inconsistent institution decisions. To ensure consistent and predictable results for both petitioners for post-grant proceedings and patent owners, the most effective course would be for Congress to step in and either scrap the *Fintiv* factors altogether or, more realistically, constrict their possible interpretations and considerations.

The Development of Discretionary Denials

Discretionary denials have been used by the PTAB since the institution of the AIA to deny petitions based on their merits. From these humble beginnings, they have rapidly expanded to include denials based on serial petitions, parallel petitions, same or similar arguments being presented in other proceedings, parallel ITC proceedings, and co-pending district court litigation. Discretionary denials have grown far beyond the statutory language of 35 U.S.C. §§ 314(a), 324(a), and 325(d), to readily consider

Nov. 29, 2021) (considering the parallel ITC proceeding when determining whether to institute the petition for inter partes review).

⁵ Request for Comments on Discretion to Institute Trials Before the Pat. Trial and Appeal Bd., 85 Fed. Reg. 203, 66502 (Oct. 20, 2022).

⁶ *Id.*

⁷ Memorandum from Katherine Vidal, Under Sec'y of Comm. for Intell. Prop., Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation 1 (June 21, 2022) [hereinafter USPTO Discretionary Denials Memorandum].

⁸ *Id.* at 9.

⁹ *Id.* at 3–9.

facts that have strenuous connections to the original language of the AIA, which ultimately leads to inconsistent institution decisions. This section will explore the expansion of discretionary denials from the inception of the AIA to now.

A Brief Discussion of the PTAB's Rulemaking Authority

To begin, it is important to note that the PTAB is not an Article III court and generally has no substantive rulemaking authority.¹⁰ In fact, the statutes that do grant rulemaking authority to the USPTO rest that power with the Director or the agency as a whole.¹¹ Further, rulemaking that falls outside the bounds of USPTO authority must typically follow the notice-and-comment procedures, as usually required for administrative agencies.¹² There are three general exceptions where the USPTO may issue rules without following the notice-and-comment procedure: (1) procedural rules, (2) “interpretations of genuine ambiguity,” and (3) “hortatory ‘general statements of policy.’”¹³ All of these exceptions fall under the scope of procedural rather than substantive rulemaking.

Moving onto the PTAB itself, the Board's duties are limited to (1) reviewing adverse decisions of examiners, (2) reviewing appeals of reexaminations, (3) conducting derivation proceedings, and (4) conducting IPRs and post-grant reviews.¹⁴ The PTAB routinely moves beyond these confines and designates certain opinions as “precedential,” “informative,” and “routine” according to the PTAB's Standard Operating Procedure 2 (SOP2).¹⁵ To determine whether an opinion should be designated under one of the categories, a chief judge will nominate the opinion, then the Board members will vote on whether it should be designated, and finally the Director will either concur and designate the opinion or deny the designation.¹⁶

According to the SOP2, “[a] precedential opinion is binding authority in subsequent matters involving similar facts or issues.”¹⁷ Notably, the “SOP2 is not a statute, and has not been promulgated as a regulation.”¹⁸ Since the SOP2 has no statutory authority, it should at most bind agency employees according to the “Housekeeping Act.”¹⁹ At this point, however, it has been used to previously

¹⁰ David Boundy, *The PTAB Is Not an Article III Ct., Part 3: Precedential and Informative Opinions*, 47 AIPLA Q.J. 1, 6 (2019); cf. 35 U.S.C. § 2(b)(2) (granting procedural rulemaking authority).

¹¹ *Id.* at 7.

¹² 5 U.S.C. § 553(b)–(d) (publishing a general notice in the Federal Register, receiving comments from interested persons, considering the comments, and incorporating reflective rules).

¹³ Boundy, *supra* note 10, at 8–10.

¹⁴ 35 U.S.C. § 6(b).

¹⁵ Boundy, *supra* note 10, at 42.

¹⁶ Pat. Trial & Appeal Bd., *Publication of Opinions and Designation of Opinions as Precedential, Informative, Representative, and Routine*, 2 STANDARD OPERATING PROCEDURE § III.A–D (9th rev. 2014), <https://www.uspto.gov/sites/default/files/documents/sop2-revision-9-dated-9-22-2014.pdf>.

¹⁷ *Id.* at § III.E.

¹⁸ Boundy, *supra* note 10, at 42.

¹⁹ *Id.* at 30; see also 5 U.S.C. § 301 (giving the Director the power to prescribe regulations of their

designate the *Fintiv* factors as precedential, effectively binding the public, as well as agency employees, to the Board's pseudo-rule for evaluating whether to institute a post-grant proceeding when there is a parallel proceeding. For the purpose of this article, the *Fintiv* factors will be assumed to be a valid use of the PTAB's authority, though it is important to note that there are arguments to the fundamental mandate of the factors.

As a final note, it is incredibly difficult to have the decision to deny the institution decision reversed by the Court of Appeals for the Federal Circuit on appeal. The Federal Circuit has very limited authority to review IPR institution decisions. While 28 U.S.C. § 1295 gives the Federal Circuit exclusive jurisdiction over appeals of the Board's decision regarding IPRs, 35 U.S.C. § 314(d) states that "[t]he determination by the Director whether to institute an [IPR] under this section shall be final and *nonappealable*."²⁰ As a result, the Federal Circuit has stated that there is no direct avenue for appeal of institution decisions, but that they would review petitions for mandamus under "extraordinary circumstances."²¹ It also defined this burden as one where the petitioner must identify a colorable constitutional claim for a writ of mandamus to be considered.²² Ultimately, this creates an extremely high burden for a petitioner to overcome to have their institution decision reconsidered. Further, while the Supreme Court has previously reviewed decisions of the USPTO's use of authority falling outside of explicit statutory language, they have yet to review the validity of the Board's use of discretion under the *Fintiv* factors.²³ As a result, the Board's institution decision is essentially final.

The Evolution of Discretionary Denials

With the passage of the AIA, Congress established 35 U.S.C. §§ 325(d) and 314(a).²⁴ Explicit in 35 U.S.C. § 325(d) is the authority for the Director to "take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the argument."²⁵ Section 314(a) is specific to IPRs and states that "the Director may not authorize an *inter partes* review to be instituted unless the Director determines" that the petition and any response shows that "there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition."²⁶ This discretionary power also covers the institution of post-grant review

department and the conduct of employees).

²⁰ 28 U.S.C. § 1295(a)(4); 35 U.S.C. § 314(d) (emphasis added).

²¹ *Mylan Labs. Ltd. v. Janssen Pharmaceutica, N.V.*, 989 F.3d 1375, 1379 (Fed. Cir. 2021).

²² *Id.* at 1382.

²³ *See SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1352 (2018) (finding that judicial review was still available under the Administrative Procedure Act to ensure that the Director did not exceed their statutory bounds).

²⁴ AIA, *supra* note 1, at 300, 307–308.

²⁵ 35 U.S.C. § 325(d).

