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A teal-colored background featuring a pattern of interlocking gears of various sizes, some in sharp focus and others blurred. A white rectangular box with a thin orange vertical bar on its left side is positioned in the lower-left quadrant of the image.

**2023 PTAB YEAR IN REVIEW**

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## Introduction

Wilson Sonsini Goodrich & Rosati is pleased to present our *2023 PTAB Year in Review*.

We begin with a review of 2023 petition filings and outcomes at the Patent Trial and Appeal Board (PTAB) of the U.S. Patent and Trademark Office (USPTO).

We then provide a summary of notable developments at the PTAB, including recent precedential and director review decisions.

We then explore several appellate decisions relevant to PTAB trials.

Next, we examine potential trends regarding motions to exclude and secondary considerations.

Finally, we provide an update on discretionary denials of institution for parallel litigation.

We hope you find our *2023 PTAB Year in Review* to be a useful resource for insight on the most meaningful developments from the past year. As always, should you have any questions or comments on any of the matters discussed in this report, please contact a member of the firm's post-grant practice or your regular Wilson Sonsini attorney.

## PTAB Filings and Outcomes

Patents challenged and substantive institution rates at the PTAB for FY2023 were generally consistent with trends observed since 2018, with rates of institution, merits denials, and discretionary denials similar to those in FY2022.

### 2023 AIA Post-Grant Proceedings Filing and Institution Rates

Over the past six PTAB fiscal years (from October through September), the number of petitions has dropped while the number of patents challenged has been flat. Thus, the reduction in the number of petitions may be attributable mainly to a decrease in parallel and serial challenges to patents. Institution rates were steady between FY2017 and FY2021, hovering at or around 60 percent. However, the institution rate for FY2022 and FY2023 petitions is significantly higher (67 percent-69 percent) at the expense of discretionary denials.<sup>1</sup>

	Petitions	Patents Challenged	Institution Rate	Denial of Institution	
				Merits	Discretion
FY17	1,904	1,295	61%	25%	13%
FY18	1,614	1,146	60%	26%	14%
FY19	1,467	1,048	57%	23%	19%
FY20	1,514	1,194	59%	21%	20%
FY21	1,403	1,136	58%	25%	17%
FY22	1,367	1,108	70%	24%	6%
FY23 <sup>2</sup>	1,243	1,052	67%	26%	6%

In past years, the frequency of discretionary denials such as those related to parallel district court litigation (*Fintiv*), serial challenges (*General Plastic*), and repeating arguments and evidence previously considered by the USPTO (*Advanced Bionics*) have rivaled the frequency of merits-based denials. In FY2022, the PTAB dramatically curtailed the use of discretionary denials. The reduced rate of discretionary denials remained consistent in FY2023.

Institution rates for the various technology centers remained variable

in FY2023, with rates ranging from 43 percent to 78 percent. In FY2023, the Biotechnology tech center experienced a large increase in institution rate, up 14 percent, while Computer Architecture saw a decrease of 20 percent, erasing most of a 28 percent increase it saw in FY2022. The remaining tech centers had institution rates more similar to FY22. Chemistry has long been the most difficult center to gain institution and remained so in FY23 with an institution rate of 43 percent.

Tech Center	FY20		FY21		FY22		FY23	
	Total Petitions	Institution Rate						
1600 – Biotechnology	78	57%	99	69%	95	58%	91	72%
1700 – Chemical and Material Engineering	98	47%	79	53%	53	49%	33	43%
2100 – Computer Architecture	124	67%	190	53%	168	81%	130	61%
2400 – Computer Networks	181	58%	254	53%	244	68%	242	64%
2600 – Communications	342	59%	232	55%	259	75%	261	69%
2800 – Semiconductors	264	66%	208	67%	212	72%	226	78%
3600 – Transportation	176	55%	142	63%	143	62%	124	64%
3700 – Mechanical Engineering	210	58%	176	55%	172	69%	121	67%
Miscellaneous	41	--	24	--	21	-	15	-

Looking now to Final Written Decisions (FWD) resulting from FY2022 petitions as compared to those filed in the prior two fiscal years, the percentage of decisions upholding all claims ticked down slightly to 17 percent while those finding all claims unpatentable ticked up slightly to 67 percent. Mixed decisions remained roughly constant at 16 percent. In keeping with past trends, successful motions to amend were obtained in only a very small percentage of cases.

