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## PTO Practice

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### PTAB Issues Back-to-Back *Fintiv* Denials After Dry Spell

The PTAB recently issued back-to-back *Fintiv* denials. The first denial issued on May 4, 2023 in *Samsung Electronics Co. Ltd. v. California Institute of Tech.*, No. IPR2023-00130, Paper 10 (P.T.A.B. May 4, 2023). And the second denial issued the very next day in *Roku, Inc. v. IOENGINE, LLC*, No. IPR2022-01554, Paper 11 (P.T.A.B. May 5, 2023). These decisions are notable for both their timing—two decisions in rapid succession after a months-long dry spell—and for the emphasis on avoiding duplication and overlap between the PTAB and the parallel proceedings (e.g., via a *Sotera*-type stipulation).

### *Samsung* Decision

In the *Samsung* decision, the Board exercised discretion under § 314 to deny *inter partes* review in view of co-pending district court litigation. In the Institution Decision, the Board evaluated the *Fintiv* factors in light of the USPTO Director's June 2022 Interim Procedure for Discretionary Denials.

*Fintiv* Factor 1 requires consideration of “whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted.” This factor weighed in favor of the Board exercising its discretion to deny institution because the district court already denied

Petitioner's motion for a stay in light of the advanced stage of the underlying litigation.

Under *Fintiv* Factor 2, the Board considers the “proximity of the court's trial date to the Board's projected statutory deadline for a final written decision.” Both the current trial date and the trial date under time-to-trial statistics for the district were months before the date the final written decision would be due. Accordingly, this factor favored exercising discretionary denial.

*Fintiv* Factor 3 requires the Board to consider “investment in the parallel proceeding by the court and the parties.” The district court already issued a claim construction order. Also, at the time of institution, opening validity expert reports were served, and rebuttal validity reports were due within days. This factor favored exercising discretion to deny institution.

The Board considers the “overlap between issues raised in the petition and in the parallel proceeding” under *Fintiv* factor 4. Petitioner stipulated that if *inter partes* review is instituted, it would not “pursue invalidity challenges to the [asserted patent] in the parallel district court lawsuit that rely on any reference used in the grounds of the Petition.” This stipulation was not as expansive as *Sotera* because Petitioner did not relinquish all grounds that it reasonably could have raised. But, the stipulation was broader than *Sand Revolution* because it precluded Petitioner from relying on any of the references used in the Petition, and was not limited to only the same grounds. The Board found that the stipulation mitigated

some but not all concerns of duplicative efforts. Petitioner's arguments also relied on non-grounds references, which diminished the impact of the stipulation. On the whole, the Board found that this factor weighed somewhat against exercising discretion to deny institution.

Petitioner is the defendant in the underlying litigation, which weighed in favor of discretionary denial under *Fintiv* factor 5.

The Board evaluated “other circumstances that impact the Board's exercise of discretion, including the merits” under *Fintiv* factor 6, and found that:

- Based on the facts, Petitioner had not shown compelling merits (this finding had no impact on discretionary denial), and
- Five previous petitions had already been filed on the asserted patent, none of which resulted in a finding that any claim was unpatentable. This weighed slightly in favor of discretionary denial.

Considering all of the factors and noting that the stipulation was the only thing weighing slightly against discretionary denial, the Board exercised its discretion to deny institution.

### *Roku* Decision

In the second decision, the PTAB employed a “holistic balancing” of the factors and found the *Fintiv* factors weighed in favor of discretionary denial. *Roku*, Paper 11 at 17. Specifically, the PTAB analyzed the factors as follows:

Factor 1: District Court's Stay of Parallel Proceeding. The PTAB noted that the presiding judge in the parallel proceedings, Judge Albright, had not granted a stay in this case, and, moreover, stated that

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in 30 months on the bench, he had granted a stay pending PTAB review in only one or two cases. The PTAB regarded this factor as neutral.

Factor 2: Trial Date for Parallel Proceeding. After considering that the median time-to-trial in the Western District of Texas for patent trials before Judge Albright is currently 23 months, the PTAB concluded that trial in the district court case would likely occur six months before the PTAB reach a final written decision. The PTAB found that this factor weighed heavily in favor of denial.

Factor 3: Investment in Parallel Proceeding. The parallel proceeding in this instance had been filed in December 2021 and was in an advanced stage at the time the IPR was filed. For this reason, the PTAB determined “that there has been substantial investment by the parties and the district court in the parallel proceeding, including the completion of preliminary disclosures and claim construction, and the near-completion of discovery.” Paper 10 at 12. The PTAB concluded this factor weighed heavily in favor of denial.

Factor 4: Overlap in Issues. At the time the Patent Owner filed its Preliminary Response, the Petitioner had not offered any stipulation not to pursue any overlapping subject matter in the parallel proceedings. Thereafter, Petitioner sought leave to submit a stipulation, which was granted, but the PTAB nonetheless found that the stipulation was insufficient for two reasons. *First*, the stipulation would not have prevented the Petitioner from asserting the same subject matter against a separate, closely related patent at issue before the District Court, but not before the PTAB. *Second*, the PTAB concluded that

the offered stipulation “falls far short of a *Sotera*-type stipulation” because it did not bar grounds that “could have reasonably been raised before the Board.” Paper 10 at 14. Thus, although the stipulation would have prevented some overlap, it did not rise the level contemplated in the *Fintiv*. The PTAB found this factor weight somewhat against discretionary denial, but the factor did not end the inquiry because the Petitioner declined to submit a *Sotera*-type stipulation.

Factor 5: Same Parties. Because the parties were the same before the PTAB and District Court, the PTAB regarded the factor as neutral.

Factor 6: Other Circumstances. The Petitioner argued that its petition presented a “compelling, meritorious challenge” sufficient to justify going forward with the IPR in light of these circumstances. The PTAB considered the arguments on the merits but concluded the Petitioner had not presented a compelling case. Thus, this factor did not weigh against denial.

This decision, and the back-to-back denial in *Samsung*, show that despite the relative dry spell of the last several months, the PTAB will issue a *Fintiv* denial in certain circumstances. Moreover, this decision shows that a key element of the analysis is the amount of overlapping adjudication between the PTAB and the parallel proceeding—particularly whether the petitioner has submitted a *Sotera*-type stipulation—and any inefficiencies involved based on the stage of the parallel proceedings and likelihood that they might be stayed.

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