

USPTO Director Vidal Closes Fintiv Escape Hatch on Discretionary Denial

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Practice at the Patent Trial and Appeal Board (PTAB) has evolved at a breakneck pace during the tenure of U.S. Patent and Trademark Office Director Vidal. Her [Fintiv memorandum](#) rapidly altered practice surrounding a core issue — discretionary denials of PTAB proceedings, such as *inter partes* review (IPR) and post-grant review (PGR). Just over eight months into this new era, Director Vidal has closed, through a precedential *sua sponte* Director Review [decision](#), what seemed to be an escape hatch for petitioners in the framework previously set forth in the memorandum. *Commscope Techs. LLC v. Dali Wireless, Inc.*, IPR2022-01242, Paper 23 at 4-5 (PTAB Feb. 27, 2023). Specifically, she clarified that a petition cannot avoid discretionary denial by simply presenting compelling evidence of unpatentability without regard to the other *Fintiv* factors. Rather, the “compelling evidence” analysis set forth in the memorandum *only* comes into play if *Fintiv* factors 1-5 are already found to favor denial of institution.

Seasoned practitioners will find that the guidance underscores *Fintiv* factor 6, which provided a merits-based caveat for avoiding denial in pre-memorandum practice under the original application of *Fintiv*. While the Board previously evaluated factor 6 in a balance against at least *some* of factors 1-5, the guidance makes clear that factor 6 must compellingly outweigh *all* of factors 1-5 in order to avoid denial. By shifting the framework in this fashion and foreclosing a potential workaround of factors 1-5, the director’s revised memorandum is likely to result in increased denials under *Fintiv*. As previously explained in the memorandum, the “compelling evidence” standard evaluates whether the petition presents challenges “in which the evidence, if unrebutted in trial, would plainly lead to a conclusion that one or more claims are unpatentable by a preponderance of the evidence.” The Director subsequently [explained](#), “plainly lead[s]” means “it is *highly likely* that the petitioner would prevail with respect to at least one challenged claim.” *OpenSky Indus., LLC v. VLSI Tech. LLC*, IPR2021-01064, Paper 102, 49-50 (PTAB Oct. 4, 2022) (precedential).

Additionally, the director’s clarification may result in more careful consideration of factors 1-5 by the Board. For example, the Board may have a heightened interest in arguments regarding the extent of the investment and the amount of overlap in the parallel proceeding under factors 3 and 4. Practitioners would be wise to sharpen their pencils and consider how to tilt *Fintiv* factors 1-5 in their favor to mitigate risk of discretionary denials going forward.

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