

Fintiv Denials Are On The Rise At PTAB

By **Joseph Li and Michelle Armond** (April 24, 2024)

Four years have come and gone since the U.S. Patent and Trademark Office's Patent Trial and Appeal Board issued its controversial precedential decision in *Apple v. Fintiv*, allowing inter partes reviews to be discretionarily denied.

The 2020 Fintiv decision provided a list of six nonexhaustive factors for judges to consider in deciding whether to exercise their discretion to deny institution in view of co-pending federal court patent litigation. In that relatively short time, Fintiv has oscillated between being widely deployed at the patent office and falling into obscurity.

In a Law360 guest article last year, we observed that Fintiv discretionary denials took an immediate nosedive after the patent office's June 2022 guidance, but appeared to be on the rise following the PTAB's February 2023 precedential decision in *CommScope Technologies LLC v. Dali Wireless Inc.*, which clarified the Fintiv analysis after the 2022 guidance.

Fintiv continues to evolve, and this article analyzes the most recent trends in Fintiv denials. Recent data shows that Fintiv discretionary denials are back in favor. While Fintiv denials are down from their peak of 121 in 2021, the PTAB is continuing to rely on Fintiv to reject petitions. With Fintiv alive and well, attorneys ignore it at their peril.



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Fintiv Denials From 2022 USPTO Guidance to 2023 CommScope Decision

After the PTAB's June 2022 guidance, Fintiv discretionary denials experienced a sharp downturn.

The guidance identified three primary scenarios where the PTAB will not deny petitions based on Fintiv: (1) the petition presents "compelling evidence of unpatentability," (2) the patent challenger provides a Sotera stipulation agreeing that it will not raise in a district court proceeding the same challenge, or any challenge it reasonably could have raised, in the petition, or (3) the request for denial under Fintiv is based on a parallel U.S. International Trade Commission proceeding. The guidance also advised that the board would consider objective evidence on the district court trial date.

The June 2022 guidance had an immediate downward impact on the number of Fintiv denials, with only four IPRs discretionarily denied under Fintiv in the second half of 2022, and only one more — for a total of five — through Feb. 27, 2023.

CommScope Decision

On Feb. 27, 2023, the USPTO director issued her precedential CommScope decision, clarifying that a compelling merits analysis under Fintiv factor 6 does not obviate the need for an analysis first of the other Fintiv factors. That is, "PTAB panels [should] only consider compelling merits if they first determined that Fintiv factors 1-5 favored a discretionary denial." Conversely, if Fintiv factors 1-5 do not support denial, it is unnecessary to assess

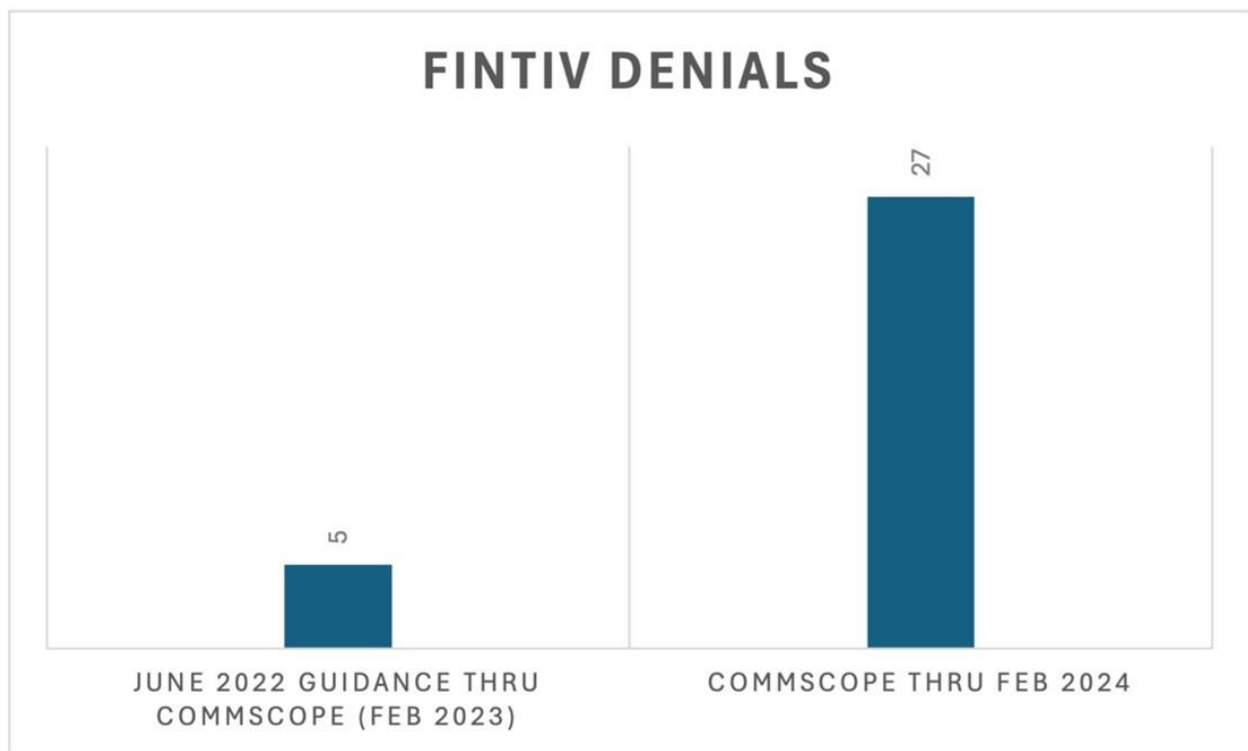
compelling merits.

