

IPR Pointers In Recent PTAB Discretionary Denials

By **Kevin Schubert and Scott Hejny** (August 16, 2023)

In the past month, the Patent Trial and Appeal Board has discretionarily denied a trio of inter partes review petitions on three independent grounds.

Discretionary denials allow the PTAB to deny IPR petitions for reasons separate from the merits, and these decisions show that there are a number of procedural hurdles a petitioner must be aware of when filing its IPR petitions.

These decisions represent a win for patent owners, and perhaps signal an emerging trend of the PTAB flexing its authority to protect patent owners in the wake of the relatively new administration.

Some may see these decisions as a positive in protecting patent owners and conserving resources at the PTAB. Others may see these decisions as unfairly denying alleged infringers an opportunity to invalidate patent claims. Regardless of one's particular views, practitioners are wise to keep abreast of these decisions in formulating strategy at the PTAB for clients.

Vector Flow

In the July 17 *Vector Flow Inc. v. HID Global Corp.* decision, the PTAB discretionarily denied an IPR petition based on the advanced stage of a parallel district court litigation between the petitioner and patent owner involving the same patent and largely the same prior art, citing the PTAB's precedential, and controversial, *Apple Inc. v. Fintiv Inc.* decision.[1][2]

Fintiv set forth a six-factor test under which the PTAB should consider discretionarily denying an IPR petition based on parallel district court litigation.

The PTAB's use of Fintiv to discretionarily deny IPRs has ebbed and flowed since it was released in 2020, with over 100 Fintiv denials in 2021 to substantially fewer Fintiv denials in 2022, particularly following PTAB Director Kathi Vidal's comments in June 2022 that the PTAB should not deny an IPR petition under Fintiv where the petition presents "compelling evidence of unpatentability."

In February, Vidal clarified her comments that the merits analysis did not mean that a Fintiv analysis is to be avoided, but rather "PTAB panels [should] only consider compelling merits if they first determined that Fintiv factors 1-5 favored discretionary denial."

The import of the guidance appears to be that the U.S. Patent and Trademark Office should consider the Fintiv arguments alongside the substance of the petition, rather than as an afterthought.

Some commentators have stated that Vidal's February comments have led to an uptick in Fintiv denials, noting that in the three months following Vidal's comments, the PTAB denied eight IPRs under Fintiv, double the amount in the last six months of 2022.[3]



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Vector Flow provides additional support for the argument that Fintiv is on the uptick, but the number of Fintiv denials in 2023 still pales in comparison to the number in 2021.

In Vector Flow, the PTAB found that Fintiv factors 1-5 were either neutral or weighed in favor of discretionary denial. The fact that the same patent and largely the same prior art was at issue in parallel district court litigation weighed in favor of a denial of institution, as did the fact that the projected trial date was "5-6 months before a Final Written Decision in" the PTAB proceeding.

The PTAB considered the substance of the IPR petition in Fintiv factor 6 and found the factor neutral, which was not sufficient to overcome the other factors weighing in favor of a discretionary denial.

Notably, in considering the substance, the PTAB was bothered by the fact that the petitioner was unwilling to set forth clear positions, perhaps out of fear of making statements that could be harmful to the petitioner on issues of infringement in the district court litigation. This may have been the ultimate demise of the petition — the failure to present "compelling evidence of unpatentability."

In its decision denying institution, the PTAB noted that the petitioner never advanced an "express claim construction," nor did it ever "advance[] any firm position on how the terms 'unique' and 'exclusively' should be properly understood in this context, limiting the basis on which we might fully evaluate Petitioner's argument."

The PTAB went on to state that a "conclusion of unpatentability cannot 'plainly' follow from an analysis that declines to offer nothing more than 'possibilities' as to how the claims might be understood."

Vector Flow supports the practice tip that petitioners who decide to file IPRs should set forth clear positions and arguments, including as to claim construction, or risk having institution denied. This is particularly true in circumstances where other Fintiv factors weigh in favor of discretionary denial; here the petitioner needs to make a compelling showing that the substance of the petition warrants institution notwithstanding the other Fintiv factors.

T-Mobile

In the July 28 T-Mobile USA Inc. v. Voip-Pal.com Inc. T-Mobile decision, the PTAB discretionarily denied the IPR petition based on the fact that the petitioner was attempting to assert multiple IPR petitions against the same patent.[4]

This time, the PTAB looked not to Fintiv but to the 2017 precedential opinion in General Plastic Industrial Co. Ltd. v. Canon Kabushiki Kaisha, which set forth a multiple-factor test for denying multiple petitions on the same patent in light of "the potential for abuse" against patent owners and the "finite resources" of the PTAB.[5]

In T-Mobile, the patent owner sued a large number of defendants, including the petitioner. Other defendants collectively filed IPR petitions challenging the patents-in-suit, which were instituted, while T-Mobile opted to file its own IPR petitions on the same patents citing unique prior art that was not included in the separate, collective filings.

