

Proposed Alternative PTAB Discretionary Denial Factors In View of Co-Pending Parallel Litigation

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The authors propose replacing the PTAB’s current *NHK-Fintiv* factors with the alternative “Babcock-Train Factors” set forth herein.¹ These alternative factors have been crafted in an effort to provide clearer institution guidance to the PTAB’s Administrative Patent Judges (“APJs”), and to afford a neutral perspective with respect to both the particular posture of the party in the PTAB proceeding (petitioner or patent owner) and the specific venue of the parallel district court litigation.

To be clear, the authors do not suggest that these alternative factors should be the definitive guidelines promulgated by the USPTO. Rather, they are proposed to initiate a dialog among PTAB stakeholders. Refinements, revisions, and improvements to this proposal are both likely and welcome, especially given the collective experience and varied perspectives of the diverse PTAB community.

But the authors hope that this proposal will provide a basis for a productive continuing dialog on an important and increasingly controversial issue.

The Need for Clarity and Fairness in the PTAB's Discretionary Denial Analysis

There can be little legitimate dispute that Congress provided the Director with discretion to deny institution of an IPR/PGR/CBM proceeding. 35 U.S.C. § 314(a).

But Congress was largely silent regarding the precise manner in which the Director should exercise that discretion, as well as the particular rules that should be promulgated for doing so. Certainly, the Administrative Procedures Act provides constraints on the Director's discretion, but (of course) those limitations are not specific to the PTAB's institution decision.

Over the course of its post-AIA existence, the PTAB has established jurisprudence for exercising its discretion to deny petitions procedurally, including promulgating the seven *General Plastic* factors² for evaluating so-called "follow-on" petitions (under Section 314(a)), and the six *Becton Dickinson* factors³ for evaluating arguments and evidence previously considered by the USPTO (under 35 U.S.C. § 325(d)).⁴ More recently, the PTAB has adopted the *NHK-Fintiv* factors to support discretionary denial of IPR petitions based on parallel district court litigation, which has generated considerable discussion within the PTAB bar and beyond.⁵

The authors have recently conducted a statistical analysis of the Board's invocation and application of the *NHK-Fintiv* factors to provide some insights into how the PTAB evaluates and weighs each of the six *NHK-Fintiv* factors from a macro perspective, irrespective of the specific and unique facts of each case.⁶ That study, together with the further analysis discussed herein, indicates that the current set of *NHK-Fintiv* factors is **not** venue-neutral, significantly disfavoring petitioners who are defendants in so-called "fast track" district courts, such as the Eastern and Western Districts of Texas.⁷ In particular, expanding that previous statistical analysis to consider the specific venue of the parallel district court litigation reveals that cases pending in those two Texas venues are far more likely

to receive a discretionary denial of institution from the PTAB's application of the *NHK-Fintiv* factors than are cases pending in all other venues. The supplemental statistical chart shown below in Table 1 reveals this stark contrast, where cases pending in the two Texas venues are more likely than not to have PTAB petitions discretionarily denied, as opposed to cases pending in all other venues that are exceedingly unlikely to have PTAB petitions denied.⁸

Table 1

	Grouped Institution Decisions (24)		Individual Institution Decisions (86)	
	Deny	Institute	Deny	Institute
W.D./E.D.				
Tex.	8/13 (62%)	5/13 (38%)	31/55 (56%)	24/55 (44%)
All Other	1/11 (9%)	10/11 (91%)	1/31 (3%)	30/31 (97%)

Moreover, the *NHK-Fintiv* factors have proven to be vague in some respects and overlapping in focus, and the manner of briefing and analyzing these factors (particularly by PTAB practitioners) has often been conflicting and/or imprecise.⁹ From the authors' perspectives, the sudden importance of the *NHK-Fintiv* factors has engendered time consuming and expensive ancillary disputes—frequently in the form of reply and sur-reply briefs—with the parties often disagreeing not only on the relevant facts that should be considered, but also on the proper manner in which to conduct of the *NHK-Fintiv* analysis.

The Growing Clamor for the PTAB to Revisit its Discretionary Denial Analysis

The PTAB elevated the *NHK-Fintiv* factors to “precedential” status on May 5, 2020¹⁰ (having elevated the *NHK* decision to that status about a year earlier),¹¹ and the impact of that decision has since reverberated loudly within the PTAB bar and beyond.¹² Intriguingly, the *NHK-Fintiv* analysis has even elicited respectful dissent from within the APJ bench, which is rare for the PTAB. In one notable example, an experienced and distinguished APJ¹³ dissented from the majority's denial of institution in view of parallel litigation in the Eastern District of Texas, concluding his detailed analyses with the following lucid observations:

I also take note of *Fintiv's* statement that our evaluation of the factors should be based on “a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” *Fintiv* at 6. And in this sense, a weighing of individual factors aside, I cannot

agree with the majority that denying institution here best serves the efficiency and integrity of the patent system. ***The Petitioner here did exactly what Congress envisioned in providing for inter partes reviews in the America Invents Act.*** upon being sued for infringement, and having received notice of the claims it was alleged to infringe, ***it diligently filed a Petition with the Board, seeking review of the patentability of those claims in the alternative tribunal created by the AIA.*** . . . The *inter partes* review would proceed, necessarily having a narrower scope than the infringement trial before the district court, and would resolve in an efficient manner the patentability questions so that the district court need not take them up. I fail to see how this outcome would be inconsistent with the “efficiency and integrity of the system.”¹⁴

While some parties have challenged the *NHK-Fintiv* analysis in its entirety,¹⁵ other stakeholders have acknowledged the PTAB’s statutory authority to exercise its discretion, but have nonetheless criticized the Board’s rulemaking process:

The Original Plaintiffs also ask this Court to set aside the current way the Director exercises such discretion because it did not arise through notice-and-comment rulemaking. This implicates the Small Business Inventors’ need for clear regulations promulgated lawfully by the Director that ***preserves and improves*** (not eliminates) the Director’s full powers of discretionary denial.¹⁶

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The PTAB is increasingly refusing to institute otherwise-meritorious IPR petitions for purely procedural reasons. And it is doing so through self-declared precedential decisions that promulgate new PTAB policies without notice-and-comment rulemaking or the possibility of judicial review. . . . Congress could also encourage the PTAB to engage in traditional rulemaking when setting new policy for how and when to exercise its discretion, as the Federal Circuit and commenters have also indicated they should.¹⁷

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Precedential decisions *NHK* and *Fintiv* have not translated to predictability. Both decisions provide “non-exclusive” factors that are

to be “weighed” as a part of a “balanced assessment”. What does this mean? No one knows. How is a factor to be scored and how much weight does each get and what score will assure or prevent denial of institution? A sample of recent institution decisions illustrates the problem....

There are many other apparently conflicting decisions which are altogether undecipherable. The analysis under *NHK* and *Fintiv* has only added complexity and unpredictability to the institution decision.

Clear and unambiguous rules would alleviate this and achieve the intended purpose of §314(a) and §316(b).¹⁸

While the authors purposely do not weigh in on any pending litigation, PTAB proceeding, USPTO petition, or Congressional activity, they believe that it is likely that the USPTO will—at some point in the future, whether through formal rulemaking or otherwise—re-address the factors that the PTAB should consider in deciding whether to discretionarily deny institution of an IPR or PGR petition in view of co-pending parallel litigation.

The Proposed “Babcock-Train” Discretionary Denial Factors In View of Co-Pending Parallel Litigation

In light of the foregoing discussion, the authors propose that the PTAB de-designate the *NHK-Fintiv* factors as precedential authority,¹⁹ and in their place adopt (via formal rulemaking or otherwise) an alternative set of non-exhaustive discretionary denial factors as follows (in decreasing order of weight):

- 1) Alacrity of the Petitioner – The timing between service of the complaint in the parallel district court or ITC litigation, and the filing of the PTAB petition.

Guidance: The longer the petitioner’s delay beyond four (4) months of service of the complaint, the more this factor weighs in favor of discretionary denial, and *vice versa*. Notwithstanding the foregoing, this factor should be nearly dispositive in favor of institution for timely filed PGRs.

