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5 Key Takeaways | PTAB Update: The Waning Impact of Fintiv on Discretionary Denials

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5 KEY TAKEAWAYS

PTAB Update: The Waning Impact of *Fintiv* on Discretionary Denials

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Institution is Discretionary

35 USC §§ 314, 324 provide that the Director "may not authorize" a PTAB proceeding "unless" the petition shows that there is a "reasonable likelihood" (for IPR) or that it is "more likely than not" (for PGR) that Petitioner will prevail on at least one claim. As such, the decision to institute a PTAB proceeding is discretionary. As the Federal Circuit has indicated, "the PTO is permitted, but never compelled, to institute an IPR proceeding." *Harmonic Inc. v. Avid Tech.*, Inc., 815 F.3d 1367 (Fed. Cir. 2016). An institution decision is **not** appealable.

Efficient Use of Board Resources?

In *NHK Spring Co. v. Intri-Plex Techs*, IPR2018-00752, Paper 8 (Sept. 2018) (precedential), the Board denied institution after determining that instituting review would be an inefficient use of Board resources where a related district court proceeding was nearing its final stages and the Board proceeding would involve the same claim construction standard, the same prior art references, and the same arguments as in the district court.

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The *Fintiv* Factors

In the Board's precedential *Fintiv* decision, IPR2020-00019, Paper 11 (Mar. 2020), the PTAB outlined 6 factors to consider in deciding whether to institute a proceeding when there is a related co-pending litigation. Typically, the most relevant factor was whether there is "overlap between issues raised in the petition and the parallel proceeding." **The Board's institution rate, by petition, dropped from 63% to about 56% after *Fintiv*.**

USPTO *Fintiv* Guidance

In June 2022, Dir. Vidal issued guidance significantly limiting *Fintiv* denials. Per the guidance, institution will **not** be denied based on *Fintiv* (i) when a petition has compelling arguments, (ii) based on a co-pending ITC case, or (iii) where petitioner stipulates it will not pursue in the related lawsuit any ground that it raised or reasonably could raise in its petition (a "*Sotera* stipulation"). A *Sotera* stipulation simply aligns with the statutory estoppel (§§315(e)/325(e)) that is automatically triggered with a final written decision. **Since this guidance, the institution rate has jumped to 74%.**

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Takeaways

1. PTAB discretion on institution is an area where the Director can, and has, greatly influenced policy without judicial oversight.
2. For petitioners, file your petition early, address the *Fintiv* factors front and center, and agree to a *Sotera* stipulation to avoid a *Fintiv* denial.
3. To minimize estoppel for § 101 and § 112 arguments, consider filing an IPR petition instead of a PGR petition (if applicable).

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