²⁶ 35 U.S.C. § 314(a).

and covered business method patent review (CBM) proceedings.²⁷ These provisions give the Director clear authority to deny petitions based on their merits and have slowly been expanded to give the Board discretion to deny petitions based on serial and parallel proceedings, related parallel proceedings, and other factors.²⁸

This transition did not occur instantaneously, however, but rather through different chains of precedential decisions, each creating a new reason for the PTAB to exercise its authority to deny the institution of post-grant petitions. One of the strongest chains, in terms of statutory backing, links directly to 35 U.S.C. § 325(d), the “same or substantially the same” test that is explicit in the statute.²⁹ In *Becton, Dickinson & Co. v. B. Braun Melsungen AG*, the Board defined seven non-exclusive factors to consider under the “same or substantially the same” test.³⁰ The *Becton, Dickinson* factors are:

(a) the similarities and material differences between the asserted art and the prior art involved during examination; (b) the cumulative nature of the asserted art and the prior art evaluated during examination; (c) the extent to which the asserted art was evaluated during examination, including whether the prior art was the basis for rejection; (d) the extent of the overlap between the arguments made during examination and the manner in which Petitioner relies on the prior art or Patent Owner distinguishes the prior art; (e) whether Petitioner has pointed out sufficiently how the Examiner erred in its evaluation of the asserted prior art; and (f) the extent to which additional evidence and facts presented in the Petition warrant reconsideration of prior art or arguments.³¹

The process for evaluating these factors has been further explained in *Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*.³² The new application of the *Becton, Dickinson* factors has become a two-part analysis, with factors (b) and (d) being considered in part one and factors (c), (e), and (f) being considered in part two.³³ More specifically, the test considers:

²⁷ See 35 U.S.C. § 324(a) (giving the Director authority to deny the institution of post-grant review proceedings); AIA, *supra* note 1, at 319 (stating that the transitional program “shall employ the standards and procedures of, a post-grant review” under 35 U.S.C. § 324(a)).

²⁸ Serial petitions are a series of consecutive petitions against a single patent, and parallel petitions are multiple petitions filed simultaneously against a single patent.

²⁹ *Cf.* 35 U.S.C. § 325(d).

³⁰ *Becton, Dickinson & Co. v. B. Braun Melsungen AG*, IPR2017-01586, Paper 8 at 18–28 (P.T.A.B. Dec. 15, 2017) (precedential as to § III.C.5, first paragraph).

³¹ *Id.* at 17–18.

³² See *Advanced Bionics, LLC v. Med-El Elektromedizinische Geräte GmbH*, IPR2019-01469, Paper 6 at 8–10 (P.T.A.B. Feb. 13, 2020) (precedential) (outlining a new two-part framework for evaluating the *Becton, Dickinson* factors).

³³ *Id.*

(1) whether the same or substantially the same art previously was presented to the Office or whether the same or substantially the same arguments previously were presented to the Office; and (2) if either condition of first part of the framework is satisfied, whether the petitioner has demonstrated that the Office erred in a manner material to the patentability of challenged claims.”³⁴

This precedential chain of decisions has explained the explicit language of 35 U.S.C. § 325(d) and created a solid standing for patent owners to request discretionary denial of a petition while remaining solidly within the bounds of the statute. It acts as a barrier from redundant and harassing petitions while also ensuring that the petitioner reaches a reasonable threshold before their petition is instituted.

While the institution analysis under 35 U.S.C. § 325(d) has remained true to the statutory language, 35 U.S.C. § 314(a) has expanded well beyond what is explicit in the statute. The genesis of discretionary power under 35 U.S.C. § 314(a), beyond what is unambiguous, was its use to deny serial and parallel petitions.³⁵ This discretionary use culminated in *NVIDIA Corp. v. Samsung Elec. Co.*, where the Board listed seven non-precedential factors that should be considered when determining whether to institute a serial petition.³⁶ These factors have since been interpreted to be:

(1) whether the same petitioner previously filed a petition directed to the same claims of the same patent; (2) whether at the time of filing of the first petition the petitioner knew of the prior art asserted in the second petition or should have known of it; (3) whether at the time of filing of the second petition the petitioner already received the patent owner’s preliminary response to the first petition or received the Board’s decision on whether to institute review in the first petition; (4) the length of time that elapsed between the time the petitioner learned of the prior art asserted in the second petition and the filing of the second petition; (5) whether the petitioner provides adequate explanation for the time elapsed between the filings of multiple petitions directed to the same claims of the same patent; (6) the finite resources of the Board; and (7) the requirement under 35 U.S.C. § 316(a)(11) to issue a final determination not later than 1 year after the date on which the Director notices institution of review.³⁷

These factors were expanded in *General Plastic Industrial Co., Ltd., v. Canon Kabushiki Kaisha*, where the court analyzed the merits of a serial petition with more scrutiny under the *NVIDIA* factors than a parallel petition would have faced.³⁸ The

³⁴ *Id.* at 8.

³⁵ See *SAS Inst., Inc. v. ComplementSoft, LLC*, IPR2013-00581, Paper 15 at 23 (P.T.A.B. Dec. 30, 2013) (denying the institution of a serial petition because the new petition did not raise a reasonable likelihood that the petitioner would prevail on at least one ground of unpatentability that was not already covered by the previous petition); *LG Elecs., Inc. v. ATI Techs. ULC*, IPR2015-00327, Paper 13 at 8–12 (P.T.A.B. July 10, 2015) (denying the institution of a parallel petition because the arguments raised were the same or substantially the same as those advanced in the concurrent petition).

³⁶ *Nvidia Corp. v. Samsung*, IPR2016-00134, Paper 9 at 7 (P.T.A.B. May 4, 2016).

³⁷ *Gen. Plastic Indust. Co., Ltd., v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 at 16 (P.T.A.B. Sept. 6, 2017) (precedential as to § II.B.4.i.).

³⁸ See *id.* at 17 (“The absence of any restrictions on follow-on petitions would allow petitioners the opportunity to strategically stage their prior art and arguments in multiple petitions, using our decisions as a roadmap, until a ground is found that results in the grant of review.”).

PTAB has also created two additional factors when the previous petitions were filed by *different* petitioners.³⁹ The Board explained that a higher burden must be placed on serial petitions to prevent inefficient use of post-grant review processes and “undue inequities and prejudices” towards the patent owner.⁴⁰ The Board focuses on the potential harassment of patent owners by “multiple, staggered petitions challenging the same patent and same claims” to justify this extension.⁴¹ It couches this argument in the fact that harassment of patent owners would be similarly frustrating to the patent system as preventing petitioners from accessing post-grant proceedings.⁴² This additional step conclusively moves the denial analysis beyond what is stated affirmatively in the statute to include consideration of the timing of the petition relative to similar petitions. While this particular addition seemed to align with the AIA goals, it has since been used to expand the Board’s discretionary powers even further, beyond the scope intended by Congress, by denying petitions based on related co-pending proceedings.

Discretionary Denial Based on Related Co-pending Proceedings

On September 12, 2018, the PTAB interpreted 35 U.S.C. § 314(a) to supplement its discretionary denial authority and allow it to deny timely filed petitions for IPRs based on related proceedings in *NHK Spring Co., Ltd. v. Inri-plex Technologies, Inc.*⁴³ Specifically, the USPTO took liberties in expanding its discretion under § 314(a) by holding that its consideration under § 325(d) did not preclude it from considering additional factors under § 314(a).⁴⁴ The Board cites *General Plastic*, stating that institution of this petition would be inconsistent with the goals of the AIA, specifically providing “an effective and efficient alternative to district court litigation.”⁴⁵ The use of this support in *NHK Spring* is notably distinct from its use in *General Plastics*. In *General Plastics*, the Board was attempting to balance two conflicting aims of the AIA (i.e., an efficient alternative to litigation and patent owner harassment), while *NHK Spring* chooses blind efficiency over the AIA’s aim to provide effective alternatives to district court litigation.

