

PTAB Parallel Litigation Study

Executive Summary

June 2022

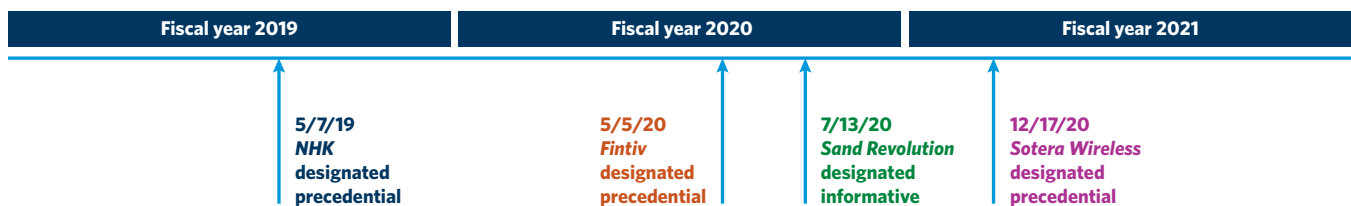
UNITED STATES
PATENT AND TRADEMARK OFFICE

uspto

Background

In 2019, the U.S. Patent and Trademark Office (USPTO) first denied institution of an America Invents Act (AIA) proceeding after taking into account that the same issues were raised in a parallel district court litigation that was set to go to trial before the Patent Trial and Appeal Board (PTAB) would reach a final written decision.¹ Since then, the PTAB developed and has applied the six factors set forth in the precedential *Fintiv* decision to decide whether to use the Director’s discretion to deny institution when there is a likelihood of duplicative litigation.² Denials of institution based on the *NHK* precedent and the later *Fintiv* factors are referred to collectively as “*Fintiv* denials.” The USPTO also issued informative and precedential decisions providing guidance on the use of petitioner stipulations to avoid overlap between proceedings before the PTAB and issues presented in a parallel litigation.³ The timeline in Figure 1 depicts the timing of these key PTAB decisions.

FIGURE 1



Intent of Study

The USPTO conducted the PTAB Parallel Litigation Study to better understand trends and to provide an authoritative source of data in *Fintiv* denials. The study also helps the USPTO make data-based decisions as it moves forward with formalizing the discretionary denial process. The USPTO provides detailed slides with the complete results of the data study on the PTAB statistics page (www.uspto.gov/patents/ptab/statistics). What follows is a summary of key takeaways from the study results.

1 The USPTO designated *NHK Spring Co., Ltd. v. Intri-Plex Techs., Inc.* as precedential in May 2019 (www.uspto.gov/patents/ptab/precedential-informative-decisions). This decision also based the denial of institution on Director discretion under 35 U.S.C. § 325(d) because the same or substantially the same prior art or arguments previously were presented to the Office.

2 The USPTO designated *Apple Inc. v. Fintiv, Inc.* as precedential in May 2020.

3 The USPTO issued two important decisions addressing different types of stipulations, i.e., *Sand Revolution II, LLC v. Continental Intermodal Group – Trucking LLC* in July 2020 (designated informative and addressing a stipulation regarding “same grounds”) and *Sotera Wireless, Inc. v. Masimo Corp.* in December 2020 (designated precedential and addressing a broader stipulation regarding grounds “raised or reasonably could have raised”).

