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The Current State of *Fintiv* and the New Director Review Process

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Roadmap

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 - PTO's First Issued Decisions
 - Impact on Other Proceedings and Closed Cases
 - Challenges to Director Review



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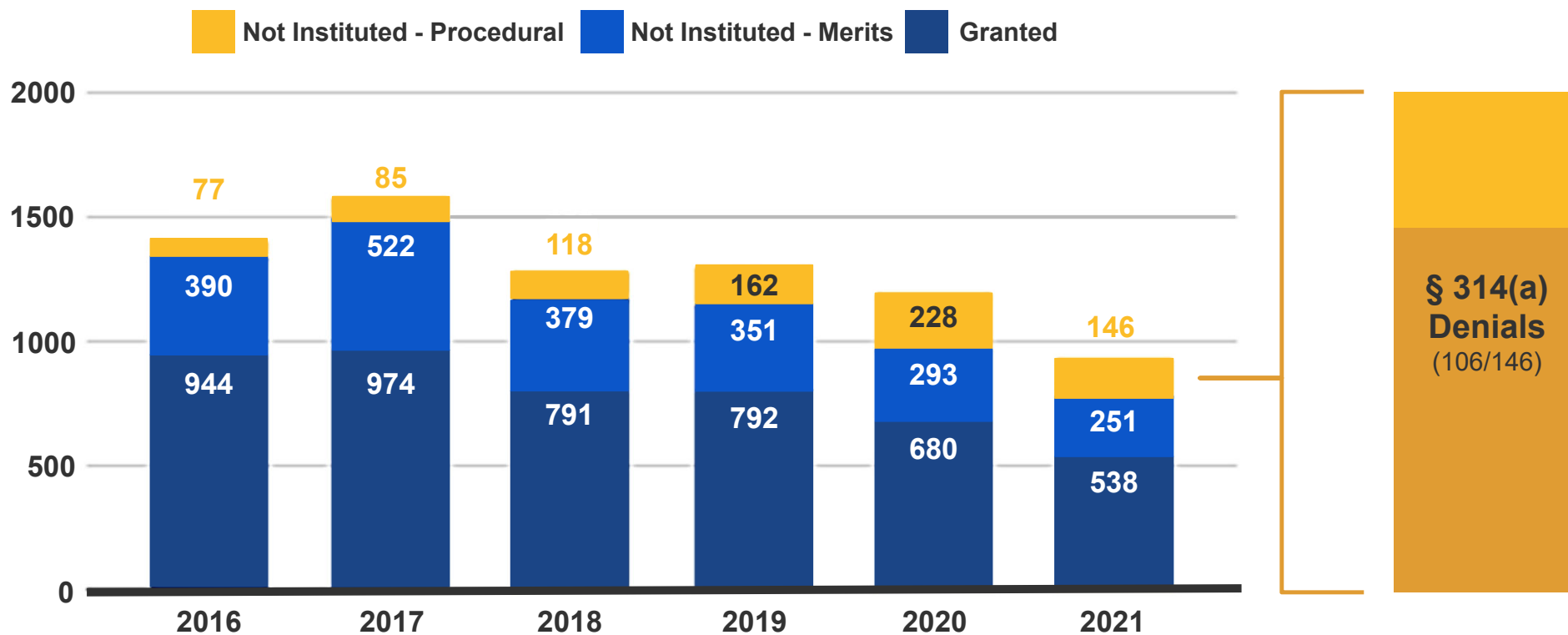
Updates on *Fintiv*

Intro: The *Fintiv* Doctrine

- **The Doctrine:** The Board may exercise its discretion to deny institution of IPR proceedings where the challenged patent is already subject to pending litigation
- **Stated Purpose:** “efficiency, fairness, and patent quality” (*Fintiv*, IPR202-00019, Paper 11)
- **Implementation:** Six factor “holistic” balancing test
- **Discretion Statutory Basis:** 35 U.S.C. § 314(a)
- **Final & Not Appealable:** 35 U.S.C. § 314(d)