After the precedential decision in *NHK Spring*, patent owners began readily requesting that the PTAB deny properly filed requests for IPRs,⁴⁶ and the percentage

³⁹ *Samsung Elecs. Co., LTD. v. Iron Oak Techs., LLC*, IPR2018-01554, Paper 9 at 29 (P.T.A.B. Feb. 13, 2019) (stating that the two additional factors for consideration were “(8) whether there may be potential prejudice to the subsequent petitioner if institution is denied and the pending instituted proceedings involving the first petitioner are terminated and (9) whether multiple petitions filed against the same patent is a direct result of Patent Owner’s litigation activity”).

⁴⁰ *Gen. Plastic*, IPR2016-01357, Paper 19 at 17–18.

⁴¹ *Id.* at 17.

⁴² *Id.*

⁴³ *NHK Spring*, IPR2018-00752, Paper 8 at 20 (P.T.A.B. Sept. 12, 2018) (precedential).

⁴⁴ *Id.*

⁴⁵ *Id.*

⁴⁶ Gracie K. Mills, J. Derek McCorquindale, & Daniel C. Cooley, *After Fintiv: The Continuing Evolution*

of total denials that were based on procedural defects increased significantly.⁴⁷ The PTAB has also begun denying petitions for post-grant review and petitions for CBM based on procedural defects.⁴⁸

Unfortunately, *NHK Spring* failed to provide much guidance for determining when it would be inappropriate for the PTAB to use this discretion, simply noting that “the advanced state of the district court proceeding is an additional factor” to be considered under § 314(a).⁴⁹ One of the issues that spawned from this was that the PTAB began to use district court trial schedules to attempt to determine the maturity of concurrent litigation.⁵⁰ However, this use of the current trial schedule proved to be inconsistent.

This phenomenon can clearly be seen in the outcome of the parallel district court proceedings in *NHK Spring* itself. Originally, the co-pending trial date in *NHK Spring* was over six months away from the date of the institution decision and over a year from the filing date of the IPR.⁵¹ More specifically, the trial date was set for March 25, 2019.⁵² Fifteen days after the Board’s institution decision, the trial was reset for June 24, 2019.⁵³ It was later rescheduled to November 25, 2019, over a year after the Board’s institution decision.⁵⁴ To make this problem even more glaring, under 37 C.F.R. § 42.100, an IPR “shall be administered such that pendency before the Board after institution is normally no more than one year.”⁵⁵ Thus, if the Board had instituted the IPR, they likely would have received a decision before the actual trial date.

After *NHK Spring*, the PTAB attempted to clarify how co-pending district court litigation should be considered when determining whether to exercise discretion in

of Discretionary Denial at the PTAB, IP LITIGATOR (Apr. 2021), <https://www.finnegan.com/en/insights/articles/after-fintiv-the-continuing-evolution-of-discretionary-denial-at-the-ptab.html>.

⁴⁷ *PTAB/District Court Trial Date Denials Spiraling Upward: PTAB Discretionary Denials Third-Quarter Report*, UNIFIED PATS. (2020), <https://www.unifiedpatents.com/insights/2020/10/21/ptabdistrict-court-trial-date-denials-spiraling-upward-ptab-discretionary-denials-third-quarter-report>.

⁴⁸ *NXP USA, Inc. v. Impinj, Inc.*, PGR2022-00005, Paper 17 at 13 (P.T.A.B. May 2, 2022) (denying a petition for post-grant review using *Fintiv*); *Kiosoft Techs., LLC v. Payrange Inc.*, CBM2020-00026, Paper 11 at 18 (P.T.A.B. Mar. 22, 2021) (denying a petition for covered business method patent review using *Fintiv*). These proceedings, unlike IPRs, are less relevant to the discussion of discretionary denials. The related litigation in district courts will likely not mature to a point where it would weigh against the institution of the USPTO proceedings as post-grant review must be filed within nine months of the patent being granted.

⁴⁹ *NHK Spring*, IPR2018-00752, Paper 8 at 20.

⁵⁰ *E.g.*, *Magellan Midstream Partners L.P. v. Sunoco Partners Mktg. and Terminals, L.P.*, IPR2019-01445, Paper 12 at 6 (P.T.A.B. Jan. 22, 2020); *Onticon Medical v. Cochlear Ltd.*, IPR2019-00975, Paper 15 at 23 (P.T.A.B. Oct. 16, 2019).

⁵¹ *NHK Spring*, IPR2018-00752, Paper 8 at 20; *see also* *NHK Spring*, IPR2018-00752, Paper 1 at 1 (Sept. 12, 2018).

⁵² *NHK Spring*, IPR2018-00752, Paper 8 at 20.

⁵³ *Intri-Plex Techs., Inc. v. NHK Int’l Corp.*, No. 3-17-CV-1097 (N.D. Cal. 2017) (Dkt. No. 139).

⁵⁴ *Intri-Plex Techs., Inc. v. NHK Int’l Corp.*, No. 3-17-CV-1097 (N.D. Cal. 2017) (Dkt. No. 254).

⁵⁵ 37 C.F.R. § 42.100(c) (“The [year-long pendency] can be extended by up to six months for good cause”).

*Apple Inc. v. Fintiv Inc.*⁵⁶ They created six new factors to consider, which are:

(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.⁵⁷

These factors are aimed at ensuring overall efficiency and fairness for both the patent holder and the petitioner.⁵⁸ While these factors did succeed at further delineating the USPTO's process for considering co-pending litigation, it is unclear whether they increased overall fairness. The PTAB still struggled to handle the unpredictability in district court trial scheduling. For example, in *Fintiv* itself, the Board took the district court's trial schedule at face value and held it to be the appropriate procedure "absent some strong evidence to the contrary."⁵⁹ This determination continued to ignore the unpredictability of the district court's scheduling during the early stages of litigation, leading to unreliable results. Further, *Fintiv* was plagued by the same issues as *NHK Spring*, where the actual trial date used was eventually pushed back to a point after an IPR decision would have been made.⁶⁰ A recent study also indicates that this problem affects nearly all of the institution decisions where the PTAB uses the anticipated trial date. The study states that between May and October 2020, the PTAB rejected fifty-five petitions based on the schedule of parallel litigation.⁶¹ Out of these petitions, four had co-pending trials that had already occurred, and forty-eight, approximately 87% of the petitions, had trials that did not occur on the date that the PTAB considered during its analysis for discretionary denial.⁶²

Requested and Unrequested Public Comment

To preface this, it's important to note that the conversation about patent reform dates back to a 2003 Federal Trade Commission report and a 2004 National Academy of Science report that advocated for the modernization of the U.S. patent system.⁶³

⁵⁶ See *Apple Inc. v. Fintiv Inc.*, IPR2020-00019, Paper 11 at 13 (P.T.A.B. Mar. 20, 2020) (precedential) (creating explicit factors for considering parallel proceedings).

⁵⁷ *Id.* at 6.

⁵⁸ *Id.*

⁵⁹ *Id.* at 13.

⁶⁰ *Fintiv, Inc. v. Apple Inc.*, 6:21-CV-00926-ADA (W.D. Tex. Oct. 4, 2021) (setting a trial date for January 10, 2022, more than a year after the institution decision in the parallel IPR).

⁶¹ Dani Kass, *Fintiv Fails: PTAB Uses 'Remarkably Inaccurate' Trial Dates*, LAW360 (Nov. 2, 2021, 9:09 PM), <https://www.law360.com/articles/1436071/fintiv-fails-ptab-uses-remarkably-inaccurate-trial-dates>.