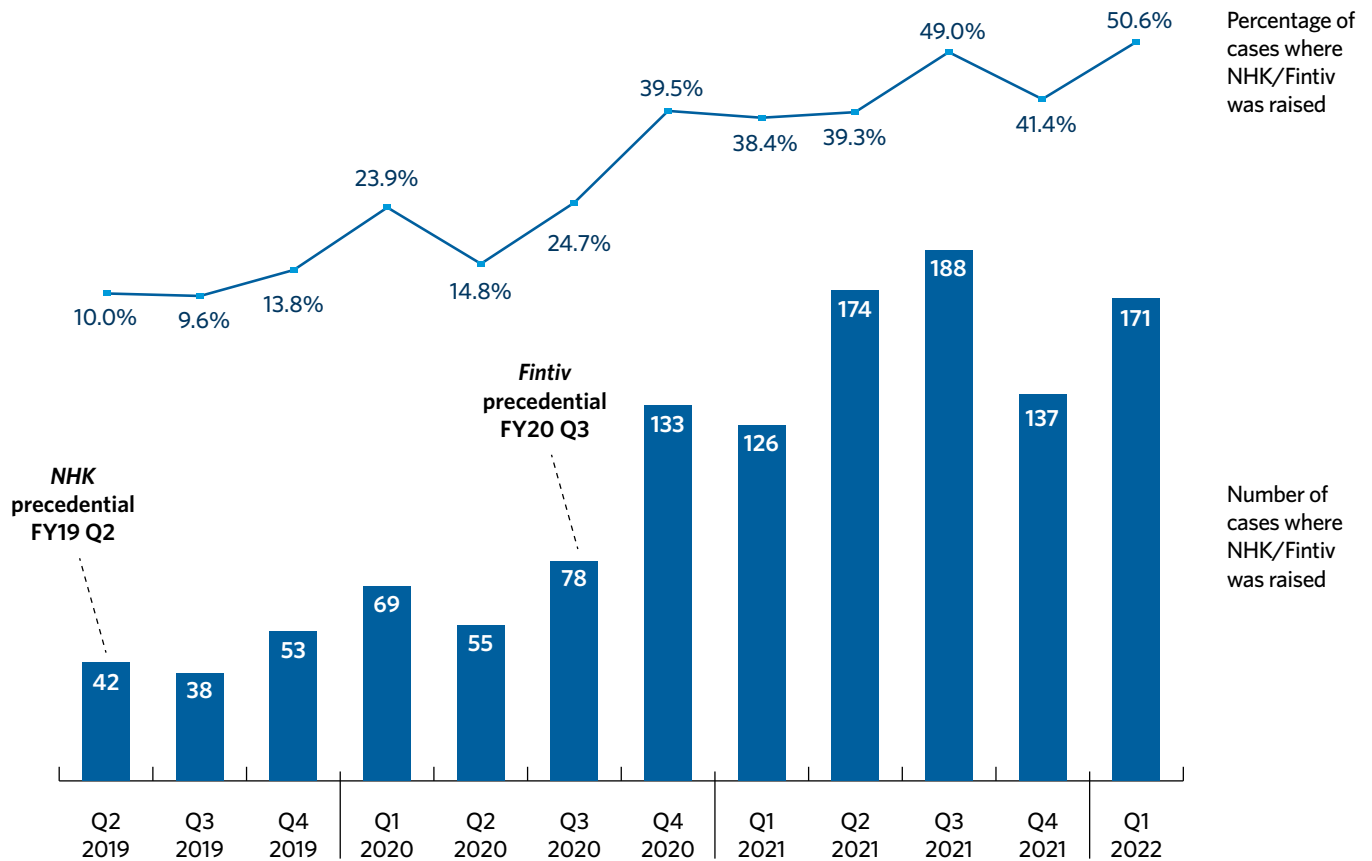
Study Results

Frequency

The study covered the time period from the first PTAB precedential decision in *NHK* through the end of the first quarter of fiscal year 2022. The study first examined how often *Fintiv* was raised in AIA proceedings. Figure 2 shows, over time, **the number of cases (bars)** and **percent of cases (line) in which NHK/*Fintiv* was discussed in a decision on institution or a patent owner raised it as an argument for denial of institution.** The study reveals that after *Fintiv* was designated precedential, parallel litigation was raised in about 40% of all cases.