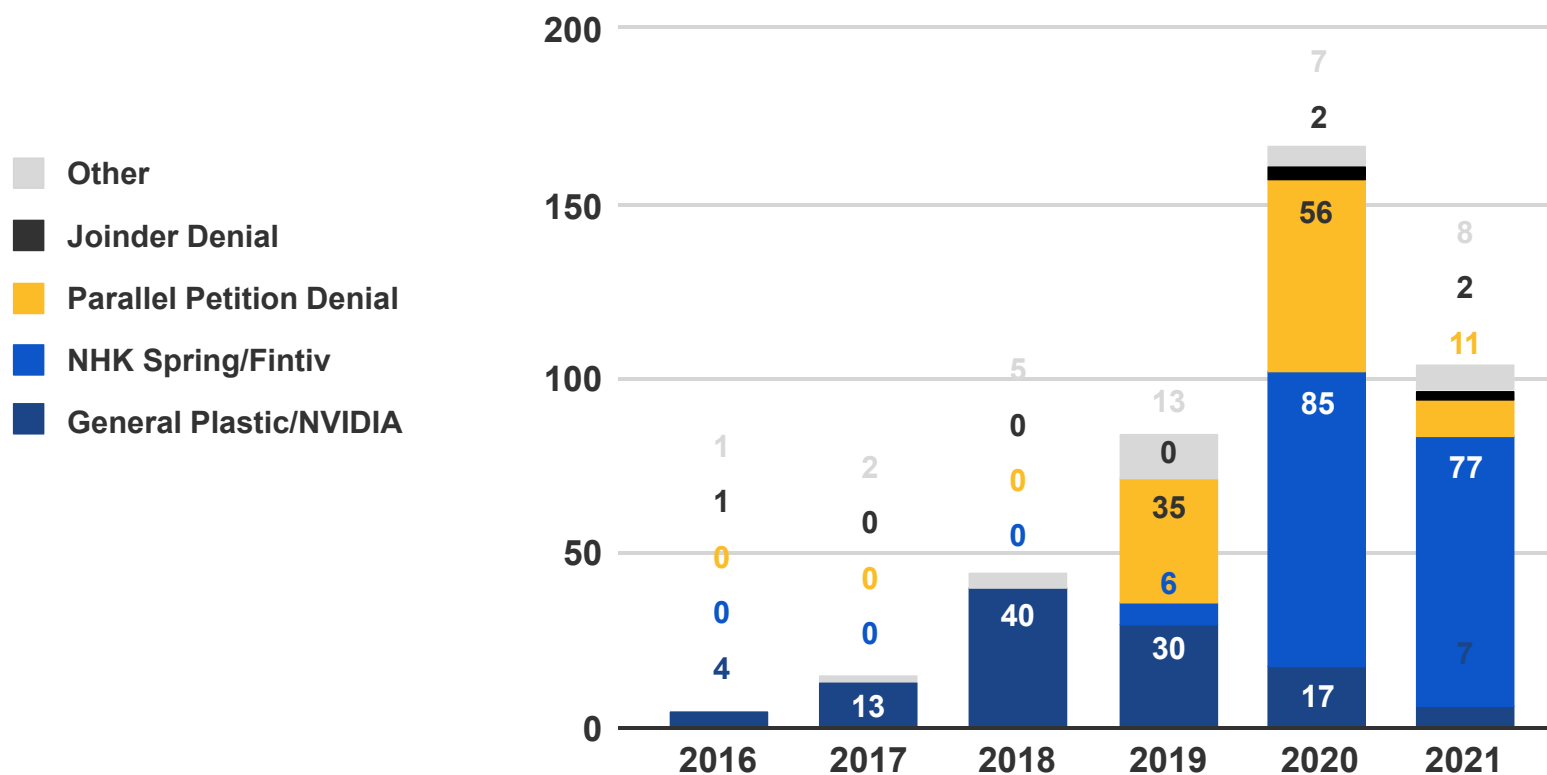
Source: *NHK Spring Co., Ltd. v. Intri-Plex Technologies, Inc.*, IPR2018-00752, Paper 8 (Sept. 12, 2018) (precedential); *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (Mar. 20, 2020) (precedential).