Commentary: The petitioner should be afforded a reasonable opportunity after service of the complaint to evaluate the asserted patent and, *inter alia*, collect and review the prior art, consult with an expert witness, and prepare the petition

and supporting declaration. The authors suggest that four (4) months ($\frac{1}{3}$ of the statutory 1-year time bar for IPRs under 35 U.S.C. § 315(b)) is a reasonable and expeditious time frame for filing a PTAB petition.

A PGR petition must be filed within nine months of a first-to-file patent's issue date. 35 U.S.C. § 321(c). The AIA legislative history emphasizes the importance of having the PTAB review PGRs early in the life of the challenged patent, before expensive district court litigation ensues.²⁰ Accordingly, the PTAB should have a very strong (and likely absolute) interest in reviewing a timely filed PGR petition.

2) Merits of the Petition – The strength of the collective patentability challenge.

Guidance: The weaker the merits of the collective patentability challenge, the more this factor weighs in favor of discretionary denial, and *vice versa*. The term “collective patentability challenge” is used consistently with the PTAB's institution analysis under the *SAS Institute* decision²¹ (*i.e.*, at least one ground and one claim).

Commentary: The USPTO should have a strong interest in reevaluating an issued patent when the petition convincingly demonstrates that the challenged patent is, at least in part, defective. Elevating the merits-based consideration (from the catch-all Factor 6 in the *NHK-Fintiv* analysis) is essential in order for the USPTO to play its important patentability gatekeeper role as mandated by Congress in the AIA.

3) Litigation History of the Challenged Patent – The frequency of assertion of the challenged patent, including assertion in the U.S. district courts and the ITC.

Guidance: The more frequently the challenged patent has been asserted beyond one time, the more this factor weighs against discretionary denial, and *vice versa*.

Commentary: The USPTO should have a strong interest in reevaluating an issued patent when it has been asserted frequently, including formally (*e.g.*, in the U.S. district courts and the ITC) and informally (*e.g.*, cease and desist letters, which indicate a likelihood of future formal assertion). The potential for divergent district court and ITC claim construction and invalidity determinations highlights the USPTO's role of providing a uniform patentability analysis. Further, the *TC*

Heartland decision,²² which has resulted in the distribution of patent infringement cases in a significantly greater number of venues, increases the likelihood of divergent district court decisions regarding an asserted patent.

This factor assumes that the challenged patent has been asserted once, namely, in the co-pending parallel litigation. In addition, the inclusion of informal assertions in this factor is not intended to affect the PTAB's limited discovery practices and public disclosure requirements. Rather, consideration of informal assertions should be permitted to indicate the potential for future litigation.

4) Longevity of the Challenged Patent – The remaining time until the challenged patent's expiration.

Guidance: The shorter the challenged patent's remaining life, the more this factor weighs in favor of discretionary denial, and *vice versa*.

Commentary: A patent with a longer life poses a larger potential for future disputes, and thus the PTAB should have a greater interest in evaluating a patentability challenge to a patent with a longer remaining term. The policy considerations for Babcock-Train Factor 3, as discussed above, also apply to this factor.

5) Section 315 Estoppel Effects – The extent to which the accused defendants in the litigation will be estopped under 35 U.S.C. § 315(e)(2) with respect to the PTAB challenges as applied to the petitioner, its privies, and the RPIs in the PTAB proceeding.

Guidance: The lesser the extent of the estoppel on the relevant parties, the more this factor weighs in favor of discretionary denial, and *vice versa*. The Panel should disregard additionally named and/or omitted parties in the parallel district court or ITC litigation who do not materially affect the substance of the principal infringement and invalidity allegations. Also, the Panel should disregard any district court or ITC invalidity allegations that would not have been permitted in the PTAB challenge.

Commentary: Certainly Congress' intent in establishing IPR and PGR reviews was to provide an alternative forum for evaluating certain patent validity (patentability) challenges, and generally to allow the petitioner with a single bite at that proverbial apple. To the extent that the PTAB proceeding will not effectively

accomplish that “single bite” purpose, then the USPTO should have less interest in instituting trial. Note, however, that parties should not be able to “game” this factor by naming and/or deleting parties in the parallel district court or ITC litigation who do not substantively affect the principal infringement and invalidity allegations. And permissible district court or ITC validity assertions that would not be permitted in the PTAB challenge (*e.g.*, a Section 101 challenge in an IPR) should not be considered in this factor.

6) Stage of the District Court or ITC Proceeding(s) – The prospective stage of the parallel district court or ITC litigation beyond *Markman* as of the scheduled date for the PTAB’s DI.

Guidance: The further the parallel district court or ITC litigation will have likely progressed beyond the *Markman* proceedings at the expected date of the DI, the more this factor weighs in favor of discretionary denial, and *vice versa*. If the district court or ITC has granted a stay, this factor will weigh against discretionary denial, but not *vice versa*.

Commentary: In conjunction with Factor 1, this factor assumes that most parallel district or ITC cases will have been proceeding for about 10 months at the expected date for the PTAB’s Decision on Institution (“DI”), and thus have begun (and possibly completed) the *Markman* stage of the litigation. This factor also (realistically) assumes that most district courts will not grant a pre-institution stay given the steadily declining IPR/PGR institution rate (currently ~55%),²³ and that the ITC will rarely grant such a stay. But in consideration of efficiency and notice to the district court or ITC, defendants should be encouraged to seek a stay if they so desire, and they should not be penalized by the PTAB for doing so. This factor also neutralizes the impact of the district court’s or ITC’s *Markman* proceeding because the parties’ briefing, and the district court’s or ITC’s analysis, regarding claim construction under the common *Phillips* standard can be readily considered by the PTAB. 37 C.F.R. § 42.100(b).

A summary of the Babcock-Train Factors is provided in Table 2 below.

The Proposed “Babcock-Train” Factors Effectively Incorporate the Salient Considerations of the Current *NHK-Fintiv* Factors

The alternative “Babcock-Train” factors set forth above are not oblivious to the considerations that prompted the PTAB to adopt the *NHK-Fintiv* analysis. Indeed, most of the salient considerations of the *NHK-Fintiv* factors have been incorporated into the proposed alternative factors.

NHK-Fintiv Factor 1 (“whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted”):

This *NHK-Fintiv* Factor has been effectively incorporated into Babcock-Train Factor 6.

NHK-Fintiv Factor 2 (“proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision”):

This *NHK-Fintiv* Factor has been effectively incorporated into Babcock-Train Factor No. 6. At the pre-institution stage, attempting to predict the timing of a district court’s future trial date is very speculative, often little more than an educated and partially informed guess about events more than a year in the future. District courts routinely schedule multiple cases for trial in the same time frame, reasonably expecting that many of those cases will settle at some point before trial (like airlines who routinely overbook flights based on statistical cancellation rates). Accordingly, trial dates are frequently postponed, either by the Court *sua sponte* or in conjunction with party stipulation.²⁴ The PTAB should not engage in such error-prone speculation, and should not make an important institution decision based on information that is speculative and very likely to become inaccurate **after** the PTAB issues its DI.

The authors appreciate that proposed Babcock-Train Factor 6 (“stage of the district court proceeding”) would also require some speculation by the Board. But by shifting the focus from the distant trial date to the initial *Markman* proceedings, at the time of the POPR, the proposed forward-looking perspective is only 3 months (not 15 months), which is more likely to be ascertainable. Further, the parties are able to update the Board pre-institution through the submission of Supplemental Information (see 37 C.F.R. § 42.123(c)) or potentially other less formal means. In any event, the authors have included this factor last in the list, partly because of this implicit uncertainty.

NHK-Fintiv Factor 3 (“investment in the parallel proceeding by the court and the parties”):

This *NHK-Fintiv* Factor has been incorporated into Babcock-Train Factors 1 and 6. By filing an expeditious petition (pre-*Markman*), the investment in the parallel proceeding should be significantly reduced compared to filing a petition on the one-year deadline, which has likely allowed the parallel proceeding to advance beyond *Markman*.

