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PTAB – The Discretionary Standard for Denying Institution

by John C. Alemanni

Yesterday the PTAB designated as precedential two decisions related to the standard for denying institution under 35 U.S.C. §§ 314(a) and 325(d). The first decision rested primarily on § 325(d) but also considered some of the *General Plastics* factors under § 314(a). *NHK Spring Co., LTD. v. Intri-Plex, Inc*., IPR2018-00752, Paper 8 (Sept. 12, 2018). The Board, applying the *Beckton Dickinson* standard, found that the Examiner had rejected the challenged claims over the same prior art combination asserted in the Petition. Slip at 14. The Board further found that Petitioner's arguments were substantially the same as the Examiner's. Id. The Board further found that the Petitioner failed to show that the Examiner erred in evaluating the prior art combination. *Id*. at 16. Also, while Petitioner presented an expert declaration, the Board found the declaration substantially similar to the Petition and unsupported by objective evidence. *Id*. at 16-17. Based on these findings, the Board exercised its discretion under § 325(d) to deny the petition. *Id*. However, the Board's inquiry did not end there.

The Board further found that "simply because we exercise our discretion to deny the Petition under § 325(d) does not mean that we cannot consider and weigh additional factors that favor denying institution under § 314(a)." *Id*. The Board noted that the district court proceeding was nearing its final stages. *Id*. at 20. Thus, according to the Board, instituting *inter partes* review would not provide an effective and efficient alternative to district court litigation. *Id*. The Board found this additional factor weighed in favor of denying the Petition under § 314(a). *Id*.

The second decision rested solely on the Board's analysis under § 314(a), applying the *General Plastics* factors. *Valve Corp. V. Elec. Scripting Prods, Inc.*, IPR2019-00062, -63, -84, Paper 11 (April 2, 2019) at 1. HTC Corporation had previously filed a petition requesting review of the same patent challenged by Valve. Slip at 1. The Board denied institution of HTC's petition because HTC failed to show a reasonable likelihood of establishing unpatentability of a challenged claim. *Id*. Valve filed its Petition after the Board denied HTC's petition. *Id*.

The Board first noted that *General Plastics* is not limited to instances where the same petitioner files multiple petitions. *Id*. at 2. The Board considered the relationship between Valve and HTC and between the two petitions. *I*d. at 10. The Board found that Valve's petitions relied on the same prior art

combinations as HTC's petition. *Id*. Further, the Board noted that Valve and HTC were co-defendants in a parallel litigation, and HTC's devices incorporated technology licensed from Valve. *Id*. The Board stated that the complete overlap in the challenged claims and the "significant relationship" between Valve and HTC favored denying institution. *Id*. The Board also remarked on the timing of the various petitions.

Both of these decisions stress the importance of filing petitions as early as is practicable. Also, it is incumbent on the Petitioner to explain why its Petition raises arguments that differ from those previously raised by the Examiner in prosecution or by another previously-filed petition.