Procedural Institution Denials Have Increased Dramatically

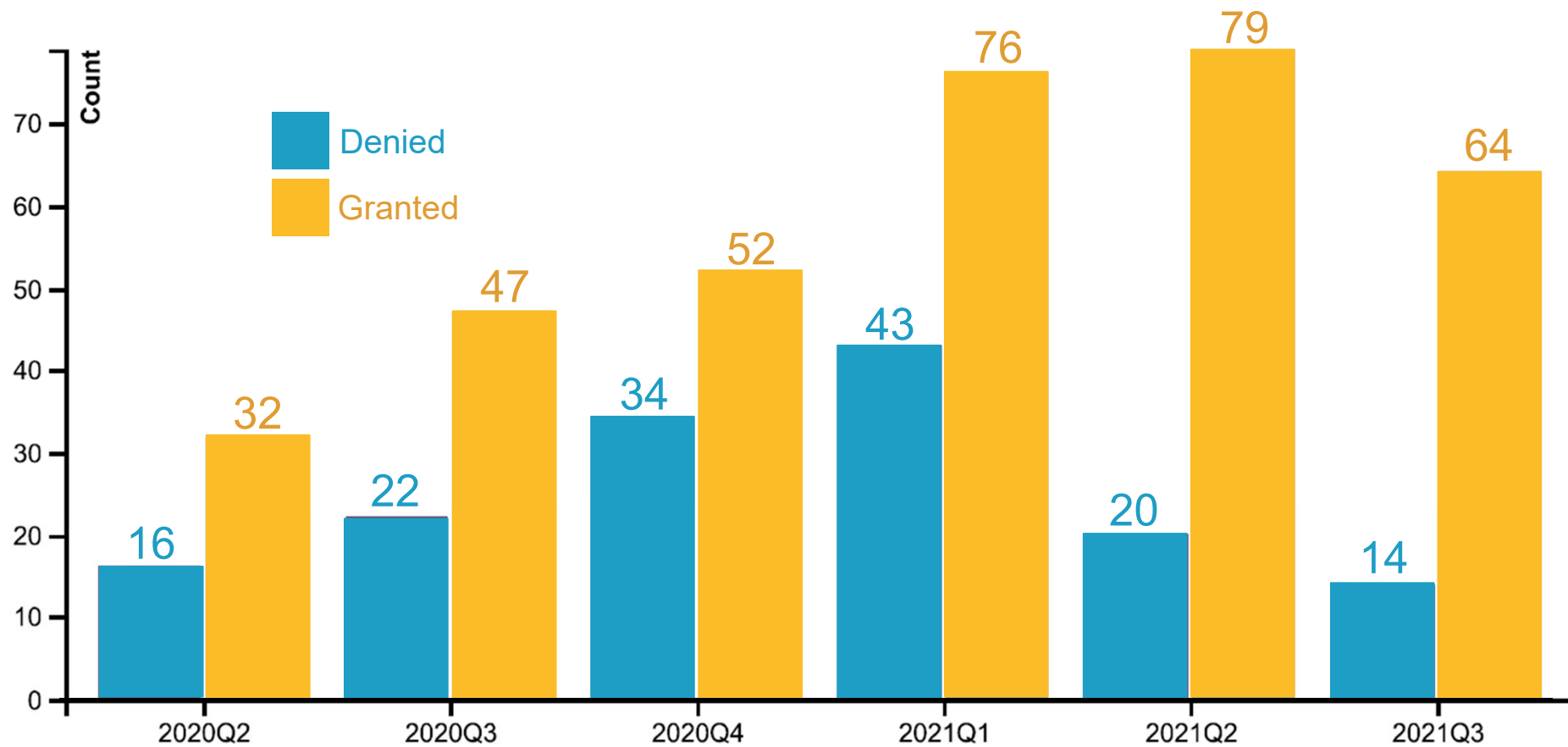


Fintiv Dominates the Discussion