NHK-Fintiv Factor 4 (“overlap between issues raised in the petition and in the parallel proceeding”):

This *NHK-Fintiv* Factor has been effectively incorporated into Babcock-Train Factor No. 5. In district court litigation, an accused infringer will nearly always assert one or more counterclaims for patent invalidity. If the accused infringer has filed a PTAB petition, those counterclaims will usually (not surprisingly) encompass the same challenges as set forth in the petition. Congress imposed estoppel on a petitioner and its privies only **after** the PTAB issues a Final Written Decision (“FWD”) (37 C.F.R. § 42.100(b)), so penalizing the petitioner earlier unfairly attempts to broaden the statutory estoppel. Pre-FWD, the petitioner should not be penalized for preserving its rights by raising those same arguments in the parallel district court or ITC litigation, and should not be effectively compelled to make some formal waiver of its litigation invalidity challenges by the PTAB.²⁵

NHK-Fintiv Factor 5 (“whether the petitioner and the defendant in the parallel proceeding are the same party”):

This *NHK-Fintiv* Factor has been effectively incorporated into Babcock-Train Factor 5.

NHK-Fintiv Factor 6 (“other circumstances that impact the Board’s exercise of discretion, including the merits”):

This *NHK-Fintiv* Factor has been incorporated into Babcock-Train Factors 1-4. While the authors propose that the Babcock-Train factors should be non-exhaustive, and thus do not suggest that the PTAB should be prohibited from considering other non-enumerated factors when raised by the parties and appropriate, a formal “catch-all” category should not be a discrete factor.

A general summary of the relationships between the *NHK-Fintiv* Factors and the Babcock-Train Factors is provided in Table 3 below. In that table, the authors

have endeavored to illustrate where each *NHK-Fintiv* Factor has been fully or partially incorporated into one or more of the Babcock-Train Factors.

Let the Constructive Dialog Continue...

The authors hope that the “Babcock-Train” factors proposed herein will provide a solid basis for continuing the dialog regarding the manner in which the Board should—or should not—invoke its discretion to deny a PTAB petition in view of co-pending parallel district court litigation.

Table 2

Babcock-Train Factors	
1) Alacrity of the Petitioner	The timing between service of the complaint in the parallel district court or ITC litigation, and the filing of the PTAB petition.
2) Merits of the Petition	The strength of the collective patentability challenge.
3) Litigation History of the Challenged Patent	The frequency of assertion of the challenged patent, including assertion in the U.S. district courts and the ITC.
4) Longevity of the Challenged Patent	The remaining time until the challenged patent’s expiration.
5) Section 315 Estoppel Effects	The extent to which the accused defendants in the litigation will be estopped under 35 U.S.C. § 315(e)(2) with respect to the PTAB challenges as applied to the petitioner, its privies, and the RPIs in the PTAB proceeding.
6) Stage of the District Court or ITC Proceeding(s)	The prospective stage of the parallel district court or ITC litigation beyond <i>Markman</i> as of the scheduled date for the PTAB’s DI.

Table 3

NHK-Fintiv Factors	1) whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted	2) proximity of the court's trial date to the Board's projected statutory deadline for a final written decision	3) investment in the parallel proceeding by the court and the parties	4) overlap between issues raised in the petition and in the parallel proceeding	5) whether the petitioner and the defendant in the parallel proceeding are the same party	6) other circumstances that impact the Board's exercise of discretion, including the merits
Babcock-Train Factors						
1) Alacrity of the Petitioner			Partially Incorporated			Partially Incorporated
2) Merits of the Petition						Partially Incorporated
3) Litigation History of the Challenged Patent						Partially Incorporated
4) Longevity of the Challenged Patent						Partially Incorporated
5) Section 315 Estoppel Effects				Partially Incorporated	Fully Incorporated	
6) Stage of the District Court or ITC Proceeding(s)	Fully Incorporated	Partially Incorporated	Partially Incorporated			

¹ The authors' naming of these factors reflects that the entire analyses herein are solely the personal views of the authors, and should not be attributed in any way to Womble Bond Dickinson or any of its clients.

² *General Plastic Indus. Co., Ltd. v. Canon Kabushiki Kaisha* IPR2016-01357, Paper 19 (Sept. 6, 2017) (precedential, seven-APJ panel).

³ *Becton, Dickson & Co. v. B. Braun Melsungen AG*, IPR2017-01586, Paper 8 (Dec. 15, 2017) (informative).

⁴ The six *Becton Dickinson* factors, the seven *General Plastic* factors, and the six *NHK-Fintiv* factors have been aptly called the "Discretionary Denial Trilogy".

Bemben & Specht, *Fintiv & Thryv Highlight PTAB-District Court Patent Litigation Interplay: Parties Must Heed the Discretionary Denial Trilogy*, IPWatchdog (June 4, 2020).

⁵ E.g., McKeown, *Congress Urged to Investigate PTAB Discretionary Denials*, Patents Post-Grant (June 30, 2020); Unified Patents, *PTAB Procedural Denials and the Rise of § 314* (May 13, 2020).

⁶ Babcock & Train, *PTAB Factors for Instituting IPR: What the Stats Show*, Law360 (Sept. 18, 2020).

⁷ See McKeown, *supra* note 5 ("The vast majority of discretionary denials under *NHK* are favoring aggressive trial schedules of Texas district courts."); Unified Patents, *supra* note 5 (The *NHK-Fintiv* analysis "favors litigants who file first in districts with aggressive time-to-trial that are unlikely to stay cases in light of IPRs—like the Western District of Texas, which schedules *Markman* hearings six months after a case management conference, with trials roughly 18 month after

the conference.”).

⁸ For purposes of the original statistical analysis, multiple IPRs involving the same parties but challenging different patents were grouped together as a single case when the PTAB issued institution decisions with the same analysis of the *NHK-Fintiv* factors. The venue analysis for those twenty-four grouped institution decisions is shown on the left, and the same analysis for each of the eighty-six individual institution decisions is shown on the right.

⁹ *E.g.*, Kass, *Tech Giants Are Putting PTAB's Discretion to the Test*, Law360 (“Another big concern for PTAB critics is that panels haven’t been interpreting the factors in *Fintiv* the same across the board....”).

¹⁰ *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB March 20, 2020) (precedential, designated May 5, 2020).

¹¹ *NHK Spring Co. v. Intri-Plex Techs., Inc.*, IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018) (precedential, designated May 7, 2019).

¹² *See, e.g.*, Jones, *USPTO Abuse of Discretionary IPR Denials Must Be Cabined*, Law360 (Sept. 10, 2020).

¹³ Quinn, *8 New PTAB Judges Sworn in at USPTO*, IPWatchdog (Nov. 12, 2012).

¹⁴ *Cisco Sys., Inc. v. Ramot at Tel Aviv Univ. Ltd.*, IPR2020-00123, Paper 13, at 12-13 (May 15, 2020) (Crumbley, APJ, dissenting) (emphases added).

¹⁵ *Apple Inc., Cisco Sys., Inc., Google LLC, & Intel Corp. v. Iancu*, No. 5:20-CV-06128-EJD (N.D. Cal. Aug. 31, 2020).

¹⁶ *Id.*, Intervenor’s Mot. to Intervene, Dkt. No. 28 at 8 (Sept. 14, 2020) (emphasis in original); *see* Brachmann, *Tech Companies’ Lawsuit Against USPTO – and Small Business Inventors’ Motion to Intervene – Highlight Need to Address NHK-Fintiv Factors Via Rulemaking*, IPWatchdog (Sept. 16, 202).

¹⁷ Letter from coalition of patent stakeholder organizations to the House and Senate Judiciary Committees, at 1 & 3 (June 18, 2020) (https://www.eff.org/files/2020/07/29/2020.06.18_ipr_discretionary_denial_letter_sjc.pdf).

¹⁸ Petition for Rulemaking Pursuant to 5 U.S.C. § 553(e) for Specific Criteria for Deciding Institution of AIA Trials, USPTO (Aug. 27, 2020).

¹⁹ *See* Quinn, *USPTO Announces That PTAB Precedential Decisions Can Be Anonymously Nominated*, IPWatchdog (Sept. 25, 2020).