When the other defendants settled with the patent owner and moved to terminate the IPR proceedings, the petitioner filed "me too" petitions and a motion requesting to join the instituted IPR proceedings in an attempt to proceed on both its own, unique prior art as well

as the prior art asserted in the petitions filed by the other defendants.

The PTAB denied the "me too" petitions and request to join. The PTAB applied General Plastic to discretionarily deny the petitions and joinder requests, largely because this was the "second set of petitions" that the petitioner had filed, the petitioner "knew of [the prior art in the 'me too' petitions] at the time of filing its first set of petitions," and the "finite resources" of the PTAB.

T-Mobile supports the practice tip that petitioners should proceed carefully when filing an IPR petition because it may be precluded from getting a second petition on the same patent, particularly if the second filed IPR petition seeks to assert prior art that the petitioner knew about when it filed the first IPR petition.

This is particularly true in instances in which a petitioner is relying on petitions, and prior art cited in those petitions, filed by other defendants such that the petitioner will not have the ability to maintain those proceedings in the event of settlement.

Sandoz

In the Aug. 7 Sandoz Inc. v. Acerta Pharma B.V. decision, the PTAB discretionarily denied the IPR petition where "the same or substantially the same prior art or arguments" in the IPR petition were already presented to the examiner before the patent was issued.[5]

This time the PTAB applied the 2017 Becton, Dickinson & Co. v. B. Braun Melsungen AG decision,[7] which applies yet another multifactor test to determine whether the arguments and prior art in the IPR petition and the prosecution history are close enough that the Patent Office should discretionarily deny review.

In Sandoz, the petitioner presented a collection of references, some of which were before the examiner during prosecution and others which were not. The petitioner argued that the Barf and Cheson references were not before the examiner, which, while technically true, was not persuasive to the PTAB because they were both substantially the same as references considered by the examiner during prosecution.

As to Barf, while the reference was not technically before the examiner, a PCT application with the same specification (called the "Barf-PCT") was considered and cited by the examiner as the basis for substantive claim rejections. The PTAB did not put much weight on the fact that the Barf-PCT had different claims than Barf, nor did it put much weight on the fact that Barf-PCT was only cited by the examiner as a "secondary reference" in combination with other references not relied on in the IPR petition.

As to Cheson, while the reference again was not technically before the examiner, it was cumulative of references that were considered. Specifically, the petition only relied on Cheson for one limitation related to taking a dosage "twice-daily," which the PTAB found was disclosed in other references cited by the examiner in office actions during the prosecution.

Sandoz provides the useful practice tip that petitioners should seek to avoid relying on references that are largely the same as references cited during prosecution, or that contain disclosures that are cumulative of references that were before the examiner.

Conclusion

Practitioners should keep abreast of recent discretionary denials at the PTAB, particularly when formulating strategy on whether to file IPR petitions. The three recent decisions from the PTAB discussed in this article provide several pointers.

At bottom, if the petitioner decides to file an IPR petition, it should set forth clear positions, proceed carefully knowing it may not get a second petition on the same patent, and avoid raising arguments and prior art that are not substantively different from what the examiner already considered.

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[1] Vector Flow, Inc. v. HID Global Corporation, IPR2023-00353, Paper 8 (PTAB July 17, 2023).

[2] Apple Inc. v. Fintiv Inc., IPR2020-00019, Paper 11 (PTAB March 20, 2020) (precedential).

[3] See Fintiv Discretionary Denials Seem To be Back at PTAB, Li, Josepher et al., Law360, June 14, 2023.

[4] T-Mobile USA, Inc. v. Voip-Pal.com, Inc., IPR2023-00638-641, Paper 11, Entered July 28, 2023.

[5] General Plastic Industrial Co., Ltd. v. Canon Kabushiki Kaisha, IPR2016-01357, Paper 19 (PTAB Sept. 6, 2017) (precedential in part).

[6] Sandoz Inc. v. Acerta Pharma B.V., IPR2023-00478, Paper 17 (PTAB Aug. 7, 2023).

[7] Becton, Dickinson & Co. v. B. Braun Melsungen AG, IPR2017-01586, Paper 8 (PTAB Dec. 15, 2017) (precedential in part).