



Director Vacates Decision to Institute: Investment in Parallel Proceeding Outweighed Petitioner's *Sotera* Stipulation

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The USPTO Director vacated the board's decision to institute *inter partes* review based on an erroneous application of the *Fintiv* factors. Specifically, the Director found that the board placed too much emphasis on Petitioner's *Sotera* stipulation, and not enough emphasis on the investment in the parallel litigation. Weighing the factors as a whole, the Director determined that institution should be denied.

Petitioner sought IPR of patents asserted against it in the Eastern District of Texas. Patent owner argued that the board should deny institution based on the advanced stage of parallel litigation and the amount of time and resources invested in litigation. But the board found that litigating invalidity of the patents would impose a substantial burden on the district court and relied on petitioner's *Sotera* stipulation to institute IPR.

The Director granted patentee's request for Director Review of the board's institution decision. According to the Director, the board failed to adequately consider the significant investments made by the parties in the parallel district court litigation. First, the board's finding that trying invalidity issues along with patentee's infringement case would create a substantial burden on the district court was misplaced—that analysis could apply in most, if not all district court cases. Second, the parties had invested significant resources in the case—they had already served infringement and invalidity contentions, expert reports, claim construction briefs, and they had conducted depositions. Third, the district court had already held a claim construction hearing and construed the claim terms. Finally, the trial date was set to occur eleven months before the board's projected final written decision. Accordingly, the

progression of the parallel proceeding and the parties' investments in the parallel litigation weighed heavily against instituting IPR.

As to the overlap of issues between different proceedings, the Director found that petitioner's invalidity arguments were broader in district court and included similar prior art arguments as those raised in the IPR, which petitioner's *Sotera* stipulation was "not likely to moot." Though petitioner's stipulation was intended to mitigate duplicative efforts in both proceedings, the Director deemed it insufficient to outweigh the substantial overlap in invalidity arguments presented in both forums and the substantial investment in district court litigation that was set for trial well before the final written decision was expected.

Practice Tip: Patent owners seeking discretionary denial of an IPR petition should stress the investment the parties and court have already spent in co-pending litigation, the advanced stage of which may outweigh the purported efficiencies brought about by a *Sotera* stipulation. Both petitioners and patent owners should be cognizant of how the timing of an IPR filing and events in a particular district court may affect an IPR petition at the discretionary denial phase.

Motorola Solutions, Inc. v. Stellar, LLC, IPR2024-01205, Paper 19 (Acting Director Stewart Mar. 28, 2025)

Categories

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Inter Partes Review

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