⁶² *Id.*

⁶³ Manus Cooney, *The Am. Invents Act – How it All Went Down*, IPWATCHDOG, (Sept. 20, 2011, 3:30 PM), <https://ipwatchdog.com/2011/09/20/the-america-invents-act-how-it-all-went->

Between these reports and the actual passage of the AIA, there was seven year's worth of discussion regarding the changes to be made to the patent system, including feedback from patent owners and corporations.⁶⁴ The *Fintiv* factors, on the other hand, developed without the influence of public feedback. While it could be argued that the *Fintiv* factors developed alongside the PTAB's understanding and use of IPRs in general, denial based on parallel proceedings has skyrocketed since *Fintiv* was designated precedential.⁶⁵ As a result, the factors have had much less time to receive public feedback and develop within Board precedent.

Despite the small time frame of existence for the *Fintiv* factors, those opposed to their use have been rallying against it since its conception. One of the first substantial pushbacks to the *Fintiv* factors was a suit filed by Apple, Cisco, Google, and Intel against Andrei Iancu, the previous Director of the USPTO, for declaratory and injunctive relief.⁶⁶ They claimed that the *Fintiv* rule violated the AIA, was arbitrary and capricious, and was alternatively "procedurally invalid because it was not adopted through notice-comment rulemaking."⁶⁷ While this complaint was ultimately dismissed for lack of subject matter jurisdiction,⁶⁸ it is still pending on appeal.⁶⁹ This suit exemplifies common themes of resistance against the *Fintiv* factors. A minority of challengers have also argued that the Board's authority to invalidate patents through IPR proceedings as a whole is invalid.⁷⁰

Furthermore, while IPRs are generally cheaper than suits filed in district courts, they still represent a significant financial investment.⁷¹ Out of the gate, a post-patent-institution IPR will cost a petitioner \$22,500,⁷² with the general cost typically falling within the range of several hundred thousand dollars. If the institution is denied, a portion of the fees may be refunded to the petitioner if the petitioner specifically

down/id=19294/.

⁶⁴ See *id.* (describing how innovators were able to guide the patent reform passed in the AIA).

⁶⁵ See *PTAB/District Court Trial Date Denials Spiraling Upward*, UNIFIED PATS. (2020), <https://www.unifiedpatents.com/insights/2020/10/21/ptabdistrict-court-trial-date-denials-spiraling-upward-ptab-discretionary-denials-third-quarter-report> (showing that the *Fintiv* framework was used for 43% of denials in 2020).

⁶⁶ Complaint at 1, *Apple Inc. v. Iancu*, No. 20-CV-06128 (N.D. Cal. Aug. 31, 2020) (Dkt. No. 1).

⁶⁷ *Id.* at ¶¶ 6–9.

⁶⁸ Order Granting Motion to Dismiss; Terminating Motion for Summary Judgment, *Apple Inc. v. Iancu*, No. 20-CV-06128, Dk. No. 133 (N.D. Cal. Nov. 10, 2021).

⁶⁹ *Apple Inc. v. Vidal*, No. 22-CV-01249 (Fed. Cir. Dec. 10, 2021).

⁷⁰ See, e.g., Stephen Hall, *Is Inter Partes Review Unconstitutional?*, WYATT, TARRANT & COMBS LLP (Dec. 11, 2017), <https://wyattfirm.com/inter-partes-review-is-it-unconstitutional/> (discussing the issue of the USPTO invalidating property rights as an administrative agency).

⁷¹ See Branka Vuleta, *25 Patent Litigation Statistics – High-Profile Feuds About Intellectual Property*, LEGALJOBS (April 29, 2022), <https://legaljobs.io/blog/patent-litigation-statistics/> (finding that patent litigation costs between \$2.3 million and \$4 million); *Patexia Insight 89: IPR Cost and Market in 2020*, PATEXIA (Sept. 18, 2020), <https://www.patexia.com/feed/patexia-insight-89-ipr-cost-and-market-in-2020-20200915> (finding that the attorney fees for IPRs cost between \$100,000 and \$600,000).

⁷² 37 C.F.R. § 42.15(a)(2).

requests it, but the attorneys' fees will be lost.⁷³ Thus, it is extremely important for commentators to receive more specific guidance on the use of the Board's discretionary authority.

As a result of general public pressure to clarify and restrict the Board's use of discretion in denying the institution of post-grant proceedings, the USPTO released a request for public comment on October 20, 2020.⁷⁴ The request specified that the USPTO was "considering the codification of its current policies and practices, or the modification thereof, through rulemaking."⁷⁵ At this point, there has been no codification of the PTAB's discretionary denial practices.

After the request for comments, the USPTO received 822 comments regarding the Board's use of discretion, the largest volume of responses the USPTO had received to that point.⁷⁶ Most commentators appreciated the fact that the patent system must work for all shareholders to prevent costly and repetitive litigation on the same issues.⁷⁷ A majority also favored some level of consideration for activity in parallel proceedings, however, when determining what degree of consideration this factor should be given, the USPTO received a wide range of responses.⁷⁸ A common theme among the responses was to either scrap the *Fintiv* factors and replace them with bright-line rules or to calcify the *Fintiv* factors so that the outcomes for petitioners would become more predictable,⁷⁹ both suggestions subsequently leading to more defined rules on when the Board may exercise discretion.

The extent of public support for the *Fintiv* framework is summarized by the USPTO, which states that "[s]ome commentators agreed with the *Fintiv* framework as an appropriate starting place to determine whether the AIA proceeding would be a faster, cheaper alternative to litigation."⁸⁰ The specific comments that the USPTO references when making this conclusion all note that they believe the *Fintiv* factors are most appropriate when promulgated through the notice-and-comment procedure.⁸¹ Responses from the PTAB Bar Association and the American Bar Association, on the other hand, advocated for limiting the considerations to make

⁷³ 37 C.F.R. § 1.925.

⁷⁴ Request for Comments on Discretion to Institute Trials Before the Patent Trial and Appeal Board, 85 Fed. Reg. 203, 66502 (Oct. 20, 2022).

⁷⁵ *Id.* at 66503.

⁷⁶ PUBLIC VIEWS ON DISCRETIONARY INSTITUTION OF AIA PROCEEDINGS, U.S. PAT. & TRADEMARK OFF. 2, 5 (2021) [hereinafter DISCRETIONARY PROCEEDINGS COMMENTS].

⁷⁷ *Id.* at 3.

⁷⁸ *Id.* at 4.

⁷⁹ *See id.* (describing the common responses to the notice); *see generally* Comments on Discretion to Institute Trials Before the Patent Trial and Appeal Board, U.S. PAT. & TRADEMARK OFF. (Oct. 20, 2020), <https://www.uspto.gov/patents/ptab/comments-proposed-rules-discretion>.

⁸⁰ DISCRETIONARY PROCEEDINGS COMMENTS, *supra* note 76, at 4.

⁸¹ Comments on Discretion to Institute Trials Before the Patent Trial and Appeal Board, Response from BIO at 7 (Dec. 3, 2020); *Id.* Response from PhRMA at 5-6 (Dec. 3, 2020); Response from Innovation Alliance at 4 (Dec. 3, 2020).

outcomes more predictable.⁸² These commenters also demonstrated a preference for the rules promulgated through the notice-and-comment procedure rather than PTAB opinions being designated precedential.⁸³ Thus, a vast majority of commentators requested that the USPTO promulgate rules rather than continuing to allow the Board to have unfettered authority.