	FY19 (n=461)	FY20 (n=449)	FY21 (n=480)	FY23 (n=351) <sup>3</sup>
All claims upheld	20%	18%	19%	17%
All claims unpatentable	60%	61%	66%	67%
Mixed	20%	20%	15%	16%
Amended claims	<1%	1%	<1%	<1%

## Notable Developments at the PTAB

Following the 2021 U.S. Supreme Court *Arthrex*<sup>4</sup> decision, the USPTO implemented an interim director review process providing for review of PTAB decisions by the USPTO director. While the USPTO continues to formalize a more permanent process, it updated the interim director review process in July 2023, retiring the Precedential Opinion Panel and creating the Delegated Rehearing Panel and the Appeals Review Panel.<sup>5</sup> Director Katherine Vidal in 2023 twice ordered director review to a Delegated Rehearing Panel. Both decisions are currently pending.

### PTAB Precedential Decisions

In 2023, Director Vidal designated five decisions as precedential. A brief

summary of each decision is included below.

**Failure to file a Patent Owner Response is not abandonment of the proceeding.** In *Apple Inc. v. Zipit Wireless, Inc.*,<sup>6</sup> the petitioner filed six petitions requesting *inter partes* review (IPR) of various patents, and after all were instituted the patent owner filed Responses in only two. During oral argument of those two cases, the patent owner was asked whether they were not

contesting a final written decision or adverse judgement in the four cases lacking Responses, and the patent owner confirmed, contingent on the panel determining the petitioner met its burden of proving the challenged claims were unpatentable.

The panel entered adverse judgments in the four cases lacking a Response, but Director Vidal granted *sua sponte* review and vacated the judgments, holding the patent owner’s trial statements were not an unequivocal abandonment. On remand, the panel nonetheless found that the petitioner had met their burden to prove by a preponderance of the evidence that all claims were unpatentable.<sup>7</sup>

**Conclusory expert witness testimony is afforded little weight.** In *Xerox Corp. v. Bytemark, Inc.*,<sup>8</sup> an expert witness’s declaration that merely repeated, *verbatim*, assertions from a petition without citing any supporting evidence or technical reasoning was deemed to be entitled to little weight. Director Vidal granted *sua sponte* review and affirmed the panel’s decision stating that since the declaration failed to “provide any technical detail, explanation, or statements supporting *why* the expert determines” that the claims were

obvious, that expert testimony was entitled to little weight under 37 C.F.R. § 42.65(a).<sup>9</sup>

**Multiple dependent claims incorporate the limitations of each independent claim.** In *Nested Bean, Inc. v. Big Beings Pty Ltd.*,<sup>10</sup> Director Vidal granted director review of an issue of first impression before the PTAB. In the challenged patent, claims 1 and 2 were independent, claims 3-16 depended from either claim 1 or 2, and claims 17-18 depended from only claim 1.<sup>11</sup> The PTAB found claims 2-16 were unpatentable, but the patent owner argued claims 3-16—to the extent they depended from claim 1—should not have been found unpatentable. Director Vidal determined that the fifth paragraph of 35 U.S.C. § 112 requires “that the patentability of a multiple dependent claim is considered separately as to each of its alternatively referenced claims” and that claims 3-16, which incorporated by reference the limitations of claim 1, were therefore not unpatentable.<sup>12</sup>

**The PTAB must evaluate the *Fintiv* factors before considering compelling merits to institute.** In *CommScope Techs. LLC v. Dali Wireless, Inc.*,<sup>13</sup> Director Vidal granted *sua sponte* review and clarified that her 2022 *Fintiv* Guidance Memo was not intended to allow for compelling merits to be a substitute for a *Fintiv* analysis in discretionary denials where there is parallel district court litigation. In her Guidance Memo, Director Vidal stated “the PTAB will not deny institution based on *Fintiv* if there is compelling evidence of unpatentability” and in the *CommScope* case, the panel jumped to considering the compelling merits without first evaluating *Fintiv* factors 1-5 to determine if discretionary denial was favored. Vacating that decision, Director Vidal explained that PTAB panels should “only consider compelling merits if they first determined that *Fintiv* factors 1-5 favored a discretionary denial.”

