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USPTO Director Issues Interim Guidance on Discretionary Denials of PTAB Petitions

On June 21, 2022, U.S. Patent and Trademark Office (USPTO) Director Katherine K. Vidal issued [new, binding interim guidance](#) addressing the Patent Trial and Appeal Board's (PTAB) approach to discretionary denials of PTAB petitions. Specifically, the guidance addresses the PTAB's application of its precedential *Apple Inc. v. Fintiv* decision. Most notably, the Director's guidance clarified that the PTAB will not deny institution of an *inter partes* review (IPR) or post-grant review (PGR) petition under *Fintiv* if any of the following conditions apply:

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1. A request for denial under *Fintiv* is based on a parallel U.S. International Trade Commission (ITC) proceeding.
2. A petitioner stipulates not to pursue in a parallel district court proceeding the same grounds as in the petition or any grounds that could have reasonably been raised in the petition (*i.e.*, a petitioner agrees to a so-called “*Sotera* stipulation”).
3. A petition presents “compelling evidence” of unpatentability.

The interim guidance is effective immediately, but the USPTO “expects to replace this interim guidance with rules after it has completed formal rulemaking.” Each of the foregoing changes, in addition to a change in the application of the second factor in the *Fintiv* analysis, is discussed in further detail below.

The ITC and *Fintiv*

First, the Director states that *Fintiv* will no longer apply to parallel ITC proceedings because “the ITC lacks authority to invalidate a patent and the ITC’s invalidity rulings are not binding on the Office or on district courts.”

Sotera Stipulations

Second, the Director states that when a PTAB petitioner stipulates that it will not pursue invalidity in a parallel district court proceeding on the same grounds or any grounds that could have reasonably been raised in the PTAB petition (a so-called “*Sotera* stipulation”), “the PTAB will not discretionarily deny institution of an IPR or PGR in view of parallel district court litigation.”

Compelling Evidence

Finally, the Director states that “compelling, meritorious challenges will be allowed to proceed at the PTAB even where district court litigation is proceeding in parallel.” Such challenges “are those in which the evidence, if unrebutted in trial, would plainly lead to a conclusion that one or more claims are unpatentable by a preponderance of the evidence.” This clarification is meant to “strike[] a balance among the competing concerns of avoiding potentially conflicting outcomes, avoiding overburdening patent owners, and strengthening the patent system by eliminating patents that are not robust and reliable.”

Trial Date

In addition to the changes above, the Director updated the PTAB’s approach to *Fintiv* factor two, under which the PTAB considers the proximity of a parallel district court’s trial date to the PTAB’s projected statutory deadline for a FWD. The Director recognized that “[a] court’s scheduled trial date . . . is not by itself a good indicator of whether the district court

trial will occur before the statutory deadline for a final written decision,” and instructed the PTAB that “when other relevant factors weigh against exercising discretion to deny institution or are neutral, the proximity to trial should not alone outweigh all of those other factors.” Further, the Director stated that “[p]arties may present evidence regarding the most recent statistics on median time-to-trial for civil actions in the district court in which the parallel litigation resides for the PTAB’s consideration.”

The Director announced these changes in the wake of 822 comments made to the USPTO concerning the PTAB’s prior approach to exercising discretion on institution of PTAB petitions, as well as Senator Leahy’s recent introduction of the [PTAB Reform Act of 2022](#), which calls for preclusion of *Fintiv* practices (and is a revised version of [S.2891, Restoring the America Invents Act](#)).

If you have any questions about this Alert or Director Vidal’s interim guidance, please contact [Scott A. McKeown](#), [James L. Davis, Jr.](#), [Matthew J. Rizzolo](#), or [Brendan F. McLaughlin](#).