²⁰ Congress intended for newly issued patents to be promptly reevaluated by the PTAB to “allow invalid patents that were mistakenly issued by the PTO to be fixed **early in their life, before they** disrupt an entire industry or **result in expensive litigation.**” 157 Cong. Rec. at S1326 (emphases added); *see* 153 Cong. Rec. at E774 (“In an effort to address the questionable quality of patents issued by the

USPTO, the bill establishes a check on the quality of a patent ***immediately after it is granted***.... The post-grant procedure is designed to allow parties to challenge a granted patent through a[n] expeditious and ***less costly alternative to litigation***.”) (emphases added).

²¹ *SAS Institute Inc. v. Iancu*, 138 S. Ct. 1348 (2018).

²² *TC Heartland LLC v. Kraft Foods Group Brands LLC*, 137 S. Ct. 1514 (2017).

²³ USPTO, *Trial Statistics: IPR, PGR, CBM* (Aug. 31, 2020)

(https://www.uspto.gov/sites/default/files/documents/trial_statistics_20200831.pdf).

²⁴ See McKeown, *District Court Trial Dates Tend to Slip After PTAB Discretionary Denials*, Patents Post-Grant (July 24, 2020).

²⁵ See *NVIDIA Corp. v. Tessera Advanced Techs., Inc.*, IPR2020-00708, Paper 9 (Sept. 2, 2020); *VMware, Inc. v. Intellectual Ventures I LLC*, IPR2020-00470, Paper 13 (Aug. 18, 2020).

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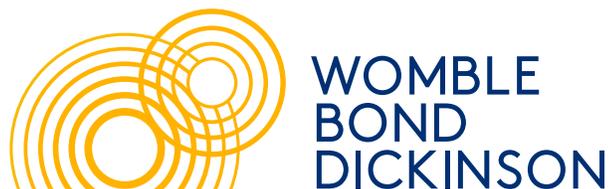
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Introduction

In 2012, Congress enacted the American Invents Act (“AIA”) for the purpose of “establish[ing] a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.”¹ Not long thereafter, the Patent Trial and Appeal Board (“PTAB”) confronted the practice of serial petitioning—a given petitioner filing a second PTAB petition challenging the same patent as challenged in an earlier unsuccessful PTAB

petition.² In a 2017 precedential decision, the Board provided a framework for the discretionary denial of serial petitions, attempting to reconcile the goals of the AIA with “the potential for abuse of the review process by repeated attacks on patents.”³ The Board’s analysis began with the simple question of “whether the same petitioner previously filed a petition directed to the same claims of the same patent.”⁴ However, subsequent PTAB decisions have contorted the meaning of the “same petitioner” for purposes of the serial petition analysis. What began as an attempt to limit petitioners to a single bite at the proverbial apple has since been expanded to prevent different (and sometimes entirely unrelated) petitioners from even having a first bite. In order to conform with the goals of the AIA, this unwarranted expansion should be curbed and the analysis for discretionary denial of serial petitions should be modified.

In an effort to add constructive commentary and aid in developing a more comprehensive and neutral framework,⁵ the authors set forth a proposed alternative analysis to the PTAB’s current *General Plastic* factors, which the authors term the “Serial Babcock-Train Tracks”.⁶

General Plastic

In the Board’s precedential *General Plastic* decision, the Board promulgated the following seven factors (originally set forth in *NVIDIA v. Samsung*⁷) for considering the Board’s discretion to deny so-called “follow-on” or serial petitions:

1. whether the same petitioner previously filed a petition directed to the same claims of the same patent;
2. whether at the time of filing of the first petition the petitioner knew of the prior art asserted in the second petition or should have known of it;
3. whether at the time of filing of the second petition the petitioner already received the patent owner’s preliminary response to the first petition or received the Board’s decision on whether to institute review in the first petition;
4. the length of time that elapsed between the time the petitioner learned of the prior art asserted in the second petition and the filing of the second petition;

5. whether the petitioner provides adequate explanation for the time elapsed between the filings of multiple petitions directed to the same claims of the same patent;
6. the finite resources of the Board; and
7. the requirement under 35 U.S.C. § 316(a)(11) to issue a final determination not later than 1 year after the date on which the Director notices institution of review.⁸

The Board developed these so-called “*General Plastic* factors” because both the *General Plastic* and *NVIDIA* cases involved identical petitioners.⁹ Not surprisingly, then, each of these cases raised the specter of a potentially unwarranted “second bite at the apple”. Notably, the first factor set forth two critical considerations, namely: 1) same petitioner; and 2) same claims of the same patent. Importantly, these factors were specifically developed in the context of the “same petitioner” and “same claims” facts of *General Plastic* and *NVIDIA*, but subsequent cases have greatly expanded this language to encompass different (and even unrelated) petitioners. In the authors’ view, this unwarranted expansion has frustrated the intent of the AIA and has overcorrected the Board’s aim of remedying the perceived “abuse of the review process”.

Valve I & II

In *Valve I*, the Board elaborated that it considered ***any relationship between petitioners*** when weighing the *General Plastic* factors.¹⁰ Subsequently in *Valve II*, the Board weighed Factor 1 against institution where the second petitioner was not the same as the earlier petitioner, but 1) had joined a previously instituted IPR, and 2) had been voluntarily dismissed as former co-defendant in a district court action with the earlier petitioner.¹¹ This *Valve II* decision represented an expansion of the scope of Factor 1’s inquiry into the “same petitioner”, now encompassing ***related*** petitioners who face discretionary dismissal based on a previously filed petition.

Expansion Beyond *General Plastic* and *Valve I & II*

After the Board’s decisions in *Valve I & II* to treat different but related petitioners as the “same petitioner” for purposes of the *General Plastic* factors, subsequent panels have relied upon this precedent to extend the Factor 1

consideration of the “same petitioner” even further to wholly unrelated petitioners. In *Ericsson v. Uniloc*, the Board acknowledged, “[i]t seems clear that Petitioner is not a co-defendant with the prior petitioners” and “absent this petition, no [significant] relationship [with the other petitioners], on the record before us, existed.” Nonetheless, the Board still weighed *General Plastic* Factor 1 against institution because “[t]he instant Petitioner’s decision to use the prior petitions as a roadmap for its own petition ties the interests of all the petitioners together.”¹²

Thus, like a game of telephone, the Board has distorted the Factor 1 consideration from the “same” petitioner in *General Plastic*, to a “related” petitioner in *Valve I & II*, and finally to essentially “any” petitioner in *Ericsson*. As evidence that this morphed analysis is not a natural expansion of the goals of the AIA or the Board’s initial objectives in *General Plastic* and *NVIDIA*, the determination of all petitioners as the “same petitioner” places an undue strain on the remaining analysis. For example, in *United Fire v. Engineered Corrosion*, the Board exercised its discretion to deny a petition in light of previously filed petitions, but “[b]ecause Petitioner was not a petitioner in the prior proceedings,” the Board was compelled to disregard Factors 2 and 4 as “ha[ving] little probative value here.”¹³

The Board’s unwarranted expansion of the *General Plastic* factors creates troubling uncertainties for petitioners regarding whether they will be afforded an opportunity to have the merits of their patentability challenges considered by the Board, or whether another party’s previously filed petition will wholly preclude those challenges. Given the front-loaded nature of PTAB proceedings—including lengthy and detailed petitions and in-depth technical declarations—a purely procedural denial typically results in a substantial waste of the petitioner’s resources (*e.g.*, time and expense), contrary to the objectives of the AIA. Moreover, such a procedural denial may result in the dismissal of meritorious patentability challenges, also contrary to the goals of the AIA.

Further, even the treatment of ***related*** petitioners as the same petitioner raises serious fairness concerns because, as explained in *Toshiba v. Walletex*, even where “all of the Petitioners are co-defendants in related district court litigation, they remain distinct parties, with ultimately distinct interests, and distinct litigation strategies.”¹⁴ There can be no legitimate dispute that

petitioners (and their PTAB counsel) come in all shapes and sizes, which can create wide variability in the quality, strategy, and persuasiveness of PTAB petitions. For example, a patentee may first strategically sue a small defendant, who has limited resources and may be expected to file an ineffective petition challenging the asserted patent. This strategy may thus serve to procedurally “inoculate” that patent against a subsequent defendant, who may have considerably more resources to expend on the challenge (e.g., prior art searches, expert witnesses, and PTAB counsel).