**A patent need not claim subject matter supported by its provisional to be entitled to its priority date under AIA for use as prior art.** In *Penumbra, Inc. v. RapidPulse, Inc.*,<sup>14</sup> the PTAB held that, under the America Invents Act (AIA), there is no need to evaluate whether any claim of a patent is actually entitled to priority when applying the patent as prior art. In the case, the patent owner argued a patent asserted as prior art is only entitled to the priority benefit of its provisional applications if 1) at least one claim of the patent was supported by the provisional applications, and 2) the provisional applications supported the patent. In contrast, the petitioner argued the first step was required only for pre-AIA patents. The PTAB concluded there is no need for prior art purposes to evaluate whether a claim is entitled to priority in the provisional so long as the priority document describes the relied-upon subject matter.

## Director Review

In 2023, the USPTO expanded parties' ability to request director review to PTAB institution decisions.<sup>15</sup> Director Vidal exercised this power numerous times. Several non-precedential director review decisions are summarized below.

### Sanctionable Conduct

In *Patent Quality Assurance, LLC v. VLSI Technology LLC*,<sup>16</sup> Director Vidal determined the petitioner's conduct was sanctionable and contemplated imposing an order for attorney fees or admonishment. Director Vidal found the petitioner made misleading arguments about the availability of an expert witness by representing the witness was exclusively engaged and thus could not be cross-examined in another IPR challenge while omitting the fact that the exclusive provision could be waived. Director Vidal also found the petitioner ignored Director Vidal's mandatory discovery and interrogatories, or otherwise gave such inadequate response as to be ineffective. Following

additional briefing by the parties, Director Vidal determined the behavior merited "a strong admonishment" but did not grant attorney fees because the conduct was "less egregious than that of petitioner" in *OpenSky* (below) and because the petition had merit.<sup>17</sup>

In *OpenSky Industries, LLC v. VLSI Technology LLC*,<sup>18</sup> Director Vidal found the patent owner took statements in prior decisions out of context and mischaracterized them, and misrepresented case law. Director Vidal nonetheless concluded the arguments weren't entirely frivolous but were instead an attempt to highlight factual issues at institution stage. Director Vidal admonished the patent owner rather than impose sanctions.

### Discretionary Denial—Parallel Proceedings Under 35 U.S.C. § 314(a)

In each of *AviaGames, Inc. v. Skillz Platform, Inc.*<sup>19</sup> and *Volvo Penta of the Americas, LLC, v. Brunswick Corp.*,<sup>20</sup> Director Vidal vacated a decision that denied institution on the basis that a district court had already found the claims invalid under §101. Director Vidal reasoned that 1) the §101 ground could not have been raised in the IPR challenge; 2) the challenged claims were still in force until appeal rights were exhausted; and 3) the panel failed to provide sufficient reasoning for denying institution using the *Fintiv* factors.

In each of *Vector Flow, Inc. v. HID Global Corp.*<sup>21</sup> and *ResMed Corp. v. Cleveland Medical Devices Inc.*<sup>22</sup> Director Vidal vacated a PTAB decision because the petitioner had not been allowed to file a pre-institution reply to address post-petition developments in a parallel district court proceeding, including median time-to-trial statistics.

### Discretionary Denial—Same Art or Arguments Under 35 U.S.C. § 325(d)

In *Wolfspeed, Inc., v. The Trustees of Purdue University*,<sup>23</sup> Director Vidal granted *sua sponte* director review

vacating the panel's exercise of discretionary denial under §325(d). The challenged patent was previously challenged based on a reference the panel found taught away from the asserted motivation to combine. In the second challenge, a different petitioner relied on similar references that did not include the teaching away. Because the new reference was not substantially the same as that relied on in the first petition, §325(d) did not apply.

In *Keysight Technologies, Inc. v. Centripetal Networks, Inc.*,<sup>24</sup> Director Vidal vacated the panel's decision to deny institution under §325(d) that had been based on an examiner's determination of patentability in a child application that was inconsistent with a prior final written decision regarding its parent application. Director Vidal found the panel erred in its *Advanced Bionics* evaluation for not finding examiner error in a manner material to patentability of the challenged patent.

