

Fintiv Denials Are Down, But Bill Banning Them Still Has Teeth

By **Dani Kass**

Law360 (June 17, 2022, 9:39 PM EDT) -- The Patent Trial and Appeal Board's practice of denying patent challenges based on the status of co-pending litigation has dwindled since 2021, but attorneys say a new bill barring the PTAB from issuing such denials would still have a dramatic impact on patent litigation.

The number of petitions denied in the last year under the board's Fintiv precedent — which aims to keep the PTAB from duplicating another forum's patent invalidity analysis — has waned since the policy's height in late 2020 and early 2021. However, attorneys say that's because petitioners have figured out a litigation strategy that they'd likely abandon if the PTAB Reform Act of 2022 announced Thursday ends up becoming law.

Patent challengers have largely been able to get around Fintiv-based denials by making stipulations to give up making certain arguments in district courts, therefore promising that resources wouldn't be wasted.

If Fintiv goes, those stipulations will likely fall by the wayside as well, according to Michael Specht, the co-chair of the Sterne Kessler Goldstein & Fox PLLC's patent office litigation group. Doing so would free petitioners to raise a broader range of invalidity arguments in parallel district court litigation.

Petitioners facing infringement litigation also had learned that they had to move faster than the one-year deadline set by the America Invents Act to file their petition or else risk a Fintiv denial. Knobbe Martens partner Kerry Taylor said if passed as is, the bill would allow the attorneys crafting petitions a chance to breathe and slow down.

"What you see is petitioners who have Fintiv concerns trying to file their petitions as promptly as possible, and this statutory elimination of Fintiv would reduce that nonstatutory time pressure," Taylor said.

But attorneys had no doubt that this would be one of the stickier parts of the bill.

"The Fintiv stuff will be controversial," Specht said. "We already know who is on each side of this issue."

Players in the patent world have not been quiet about Fintiv since former U.S. Patent and Trademark Office Director Andrei Iancu made it precedential in May 2020, spurring scores of lobbying, rulemaking comments and legal challenges.

Bill co-sponsor Sen. Patrick Leahy, D-Vt., Big Tech, generic-drug companies and drug-pricing advocates have been staunch opponents to the policy, saying petitioners with meritorious petitions have a right to PTAB reviews regardless of what's happening in district court. Small businesses, independent inventors and branded pharmaceutical companies have celebrated it, saying courts and the PTAB were doing duplicative work and not always coming up with the same result.

Leahy and one of his co-sponsors on Thursday's bill, Sen. John Cornyn, R-Texas, in September introduced a bill — which has not had any action — with the same aim of getting rid of Fintiv reviews. But this time, the pair partnered with Sen. Thom Tillis, R-N.C., who has had his sights more on protecting patent owners from gamesmanship involving the PTAB.

The trio's new bill adds protections preventing patent owners — including nonpracticing entities and small inventors — from getting piled on with multiple petitions at the PTAB.

"This is the compromise: We'll do away with Fintiv, which essentially hurts largely [nonpracticing entities], but we'll also do away with multiple proceedings, which helps NPEs and plaintiffs," Specht said. "That's the big trade-off in this proposed act."

Petitioners will have to adjust to a potential bar on filing multiple petitions on the same claims on different days, according to Finnegan Henderson Farabow Garrett & Dunner LLP partner Kevin Rodkey. Multiple petitions can be used in legitimate circumstances, he said, such as when there are differences in claim construction or prior art, so multiple petitions aren't always an orchestrated attempt to harass a patent owner. Attorneys will have to adjust as well.

"That's the kind of thing we see a lot," Rodkey said. "When the original Fintiv precedential decision came out, institution rates went down; petitioners adjusted their strategies to adjust to the new landscape. I think this is something else here petitioners and patent owners will adjust to. The bill looks like the senators appear to be trying to give us more clarity on how to proceed with these types of reviews."

Specht agreed that there are valid reasons to file multiple petitions and said he hopes the PTAB would approach the rule with some flexibility. He pointed to running against page limits when challenging patents with long, complicated claims.

"To me, that seems like a legitimate thing to do within reason, as opposed to 'I filed petition one, and it doesn't work, so I file petition two, and it doesn't work, so I file petition three,'" he said.

Attorneys were generally hesitant to support overriding Fintiv in its entirety, as the bill seeks to do. Fintiv looks at several factors regarding the status of related litigation in district court or the U.S. International Trade Commission, and one factor centers on scheduled trial dates. The lack of reliability on when trials will take place, if they ever do, is one of the key arguments against Fintiv, but there are other reliable benchmarks.

"The [senators are] not just concerned about [whether there is] an artificial trial date," Specht said. "They're looking at anything about the ongoing related civil actions: 'How far are they in discovery? Has there been a Markman?' It's taking Fintiv off the table altogether."

There are options for the middle ground that could be pursued, said Stradling Yocca Carlson & Rauth shareholder Salil Bali.

"If a patent case is pending for 11 months, and you've already had claim construction, does it make sense for an inter partes review this late in the game?" Bali asked. "That's something the PTAB should be able to look at. I don't know if a complete bar of any consideration is the right way to go."

Axinn Veltrop & Harkrider LLP partner Aziz Burgy said he had been pleased with how Fintiv was being applied, calling it a "balancing test" that was "applied fairly consistently," even if people didn't like the rulings. He added that the bill's clarity for multiple petitions makes more sense.

"If you've got it a little bit more black and white in terms of what's going to be considered or not considered, I think that gives folks on both sides a little bit more legal certainty," Burgy said.

Overall, the new bill is a welcomed chance for lawmakers to clarify how they expect the PTAB to work after a decade of being in operation, Finnegan's Rodkey said.

"They've tried to course-correct certain things that they didn't anticipate in the original America Invents Act," he said. "[And they've] tried to bring the proceedings more in line with what Congress may have envisioned back then, and may not have accounted for because it hadn't shown up yet."

--Editing by Jay Jackson Jr.