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## Litigation Update

# USPTO Rescinds Memorandum Addressing Discretionary Denial Procedures

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On Friday, February 28, the USPTO published a bulletin that rescinded the “Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation” memorandum published by former USPTO Director Kathi Vidal. The bulletin directed parties to continue referring to PTAB precedent, including *Fintiv and Sotera*. The bulletin also explained that to the extent any PTAB or Director Review decisions relied on the memorandum, the portions of those decisions shall not be binding or persuasive on the PTAB. Practically, this may lead the PTAB to have more discretion to deny institution of petitions with parallel litigation.

*Fintiv and Sotera* are directed to minimizing potential conflict between parallel court proceedings and PTAB proceedings. ([Apple Inc. v. Fintiv, Inc., IPR2020-00019, Paper 11 \(PTAB Mar. 20, 2020\) \(precedential\)](#) and [Sotera Wireless, Inc. v. Masimo Corp., IPR2020-01019, Paper 12 \(PTAB Dec. 1, 2020\) \(precedential as to § II.A.\)](#)) Under *Fintiv*, the PTAB considers the following factors to determine whether to institute PTAB proceedings:

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.

Under *Sotera*, the PTAB weighs *Fintiv* Factor 4 in favor of not denying institution when a petitioner stipulates they will not pursue in a parallel district court proceeding the same grounds as in the petition or any grounds that could reasonably have been raised before the PTAB.

The rescinded memorandum had directed the PTAB to interpret *Fintiv* and *Sotera* as follows:

1. Not deny institution under *Fintiv* when a petition presents compelling evidence of unpatentability;
2. Not deny institution under *Fintiv* when a request for denial under *Fintiv* is based on a parallel ITC proceeding;

3. Not deny institution under *Fintiv* where a petitioner stipulates they will not 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; and
4. Weigh against exercising discretion to deny institution if statistics showed that the district court's median time-to-trial was around the same time or after the projected statutory deadline for the PTAB's final written decision.

By rescinding the memorandum while still directing parties to *Fintiv and Sotera*, PTAB panels may now have more discretion in determining whether to deny institution in view of a parallel court proceeding. It remains to be seen what practical effect the rescission of the memorandum will have, and whether the USPTO will ultimately replace the memorandum with new guidance.

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