In *Boehringer Ingelheim Animal Health USA Inc. v. Kansas State University Research Foundation*,<sup>25</sup> Director Vidal vacated the decision denying institution under 35 U.S.C. § 325(d). The panel had held the petitioner's enablement and written description challenges were redundant to the examiner's written description rejection during prosecution. Director Vidal concluded that the panel had not sufficiently "set forth its rationale in sufficient detail to inform the parties and the public" why the enablement was substantially similar to the written description rejection.

### Additional Topics

In *Samsung Electronics Co., Ltd. v. Netlist, Inc.*,<sup>26</sup> Director Vidal authorized additional discovery after institution of IPR—including indemnification agreements and communications related to the challenged patent—to facilitate PTAB evaluation of whether the petition is time-barred based on real parties-in-interest.

In *SolarEdge Technologies Ltd. v. SMA Solar Technology AG*,<sup>27</sup> Director Vidal initiated *sua sponte* director review, finding applicant-admitted prior art that was described as “prior art” in the patent specification was an admission that the art was “known.”

## Appellate Review of AIA Post-Grant Proceedings

### U.S. Supreme Court Update: Enablement

In 2023, the Supreme Court addressed the enablement requirement for the first time in decades. Section 112(a) of the patent code requires a description sufficient to enable a person skilled in the art to make and use the invention. This issue can arise directly as a patentability challenge in a Post-Grant Review, but it can also arise for amended claims in post-grant proceedings including IPRs and reexaminations, and it can also determine whether a patent is entitled to its earliest claimed filing date (and thus possibly subject to intervening prior art). Federal Circuit critics, including prominent academics, had suggested that the court’s requirement that the enabling disclosure be commensurate with the full-scope of the claim lacked basis in the statute and Supreme Court case law. *Amgen v. Sanofi*,<sup>28</sup> a case involving claims to antibodies that encompass a genus described by their ability to bind an antigen and prevent activity despite disclosure of relatively few such antibodies, was offered as a case to test the bounds of the full-scope requirement.

As we discussed in a [previous edition](#), the Supreme Court heard the case, but then unanimously concluded that the Federal Circuit had reached the correct decision. The Court did not comment

on Federal Circuit tests and precedent, but instead discussed its own (century-or-more-old) precedent to conclude that the disclosure must reasonably support the full scope of a claim. The Federal Circuit has responded by largely ignoring the decision *except* when the claims are directed to an antibody. In *Baxalta GmbH v. Genentech, Inc.*<sup>29</sup>, the Federal Circuit explained that it did “not interpret *Amgen* to have disturbed our prior enablement case law[.]” Thus, according to the Federal Circuit, the sole Supreme Court pronouncement on patent law in 2023 merely confirmed the status quo. The USPTO reached essentially the same conclusion with the caveat that it might take a closer look at functional claiming that sweeps in large numbers of embodiments regardless of technology.<sup>30</sup>

### Notable Federal Circuit Cases

#### Discretionary Denials

The Supreme Court has twice held that a decision to deny institution in an *inter partes* (or post-grant) review is essentially unreviewable. The USPTO has developed rules for barring categories of petitions. Because these rules issue as institution decisions, the USPTO contends they are not reviewable. One particularly controversial category is the so-called *Fintiv* test, under which the PTAB denies institution if it thinks a district court might resolve the patentability question sooner. *Apple v. Vidal*<sup>31</sup> addresses whether the USPTO must promulgate such rules through ordinary notice-and-comment rulemaking, which is subject to judicial review. The appellants had challenged the practice in district court, but the court dismissed the challenge as an impermissible end run on the no-review provision. The Federal Circuit disagreed. It held the appellants’ direct challenge to the merits of the *Fintiv* rule was unreviewable, but the challenge based on improper rulemaking process

should proceed. Some appellants sought a writ of certiorari for the Supreme Court to address the merits of their challenge, but the petition has been denied.<sup>32</sup> If on remand the question is resolved, if it is resolved in favor of the challengers because the process was wrong, the result would be a significant change in how the USPTO promulgates IPR-related rules and whether promulgating them as individual case decisions will continue to protect them from review.