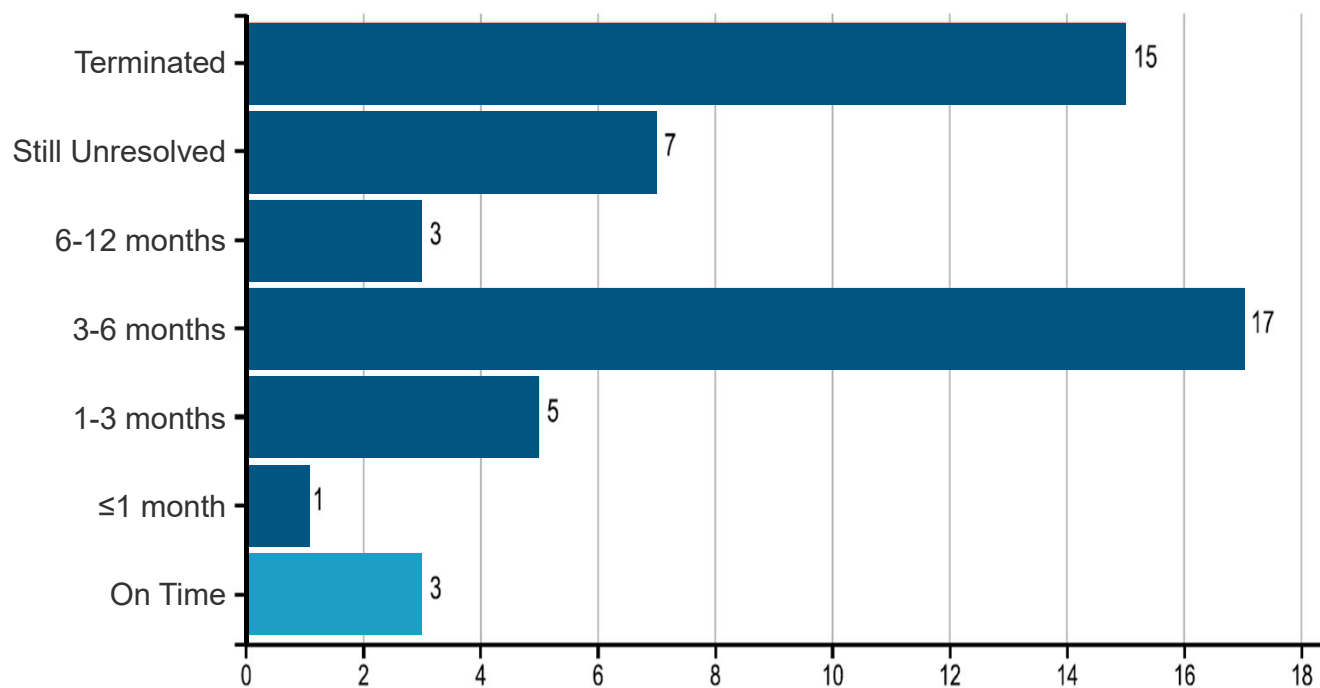
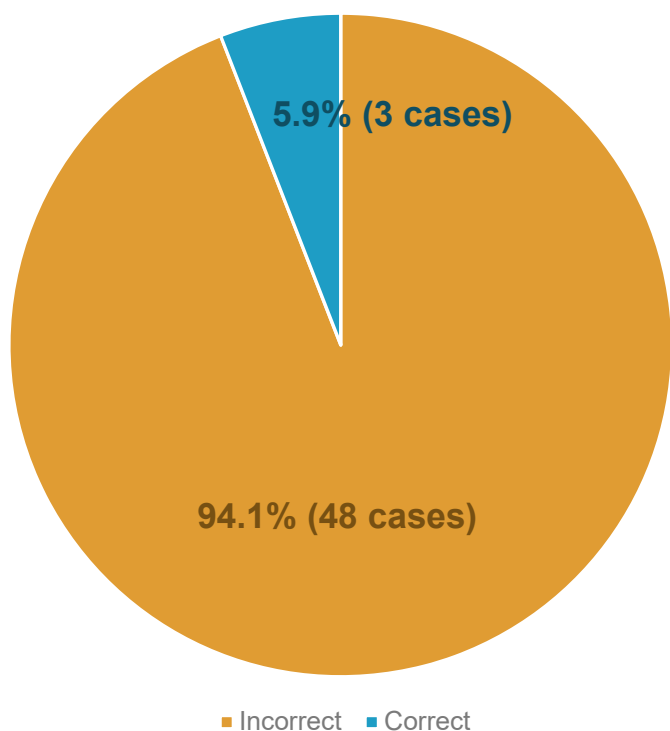
§ 314(a) Denials By Type