In balancing the equities, patent owners complain of their perceived unfairness in allowing multiple attacks against the same patent. But this concern often evaporates when “the volume appears to be a direct result of [the petitioners’] own litigation activity.”¹⁵ Indeed, a patent owner should not expect to poke a sleuth of sleeping bears and hope to only face a single counter-attack.

Furthering that analogy, choosing to poke a bear cub first should not preclude mama bear’s attack after she is also poked.

Additional Concerns with the *General Plastic* Factors

Although the expansion of Factor 1 likely represents the most significant concern with the *General Plastic* factors, the authors also address secondary concerns with respect to others of those factors.

In an attempt to prevent a petitioner from using the first petition as a so-called “roadmap,”¹⁶ the Factor 3 inquiry looks at whether, at the time of filing of the second petition, the petitioner already received 1) the patent owner’s preliminary response (“POPR”) to the first petition, or 2) the Board’s decision on institution (“DI”) in the first proceeding. But it is unclear why the inquiry ends at the DI, where receiving a final written decision (“FWD”) would further the concern of the petitioner using the first proceeding as a “roadmap”.

Indeed, the Board has considered situations where a FWD had been issued in the first proceeding before the filing of the second petition as a Factor 3 component weighing strongly in favor of petition denial.¹⁷

Factors 6 and 7, which ask about the finite resources of the Board and the Board’s requirement to issue a final determination under 35 U.S.C. § 316(a)(11), respectively, are frequently coupled together by the Board as a single consideration.¹⁸ These factors are similar in that they both inquire into generic

circumstances relating to the Board, rather than to the parties or the specific facts of a given case. The Congressional focus on an “efficient and streamlined patent system” was concerned with limiting unnecessary and counterproductive litigation costs for the *parties*, not preserving the Board’s “finite resources.” As such, these factors shift the focus in the wrong direction—away from circumstances relating to the parties and the case-at-issue, and toward general circumstances relating to the Board’s everyday administration of its case load. If balanced properly, the other party-related factors should be sufficient to have the indirect effect of preserving the Board’s finite resources by discerning between legitimate and wasteful serial petitions. Moreover, by including these indeterminate and effectively “catch-all” factors, the Board’s discretion becomes essentially unbounded and the predictability of institution decisions is largely eliminated.

Proposed Alternative to the *General Plastic* Analysis: The “Serial Babcock-Train Tracks”

At the outset, the authors do not consider the original intent of the *General Plastic* factors to be flawed for their primary goal of curtailing “abuse of the review process by repeated attacks on patents.”¹⁹ Rather, it is the Board’s subsequent expansion of these factors—particularly its assessment of whether the *same* petitioner is bringing a subsequent petition—that gives rise to the need for a more neutral and AIA-focused alternative analysis. With some modifications, many of the *General Plastic* factors can be preserved as part of an analysis that is more aligned with Congressional intent.

The authors first propose bifurcating the two distinct considerations within Factor 1 into a threshold consideration, such that the issues of “same petitioner” and “same claims of the same patent” are assessed initially and separately. The former should be taken as a preliminary consideration, and the latter should represent the entirety of a modified Factor 1, if the threshold inquiry is met.

Prior to engaging in a factor-by-factor analysis, the Board should first consider the relationship, if any, of the current petitioner with the previous petitioner. If they are the same party, privies, or real parties-in-interest, then the threshold inquiry is satisfied, and the Board should proceed to the factor analysis.

Alternatively, if the petitioners are related only as co-defendants in a district

court or ITC litigation, then the threshold inquiry is met only if the later petition was filed after the POPR in the previous proceeding, effectively giving the second petitioner three months to file a second petition. Time-barring co-defendants in this manner addresses patent owners' concerns of follow-on petitioners gaming the system by waiting to review the first POPR before filing a second petition, but also affords expeditious co-defendant petitioners an opportunity to file a separate petition without fear of procedural prejudice simply because another co-defendant filed its petition earlier. Finally, where the petitioners are unrelated by privity, real party-in-interest, or litigation, the threshold will not be met and the analysis ends. Again, a patent owner defending against multiple attacks by unrelated petitioners faces a problem of its own making. So the authors submit that this rule, while decisive, strikes a fair balance between petitioners' access to PTAB review proceedings, on the one hand, and petitioners' abuse of the review process, on the other, as the Board sought to do in *General Plastic*.

If, and only if, the foregoing threshold determination has been met, then the Board should continue to balance a modified version of the *General Plastic* factors. The authors propose that the PTAB de-designate the *General Plastic* factors as precedential authority,²⁰ and adopt an alternative set of non-exhaustive discretionary denial factors as follows (in decreasing order of weight):

1) The Overlap of the Claim(s) Challenged in the First and Second Petitions

Guidance: The greater the overlap of at least one claim challenged in the first and second petitions, the more this factor will weigh in favor of discretionary denial, and *vice versa*.

Commentary: This factor represents the latter portion of the bifurcated *General Plastic* Factor 1. As a refinement, the consideration of the overlap between "claim(s)" expressly acknowledges that even a single overlapping claim would weigh in favor of denial. This is especially so when an overlapping claim is an independent claim.

2) The Overlap of the Prior Art Reference(s) Asserted in the First and Second Petitions

Guidance: The greater the overlap of at least one the prior art reference challenged in the first and second petitions, the more this factor will weigh in favor of discretionary denial, and *vice versa*.

Commentary: Similar to Factor 1, the consideration of the overlap between “prior art reference(s)” expressly acknowledges that even a single overlapping reference would weigh in favor of denial. This is especially so when the overlapping prior art reference is the primary reference and any non-overlapping reference is cumulative and/or purportedly discloses well-known features.

3) The Petitioner’s Actual or Constructive Knowledge of the Prior Art References Asserted in the Second Petition at the Time of Filing the First Petition

Guidance: If the petitioner knew or should have known of at least one of the prior art references asserted in the second petition at the time of filing the first petition, then this factor will weigh in favor of discretionary denial, and *vice versa*.

Commentary: A near adoption of *General Plastic* Factor 2, this factor limits the petitioner’s ability to game the system by withholding prior art references in a first petition, only to assert them in a subsequent petition and argue that there is little or no overlap of the asserted references. Where an asserted reference was not actually known but was publicly available at the time of the filing of the first petition, the petitioner will be charged with “constructive knowledge” of the references, following the jurisprudence that has been developed for estoppel under the “should have known” standard.

4) The Status of the First Petition upon the Filing of the Second Petition

Guidance: Filing the second petition after the following events have occurred in the first petition will weigh in favor of discretionary denial (in decreasing order of weight): issuance of FWD; issuance of DI; filing of POPR.

Commentary: A refinement of *General Plastic* Factor 3, this factor provides two improvements: 1) expressly considering whether a FWD has been issued; and 2) providing explicit guidance to increase the weight of this factor as the status of the first petition progresses. The more information that the petitioner has at its disposal when filing the second petition (especially when that information reveals the Board's views with respect to the first petition), the greater the concern will be that the petitioner can use the first petition as a "roadmap."

5) The Length of Time that has Elapsed Between the Time the Petitioner Learned of the Prior Art Asserted in the Second Petition and the Filing of the Second Petition

Guidance: The longer a petitioner waits to file the second petition after learning of the asserted prior art, the more this factor will weigh in favor of discretionary denial, and *vice versa*.

Commentary: This factor is an adoption of *General Plastic* Factor 4. The inclusion of the petitioner's knowledge in this factor is not intended to affect the PTAB's limited discovery practices and public disclosure requirements.

6) The Explanation for the Time Elapsed Between the Filing of the Second Petition and the Filing of the First Petition

Guidance: A reasonable explanation for the time delay between the filing of the two petitions will weigh against discretionary denial, and *vice versa*.

Commentary: A near adoption of *General Plastic* Factor 5, this factor has been modified to remove the amorphous standard of "adequate" and the binary "yes-or-no" determination. This revised language recognizes the likelihood of differing strengths of explanations.

