



## PTAB Precedential Decision: Compelling Merits Assessment Not at Play Unless *Fintiv* Factors 1-5 Favor Discretionary Denial

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USPTO Director Katherine Vidal recently issued a precedential decision making clear that the PTAB must first determine whether *Fintiv* factors 1-5 favor discretionary denial of a petition before considering whether the unpatentability challenge satisfies the compelling-merits standard. This decision further clarifies certain instructions set forth in a June 21, 2022, USPTO Memorandum titled “Interim Procedure for Discretionary Denials in AIA Post-Grant Proceeding with Parallel District Court Litigation” (“Guidance Memo”).

In this case, the Board instituted *inter partes* review of a patent disclosing a distributed antenna system that assigns subsets of radio resources. In its decision, the Board declined to exercise its discretion under 35 U.S.C. § 314(a) to deny institution. The Board explained that its refusal was based on the petition satisfying the compelling-merits standard for institution. This consideration is reflected in *Fintiv* factor 6. To support its determination, the Board pointed to the analysis earlier in its decision regarding each of the petitioner’s asserted grounds. The Board did not address any of the other *Fintiv* factors, relying on an instruction in the Guidance Memo stating that when the PTAB “determines that the information presented at the institution stage presents a compelling unpatentability challenge, that determination alone demonstrates that the PTAB should not discretionarily deny institution under *Fintiv*.” The Director then ordered *sua sponte* review of the Board’s institution decision.

Director review was initiated to address how the Board arrived at its compelling-merits conclusion and the sufficiency of its reasoning. To begin, the Director recognized that the Guidance Memo’s instruction could be read to allow the PTAB to substitute a compelling-

merits determination for a *Fintiv* analysis. But, as the Director explained, that was not her intention. Rather, the intended procedure was for the PTAB to first analyze *Fintiv* factors 1-5 before considering whether the petition meets the compelling-merits standard. The Director clarified that the PTAB shall apply the compelling-merits standard if its analysis of the other *Fintiv* factors favor discretionary denial. Here, the Board had skipped the first five factors altogether.

Citing her October 4, 2022, precedential *OpenSky* decision (summarized [here](#)), the Director reiterated that the compelling-merits standard is higher than the reasonable likelihood standard for IPR institution, and the PTAB must provide sufficient reasoning for its determination. The Board in this case had merely pointed to its analysis under the lower institution threshold to demonstrate that the petition had satisfied the compelling-merits standard. The Director found that to be insufficient. Therefore, she vacated the Board's institution decision and remanded the proceeding for the Board to revisit its *Fintiv* analysis and reasoning in view of the Director's guidance.

On remand, the Board updated its institution decision to include a 25-page analysis of its findings with respect to each of the *Fintiv* factors. The Board began by explaining that factor 1 was neutral while factors 2-5 favored or somewhat favored discretionary denial. Because the Board found that the first five *Fintiv* factors favored denial, it then assessed whether the petition met the compelling-merits requirement for institution. In its assessment, the Board explained that the petitioner had set forth a compelling unpatentability challenge to claim 1 under Ground 1. The Board detailed how it determined limitation-by-limitation that it was highly likely that the petitioner would prevail in its challenge.

**Practice Tips:** The Director has made clear that the PTAB shall not apply the compelling-merits standard for institution if *Fintiv* factors 1-5 do not favor discretionary denial. And if the PTAB reaches the compelling-merits question, it must then sufficiently explain the reasoning for its determination. Petitioners should expect to receive a more thorough assessment of all six factors in institution decisions as panels comply with the Director's Guidance Memo and recent precedential decisions. This case serves as a reminder that *Fintiv* remains an important consideration in whether panels institute review, and parties should consider carefully the extent to which they argue the *Fintiv* factors in their papers moving forward.

*CommScope Technologies LLC et al. v. Dali Wireless, Inc.*, IPR2022-01242, Paper 23 (PTAB Feb. 27, 2023); *CommScope Technologies LLC et al v. Dali Wireless, Inc.*, IPR2022-01242, Paper 24

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