Fintiv Denials are Down



Trial Dates Used in *Fintiv* Denials Are Often Wrong



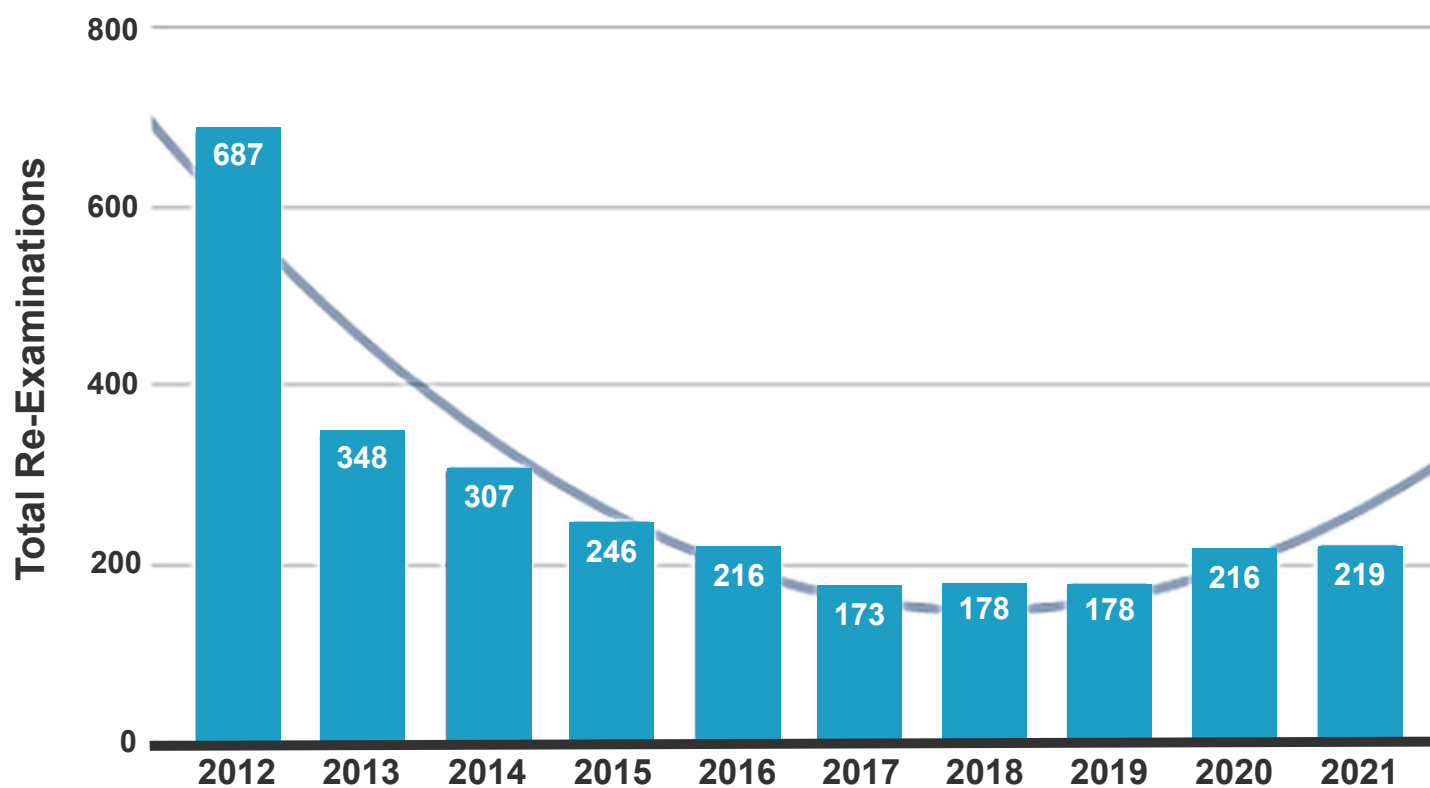
Fintiv Stipulation Trends: Sand Revolution to Sotera

