



USPTO Withdraws *Fintiv* Memo on Discretionary Denials in Post-Grant Proceedings

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On February 28, 2025, the USPTO announced that it was rescinding former Director Vidal's 2022 memorandum on discretionary denials by the Patent Trial and Appeal Board. The 2022 memorandum effectively narrowed the application of discretionary denials in cases with parallel district court litigation by specifying instances where discretionary denial could not be issued. With the withdrawal of the memorandum, individual PTAB panels will regain flexibility in weighing discretionary denials. While the long-term effect of that increased flexibility is not yet known, the immediate effect is likely to be a shift towards the discretionary analysis applied by PTAB panels before the issuance of the memorandum.

Under the America Invents Act, the Board has discretion to deny institution of post-grant proceedings, but the Act does not specify standards or guidelines for the exercise of that discretion. Before the 2022 memorandum, two precedential opinions governed the Board's discretionary denial analysis in the face of a co-pending district court litigation. In *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020), the Board identified six nonexclusive factors for evaluating whether efficiency, fairness, and the merits supported declining an IPR in favor of a co-pending district court litigation. In *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 (PTAB Dec. 1, 2020), the Board further established that entering a stipulation limiting the invalidity grounds the petitioner could pursue in district court would weigh strongly against denial of institution.

The 2022 memorandum established how the Board would apply *Fintiv* and *Sotera* going forward, with the stated goal of minimizing inefficiency, gamesmanship, and the risk of conflicts between PTAB and district court decisions. In particular, the 2022 memorandum

explained that the Board would not deny institution of an IPR or PGR under *Fintiv* in the following circumstances:

- When the petition presents “compelling evidence” of unpatentability;
- When the parallel proceeding is at the International Trade Commission; and
- When there is a stipulation that in the parallel proceeding, the petitioner will not pursue the same grounds of invalidity or any grounds that could have reasonably been raised in the petition.

The 2022 memo further directed that, when the median time-to-trial for a district court case places trial around the same time or after the deadline for the PTAB’s final written decision, the Board would treat that as a factor weighing against denial. These guidelines, however, were not codified into official rules, and Director Vidal resigned in December 2024.

The February 28, 2025 announcement rescinded Director Vidal’s 2022 memorandum, in full, without explaining the reasons for doing so, and the memorandum can no longer be found on the USPTO website. With the 2022 memo rescinded, the bulletin directs parties to *Fintiv* and *Sotera* for guidance and expressly states that decisions relying on the 2022 memo will be neither binding nor persuasive on future Board decisions. In other words, facts that were dispositive under the 2022 memo have returned to being mere factors for the Board to consider. This policy means that PTAB panels will have more flexibility in exercising their discretion to deny petitions based on co-pending litigation, but less guidance on how that discretion should be implemented.

It is not clear whether the Board intends to issue any further guidance on discretionary denials, or whether it intends for *Fintiv* and *Sotera* to remain the final word on the subject. And it remains to be seen whether this will result in an increase in discretionary denials.

Practice Tip: The PTAB’s discretionary denial practices are back in flux, with fewer bright lines dictating outcomes, a development likely to favor patent owners over patent challengers. These practices are likely to remain in flux until a new USPTO Director is nominated and confirmed, and potentially longer. In the meantime, practitioners should look to *Fintiv* and *Sotera* and make all credible arguments in seeking or opposing discretionary denials.

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