

## Petitioner's (I) Stipulation To Not Use IPR References in a Related District Court Litigation and (II) Strong Showing of Obviousness, Weighed Against the Patent Owner's Request for a Discretionary Denial of Institution

SEPTEMBER 25, 2020

*VMware, Inc. v. Intellectual Ventures I LLC*, IPR2020-00470, Paper 13. Before: Thomas L. Giannetti, Jennifer Meyer Hagnon, and John R. Kenny.

The Patent Owner filed a preliminary response arguing for the Board to exercise its discretion to deny institution under 35 U.S.C. §314(a), citing to a precedential opinion (*Apple, Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020)) that issued after the IPR petition had been filed. The Board gave permission for the parties to file a reply and sur-reply respectively to further address the factors set forth in *Apple v Fintiv*. The parties submitted that briefing and the petitioner also submitted a stipulation stating that if an IPR is instituted, petitioner “will not assert invalidity of [the challenged claims] based on any of the [asserted grounds], or on any other ground involving the [asserted] references alone or in combination with any other reference” in the district court. The Board instituted IPR proceedings setting forth an analysis as to why it declined to grant the requested discretionary denial.

In *Apple v Fintiv*, the Board set forth the following factors with respect to discretionary denials of institution when there is an early trial date in a related litigation (the “*Fintiv* factors”):

1. whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
2. proximity of the court's trial date to the Board's projected statutory deadline for a final written decision;
3. investment in the parallel proceeding by the court and the parties;
4. overlap between issues raised in the petition and in the parallel proceeding;
5. whether the petitioner and the defendant in the parallel proceeding are the same party; and
6. other circumstances that impact the Board's exercise of discretion, including the merits

In the present case, the Board found that the *Fintiv* factors weighed in favor of instituting *inter partes* review. The Board found that factor 4 weighs in favor of not exercising a discretionary denial because petitioner's stipulation “mitigates any concerns of duplicative efforts between the district court and the Board, as well as concerns of potentially conflicting decisions.” The Board rejected patent owner's argument that the stipulation does not eliminate the overlap between the proceedings and does not address substantially similar art that it could raise that would still render the current IPR issues duplicative.” In rejecting this argument, the Board noted that the stipulation went

“farther than that in [*Sand Revolution II, LLC v. Cont’l Intermodal Group – Trucking LLC*, IPR2019-01393, Paper 24 at 7 (PTAB June 16, 2020) (informative)], where “Petitioner stipulate[d] only that it will not pursue, in district court, the ‘same grounds’ presented in the Petition.” The Board also found that factor 6 weighs in favor of not exercising a discretionary denial because “Petitioner’s case is strong on the challenged claims.”

The Board instituted *inter partes* review despite its finding that a couple *Fintiv* factors favored a discretionary denial. The Board found that factor 2 “weighs only somewhat in favor of discretionary denial” because the scheduling order for the related litigation had “not definitively set a trial date, and, at earliest, trial is tentatively scheduled approximately four months before our deadline to reach a final decision.” The Board also found that factor 5 weighs in favor of a denial because the parties are the same for the IPR and related litigation.

The Board found that the other factors do not weigh for or against a discretionary denial. For factor 1, the Board rejected the argument the factor favors a discretionary denial because the district court “is unlikely to issue a stay” if instituted. The Board noted that it “decline[s] to infer . . . how the District Court might rule, should a stay be requested by the parties in the parallel proceeding.” For factor 3, the Board noted that although the parties and Court had already invested effort in the related litigation, and a claim construction hearing had already occurred, “much work remains in the parallel proceeding as it relates to invalidity: fact discovery is ongoing, expert reports are not yet due, and substantive motion practice is yet to come.” The Board also noted that the timing of the petition was reasonable, being filed “less than four weeks after servi[ce of] initial invalidity contentions and nearly six months before the statutory deadline” for seeking *inter partes* review.

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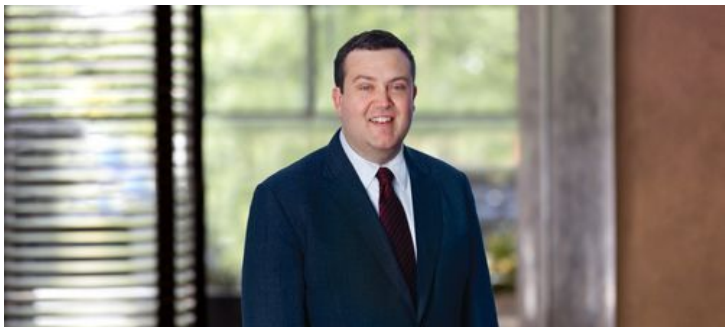
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## Related Professionals

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