#### One-Year Deadline

In *Purdue Pharma v. Collegium Pharmaceutical*,<sup>33</sup> the Federal Circuit held the one-year deadline for a final written decision was not jurisdictional. Purdue Pharma has famously been involved in a bankruptcy, which delayed the decision, particularly because the PTAB took time to determine how to address the bankruptcy. The court explained that Congress set the statutory deadline as an expectation but did not provide a remedy so the court cannot provide any remedy for a missed deadline.

#### Obviousness Standards

In *LKQ Corp. v. GM Global*,<sup>34</sup> the Federal Circuit affirmed an IPR decision that that GM’s design patent was neither anticipated nor obvious. Judge Lourie separately concurred to explain why LKQ’s challenge to Federal Circuit design-obviousness law as inconsistent with Supreme Court obviousness precedent is wrong. The Federal Court has agreed to take the case en banc to review the question Judge Lourie addressed. While design patents are a tiny fraction of PTAB cases, the concern that design patents have different and allegedly more rigid requirements for obviousness mirrors similar concerns for chemical obviousness. Hence, a decision en banc might provide clarification on whether special rules of obviousness are appropriate for different categories of patents.

## Claim Construction

The Federal Circuit affirmed denial of a motion to amend the claims in *Medytox v. Galderman*.<sup>35</sup> The PTAB had provided preliminary guidance on how it understood the proposed claims, but after further development of the record reached a different conclusion. The court explained that the PTAB had not denied Medytox due process because the preliminary guidance is just that—preliminary—with the result changing as the record changes. Medytox knew Galderman was challenging the construction and participated in creating the record that led to the PTAB’s reassessment.

By contrast, in *Axonics v. Medtronic*,<sup>36</sup> the PTAB erred by failing to consider changes in the record. After institution, Medtronic offered a new construction in its patent owner response, but the PTAB declined to consider Axonics’s reply. The court confirmed that a petition is supposed to be complete, even on claim construction, but it cannot be required to anticipate a construction that is first offered after institution. Because the record changed during the trial, the PTAB was obligated to consider each side’s arguments.

## Broadening Amendments

The Federal Circuit affirmed denial of an amendment for enlarging the scope of the claim in *Sisvel International v. Sierra Wireless*.<sup>37</sup> The court confirmed that the petitioner has the ultimate burden of proof on unpatentability, but explained the patent owner has the burden to establish whether its amendments met formal requirements. The PTAB’s determination is reviewed deferentially for an abuse of discretion. Here, the change from “based on” to “using” had the effect of broadening the claim, which 35 U.S.C. §316(d) does not permit.

## Interferences

Finally, who would have thought a decade after the U.S. shifted to a first-to-file system in the AIA that the Federal Circuit would still be deciding interference appeals? Yet 2023 saw two precedential interference opinions. In *Dionex Softron v. Agilent Technologies*,<sup>38</sup> the court affirmed a priority award to Agilent. In *SNIPR Technologies Ltd. v. Rockefeller University*,<sup>39</sup> however, the court reversed a decision against SNIPR, agreeing with SNIPR that the PTAB lacked jurisdiction over SNIPR’s post-AIA patent. Moreover, this coming year promises another decision in the ongoing interferences over key CRISPR technology involving the University of California and Broad Institute.

## Director Review Decision Emphasizes Ruling on Motion to Exclude

A recent director review decision in *Weber, Inc. v. Provisur Technologies, Inc.*<sup>40</sup> may lead to increased consideration of motions to exclude in AIA post-grant proceedings.

During a PTAB trial, either party may file a motion to exclude evidence without prior authorization.<sup>41</sup> It might appear that the PTAB would have two options: to grant the motion and exclude the evidence or to deny the motion and admit the evidence. However, the PTAB has sometimes availed itself of a third option: stating that it has not considered the objected-to evidence and concluding that the motion to exclude is moot.

