

Publications

PTAB Sets Out 6 Factors for Determining Whether to Apply IPR Institution Discretion Due to an Earlier Trial Date

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Yesterday, the Patent Trial and Appeal Board (the Board) designated as precedential an Order outlining six factors the Board considers when determining whether to apply its discretion under 35 U.S.C. § 314(a) to deny institution of *inter partes* review (IPR) due to a trial date set to occur earlier than the Board's final written decision. *Apple Inc. v. Fintiv, Inc.*, Case No. IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (Fink, Vice Chief APJ) (designated precedential on May 5, 2020).

Patent Owner, Fintiv, filed suit alleging infringement of U.S. Patent No. 8,843,125 (the '125 Patent) relating to a mobile "wallet" application against Petitioner, Apple, on December 21, 2018. Petitioner timely filed an IPR seeking invalidation of a subset of the '125 Patent claims on October 28, 2019. Prior to the Board's institution decision, a trial date was set in the co-pending litigation for November 16, 2020. Patent Owner subsequently filed a Preliminary Response on February 15, 2020, requesting the Board exercise its discretion under § 314(a) to deny institution, arguing that all of the issues raised in the IPR will be addressed in the co-pending litigation well before a final written decision is reached. The Board's Order authorized the parties to file supplemental briefing addressing each of the six factors outlined in brief below.^[1]

Each of the six factors evaluate whether efficiency, fairness, and the merits support discretionary denial of IPR institution in view of an earlier trial date. The institution decision is based on a holistic view of the facts, which may be more relevant to certain factors than others.

1. Whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted.

Grant of a stay, or denial of a stay without prejudice, may weigh against denying institution, as each can indicate that the district court may be willing to avoid duplicative effort and await the Board's final resolution. The same weighting considerations may apply when the district court grants a motion to stay based on an earlier ITC trial date addressing the same or substantially similar issues, the Board noting that ITC final

invalidity determinations are not preclusive. Conversely, denial of a stay without an indication that the district court will consider a renewed motion may weigh in favor of denying institution.

2. Proximity of the court's trial date to the Board's projected statutory deadline.

An earlier district court trial date generally weighs in favor of exercising authority to deny institution. A trial date close to or even significantly after the time of the Board's projected final written decision, however, likely implicates other factors.

3. Investment in the parallel proceeding by the court and parties.

This factor considers the amount and type of work completed in the co-pending litigation by the district court and the parties at the time of the institution decision. Greater amounts and more substantive work, such as substantive orders or claim construction orders, weigh against denying institution. Accordingly, the facts related to the expeditiousness of filing an IPR petition after service of an infringement suit is relevant to this factor.

4. Overlap between issues raised in the petition and in the parallel proceeding.

This factor considers concerns of inefficiency and the possibility of conflicting decisions. If the IPR petition comprises the same or substantially the same claims, grounds, arguments, and evidence presented in the co-pending litigation, denying institution is favored. The Board emphasized that weighing the degree of overlap is extremely fact dependent. Indeed, even if the claim challenges are not fully overlapping, denial may still be favored if the district court may resolve the validity of enough overlapping claims to resolve key issues raised in the IPR petition. Thus, non-overlapping claim challenges may weigh for or against denial, depending on the challenge similarities.

5. Whether the petitioner and the defendant in the parallel proceeding are the same party.

If a petitioner is unrelated to a defendant in co-pending litigation having an earlier trial date, this factor weighs against exercising authority to deny institution. However, if the issues are the same or substantially similar in the co-pending litigation, other factors may weigh against institution, thereby avoiding repeat work performed by the district court.

6. Other circumstances that impact the Board's exercise of discretion, including the merits.

This seemingly "catch-all" factor, in combination with the preceding five factors, allows the Board to assess whether IPR institution may serve the interest of overall system efficiency and integrity. Institution may be justified, for example, if the parallel proceeding settles or in another manner fails to resolve a patentability question. The strengths and weaknesses regarding the merits of the case are assessed as part of this factor.

Practice Note.

Petitioners should consider filing their IPR petition(s) as early as possible upon receiving service of a patent infringement suit, thereby minimizing the likelihood of the co-pending litigation setting a trial date that is earlier than the Board's expected final written decision. When such early filing is not possible, Petitioners should maintain detailed factual records on each of these factors in the event that an earlier trial date is set – the Board in this case gave the Petitioner seven calendar days and 10 pages to provide these facts.

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[1] *The Board relied heavily on its earlier institution decision in NHK Spring Co. v. Intri-Plex Techs., Inc. IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018 (Kaiser, APJ) (designated precedential on May 7, 2019).*