FIGURE 2

NHK/*Fintiv* Issue Frequency

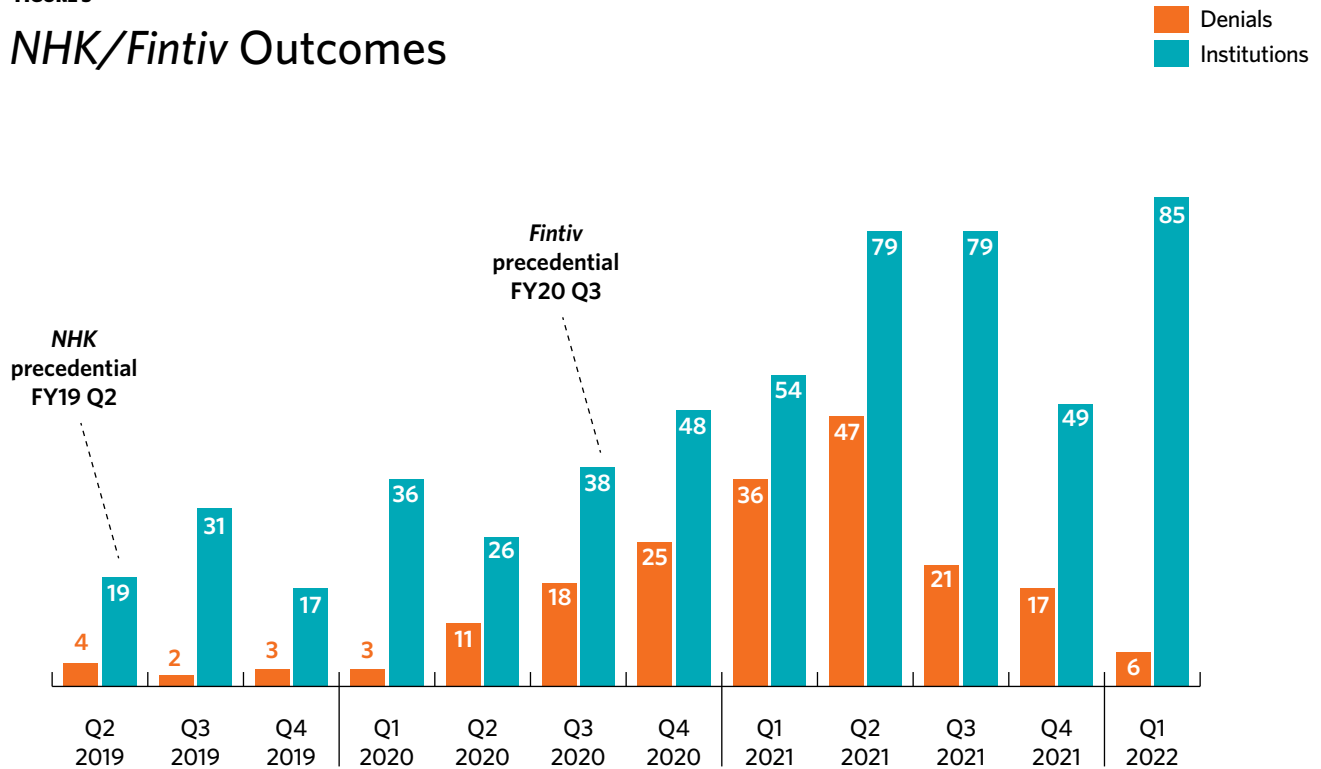


Outcomes

The study next examined outcomes in cases where the decision on institution analyzed a *Fintiv* argument. Figure 3 shows, over time, the number of cases where the PTAB denied institution (orange bars) based on *Fintiv* and where the PTAB instituted trial (blue bars) despite a *Fintiv* argument seeking denial. The study reveals that *Fintiv* denials peaked in the second quarter of fiscal year 2021 and dropped significantly afterwards.