In *CommScope*, the PTAB instituted review of a patent based on a determination that there were compelling unpatentability challenges under Fintiv factor 6 without first assessing whether the other Fintiv factors favored discretionary denial. The director vacated the institution decision and remanded with instructions for the PTAB to revisit its Fintiv analysis and also provide reasoning to support a compelling merits determination, if it reached that step.

Under *CommScope*, a finding of compelling merits must be accompanied by "reasoning sufficient to allow the parties to challenge that finding and sufficient to allow for review of the [PTAB]'s decision."

Fintiv Denials in the Year After CommScope

Following last year's *CommScope* decision, Fintiv denials have been on the rise. According to Docket Navigator data, in the one-year period from Feb. 28, 2023, to Feb. 28, 2024, there were 27 Fintiv denials — more than five times the denials handed down between the eight-month period from June 2022 guidance and the February 2023 *CommScope* decision.



A common thread between these post-*CommScope* denials is a focus on the district court trial date and the existence and scope of a stipulation, proffered by the petitioner, to eliminate overlap between the IPR and the co-pending litigation.

In six decisions issued in *Samsung Electronics Co. Ltd. v. Mojo Mobility Inc.* in January and February of this year, the PTAB exercised its discretion to deny institution under Fintiv where the district court litigation was scheduled for trial five or six months before a final written decision was expected. The PTAB also looked at the median time-to-trial statistics,

finding that the even earlier predicted trial date gives more credence to the schedule set by the district court.

Under the circumstances, the PTAB rejected the petitioner's argument regarding its diligence in filing the petition within four months of the patent owner's infringement contentions.

Fintiv factor 4 — overlap between issues raised in the petition and in the parallel litigation — was the only factor that weighed slightly against denial, but it was not determinative because the petitioner's stipulation fell short of a Sotera stipulation, which requires stipulating not to pursue in a parallel district court proceeding the same grounds as in the petition or any grounds that could have reasonably been raised in the petition.

Similarly, in another string of six decisions issued in *International Business Machines Corp. v. Digital Doors Inc.* in December and January, the PTAB denied institution where the trial date in the district court case was between three and five months before the final written decision deadline. Although the petitioner's narrow stipulation weighed marginally against discretionary denial, the weight of the remaining factors favored denying institution.

Recent PTAB decisions also illustrate the importance of presenting statistics and other forms of evidence that may have bearing on the Fintiv factors.

For example, in a pair of decisions last fall in *Zhuhai CosMX Battery Co. Ltd. v. Ningde Amperex Technology Ltd.*, the PTAB denied institution where the final written decision would issue eight or nine months after the scheduled district court trial date, or three or four months after, if based on median time-to-trial statistics.

The PTAB observed that the petitioner had "not provided any evidence or arguments regarding the caseload of the assigned judge or whether extensions of time have been sought or are anticipated in the parallel district court litigation" to rebut the earlier trial date.

Takeaways From Current Board Practice

As we predicted, the PTAB is continuing to use Fintiv to discretionarily deny IPR petitions, particularly when the district court trial is expected to take place months before the final written decision deadline, the petitioner proffers no Sotera stipulation, and the petition lacks compelling merits.

For petitioners, tendering a Sotera stipulation can provide petitioners with certainty that the PTAB will not discretionarily deny their petitions under Fintiv. If deciding between a Sotera stipulation and a narrower stipulation, petitioners should consider the impact of their chosen stipulation on the overall weighing of the Fintiv factors.

For patent owners, addressing all of the Fintiv factors remains the recommended course for notching a Fintiv denial. This includes explaining why the petition falls short of "the compelling merits standard" that is "a higher standard than the standard for institution."

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