



ALERTS

PTAB: Vidal Refocuses Guidance On Fintiv Factors And Discretionary Denials

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Highlights

For institution decisions, *Fintiv* factors must be considered prior to assessment of the “compelling merits” standard

Some analysis beyond the “reasonable likelihood” standard is required in assessing the “compelling merits”

Director review will likely continue to serve a guidance role for some time

Kathi Vidal, director of the U.S. Patent and Trademark Office (USPTO), issued an opinion in late February vacating and remanding the Patent Trial and Appeal Board’s (PTAB) Institution Decision concerning treatment of *Fintiv* issues in *Commscope Technologies LLC v. Dali Wireless, Inc.*, IPR2022-01242. Vidal initiated a Director Review of the panel’s decision *sua sponte*, reflecting her intent to continue to provide governing influence on a range of PTAB issues.

Director Vidal’s opinion highlights the higher standard of “compelling” meritorious challenge for instituting inter partes review (IPR) when the *Fintiv* factors 1-5 favor discretionary denial under 35 U.S.C. § 314. PTAB applies the *Fintiv* factors in considering whether to exercise its discretion

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to deny institution of IPR due to the effects of parallel district court litigation. This recent opinion refers to her earlier opinion in *OpenSky Indus., LLC v. VLSI Tech, LCC* and the USPTO's guidance memo on discretionary denials for the origins of the compelling merits standard.

Notably, Vidal's opinion admonishes the Institution Decision for two reasons 1) it avoids analysis of the *Fintiv* factors by looking only to the compelling merits standard, and 2) it fails to explain the determination that the IPR petition had compelling merits and was "highly likely" to succeed beyond pointing to the lower standard of "reasonable likelihood" of success. Vidal explains that PTAB panels must first undertake the *Fintiv* factor analysis and should proceed to apply the compelling merits standard only upon concluding that *Fintiv* factors 1-5 favor denial of institution under § 314.

Ultimately, Vidal's opinion seems to provide refocusing of institution decisions when underlying district court proceedings exist, without substantively affecting a panel's ability to apply the compelling merits standard. Her clarification to require panels to make determinations concerning the *Fintiv* factors may be the more prominent guidance provided.

Director Vidal's opinion even takes responsibility that earlier guidance may have created confusion, and her clarification to require *Fintiv* factor analysis seems to be more important than her passing critique of the panel's merits analysis.

It is unclear whether director review would have been initiated had the Institution Decision articulated its *Fintiv* factor determinations, even if analysis of the compelling merits standard remained brief. Yet, it seems that underlying litigation will continue to receive at least some attention during the preliminary IPR proceedings, even for cases in relatively early stages at the district court.

For more information, please contact the Barnes & Thornburg attorney with whom you work or Steven Shipe at 202-408-6924 or steven.shipe@btlaw.com.

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