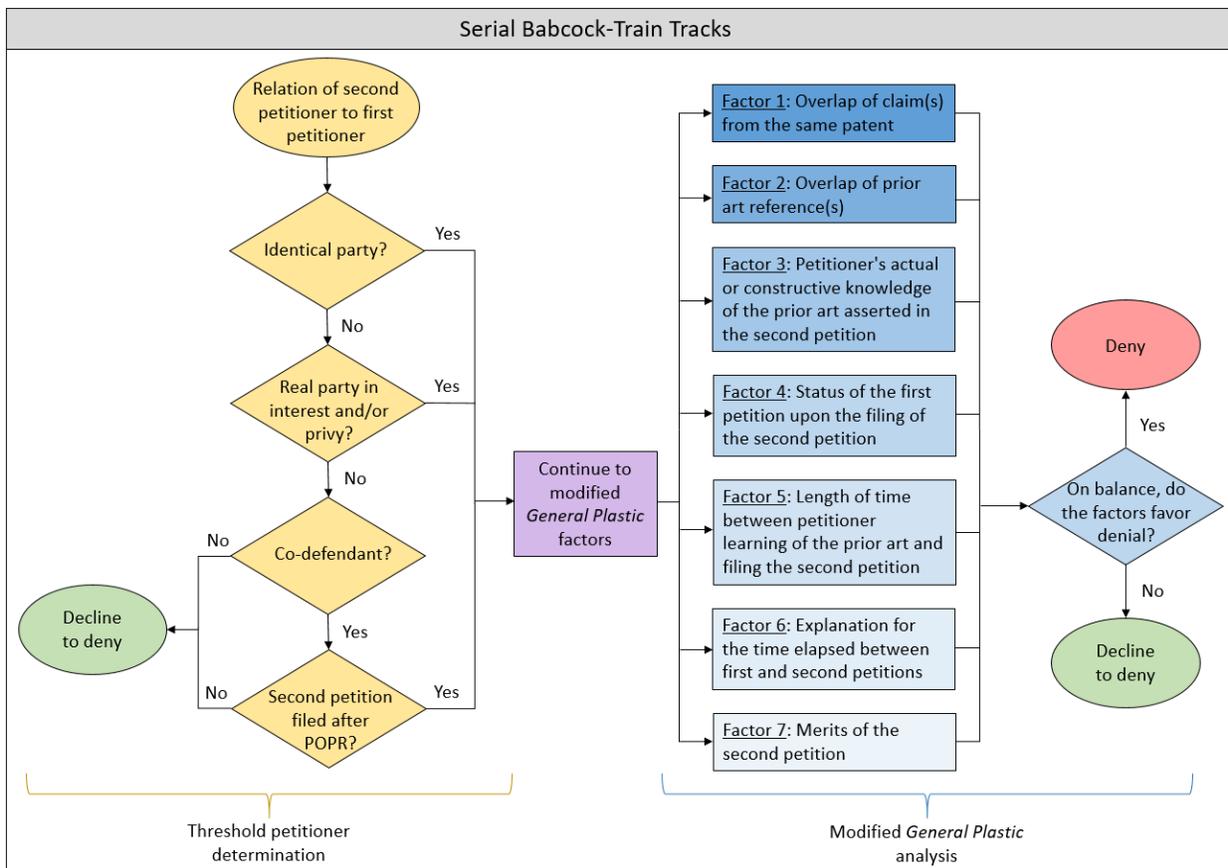
7) The Merits of the Second Petition

Guidance: A strong petition on the merits will weigh against discretionary denial, and *vice versa*.

Commentary: A newly proposed consideration, this factor inquires into the substantive merits of the second petition.²¹ This merits-focused factor addresses Congress’ public policy concern of “improv[ing] patent quality” by allowing especially strong petitions to proceed with PTAB review.

The authors propose that the above factors in the “Serial Babcock-Train Tracks” should be non-exhaustive, and thus the PTAB should not be prohibited from considering other non-enumerated factors when raised by the parties and as appropriate.

A general summary of the complete proposed alternative analysis is provided in the flowchart below:



Continued Dialogue

The authors’ proposal of the “Serial Babcock-Train Tracks” attempts to rectify a primary concern of the PTAB’s unwarranted expansion of the *General Plastic* “same petitioner” analysis, and also endeavors to refine the remaining analysis to better conform with Congress’ intent in enacting the AIA. It is likely that various stakeholders in the PTAB community will raise additional concerns with regard to these factors and/or propose alternative solutions to the concerns

presented herein. The authors welcome such a continuing dialogue and hope that this proposal can provide a helpful starting point for the ongoing discussion.

¹ H.R. Rep. No. 112-98, pt. 1, at 40 (2011), 2011 U.S.C.C.A.N. 67, 69.

² See *Conopco, Inc. v. Proctor & Gamble Co.*, IPR2014-00628, Paper 21 (PTAB Oct. 20, 2014).

³ *General Plastic Indus. Co., Ltd. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 (PTAB Sept. 6, 2017) (precedential, seven-APJ panel).

⁴ *Id.* at 16.

⁵ This issue has recently received particular attention from the USPTO. See U.S. Patent and Trademark Office, PTO-C-2020-0055, Request for Comments on Discretion to Institute Trials Before the Patent Trial and Appeal Board (Oct. 20, 2020).

⁶ The authors' naming of these factors reflects that the entire analyses herein are solely the personal views of the authors, and should not be attributed in any way to Womble Bond Dickinson or any of its clients.

⁷ *NVIDIA Corp. v. Samsung Elec. Co.*, IPR2016-00134, Paper 9 (May 4, 2016).

⁸ *General Plastic*, Paper 19 at 9-10.

⁹ *Id.* at 2-3 ("Nine months after the filing of the first set of petitions, Petitioner filed follow-on petitions against the same patents"); *NVIDIA*, Paper 9 at 8 ("The instant Petition is the second petition filed by Petitioner challenging claims 1-8 and 10-15 of the '675 patent").

¹⁰ *Valve Corp. v. Electronic Scripting Products, Inc.*, IPR2019-00062, Paper 11 (Apr. 2, 2019) ("*Valve I*").

¹¹ *Valve Corp. v. Electronic Scripting Products, Inc.*, IPR2019-00064, Paper 10 (May 1, 2019) ("*Valve II*") (precedential).

¹² *Ericsson Inc. v. Uniloc 2017, LLC*, IPR2019-01550, Paper 8 at 12 (Mar. 17, 2020).

¹³ *United Fire Protection Corp. v. Engineered Corrosion Sols., LLC*, IPR2018-00991, Paper 10 at 13 (Nov. 15, 2018) (Regarding Factor 2, "[b]ecause Petitioner was not a petitioner in the prior proceedings challenging the '700 patent, we conclude that whether Petitioner knew of or should have known of the asserted references at the time the prior petitions were filed has little probative value here."); *id.* at 16 (Regarding Factor 4, "[a]s discussed above

regarding Factor 2, the record does not establish when Petitioner learned of the asserted prior art. As such, we cannot determine, with any certainty, the length of time that elapsed between when Petitioner learned of the asserted prior art and the filing of the Petition.”).

¹⁴ *Toshiba Am. Info. Sys., Inc. v. Wallelex Microelectronics Ltd.*, IPR2018-01538, Paper 11 at 22 (Mar. 5, 2019).

¹⁵ *Toshiba*, Paper 11 at 21-22; *see also Samsung Elecs. Co. v. Iron Oak Techs., LLC*, IPR2018-01554, Paper 9 (Feb. 13, 2019) (The Board, when evaluating the *General Plastic* factors, “decline[d] to wield [Patent Owner’s] litigation activities as a shield.”).

¹⁶ *See General Plastic*, Paper 19 at 17 (“The absence of any restrictions on follow-on petitions would allow petitioners the opportunity to strategically stage their prior art and arguments in multiple petitions, using our decisions as a roadmap, until a ground is found that results in the grant of review.”).

¹⁷ *United Fire*, Paper 10 at 13 (“Patent Owner’s Response, Patent Owner’s expert testimony, and the Board’s Final Written Decision in the prior proceeding were also available when the Petition was filed.”).

¹⁸ *See, e.g., Valve I*, Paper 11 at 15; *Valve II*, Paper 10 at 15-18; *Toshiba*, Paper 11 at 21.

¹⁹ *General Plastic*, Paper 19 at 17.

²⁰ *See Quinn, USPTO Announces That PTAB Precedential Decisions Can Be Anonymously Nominated*, IPWatchdog (Sept. 25, 2020).