The USPTO Releases a Memorandum Providing Further Guidance

The USPTO then published a memorandum on June 21, 2022, which was intended to guide discretionary denials of post-grant proceedings with parallel district court litigation.⁸⁴ The memorandum notes that *Fintiv* was intended to “minimize potential conflict between the [PTAB] and district court proceedings.”⁸⁵ The memorandum effectively limits the circumstances where the PTAB can choose to exercise discretionary denial under the *Fintiv* factors, pulling back the PTAB’s authority over the institution of post-grant proceedings in four specific ways.⁸⁶

First, the memorandum states that “where the PTAB determines that the information presented at the institution stage presents a *compelling unpatentability challenge*” the PTAB should not deny the institution.⁸⁷ While this change marginally limits the PTAB’s ability to deny an institution, the compelling challenge to patentability is a high standard to meet. The compelling standard is one where “the evidence, if unrebutted in trial, would *plainly* lead to a conclusion that one or more claims are unpatentable by a preponderance of the evidence.”⁸⁸ This standard leaves abundant room for the PTAB to continue to deny petitions that offer more than merely sufficient grounds for an institution.

Second, the memorandum restricts the PTAB’s ability to deny an institution by applying the *Fintiv* factors to parallel ITC proceedings.⁸⁹ It distinguishes ITC proceedings from district court proceedings; noting that the ITC lacks authority to invalidate patents and its rulings “are not binding on either the Office or a district court.”⁹⁰

Third, the memorandum asserts that the PTAB will not deny an institution when the petitioner has claimed a *Sotera* stipulation.⁹¹ A *Sotera* stipulation is one where the petitioner stipulates to not pursue the same grounds or any grounds that could have

⁸² Comments on Discretion to Institute Trials Before the Patent Trial and Appeal Board, Response from PTAB Bar Association at 9, 12 (Dec. 3, 2020); Response from ABA at 7–8 (Nov. 19, 2020).

⁸³ Comments on Discretion to Institute Trials Before the Patent Trial and Appeal Board, Response from PTAB Bar Association at 2; Response from ABA at 7.

⁸⁴ USPTO Discretionary Denials Memorandum, *supra* note 7, at 1.

⁸⁵ *Id.*

⁸⁶ *Id.* at 3–9.

⁸⁷ *Id.* at 4–5 (emphasis added).

⁸⁸ *Id.* at 4 (emphasis added).

⁸⁹ *Id.* at 7.

⁹⁰ *Id.* at 6.

⁹¹ *Id.* at 7.

reasonably been raised in their petition in a parallel district court proceeding.⁹² This change effectively incentivizes the petitioner to assert this stipulation and limits their ability to counter-claim in district court.⁹³

Finally, the memorandum changes the PTAB's consideration of a district court's trial schedule.⁹⁴ Instead of considering the district court's trial schedule at face value, the "[p]arties may present evidence regarding the most recent statistics on median time-to-trial for civil actions in the district court in which the parallel litigation resides."⁹⁵ Further, the PTAB must "also consider additional supporting factors such as the number of cases before the judge in the parallel litigation and the speed and availability of other case dispositions."⁹⁶ This adaptation is intended to normalize the effects of potentially arbitrary district court trial scheduling.

Ultimately, these outlined best practices limit the PTAB's ability to deny petitions for post-grant proceedings in a few important contexts but the true scope of change is narrow as most of these changes aligned with current Board practices at the time.⁹⁷ While the memorandum has carved out two new routes for a petitioner to avoid the axe of discretionary denial—gathering compelling evidence or a *Sotera* stipulation—it fails to truly limit the expanse of potential justifications for denial. Specifically, it leaves the PTAB full discretion to deny an institution under 35 U.S.C. §§ 314(a), 324(a), and 325(d)⁹⁸ and retains most of its power to deny an institution under the *Fintiv* factors.

The Current Standing of Discretionary Denials Based on Parallel Proceedings

Since the memorandum was published, the PTAB has begun to institute petitions

⁹² See *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 at 19 (P.T.A.B. Dec. 1, 2020) (precedential as to § II.A) (finding that factor four of *Fintiv* weighed strongly against exercising discretion to deny the institution of the IPR when the petitioner stipulated to not pursue "any ground raised or that could have been reasonably raised" in parallel proceedings).

⁹³ Michael V. Messinger & William H. Oldach III, *USPTO Issues Guidance on Discretionary Denials by PTAB*, LEXOLOGY (June 29, 2022), <https://www.lexology.com/library/detail.aspx?g=7c2883c6-10cf-4585-9f39-7180013e29c6>.

⁹⁴ Interim Proc. for Discretionary Denials in AIA Post-Grant Procs. with Parallel Dist. Ct. Litig., at 8.

⁹⁵ *Id.* at 8–9.

⁹⁶ *Id.* at 9.

⁹⁷ See *Ericsson Inc. v. Koninklijke KPN N.V.*, IPR2022-00069, Paper 9 at 15 (P.T.A.B. May 25, 2022) (determining that the strong merits of the case weighed against exercising discretion under *Fintiv* factor six); *Samsung Elecs. Co., LTD. v. BiTMICRO, LLC*, IPR2018-01720, Paper 14 at 26–27 (P.T.A.B. Mar. 29, 2019) (finding the petitioner's argument that the co-pending ITC proceeding was non-binding and thus less persuasive under the *General Plastics* factors); *Halliburton Energy Services, Inc. v. U.S. Well Services, LLC*, IPR2021-01034, Paper 13 at 11 (P.T.A.B. Jan. 18, 2022) ("A petitioner stipulating not to pursue 'any ground raised or that could have been reasonably raised' weighs strongly in favor of not exercising discretionary denial.").

⁹⁸ USPTO Discretionary Denials Memorandum, *supra* note 7, at 12.

based on compelling challenges to patentability, increasing the overall breadth of petitions that are instituted.⁹⁹ In *Code200, UAB v. Bright Data Ltd.*, the Board specifically declines to analyze the case facts according to the *Fintiv* factors, stating that a compelling challenge to patentability is itself sufficient to institute the petition.¹⁰⁰ The Board further notes that this resolution “strikes a balance among the competing concerns of avoiding potentially conflicting outcomes, avoiding overburdening patent owners, and strengthening the patent system by eliminating patents that are not robust and reliable,” mirroring the language of the USPTO memorandum.¹⁰¹ This result indicates that the PTAB has begun taking steps towards instituting more post-grant proceedings. More specifically, it highlights the Board’s recognition of the importance of eliminating patents that are “not robust and reliable” and enabling innovators access to the expedited proceedings before the PTAB.¹⁰²

With regard to the second change in the USPTO memorandum, the Board has begun to disregard ITC proceedings wholesale. In *Mercedes-Benz v. Arignia Technology Limited*, there was a parallel district court proceeding in the Eastern District of Texas (EDTX) that was stayed at the time of the institution decision pending a parallel late-stage ITC proceeding.¹⁰³ The patent owner argued that the “[t]he logical expectation is that the EDTX [p]roceeding will promptly resume after completion of the ITC [p]roceeding, and there is no evidence that the EDTX [p]roceeding would be stayed pending resolution of this IPR.”¹⁰⁴ The Board found that factor one of *Fintiv* is neutral or weighs against exercising discretion because there is no indication that the district court would continue to stay the case if an IPR was instituted.¹⁰⁵ This decision treats the pending ITC proceeding as wholly irrelevant, which diminishes the barrier to having a post-grant proceeding instituted.