In *Weber*, the panel availed itself of this third option. During trial, patent owner Provisur Technologies submitted

numerous exhibits in support of arguments that persons of ordinary skill in the art would not have made the combination proposed by petitioners and that industry members had been unsuccessful in developing the patented features.<sup>42</sup> The petitioner filed a motion to exclude these exhibits.<sup>43</sup> The panel issued a final written decision holding that the petitioner had shown that all but one of the challenged claims was unpatentable.<sup>44</sup> Regarding the motion to exclude, the panel stated that it did “not, in this Final Written Decision, rely on any of the contested evidence. Accordingly, Petitioner’s motion is dismissed as moot.”<sup>45</sup>

The patent owner filed a director review request, arguing that the panel had violated the Administrative Procedures Act by dismissing its evidence as “moot—even though the evidence was decidedly not moot.”<sup>46</sup> In a director review decision, the director found that the panel had improperly dismissed the patent owner’s evidence rather than considering it.<sup>47</sup> The director found that the panel’s statement that it “did not rely on any of the contested evidence” was inadequate to address the disputed evidence, as the evidence had been advanced to support an argument from the patent owner that the panel had rejected.<sup>48</sup> Accordingly, the director vacated the final written decision and remanded the case to the panel with instructions to either consider the patent owner’s evidence or grant the Motion to Exclude.<sup>49</sup>

The *Weber* decision highlights a source of relief available where the panel decides against a party without adequately considering that party’s evidence. At the same time, the director’s decision may discourage the PTAB from avoiding ruling on motions to exclude, leading the PTAB to either consider or exclude more evidence.

## Secondary Considerations Before the PTAB

A determination as to the obviousness of claims challenged in a PTAB trial requires the consideration and weighing of the four *Graham* factors: 1) the scope and content of the prior art; 2) differences between the prior art and the claims at issue; 3) the level of ordinary skill in the pertinent art; and 4) objective indicia of nonobviousness (i.e., secondary considerations).<sup>50</sup> Secondary considerations include, for example, evidence of commercial success, long-felt need, and failure of others.<sup>51</sup> As the Federal Circuit has explained, secondary considerations are “to be considered as part of all the evidence, not just when the decisionmaker remains in doubt after reviewing the art,” and thus, when presented, must be “considered collectively with the other *Graham* factors.”<sup>52</sup>

Historically, the PTAB considers evidence of secondary considerations in only a small portion of instituted trials. For example, beginning in 2014, about 20 percent of final written decisions addressed the persuasiveness of secondary considerations evidence brought by a patent owner in reaching the obviousness determination. This remained steady until 2018, when the portion of final written decisions addressing the issue of secondary considerations fell to about 10 percent before rising again to about 20 percent in 2021. The years 2022 and 2023 have remained steady since, with about 15 percent and 20 percent of final written decisions addressing the issue, respectively.

Among these decisions, only a small handful result in finding that a patent owner’s evidence of secondary considerations support a determination of nonobviousness of a challenged

claim. With the exception of 2016 and 2017, where the PTAB found evidence of secondary considerations evidence persuasive in 12 and 24 cases, respectively, fewer than 10 decisions annually involved a finding that a patent owner’s evidence of secondary considerations was persuasive to support a nonobviousness determination of at least one challenged claim. Over the past three years, 2021 and 2022 each included seven such decisions, while 2023 resulted in five such decisions. Overall, these decisions represent about one percent or fewer of the total final written decisions issued by the PTAB in a given year.<sup>53</sup> When factoring in instances where the same secondary considerations evidence with respect to a patented product or process is presented in multiple proceedings against related patents, these numbers are even lower.

Where the PTAB found a patent owner’s evidence of secondary considerations supported a nonobviousness determination, the case often involved technology relating to a predictable arts field, rather than the unpredictable arts, with cases involving predictable arts technology representing about twice the number of cases relative to those involving unpredictable arts. For predictable arts, the secondary considerations most commonly advanced by a patent owner included commercial success and industry praise, while, for the unpredictable arts, a patent owner more often advanced evidence concerning commercial success and unexpected results.