²¹ *See Babcock & Train, A Proposed Alternative to PTAB Discretionary Denial Factors*, Law360 (Oct. 1, 2020) (proposed Babcock-Train Factor 2).

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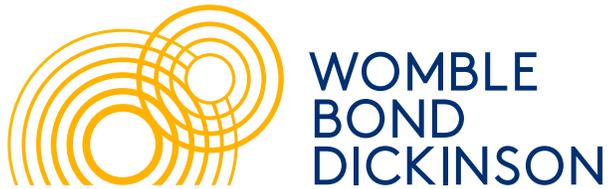
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An Initial Statistical Analysis of the PTAB's Recent "NHK-Fintiv Factor" Institution Decisions

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→ [AN INITIAL STATISTICAL ANALYSIS OF THE PTAB'S RECENT "NHK FINTIV FACTOR" INSTITUTION DECISIONS](#)

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The PTAB has recently garnered significant attention for denying a spate of IPR petitions in which the challenged patent is also subject to parallel district court litigation. In these cases, the PTAB has invoked the so-called "*NHK-Fintiv* rule," which originates from two precedential PTAB decisions, *NHK Spring Co. v. Intri-Plex Techs., Inc.*¹ and *Apple Inc. v. Fintiv, Inc.*,² in which the PTAB applied the rule and then exercised its discretion to deny institution of the IPR trials.

The *NHK-Fintiv* rule has now been applied by the PTAB in two dozen cases, providing a small but potentially informative statistical sample size. In view of the impact that this now precedential rule has had on PTAB practice in the last few months, the discussion below endeavors to provide a high-level statistical analysis of how the PTAB has sought to balance the six *NHK-Fintiv* factors in reaching its post-*Fintiv* institution decisions. An analysis of those decisions reveals that some factors (grouped into three "tiers" herein) are more determinative of the PTAB's institution decision than others. Further, if each factor is assigned a unique statistical weight, this analysis further reveals that institution decision outcomes do not directly follow a simple tabulation of factors "supporting" and "opposing" discretionary denial of institution, but typically rely on more complex inter-factor support in the institution decision.

The Six NHK-Fintiv Factors

In its precedential *Fintiv* decision, the PTAB, expanding on its precedent in *NHK*, considered the following six factors for discretionary denial of an IPR petition under 35 U.S.C. § 314(a):

1. whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
2. proximity of the court's trial date to the Board's projected statutory deadline for a final written decision;
3. investment in the parallel proceeding by the court and the parties;
4. overlap between issues raised in the petition and in the parallel proceeding;
5. whether the petitioner and the defendant in the parallel proceeding are the same party; and
6. other circumstances that impact the Board's exercise of discretion, including the merits.³

As of September 2, 2020, the PTAB had considered the foregoing *NHK-Fintiv* factors in determining whether to exercise its discretion to deny institution in at least twenty-four IPR cases.⁴ The appended chart summarizes how the PTAB weighed each factor in rendering its institution decision in each of those cases.

The Two-Dimensional Statistical Analysis

The following discussion analyzes the PTAB's institution decisions based on two distinct statistical metrics formulated and evaluated herein:

- Vertical "Record" Metric: The first metric is each factor's overall "record" based on its consistency, inconsistency, or neutrality with respect to the PTAB's institution decision. Analogous to a "win-loss-tie" record, this vertical analysis provides an isolated view into how the PTAB tends to evaluate each factor alone.
- Horizontal "Weight" Metric: The second metric is each factor's "weight" (*i.e.*, the percentage that the PTAB relied upon this factor in its overall consideration) based on the average number of other "supporting" or "opposing" factors that also played a role in the PTAB's institution decision. This horizontal analysis considers whether a particular factor played an important role in the PTAB's evaluation of it along with the other factors to support the institution decision, with a higher percentage corresponding to greater weight and reliance by the PTAB.

This two-dimensional statistical analysis attempts to provide insights into how the PTAB evaluates and weighs each of the six *NHK-Fintiv* factors from a macro perspective, irrespective of the specific and unique facts of each case.

Tier 1 Factors:

Factor 4 (record: 17-5-2; weight: 36%)

Factor 6 (record: 14-1-9; weight: 53%)

In the twenty-four post-*Fintiv* cases studied, Factors 4 and 6 are the most determinative *NHK-Fintiv* factors in the PTAB's discretionary denial analysis.

Frequently, the PTAB's institution decision reflects its findings with respect to these two factors (seventeen times for Factor 4 and fourteen times for Factor 6). Further, the PTAB rarely issues a decision that is inconsistent with its findings on these two factors (five times for Factor 4 and one time for Factor 6), and in none of the institution decisions did the PTAB arrive at a conclusion that was inconsistent with its findings on *both* of these factors. The strengths of these two factors are further demonstrated by their weights of 36% and 53%, respectively. For example, Factor 6's weight of 53% means that, on average, when the PTAB relied on this factor as part of its institution decision, more than

half of the PTAB's support for its decision came from Factor 6. Thus, Factor 6 depended on less mutual support and/or faced more opposition than any other factor.

On multiple occasions, the PTAB has relied entirely on Factors 4 and 6 in reaching its institution decision, despite the presence of two or even three opposing factors. For example, in *Sand Revolution II, LLC v. Continental Intermodal Group - Trucking LLC*, No. IPR2019-01393, Paper 24 (PTAB June 16, 2020), although the PTAB found Factors 2, 3, and 5 supported denial of institution, and considered Factor 1 neutral, the PTAB nonetheless instituted the IPR, finding Factor 4 marginally opposed denial of institution where "Petitioner [] stipulated . . . that, if the IPR is instituted, Petitioner [would] not pursue the same grounds in the district court litigation," and Factor 6 supported institution where "Petitioner [] set forth a reasonably strong case for the obviousness of most challenged claims."⁵

Tier 2 Factors:

Factor 2 (record: 15-6-3; weight: 34%)

Factor 3 (record: 15-5-4; weight: 30%)

The PTAB has afforded Factors 2 and 3 moderate determinative value in its overall discretionary denial analysis. The PTAB's findings with respect to Factors 2 and 3, which are rarely neutral, often reflect the outcome of the PTAB's institution decision. However, these factors tend to rely on more mutual support from the other factors (on average, Factors 2 and 3 are only weighted about one-third in the PTAB's institution decision) than do Tier 1 Factors 4 and 6.

For example, in *Kranos Corp. v. Apalone, Inc.*, No. IPR2020-00501, Paper 13 (PTAB July 16, 2020), the PTAB found that Factors 2 and 3 supported denial of institution where "the district court's trial date [preceded] the Board's statutory deadline for issuing a final written decision by at least ten months" and "[i]n view of the parties' completion of contentions, discovery, and dispositive motions in the related district court litigation, the parties ha[d] made a substantial investment in the parallel proceeding." In reaching its decision to deny institution, however, the PTAB found that Factors 4-6 also supported denial of institution.

Tier 3 Factor:

Factor 1 (record: 6-0-18; weight: 39%)

Factor 5 (record: 12-10-2; weight: 27%)

The PTAB has generally afforded the least determinative value to Factors 1 and 5. Factor 1 is somewhat of an outlier in this analysis because the PTAB often resolves this factor as neutral (eighteen times) and generally does not rely upon it in the institution decision, even in situations where the district court has already denied a motion for a stay. With Factor 5 almost evenly split between its consistency and inconsistency with the institution decision, very little information can be gleaned from reviewing Factor 5 in isolation. Further, even when the PTAB's finding on Factor 5 reflects the outcome of the institution decision, the PTAB only places about a quarter of its reliance on this factor.

For example, in deciding to deny institution in *Apple Inc. v. Maxell, Ltd.*, No. IPR2020-00203, Paper 12 (PTAB July 6, 2020), the PTAB found Factor 1 to be neutral even where the district court denied the petitioner's motion for a stay without prejudice, and found that Factor 5 supported denial of institution where "[b]oth parties acknowledge that Petitioner here is the defendant in the underlying litigation." But the PTAB further found that Factors 2-4 also supported denial of institution, and did not find that any factors opposed discretionary denial. Thus, it is difficult to say how much of a role Factor 5 played in the PTAB's decision.