The PTAB has also begun refusing to deny an institution when the petitioner has raised a *Sotera* stipulation.¹⁰⁶ This adjustment has truncated the 35 U.S.C. § 314(a) analysis, creating a direct circumvention of the *Fintiv* factors; however, petitioners are still vulnerable to arguments raised under 35 U.S.C. § 325(d).¹⁰⁷ This still leaves petitioners susceptible to restrictions based on past arguments but it does provide a means for them to ensure that the potential of future arguments is not used to deny an institution.

Finally, and potentially most importantly, the PTAB has reluctantly begun

⁹⁹ *E.g.*, *Code200, UAB v. Bright Data Ltd.*, IPR2022-00861, Paper 19 at 39 (P.T.A.B. Oct. 19, 2022).

¹⁰⁰ *Id.* at 13.

¹⁰¹ *Id.* at 14.

¹⁰² *Id.*

¹⁰³ *Mercedes-Benz*, IPR2022-00776, Paper 8 at 5 (P.T.A.B. Sept. 8, 2022).

¹⁰⁴ *Id.*

¹⁰⁵ *Id.*

¹⁰⁶ *See Microsoft Corp. v. SurfCast, Inc.*, IPR2022-00423, Paper 9 at 15 (P.T.A.B. Oct. 7, 2022) (refusing to deny the institution of the petition in light of the “*Sotera*-type” stipulation).

¹⁰⁷ *See id.* (continuing to analyze the institution issue under § 325(d) after refusing to exercise discretion under § 314(a)).

considering the median time-to-trial for district court litigation rather than a parallel case's set trial date.¹⁰⁸ In *Mercedes-Benz Group AG v. Argina Technology Ltd.*, the district court had stayed the parallel co-pending litigation pending an ITC proceeding and no trial date had been set.¹⁰⁹ The patent owner argued that despite the lack of a set trial date, the median time-to-trial was 24.2 months, leading to an expected trial date of May 2023, two months later than the expected final written decision for the IPR.¹¹⁰ The Board held that because the final decision would likely come before the calculated trial date, the factor weighed against the use of discretion.¹¹¹ As a result of this change in consideration, the PTAB is now moving towards a process that will provide more consistent results. It is important to note, however, that if the parties do not present specific evidence on the median time-to-trial, the Board will likely regress to using the currently set trial date.¹¹²

Overall, the Board has adopted the explicit components of the July 2022 memorandum. What remains to be seen though is whether they will stick to the spirit of the memorandum, which is to provide petitioners with guidance on evaluating whether to file a petition and to ensure consistent results.

What The Memorandum Fails to Accomplish

The USPTO memorandum detailing interim procedures for discretionary denials with parallel district court proceedings does a fine job of solidifying some PTAB precedent into hard rules, but it fails to bring much clarity. Further, it does almost nothing to scale back the current breadth of the PTAB's authority to deny petitions based on parallel district court proceedings. Finally, it does little to create a system where petitioners can expect consistent results. Based on the interim guidance, petitioners should not expect a complete overhaul of the *Fintiv* factors in any subsequent rulemaking based on the notice-and-comment procedure, as the memorandum does little to change the landscape of discretionary denials based on parallel district court litigation.

¹⁰⁸ See *Samsung Elecs. Co. Ltd v. Jawbone Innovations, LLC*, IPR2022-00630, Paper 10 at 14 (P.T.A.B. Sept. 13, 2022) (noting that the actual trial date was set for July 2023 while the median time to trial projected the trial date to be in January 2024); *Apple Inc. v. Scramoge Technology, Inc.*, IPR2022-00532, Paper 9 at 11 (P.T.A.B. Sept. 13, 2022) (noting that the actual trial date was set for July 2023 while the median time to trial projected the trial date to be in January 2024).

¹⁰⁹ *Mercedes-Benz*, IPR2022-00776, Paper 8 at 5–6 (P.T.A.B. Sept. 8, 2022).

¹¹⁰ *Id.* at 6 (joining this IPR with the “Volkswagen IPR,” which yields a final written decision date less than one year from the date of institution).

¹¹¹ *Id.* at 5.

¹¹² See *Google LLC v. Parus Holdings, Inc.*, IPR2022-00358, Paper 7 at 11 (P.T.A.B. Aug. 4, 2022) (finding the Petitioner's estimate of the time to trial persuasive when no alternative arguments were presented).

Providing Guidance to Petitioners

One of the common themes from the USPTO's request for comments regarding the use of discretionary denials based on parallel district court proceedings was the petitioner's request for some form of rulemaking for when discretion should be exercised.¹¹³ As it stands, the analysis of whether to institute an IPR under the *Fintiv* factors has no explicit rules, beyond those listed in the June memorandum, for a petitioner to evaluate the viability of their petition. After walking through each segment of the memorandum, it is clear that it fails to provide sufficient guidance.

First, the new requirement that the PTAB cannot deny an institution when the petitioner presents a compelling unpatentability challenge leaves the Board with a substantial degree of flexibility. Beyond stating that a compelling challenge is one that, if un rebutted, would plainly lead to one or more claims being unpatentable, the memorandum provides no further guidance.¹¹⁴ Consequently, the Board still has almost full discretion to deny petitions based on the merits. As a result, it is nearly impossible for a petitioner to evaluate the prior art they are asserting and assess whether that prior art will present a compelling challenge of unpatentability unless that prior art is indisputable.

Next, the new requirement that the Board does not deny petitions based on parallel proceedings provides incredibly limited guidance. Markedly, it does provide a much-needed solidification of the weight given to ITC proceedings. When *Fintiv* was first designated precedential, the PTAB found any parallel ITC proceeding to be an operational bar on an institution because ITC trials always concluded on a quicker timeline than an IPR proceeding, making it functionally impossible to have an IPR instituted if there was a parallel ITC proceeding.¹¹⁵ The PTAB then began to consider the fact that validity findings from the ITC were non-binding and refused to deny an institution as a result.¹¹⁶ Before the memorandum released, however, the PTAB had swung back to its original conclusion, holding that a parallel ITC proceeding strongly weighed against an institution.¹¹⁷ Thus, this addition has finally settled the PTAB's shifting precedent, but it does not go beyond establishing guidelines for a minority of petitions.

Third, the *Sotera* stipulation provides similarly narrow guidelines. While the petitioner could claim a *Sotera* stipulation to avoid denial, this does not limit the Board's discretion to deny the petition based on previously raised arguments, even if these arguments were not pursued by the petitioner.¹¹⁸ Consequently, the petitioner

¹¹³ DISCRETIONARY PROCEEDINGS COMMENTS, *supra* note 76, at 3.

¹¹⁴ USPTO Discretionary Denials Memorandum, *supra* note 7, at 4.

¹¹⁵ Matthew Rizzolo, *Talkin' Trade: When Administrative Agencies Collide—Litigating in Parallel at the ITC and the PTAB*, IPWATCHDOG (Feb. 23, 2022), <https://ipwatchdog.com/2022/02/23/talkin-trade-administrative-agencies-collide-litigating-parallel-itc-ptab/id=146237/>.

¹¹⁶ *Id.*

¹¹⁷ *Id.*

¹¹⁸ *Cf. Lowe's, Cos., Inc. v. Nichia Corp.*, IPR2017-02011, Paper 13 at 19 (P.T.A.B. Mar. 12, 2018)

may claim the *Sotera* stipulation in an attempt to have the IPR instituted and then have the IPR denied regardless. The *Sotera* stipulation does not bind petitioners if the IPR is not instituted,¹¹⁹ however, it does cost the petitioner the time and attorneys' fees associated with filing a petition that is eventually denied.