FIGURE 3

NHK/*Fintiv* Outcomes



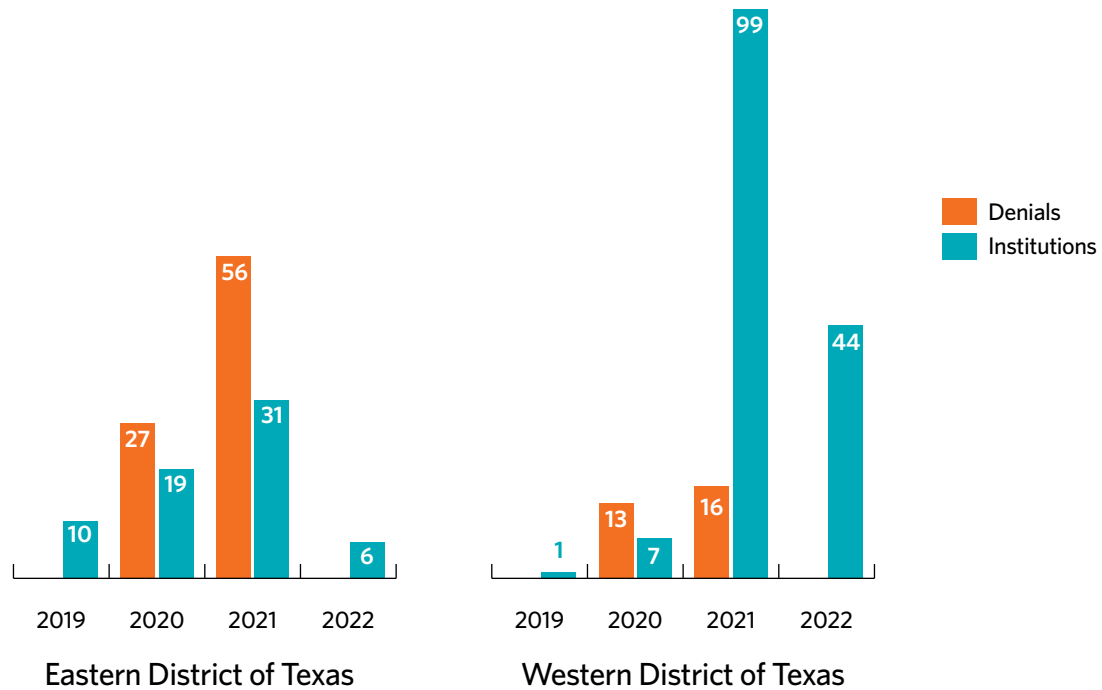
Starting in the third quarter of fiscal year 2021, *Fintiv* denials dropped significantly.

By District

The study also looked specifically at *Fintiv* denials based on parallel litigations in various district courts, including the Western District of Texas. Figure 4 shows, by fiscal year, the number of cases where the PTAB denied institution (orange bars) based on parallel district court litigation in either the Eastern or the Western Districts of Texas and where the PTAB instituted trial (blue bars) despite a *Fintiv* argument seeking denial in these districts. Although the Western District of Texas sets speedy trial dates, the number of *Fintiv* denials involving parallel litigation in this district has plummeted. In the time period covered by this study, the PTAB had issued no *Fintiv* denials based on parallel litigation in the Western District of Texas since August 2021.⁴

FIGURE 4

NHK/*Fintiv* Outcomes by District



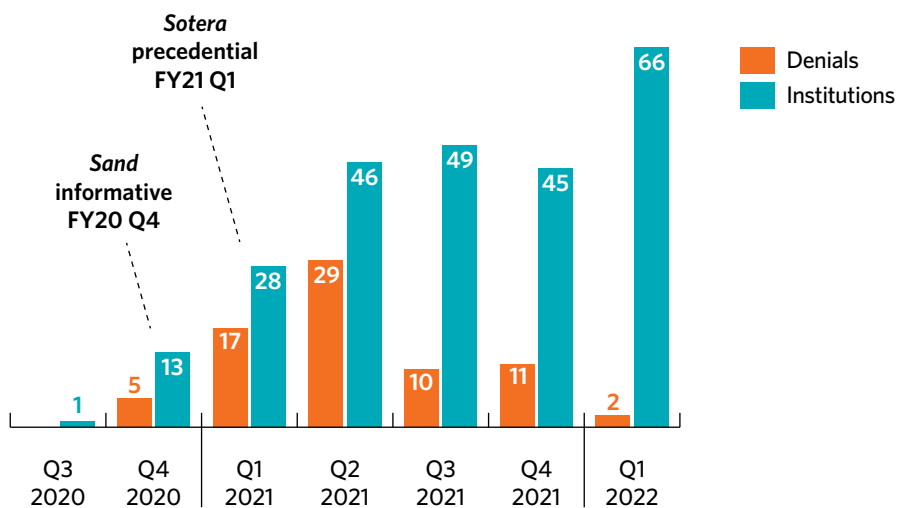
⁴ Some discretionary denials in WDTX may have issued since the close of this study.