While the trial stage of an instituted proceeding is the main opportunity for a patent owner to introduce evidence of secondary considerations, the issue may still arise during the pre-institution stage and can lead to the PTAB to decide not to institute a proceeding. This may happen when evidence of secondary considerations was previously considered by the USPTO or by another tribunal; for instance, where

an examiner considered such evidence in allowing the challenged patent. In these cases, the PTAB has denied institution when the petitioner failed to adequately address this known evidence of nonobviousness in the petition.<sup>54</sup>

## Updates on *Fintiv*-Based Discretionary Denial

In past years, discretionary denial under *Fintiv* has been a contentious and dynamic issue, with pre-institution papers routinely devoting substantial space to analyzing several *Fintiv* factors when arguing for or against denial of institution in view of parallel litigation. However, as discussed in our [2022 PTAB Year In Review](#), Director Vidal’s *Fintiv* Memorandum<sup>55</sup> significantly curtailed *Fintiv*-based denials. Most notably, the *Fintiv* Memorandum states that the PTAB will not exercise its discretion to deny institution under *Fintiv* if the petitioner stipulates that, if trial is instituted, it will not pursue in the parallel litigation the same grounds or any ground it reasonably could have raised in the petition.<sup>56</sup> This is known as a *Sotera* stipulation.<sup>57</sup> The *Fintiv* Memorandum also states that the PTAB will not exercise its discretion to deny institution under *Fintiv* where the petition presents “compelling” evidence of unpatentability.<sup>58</sup> Though these policy changes have reduced the number of *Fintiv*-based denials, a review of institution decisions in FY2023 shows that *Fintiv* is still alive and requires careful consideration under certain circumstances.

While a *Sotera* stipulation now almost guarantees that institution will not be denied under *Fintiv*, the PTAB has continued to exercise its discretion to deny institution under *Fintiv* in certain cases when the petitioner chooses not to

make a *Sotera* stipulation. This occurred 19 times in FY2023.<sup>59</sup> In five of these cases, the petitioner made no stipulation that it would not pursue certain grounds in the parallel litigation.<sup>60</sup> In four of these cases, the petitioner made a narrow stipulation, known as a *Sand Revolution* stipulation, agreeing not to pursue the same grounds in the parallel litigation.<sup>61</sup> In 10 of these cases, the petitioner made an intermediate stipulation that went beyond a *Sand Revolution* stipulation to cover certain grounds in addition to the specific grounds in the petition—e.g., grounds containing any of the same references—but that did not extend to all grounds the reasonably could have been raised in the petition per a *Sotera* stipulation.<sup>62</sup>

Nevertheless, the petitioners still have several avenues for avoiding *Fintiv*-based denials without a *Sotera* stipulation. For example, as noted above, even if the *Fintiv* factors would otherwise warrant discretionary denial, the PTAB will not deny institution under *Fintiv* for petitions presenting “compelling evidence of unpatentability.”<sup>63</sup> During FY2023, there were 13 cases without a *Sotera* stipulation in which the PTAB found compelling evidence of unpatentability after finding that the *Fintiv* factors otherwise favored discretionary denial.<sup>64</sup> The PTAB also found that the *Fintiv* factors simply did not favor denial of institution in 25 institution decisions without a *Sotera* stipulation.<sup>65</sup> Thus, even without a full

*Sotera* stipulation, most petitioners have still been able to avoid a *Fintiv*-based denial either because the PTAB’s weighing of the *Fintiv* factors did not support denial or because the petition presented compelling evidence of unpatentability.

*Fintiv* thus remains a multifaceted issue that warrants thorough analysis in cases involving parallel litigation. When deciding whether to enter a stipulation and the precise scope of the stipulation, petitioners should carefully consider the specifics of their cases, including the likely outcome of a traditional *Fintiv* analysis, the strength of the petition’s merits, and the strategic impact of a potential *Sotera* stipulation.

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## About Wilson Sonsini’s Post-Grant Practice

The professionals in Wilson Sonsini Goodrich & Rosati’s post-grant practice are uniquely suited to navigate the complex trial proceedings at the United States Patent and Trademark Office (USPTO). We have extensive experience before the PTAB, representing clients in numerous new trial proceedings and in countless reexaminations and patent interference trials. Our practice includes professionals with decades of experience at the PTAB, including former USPTO personnel. Our core team leverages firmwide intellectual property expertise to provide comprehensive IP solutions for clients that cover strategy, prosecution, licensing, enforcement, and defense.

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## Disclaimer

This communication is provided as a service to our clients and friends and is for informational purposes only. It is not intended to create an attorney-client relationship or constitute an advertisement, a solicitation, or professional advice as to any particular situation.

