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CLIENT ALERT

USPTO Plunges PTAB's *Fintiv* Discretion Analysis Into Uncertainty

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On Friday, February 28, 2025, the USPTO rescinded the June 21, 2022, memorandum from then-Director Katherine Vidal, "Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation" (Memorandum).[1] That Memorandum provided guidelines and clarity on how the PTAB should apply its precedential decision in *Apple Inc. v. Fintiv Inc.* The *Fintiv* decision outlined a case-specific six-factor balancing test for the PTAB to apply when deciding whether to exercise its discretion under 35 U.S.C. § 314(a) to deny a petition for *inter partes* review (IPR) where parallel litigation regarding the challenged patent is pending. In the notice of rescission, the USPTO directed parties to refer to the PTAB's precedential *Fintiv* and *Sotera Wireless* decisions. The rescission notice further stated that any PTAB or Director Review decisions that relied on the Memorandum "shall not be binding or persuasive on the PTAB."

The Memorandum provided several guidelines for how the PTAB would apply *Fintiv*. First, the PTAB would not rely on *Fintiv* to deny institution of a petition that demonstrated "compelling evidence of unpatentability." Mem. at 2. Second, *Fintiv* only applied to cases where there were parallel proceedings in district court, not parallel proceedings in the International Trade Commission (ITC). *Id.* at 2–3. Third, consistent with the precedential decision in *Sotera Wireless*, the PTAB would not use discretion to deny a petition where the petition presented a stipulation not to pursue in a parallel proceeding the grounds presented in the petition, or any other grounds that could have reasonably been raised before the PTAB. *Id.* at 3. Fourth, when considering the proximity of the trial date in any parallel district court proceeding, the Board would consider the median time from filing to disposition of civil trial for that district. *Id.* at 3.

The Memorandum's guidelines provided a degree of certainty to patent owners and petitioners for how *Fintiv* would be applied in their proceedings. The Memorandum's rescission plunges patent owners and patentees back into the uncertainty and arbitrariness that existed prior to the Memorandum.

It is now unclear what role the strength of a petition's merit will play when the PTAB considers whether to exercise its discretion to deny a meritorious petition. For example, the strength of the petition's merits is one of the many possible "other circumstances" to be considered in *Fintiv* factor 6,[2] but the Memorandum is what gave factor 6 greater clarity in its application.

It is likewise unclear whether *Fintiv* will be applied when there is parallel litigation in the ITC. Before the Memorandum, some PTAB panels did rely on *Fintiv* to deny institution in such situations. *See, e.g.*, *Google LLC v. EcoFactor, Inc.*, IPR2021-01578, Paper 9 (PTAB Mar. 18, 2022). Given the deadlines in a typical ITC investigation, trial generally occurs less than one year after a complaint is filed and the final Commission decision is generally issued within 18 months. This makes it impossible for the PTAB to reach a final written decision before a parallel trial in most ITC proceedings and virtually impossible for the PTAB to reach a final written decision before the ITC reaches its own final determination. The potential for *Fintiv* to deny review of patents asserted in parallel ITC litigation—paired with the Federal Circuit's recent decision in *Lashify Inc. v. ITC* that expands the activities that may now qualify for domestic industry—may make the ITC an extremely attractive forum for patentees.

As for stipulations, the rescission of the Memorandum, coupled with the direction to refer to *Sotera Wireless*, suggests that the Board will still consider *Sotera* stipulations, but that they are no longer dispositive and instead only one factor to consider in the multi-factor analysis. *See Sotera Wireless* at 17–18. However, note that the broad stipulation in *Sotera* was found to "weigh[] strongly in favor of not exercising discretion to deny institution under 35 U.S.C. § 314(a)." *Id.* at 18–19.

It is also unclear what the PTAB will now use as the measuring stick for determining whether it is likely that a parallel litigation will reach trial before the PTAB would reach a final written decision. Before the Memorandum, the PTAB would often take the district court's trial date at face value. *See, e.g.*, *Apple Inc. v. Fintiv Inc.*, IPR2020-00019, Paper 15 at 13 (May 13, 2020) (Fintiv II) (designated informative July 13, 2020). Practitioners in this field know that trials often do not occur on their initially scheduled dates. Many, including Senator Thom Tillis, had urged the USPTO to not take scheduled trial dates at face value in the *Fintiv* analysis, which was the guidance adopted in the Memorandum. It is highly uncertain whether the PTAB will consider this common knowledge of trial dates slipping in its discretionary analysis or will continue to take scheduled district court schedules at face value.

Winston will continue to closely monitor Board decisions for insight on how the PTAB will be analyzing each of these issues going forward.

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[1] While the USPTO appears to have deleted the Memorandum from its website, copies have been archived at third-party websites, such as here.

[2] For example, in a post-rescission decision addressing a patent owner's argument that the PTAB should apply *Fintiv* to use its discretion to deny institution, the PTAB, in considering factor 6, explained that while the petitioner's "analysis shows a reasonable likelihood of prevailing," the PTAB did "not find the merits in this case to be of particular significance such as to weigh this sixth factor for or against exercising discretion to deny" institution. *Samsung Display Co., Ltd. v. Pictiva Display Int'l Ltd.*, IPR2024-01222, Paper 12 at 9 (PTAB March 6, 2025). Instead, at least this decision suggests that factor 6 will only weigh in petitioner's favor when "the merits of the challenges are particularly strong." *Id.*

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Authors

Scott Border

Brian E. Ferguson

Louis L. Campbell

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Scott Border

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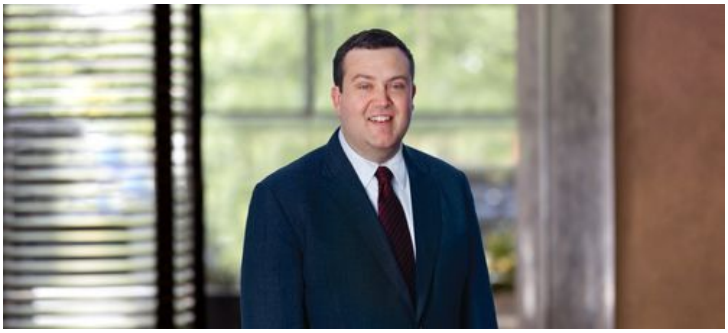

Louis L. Campbell