- **Option 1 – Sand Revolution Stipulation**
 - *Sand Revolution II, LLC v. Continental Intermodal Group-Trucking LLC*, IPR2019-01393, Paper 24 (June 16, 2020) (informative)
 - If instituted, will drop any invalidity ground raised in the IPR
- **Option 2 – Sotera Stipulation**
 - *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 (Dec. 1, 2020) (precedential as to § II.A)
 - If instituted, will drop any invalidity ground that was “raised or could have been reasonably raised” in the IPR

Practice Tip: As trial gets closer or if the parallel litigation is an ITC case, a broader *Sotera* stipulation may be required to achieve IPR institution.

Following *Fintiv*, Reexaminations Become More Popular

Re-Examinations by Year



Current Challenges to *Fintiv*

- Challenges under the APA
 - *Apple Inc. v. Hirschfeld*, No. 5:20-cv-06128 (N.D. Cal. Aug. 31, 2020)
- Challenges at the Supreme Court
 - *Optis Cellular Technology, LLC v. Apple Inc.*, Nos. 2:19-cv-00066, 21-118 (E.D. Tex. Feb. 25, 2019), *cert. pending*
 - *Janssen Pharmaceutica, N.V. v. Mylan Labs. Ltd.*, Nos. 19-cv-16484, 21-202 (D.N.J. Aug. 8, 2019), *cert. pending*
- Congress might step in with the “Restoring the AIA” bill