## Endnotes

- 1 PTAB institution data in this article was obtained using Lex Machina and includes discretionary denials of institution. FY2023 numbers reflect institution decisions entered on or before December 21, 2023.
- 2 345 cases had not reached the institution stage as of December 21, 2023.
- 3 165 *inter partes* reviews had yet to reach FWD as of December 21, 2023.
- 4 *United States v. Arthrex, Inc.*, 594 U.S. \_\_\_ (2021).
- 5 *Learn about the revised interim Director Review, Delegated Rehearing Panel, and Appeals Review Panel processes at the PTAB*, USPTO (Aug. 1, 2023, 2:58 PM), <https://www.uspto.gov/subscription-center/2023/learn-about-revised-interim-director-review-delegated-rehearing-panel-and> [<https://web.archive.org/web/20231220201048/https://www.uspto.gov/subscription-center/2023/learn-about-revised-interim-director-review-delegated-rehearing-panel-and>]; *Delegated Rehearing Panel*, USPTO (Sept. 18, 2023), <https://www.uspto.gov/patents/ptab/decisions/delegated-rehearing-panel> [<https://web.archive.org/web/20231220202258/https://www.uspto.gov/about-us/news-updates/uspto-extends-director-review-dr-option-institution-decisions-retires>].
- 6 IPR2021-01124, Paper 14 (Dec. 21, 2022) (designated Jan. 4, 2023).
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- 32 *Intel v. Vidal*, No. 23-135 (S.Ct.).
- 33 86 F.4th 1338 (Fed. Cir. 2023).
- 34 71 F.4th 1383 (Fed. Cir. 2023) (nonprecedential).
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- 41 37 C.F.R. § 42.64.
- 42 *Weber*, Paper 74 at 3-4.
- 43 *Id.* at 2.
- 44 *Id.*, Paper 65 at 86.
- 45 *Id.*
- 46 *Id.*, Paper 72 at 1.
- 47 *Id.*, Paper 74 at 5-6.
- 48 *Id.*
- 49 *Id.* at 6.
- 50 *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 17-18 (1966).

## Endnotes (cont.)

- 51 *Id.*
- 52 *In re Cyclobenzaprine Hydrochloride Extended-Release Capsule Patent Litigation*, 676 F.3d 1063, 1075-76 (Fed. Cir. 2012); *Artic Cat Inc. v. Bombardier Recreational Prods. Inc.*, 876 F.3d 1350, 1358-59 (Fed. Cir. 2017).
- 53 The exception being 2017 where the percentage rose to about three percent.
- 54 *See, e.g., Merck Sharp & Dohme LLC v. Genentech, Inc.*, PGR2021-00036, Paper 10 (Jul. 24, 2021); *Stryker Corp. v. KFx Med., LLC*, IPR2019-00817, Paper 10 (Sep. 16, 2019).
- 55 Katherine K. Vidal, *Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation* (“*Fintiv Memorandum*”) (June 21, 2022).
- 56 *Id.*, 7.
- 57 *See Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 (Dec. 1, 2020) (precedential as to § II.A).
- 58 *Fintiv Memorandum*, 2-5 (“Compelling, meritorious 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.”).
- 59 PTAB institution data in this article was obtained using Docket Navigator.
- 60 *E.g., Vector Flow, Inc. v. HID Global Corp.*, IPR2023-00353, Paper 8 at 22 (July 17, 2023).
- 61 *E.g., Int’l Bus. Mach. Corp. v. Digital Doors, Inc.*, IPR2023-00969, Paper 8 at 11-12 (Dec. 5, 2023).
- 62 *E.g., BOE Tech. Group Co. v. Element Cap. Co.*, IPR2023-00808, Paper 9 at 24-27 (Nov. 15, 2023).
- 63 *Fintiv Memorandum*, 2-5.
- 64 *E.g., Apple Inc. v. Sonrai Memory Ltd.*, IPR2023-00975, Paper 9 at 11-13 (Dec. 14, 2023).
- 65 *E.g., Sony Interactive Entm’t LLC v. Quantum Imaging LLC*, IPR2023-00959, Paper 11 at 31-33 (Dec. 11, 2023).

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