



PTAB Designates as Precedential a Decision on the PTAB's Discretion to Deny Institution of an IPR Based on a Parallel District Court Proceeding

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The Patent Trial and Appeal Board (PTAB) recently designated an order, *Apple Inc. v. Fintiv, Inc.*, IPR 2020-00019, Paper 11 (Mar. 20, 2020), as precedential. The order outlines six non-dispositive factors the PTAB will consider when determining whether to exercise its discretion under 35 U.S.C. § 314(a) to deny institution of an *inter partes* review (IPR) based on parallel proceedings.

Patent owner Fintiv sued Apple, alleging infringement of U.S. Patent No. 8,843,125 ("the '125 patent"). Apple filed a petition challenging claims of the '125 patent and argued that, despite a parallel district court proceeding involving the same invalidity challenges, the PTAB should not exercise its authority to deny institution because no trial date had been set. Following the filing of the petition, however, the district court entered a scheduling order that set a trial date before the projected deadline for a final written decision in the IPR.

Focusing on efficiency, fairness, and merits, the PTAB has laid out the factors it will consider when deciding whether to exercise its authority to deny institution in view of the parallel district court proceeding and requested the parties to submit further briefing.

The Factors to be Assessed by the PTAB:

1. Whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted

A district court stay of the parallel proceeding can weigh strongly against denying institution because it allays concerns about inefficiency and duplication of efforts. Evidence that a stay

may be granted includes a denial of stay without prejudice with leave to file a renewed motion if the PTAB trial is instituted. Conversely, a denial of a stay with no indication that the court will consider a renewed motion can weigh in favor of denying institution. When there is a parallel International Trade Commission (ITC) investigation, the PTAB instructs parties to indicate whether there is also a stayed parallel district court case and whether the patentability disputes before the ITC will resolve substantially all of the patentability disputes between the parties.

2. Proximity of the court's trial date to the Board's projected statutory deadline for a final written decision

A district court trial date that is before the PTAB's statutory deadline for the final written decision weighs in favor of denying institution. A trial date at or around the statutory deadline, or even significantly later, will likely implicate other factors, such as the resources that have been invested in the parallel proceeding.

3. Investment in the parallel proceeding by the court and the parties

The PTAB also considers the amount and type of work already completed in the parallel proceeding, by both the court and the parties. Substantive orders concerning the patent-at-issue, such as a claim construction order, may favor denial. The lack of orders related to the patent weighs against denial of institution.

The PTAB instructs parties to explain facts relevant to timing of the petition's filing. If the petitioner files its petition promptly after learning which claims are asserted in the parallel proceeding, this weighs against denying institution. On the other hand, if the petitioner did not file expeditiously, or cannot explain a delay in filing, these facts can favor denial.

4. Overlap between issues raised in the petition and in the parallel proceeding

Concerns of inefficiency and possible conflicting decisions are particularly strong where the petition presents substantially identical arguments that were at issue in the district court. Thus, this fact favors denial. Conversely, a petition presenting materially different arguments or evidence than those provided in the district court tends to weigh against denial. Weighing the degree of similarity is fact dependent. The PTAB instructs parties to indicate whether all or some of the claims challenged in the petition are also at issue in the district court. Non-

overlapping claim challenges in the petition will weigh for or against denial of institution, depending on their similarity to the claims at issue in district court.

5. Whether the petitioner and the defendant in the parallel proceeding are the same party

If a petitioner is unrelated to a defendant in an earlier proceeding, this fact weighs against exercising discretion to deny institution. However, even if the petitioner is unrelated, the PTAB instructs petitioners to discuss other proceedings involving the challenged patent and explain why addressing the same or substantially the same issues would not be duplicative of the earlier proceeding.

6. Other circumstances that impact the Board's exercise of discretion, including the merits

The PTAB considers all relevant circumstances in deciding whether to exercise its discretion to deny institution. Accordingly, in addition to the five factors above, other circumstances, such as the merit of the grounds raised in the petition, will also be evaluated.

Practice Tip: Assessing these six factors should be part of strategic considerations by the parties litigating before the PTAB where there is an ongoing parallel district court litigation. Timing can be critical, and petitioners should file their petitions as early as possible, highlighting any differences between the issues in the district court proceeding and those in the petition. Patent owners in parallel proceedings should address these factors when seeking a discretionary denial of institution in their preliminary response.

Apple Inc. v. Fintiv, Inc., IPR2020-00019, Paper 11 (Mar. 20, 2020) (Precedential)

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