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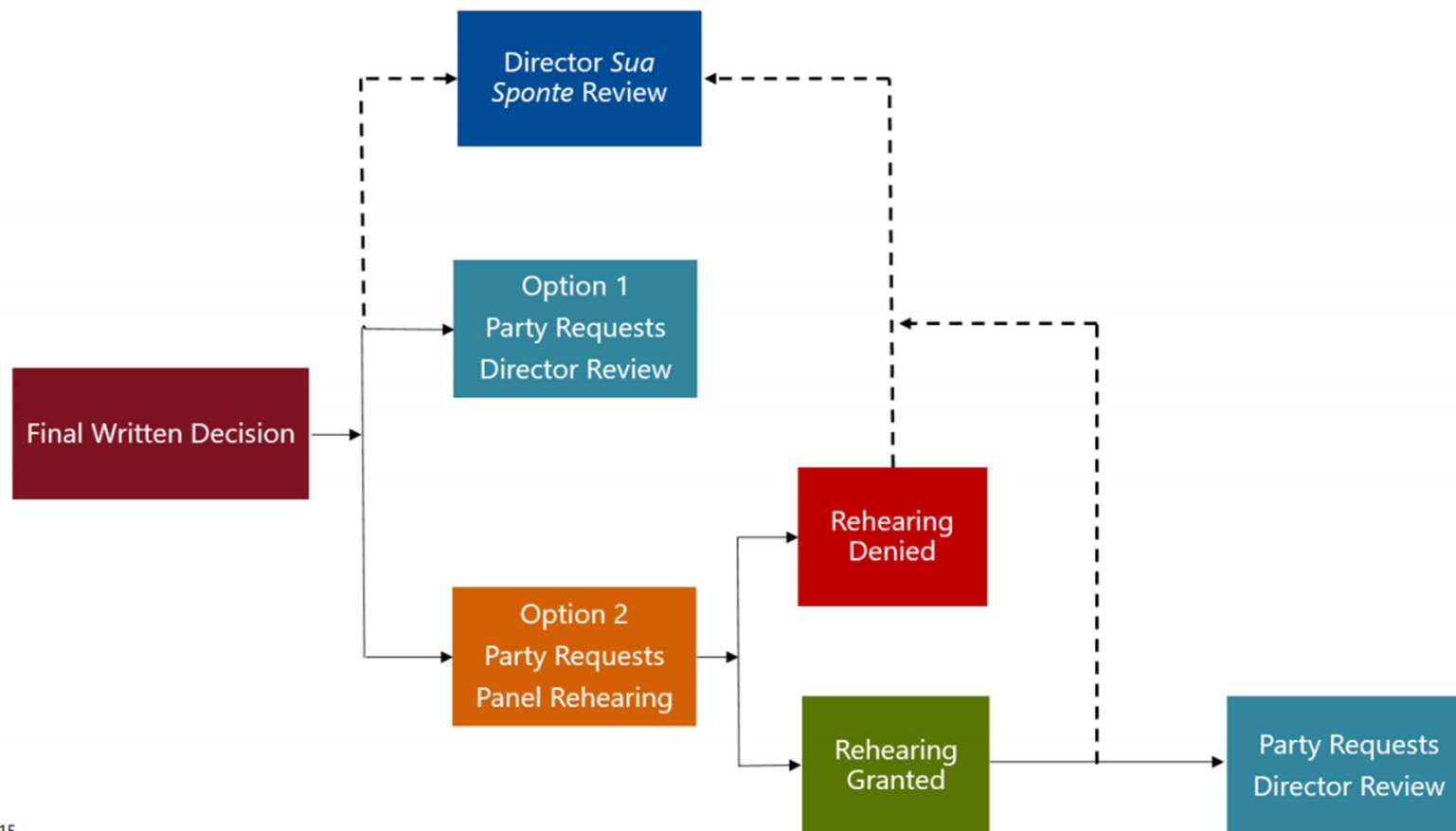
Director Review



