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Insights

PATENT OFFICE WITHDRAWS PREVIOUS DISCRETIONARY DENIAL GUIDANCE FOR POST-GRANT PROCEEDINGS

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On Friday afternoon, February 28, 2025, the United States Patent and Trademark Office (USPTO) issued a brief "bulletin" rescinding a memorandum issued by the former Director Kathy Vidal ("Vidal Memo") providing guidance on what circumstances the Patent Trial and Appeal Board ("PTAB") would exercise its discretion and deny a request to review the patentability of a granted patent. The bulletin did not explain why the guidance was being withdrawn, or offer any new guidance on the application of discretionary denials.

Prior to the issuance of the Vidal Memo, the precedential 2020 decision in *Apple v. Fintiv*[1] *("Fintiv")* held that the PTAB could exercise its discretion and deny a request for patentability review when there was concurrent proceedings involving the challenged patent, such as District Court litigation or an ITC proceeding, that could potentially address the question of patentability before completion of a trial by the PTAB.

Fintiv had been criticized by some stakeholders as increasing the number of cases denied review, creating uncertainty, and undermining the intent of the America Invents Act by denying access to meritorious patentability reviews.

Perhaps in response to these criticisms, The Vidal Memo was issued in June 2022. The Vidal Memo provided that the PTAB would *not* discretionarily deny a petition for review of a patent under any of the following "safe harbors":

1. the challenge presented a "compelling" case of invalidity;

2. where the parallel proceeding involving the patent is an ITC proceeding; or

3. the petitioner stipulates that it will not pursue the same grounds of unpatentability in District Court that was raised or could have reasonably been raised before the PTAB.

Further, the Vidal Memo directed the PTAB to consider the median time-to-trial of the District Court where the parallel proceeding is pending when considering whether the District Court proceeding may be resolved around the same time as the PTAB's final written decision.

Following the issuance of the of the Vidal Memo, there was a precipitous decline in the number of discretionary denials issued by the PTAB.

While it is too soon to gauge the full impact of the USPTO's recent action, it could be argued that the elimination of the above-mentioned safe harbors that could be relied upon to argue against a discretionary denial of a patentability review by the PTAB will increase the frequency of such discretionary denials. However, without additional guidance to replace the withdrawn Vidal Memo, or any recent PTAB precedent in the wake of this action, the potential impacts are speculative at this time.

Would-be patent challengers would be well-advised to position themselves to file their patentability challenges as soon as possible after litigation is initiated involving the patent to be challenged, and should also consider a stipulation that the same unpatentability grounds that are raised, or reasonably could have been raised, before the PTAB will not be pursued in the District Court (so-called "*Sotera*[2] stipulation"). Even prior to the issuance of the Vidal Memo, such stipulations were often effective under the *Fintiv* analysis.

Patent owners are no longer constrained by the above-mentioned safe harbors and restrictions to the *Fintiv* analysis, thus allowing for a broader application of the *Fintiv* factors in support of a request for discretionary denial of challenges to their patent rights.

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[1] *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential)

[2] *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 (PTAB Dec. 1, 2020) (precedential as to § II.A).

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Scott W. Cummings

Washington

scott.cummings@bclplaw.com
+1 202 508 6018