Finally, if a petitioner was to use the median time-to-trial of a pending district court litigation to determine whether factor two of *Fintiv* weighed against transfer, they would be no closer to knowing the weight of the other five factors or the potential result of the institution decision. Thus, this policy change provides no guidance that can be used by a petitioner to consider the strength or outcome of their petition.

Conclusively, the USPTO memorandum that was released in June fails to provide sufficient guidance to IPR petitioners who have related district court proceedings pending. The USPTO claims that the *Fintiv* factors are necessary to strike an appropriate balance between ease of access to post-grant proceedings and harassment of patent owners, but these factors are not an appropriate fulcrum on which to rest the weight. Since there is a substantial amount of discretionary power being left with the Board and there are few unobjectionable paths to an institution, the *Fintiv* factors remain vague and unwieldy.

Rolling Back The Board's Discretionary Power

As previously noted, the Board has gone beyond the bounds of the statutory authority given to it when exercising discretion under the *Fintiv* factors. The *Fintiv* factors were created by the Board, circumventing the notice-and-comment procedure required for rulemaking by the USPTO, and have had significant impacts on IPR petitioners. The memorandum fails to curb this use of discretionary power. Beyond limiting the Board's use of discretion in a few circumstances, the Director has failed to address the root of the issue: the Board's attempt to evade the notice-and-comment procedure by designating *Fintiv* precedential. While the notice released for comment on the *Fintiv* factors appears to be leading the USPTO in a more statutorily appropriate direction (i.e., adopting rules through the notice-and-comment procedure), the PTAB is currently exercising broad, and ultimately improper, authority under the *Fintiv* factors that should have been curbed by the memorandum.

Ensuring Consistent Results Under *Fintiv* as a Whole

The *Fintiv* factors as a system fail to create consistent results for two main reasons: (1) some of the factors consider different facts based on the facts of a case,

(refusing to exercise discretion because the new petition was "based on a different primary reference and advances different challenges to the claims").

¹¹⁹ Harper Eng'g Co. v. FACC Operations GmbH, No. 1:20-CV-00510-KD-C, 2022 WL 356735, at *6 (S.D. Ala. Jan. 18, 2022), report and recommendation adopted, No. 1:20-CV-00510-KD-C, 2022 WL 385486 (S.D. Ala. Feb. 8, 2022) (stating that if the IPR was not instituted, the court would remove the stay on the case despite the *Sotera*-like stipulation in the parallel IPR).

leading to varying results within the factors themselves across multiple IPRs and (2) the totality of the factors are weighed inconsistently across IPRs. To address the first point, discrepancies can be seen through the use of factor five. Under factor five, the court considers whether the petitioner and the defendant in the parallel proceeding are the same party.¹²⁰ While this seems like a straightforward analysis, where an affirmative finding would weigh in favor of denying an institution and a negative finding would weigh against, even this has become unreliable. For example, the PTAB has previously found that this factor was neutral when the trial date was set to occur at approximately the same time as a final written decision, even though the petitioner was the defendant in the parallel proceeding.¹²¹ The Board considered a fact completely divorced from the factor to move the needle in the direction of the institution of the IPR. Ultimately, this factor, along with factor two,¹²² should be simple and reliable, but the current use of discretionary authority under the PTAB has drawn even these factors into uncertainty.

The next reason can be seen by perusing institution decisions from the last few years. Generally, each factor is not given a consistent weight when weighed against the other factors.¹²³ This leads to institution decisions being decided less on the factors as a collective and instead on the Board's sense of whether an institution is appropriate.

The memorandum fails to address this problem entirely. The memorandum acts to solidify what the Board can consider under factor two, the median time-to-trial statistics, and leaves the rest open to the Board's use of discretion. Additionally, it does not guide how each factor should be weighed when considered together. As a whole, the memorandum leaves a substantial amount of discretion in the Board's hands, which facilitates the inconsistent results of individual *Fintiv* factors as well as the weight of the factors when brought together.

¹²⁰ *Fintiv*, Apple Inc. v. Fintiv Inc., IPR2020-00019, Paper 11 at 13 (P.T.A.B. Mar. 20, 2020) (precedential).

¹²¹ Samsung Elecs. Co., Ltd. v. MyPAQ Holdings Ltd., IPR2022-00307, Paper 10 at 13 (P.T.A.B. May 23, 2022). *But see* F5 Networks, Inc. v. WSOU Invs., LLC, IPR2022-00239, Paper 12 at 12 (P.T.A.B. May 19, 2022) (finding that the factor favored exercising discretion when the petitioner was the defendant in the underlying litigation).

¹²² *See* Google, IPR2022-00358, Paper 7 at 11 (using an estimate of the time-to-trial persuasive when no median time-to-trial was presented).

¹²³ *See, e.g.*, Samsung Elecs. Co. LTD v. Jawbone Innovations, LLC, IPR2022-00213, Paper 10 at 11–17 (P.T.A.B. June 8, 2022) (deciding to institute the petition when there were two factors for both the institution and denying the institution). *But see* EcoFasten Solar, LLC v. Unirac, Inc., IPR2022-00088, Paper 7 at 10–15 (P.T.A.B. May 16, 2022) (deciding to institute the petition when three factors weighed against the institution and only one weighed in favor of the institution).

Changes to *Fintiv* That Would Correct Current Issues

What Can Be Done?

There are two paths to rectifying the present use of the *Fintiv* factors. First, Congress could step in and reform the *Fintiv* factors, ideally replacing them with their own set of rules for determining the practicality of instituting IPRs when there are parallel proceedings. Second, there is the more likely path that is less likely to lead to satisfying results: the USPTO could continue to use the notice-and-comment procedure that it has initiated. As previously noted, however, this option is less likely to address the current scope of the *Fintiv* factors or the inconsistent use of the factors.

Ideally, Congress would step in to adjust the current practice for analyzing the overlap between IPR proceedings and parallel district court proceedings. Any congressional intervention for the *Fintiv* factors is unlikely to happen overnight, but Congress is best suited to handle these changes for two reasons. First, Congress has the power to make rules regarding the institution of IPRs, and secondly, the PTAB has shown a dedicated interest in preserving the current state of the *Fintiv* factors. The first reason is straightforward; Congress has the authority and duty to regulate the use of Board discretion to deny IPR institutions.¹²⁴ As the PTAB is not an Article III court, its use of discretion to deny petitioners challenges to property rights is a stretch of its current authority,¹²⁵ and appropriate measures for determining when denial is warranted should be established by an entity that has the authority to do so.¹²⁶

Secondly, the PTAB has demonstrated its hesitancy to diminish the power of the *Fintiv* factors. Primarily, this can be seen in the memorandum itself. The memorandum is a minimal revision of the *Fintiv* factors and fails to address the scope of power the factors endow to the Board. Furthermore, the PTAB judges have shown in recent opinions that they will continue to exercise the full scope of discretionary denial authority under the *Fintiv* factors.¹²⁷ Thus, attitudes at the USPTO regarding the *Fintiv* factors appear to be approving of their current scope.

¹²⁴ See U.S. CONST. art. I, § 8, cl. 8 (granting Congress the authority to grant patents); CONG. RSCH. SERV., RL34292, INTELLECTUAL PROPERTY RIGHTS AND INTERNATIONAL TRADE 2 (May 12, 2020) (giving Congress the duty to oversee and legislate intellectual property rights).

¹²⁵ See *Aqua Products, Inc. v. Matal*, 872 F.3d 1290, 1301 (Fed. Cir. 2017) (holding some of the Board's IPR practices to be invalid when the practices were absent from statutes, not promulgated through the notice-and-comment procedure, and against Congressional intent).