Conclusion

After statistically evaluating the twenty-four post-*Fintiv* IPR institution decisions, the Tier 1 factors (Factors 4 and 6) are typically more determinative of the PTAB's institution decision than the Tier 2 factors (Factors 2 and 3) and Tier 3 factors (Factors 1 and 5). Further, the Tier 1 Factors tend to require less mutual support from the other factors in the institution decision, that is, Tier 2 and Tier 3 factors typically rely upon more complex inter-factor support in the institution decision. So while each case is factually unique and the PTAB's application of the *NHK-Fintiv* rule continues to develop, this statistical framework may assist in evaluating which factors to emphasize when presenting the issues to the PTAB.

Case	1. whether the court granted a stay	2. proximity of the court's trial date	3. investment in the parallel proceeding	4. overlap between issues	5. whether petitioner and defendant are the same party	6. other circumstances, including the merits	Institution Decision
<i>Apple Inc. v. Fintiv, Inc.</i> , No. IPR2020-00019, Paper 15 (PTAB May 13, 2020).	Neutral	Supports (somewhat)	Supports (somewhat)	Supports	Supports	Supports	Deny
<i>Church & Dwight Co., Inc. v. Batinkoff</i> , No. IPR2020-00168, Paper 11 (PTAB May 15, 2020).	Neutral	Neutral	Opposes	N/A	Supports (slightly)	N/A	Decline to deny
<i>Cisco Sys., Inc. v. Ramot at Tel Aviv Univ. Ltd.</i> , No. IPR2020-00122, Paper 15 (PTAB May 15, 2020).	Neutral	Supports	Supports (somewhat)	Supports	Supports	N/A	Deny
<i>Samsung Elecs. Am., Inc. v. Uniloc 2017 LLC</i> , No. IPR2020-00117, Paper 11 (PTAB May 28, 2020).	Neutral	Supports	Opposes (slightly)	Supports	Supports	Supports	Deny
<i>Med-El Elektromedizinische Gerate Ges.m.b.H. v. Advanced Bionics AG</i> , No. IPR2020-00190, Paper 15 (PTAB June 3, 2020).	Neutral	Opposes (strongly)	Opposes	Supports	Neutral	Neutral	Decline to deny
<i>Intel Corp. v. VLSI Tech. LLC</i> , No. IPR2020-00141, Paper 16 (PTAB June 4, 2020).	Neutral	Supports	Supports	Supports	Supports	N/A	Deny
<i>Ethicon, Inc. v. Bd. of Regents</i> , No. IPR2019-00406, Paper 27 (PTAB June 10, 2020).	Neutral	Supports (strongly)	Supports (heavily)	Supports (heavily)	Supports	Neutral	Deny
<i>Kavo Dental Techs., LLC v. Osseo Imaging, LLC</i> , No. IPR2020-00671, Paper 10 (PTAB June 10, 2020).	Opposes	Supports	Opposes	Opposes	Opposes	Neutral	Decline to deny
<i>Sand Revolution II, LLC v. Continental Intermodal Group - Trucking LLC</i> , No. IPR2019-01393, Paper 24 (PTAB June 16, 2020).	Neutral	Supports (marginally)	Supports (marginally)	Opposes (marginally)	Supports	Opposes	Decline to deny
<i>Supercell Oy v. Gree, Inc.</i> , No. IPR2020-00310, Paper 13 (PTAB June 18, 2020).	Neutral	Supports (narrowly)	Supports	Supports	Supports	Opposes	Deny
<i>LG Elecs., Inc. v. Bell N. Research, LLC</i> , No. IPR2020-00318, Paper 11 (PTAB June 22, 2020).	Opposes	Opposes	Opposes	Supports	Supports	Opposes	Decline to deny
<i>Medtronic, Inc. v. Teleflex Innovations S.A.R.L.</i> , No. IPR2020-00134, Paper 20 (PTAB June 26, 2020).	Opposes	Opposes	Opposes	Opposes	Supports	Opposes	Decline to deny
<i>Apple Inc. v. Maxell, Ltd.</i> , No. IPR2020-00203, Paper 12 (PTAB July 6, 2020).	Neutral	Supports	Supports	Supports	Supports	N/A	Deny
<i>Int'l Bus. Machs. Corp. v. Trusted Knight Corp.</i> , No. IPR2020-00323, Paper 15 (PTAB July 10, 2020).	Neutral	Opposes (heavily)	Opposes	Supports	Supports	Opposes	Decline to deny
<i>Kranas Corp. v. Apalone, Inc.</i> , No. IPR2020-00501, Paper 13 (PTAB July 16, 2020).	Neutral	Supports	Supports	Supports	Supports (or neutral)	Supports	Deny
<i>Apple Inc. v. Seven Networks, LLC</i> , No. IPR2020-00235, Paper 10 (PTAB July 28, 2020).	Neutral	Supports (moderately)	Supports (slightly)	Opposes (moderately)	Supports (slightly)	Opposes (strongly)	Decline to deny
<i>Intel Corp. v. PACT XPP Schweiz AG</i> , No. IPR2020-00518, Paper 12 (PTAB Aug. 11, 2020).	Opposes	Opposes (heavily)	Neutral	Neutral	Supports	N/A	Decline to deny
<i>Samsung Elecs. Co., Ltd., v. Dynamics, Inc.</i> , No. IPR2020-00502, Paper 34 (PTAB Aug. 12, 2020).	Opposes	Supports	Neutral	Opposes	Supports	Opposes	Decline to deny
<i>Google LLC v. Uniloc 2017 LLC</i> , No. IPR2020-00463, Paper 13 (PTAB Aug. 13, 2020).	Neutral	Opposes	Neutral	Supports	Neutral	Opposes	Decline to deny
<i>VMware, Inc. v. Intellectual Ventures I LLC</i> , No. IPR2020-00470, Paper 13 (PTAB Aug. 18, 2020).	Neutral	Supports	Neutral	Opposes	Supports	Opposes	Decline to deny
<i>Nuvasive, Inc. v. Acantha LLC</i> , No. IPR2020-00706, Paper 11 (PTAB Aug. 25, 2020).	Neutral	Neutral	Supports (not strongly)	Opposes	Opposes (strongly)	Opposes	Decline to deny
<i>NanoCollect Biomedical, Inc., v. Cytonome/ST, LLC</i> , No. IPR2020-00551, Paper 19 (PTAB Aug. 27, 2020).	Neutral	Supports	Supports (marginally)	Opposes	Supports	Opposes	Decline to deny
<i>Google LLC v. Personalized Media Commc'ns, LLC</i> , No. IPR2020-00720, Paper 16 (PTAB Aug. 31, 2020).	Neutral	Supports	Supports	Opposes (marginally)	Supports	Supports	Deny
<i>NVIDIA Corp. v. Tessera Advanced Techs., Inc.</i> , No. IPR2020-00708, Paper 9 (PTAB Sept. 2, 2020).	Opposes	Neutral	Opposes	Opposes	Opposes	Neutral	Decline to deny

¹ IPR2018-00752, Paper 8 (PTAB Sept. 12, 2018) (precedential).

² IPR2020-00019, Paper 15 (PTAB May 13, 2020) (precedential) [hereinafter "*Fintiv*"].

³ *Fintiv*, Paper 15 at 7-8 (citing *NHK*, Paper 8).

⁴ For purposes of this analysis, multiple IPRs involving the same parties but challenging different patents were treated as a single case when the PTAB issued institution decisions with the same analysis of the *NHK-Fintiv* factors.

⁵ See also *Apple Inc. v. Seven Networks, LLC*, No. IPR2020-00235, Paper 10 (PTAB July 28, 2020) (instituting trial where Factors 2, 3, and 5 supported denial of institution and only Factors 4 and 6 opposed denial of institution); *NanoCollect Biomedical, Inc., v. Cytonome/ST, LLC*, No. IPR2020-00551, Paper 19 (PTAB Aug. 27, 2020) (same); *VMware, Inc., v. Intellectual Ventures I LLC*, No. IPR2020-00470, Paper 13 (PTAB Aug. 18, 2020) (instituting trial where Factors

2 and 5 supported denial of institution and only Factors 4 and 6 opposed denial of institution).

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