Stipulations

The study also examined the role of stipulations in cases addressing requests for *Fintiv* denials. The USPTO issued two PTAB decisions⁵ to guide the public on using stipulations to avoid overlapping issues at the PTAB and in the district court. Figure 5 shows, over time, the number of cases where a petitioner filed a stipulation, with the **orange bars showing when the PTAB denied institution despite a stipulation** and the **blue bars showing when the PTAB instituted trial in cases with a stipulation**. The study reveals that the USPTO's guidance on using stipulations appears to have led to an increase in stipulation filings and a significant decrease in *Fintiv* denials.

FIGURE 5

NHK/*Fintiv* Outcomes with Stipulations



Thus, the overall downward trend in *Fintiv* denials likely is due in large part to the availability of additional USPTO guidance and petitioners adapting to that guidance in their filings.

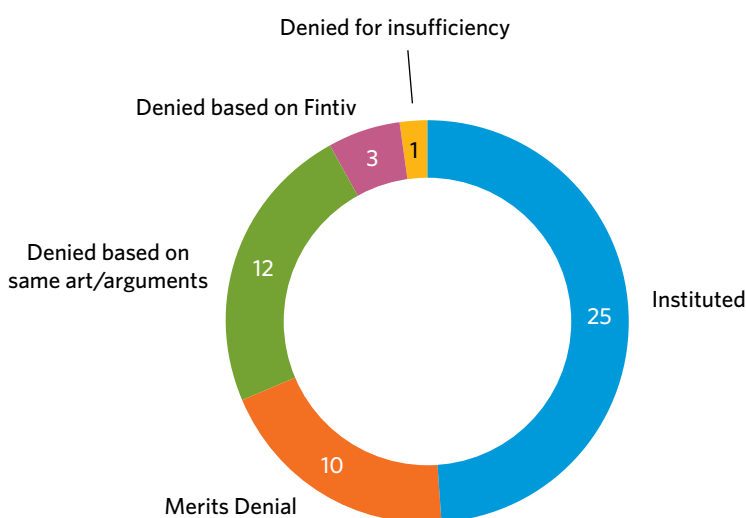
⁵ See note 3 above.

Fintiv Denials and Drug Patents

Since *Fintiv*'s designation in May 2020, the PTAB has issued 51 decisions on institution (DIs) for petitions challenging drug patents (as of March 2022).⁶ Figure 6 shows a pie chart of the outcomes in these DIs. The PTAB has denied institution of *three total* AIA petitions challenging two Orange Book-listed or biologic drug patents based on *Fintiv*.⁷

FIGURE 6

Outcomes in Drug Patent Institutions



Of those 51 decisions on institution:

- 25 drug-patent petitions were instituted (excluding eight joinder petitions).
- 10 drug-patent petitions were denied on the merits (i.e., the petition did not present grounds that met the threshold for institution).
- 12 drug-patent petitions were denied because the petition was based on the same or substantially the same prior art or arguments previously presented to the USPTO.
- 1 drug-patent petition was denied because an insufficient number of challenges met the institution standard.
- **3 drug-patent petitions** (1 petition challenging an Orange Book-listed patent and 2 petitions challenging a single biologic patent) **were denied based on *Fintiv***.⁵

⁶ "Drug patents" refers to Orange Book-listed patents and biologic patents of the type considered in the USPTO study on AIA trials involving petitions challenging such patents, available at www.uspto.gov/sites/default/files/documents/PTABOBbiologicpatentstudy8.10.2021draftupdatedthru-June2021.pdf.

⁷ This number includes two biologic drug patent petitions initially denied based on *Fintiv* but later instituted on rehearing.

Summary

The PTAB Parallel Litigation Study reveals a sharp decline overall in *Fintiv* denials and only three instances of *Fintiv* as a basis for denial of the studied drug patents. The decline in overall *Fintiv* denials can be attributed to petitioners adapting their behavior in response to USPTO guidance, such as using stipulations to avoid overlap in issues before both the PTAB and another tribunal. The significant decline in *Fintiv* denials demonstrates that petitioners have tools to ensure the PTAB hears petitions that meet the threshold for institution.



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