¹²⁶ 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.").

¹²⁷ See *Samsung Elecs. Co. Ltd v. Jawbone Innovations, LLC*, IPR2022-00630, Paper 10 at 14 (P.T.A.B. Sep. 13, 2022) (noting the actual trial date and then reluctantly using the longer median time-to-trial).

How The *Fintiv* Factors Should Change

Generally, the *Fintiv* factors should be either reduced in scope or removed entirely. The best route forward would be to remove factor six entirely, adjust the scope of the other factors, and determine appropriate weights for the resulting factors to ensure consistent results for future petitioners.

If Congress were to step in and adjust the *Fintiv* factors, the first step would be to remove factor six altogether. Since *Fintiv* factor six is the only factor that invites the Board to interpret the persuasiveness of effectively any argument made by either party of the IPR,¹²⁸ getting rid of it would eliminate a significant portion of the Board's current authority. This would also narrow the analysis under the factors and potentially allow petitioners to predict the outcome of an institution decision.

Going a step further, it would be beneficial for Congress to create explicit rules for the five remaining factors to ensure consistent results. As previously noted, the factors themselves are sometimes used inconsistently, thus requiring Congress to either explicitly limit their scope or redefine them entirely. The most effective limiting scheme would be to make clear the weight and extent of considerations under each factor. For example, under factor four, the Board can consider whether “the petition includes the same or substantially the same claims, grounds, arguments, and evidence as presented in the parallel proceeding.”¹²⁹ This has also been reduced to a more general consideration of common “issues” between the IPR and the parallel proceeding.¹³⁰ In practice, this factor allows the Board to weigh any type of “issue” as it sees fits, potentially equating the value of similar references and similar claims.¹³¹ While this is not inherently inappropriate, it would benefit both parties to break this factor into multiple segments, allowing Congress to explicitly define the appropriate value of each subset of considerations.

Additionally, at least one factor fails to align with congressional intent and should be altered to match the original intention of the AIA. For instance, under factor three, “investment by the court and the parties in the underlying litigation,” the court regularly considers whether the petitioner “unreasonably delayed in filing the

¹²⁸ See *Apple Inc. v. Fintiv Inc.*, IPR2020-00019, Paper 11 at 14 (P.T.A.B. Mar. 20, 2020) (listing factor titled “6. other circumstances that impact the Board’s exercise of discretion”).

¹²⁹ *Fintiv*, IPR2020-00019, Paper 11 at 12.

¹³⁰ E.g., *Ericsson Inc. v. Koninklijke KPN N.V.*, IPR 2022-00079, Paper 9 at 11 (P.T.A.B. May 25, 2022).

¹³¹ See *Fintiv*, IPR2020-00019, Paper 11 at 13 (“In many cases, weighing the degree of overlap is highly fact dependent.”); see also *Hillman Grp., Inc. v. Hy-Ko Products Co. LLC*, IPR2022-00174, Paper 8 at 14 (P.T.A.B. May 9, 2022) (finding that the third factor weighed marginally against denial when the prior art weighed slightly against denial and the overlap in claims weighed in favor of denial); *Volkswagen Grp. of Am., Inc. v. Arigna Tech. Ltd.*, IPR2021-01531, Paper 7 at 10 (P.T.A.B. Mar. 16, 2022) (determining that the third factor weighed against denial when considering additional claims were brought in the IPR but not considered in a parallel ITC proceeding and ignoring the fact that the same references were used in the ITC proceeding because it was unclear whether the reference would be used at trial).

petition.”¹³² This point is typically satisfied if the petitioner files the petition before serving the preliminary invalidity contentions in the parallel district court proceedings.¹³³ This consideration, however, is contradictory to congressional intent. In the AIA itself, Congress gave petitioners the ability to file a petition up to a year after the date on which they are served with a complaint of infringement.¹³⁴ If the petitioner has satisfied this deadline, it is unnecessary to hold them to a second, statutorily unspecified one as well. Further, it injects ambiguity into an otherwise clear-cut deadline for filing IPR petitions. As a result, Congress should eliminate any consideration of when the petitioner chooses to file the petition, so long as it complies with current statutory requirements.

In conjunction with redefining the factors themselves, Congress should give specific weight to the resulting factors. In *Fintiv*, the PTAB states that “in evaluating the factors, the Board takes a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.”¹³⁵ This effectively enables the Board to weigh the factors differently in every case, reducing the predictability of institution outcomes for petitioners. Consequently, Congress should intervene to give explicit weight to these factors; specifically, they should give the factors uniform weight to stabilize predictability. Now, this would create a potential avenue for petitioners to game the system where they would choose to only satisfy the easier and less consequential procedural factors rather than the substantive ones. If this was determined to be the case, then it would be beneficial for Congress to redefine the factors to preserve their original purpose and eliminate any gamesmanship.

Altogether, the best route forward for considering parallel proceedings when determining whether to institute an IPR is to base their consideration in solidified factors that cannot be manipulated by the Board. While it is not necessary to limit the *Fintiv* to simple rules that can be mathematically executed, it would benefit both parties for the factors to be used consistently across IPRs. This will allow petitioners to make more calculated decisions when determining whether to file and save patent owners the expense of responding to petitions that will clearly fail to reach the standard required for an institution. This solution can be reached through either Congressional action or as a result of the initiated notice-and-comment procedure,

¹³² *E.g.*, *F5 Networks, Inc. v. WSOU Invs., LLC*, IPR2022-00239, Paper 12 at 12 (P.T.A.B. May 19, 2022).

¹³³ *See, e.g.*, *Ericsson*, IPR 2022-00079, Paper 9 at 10 (finding the factor weighed against exercising discretion when the petitioner filed the petition less than two months after receiving infringement contentions and before serving its initial invalidity contentions); *Samsung Elecs. Co., Ltd. v. MyPAQ Holdings Ltd.*, IPR2022-00307, Paper 10 at 11 (P.T.A.B. May 23, 2022) (finding the factor weighed against exercising discretion when the petition was filed 5 months before the *Markman* hearing and prior to serving preliminary invalidity contentions). *But see Hillman Grp.*, IPR2022-00174, Paper 8 at 11 (finding that “despite the lack of delay,” the advanced stage of litigation still tipped the factor in favor of denying the institution).

¹³⁴ AIA, *supra* note 1, at 315.

¹³⁵ *Fintiv*, IPR2020-00019, Paper 11 at 6.

though it is more likely that a substantial shift will originate from Congressional action.

Conclusion

The use of discretionary denials by the PTAB has exploded over the past decade, and for better or worse, trends indicate that their use is not slowing down.¹³⁶ While the USPTO's guidance memorandum attempted to narrow the scope of PTAB authority to deny the institution of petitions, it is unclear how effective it has been or whether it will be a sufficient correction. Based on the current landscape, the USPTO, at a minimum, must continue to be wary of the Board's use of its discretionary authority and release the codification of rules based on the results of the initiated notice-and-comment procedure. The most appropriate solution, however, would be for Congress to interject with bright-line rules for the application of the *Fintiv* factors.

¹³⁶ See *PTAB/District Court Trial Date Denials Spiraling Upward*, UNIFIED PATS. (2020), <https://www.unifiedpatents.com/insights/2020/10/21/ptabdistrict-court-trial-date-denials-spiraling-upward-ptab-discretionary-denials-third-quarter-report> (showing the increase in non-merit-based denials between 2016 and 2020).