Background: *Arthrex*

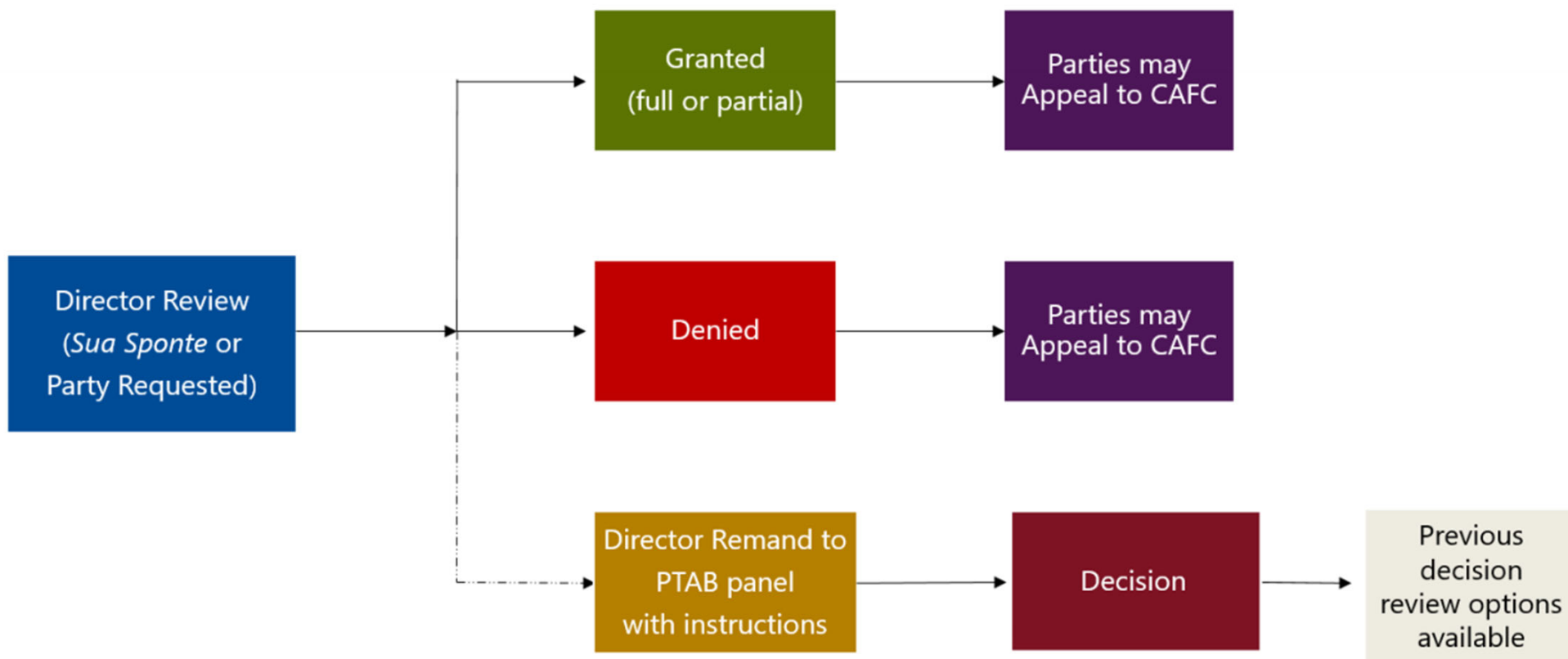
- *United States v. Arthrex, Inc.*, 141 S. Ct. 1970 (2021)
 - The Supreme Court held that the PTAB's structure violated the Constitution's appointments clause
 - PTAB judges are inferior officers, whose final decisions were not reviewable by the director of the USPTO
- **Simple Remedy: Grant the Director the power to review final decisions**
→ **“Director Review”**

Timing and Protocol for Requesting Director Review



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Timing and Protocol for Requesting Director Review



The Director Has Denied All But One To Date

- *Ascend Performance Materials Operation LLC v. Samsung SDI Co., Ltd.*, IPR2020-00349, Paper 57 (Nov. 1, 2021)
 - PO based Director Review request on four arguments
 - Granted and remanded as to priority date of two dependent claims that Board did not address
 - Denied on remaining arguments

Director Review Applies to Ex Parte Appeals

- *In re Boloro Global Ltd.*, No. 19-2349 (Fed. Cir. Oct. 14, Sept. 16, 2021)
 - The original *Arthrex* opinion declined to address the reach of Director Review
 - The Federal Circuit held that Director Review can apply to rejected patent applications

No Director Review Available for Closed Cases

- *In re ESIP SERIES 2, LLC*, Nos. 21-164, IPR2017-02197 (Fed. Cir. Oct. 14, 2021)
 - PO's patent invalidated during IPR as obvious
 - PO unsuccessfully appealed claiming IPR should not have been instituted because Petitioner failed to identify its parent company as an RPI
 - In October 2020, Federal Circuit affirmed obviousness determination and held RPI issue unappealable
 - Federal Circuit denied PO's mandamus petition to order USPTO to take up request for Director Review

Challenges to Director Review

- **Commissioner Drew Hirshfeld is not appointed**
 - *New Vision Gaming & Development, Inc. v. SG Gaming, Inc.*, No. 20-1399 (Fed. Cir.)
 - *Mangrove Partners Master Fund Ltd. v. VirnetX, Inc.*, IPR2015-01046, Paper 116 (Oct. 29, 2021)
- **Application to *Fintiv***
 - *Mobility Workx, LLC v. Unified Patents, LLC*, No. 20-1441 (Fed. Cir. Oct. 13, 2021)
- **New director nomination: **Kathi Vidal****

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Questions?

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