

NHK-Fintiv Apply to PGR Petitions

OCTOBER 30, 2020

Supercell Oy v. Gree, Inc., [PGR2020-00041](#), Paper 14; [IPR2020-00039](#), Paper 14 (PTAB September 14, 2020).
Before: Michael W. Kim, Lynne H. Browne, and Amanda F. Wieker.

The (identical) panels in both decisions applied the *NHK-Fintiv* factors to PGR petitions and denied institution in both proceedings based on the application of the *Fintiv* factors to the record evidence.

Petitioner filed these PGR petitions near the end of the nine-month window for PGR review. Despite the patents having been issued relatively recently, patent owner had already asserted the patents against petitioner in district court and the district court trial was set to occur nine months prior to the Board's final written decision deadline. In addition, the district court proceedings were in an advanced state by the time of the Institution Decision. Markman briefing was complete, the district court had issued a Markman order, fact discovery was complete, and expert discovery was set to close about three weeks after the institution decision.

The Board first determined that the *NHK* and *Fintiv* decisions applied to PGR proceedings. The panel acknowledged that *NHK* and *Fintiv* applied the Director's discretion pursuant to 35 U.S.C. § 314(a), which is applicable only to IPR petitions. Nevertheless, the Board concluded that "the policy justifications associated with the exercise of discretion—inefficiency, duplication of effort, and the risk of inconsistent results—apply equally to post-grant review proceedings under 35 U.S.C. § 324(a)." Therefore, the Board analyzed the six *Fintiv* factors to determine whether institution was warranted in these proceedings.

The analysis of the factors was virtually identical in both proceedings. The only difference was under factor 6, where the Board analyzed the merits of petitioner's grounds. In PGR2020-00039, petitioner had asserted grounds of lack of written description and indefiniteness in addition to lack of patentable subject matter and obviousness. In PGR2020-00040, however, petitioner only asserted grounds of lack of patentable subject matter and obviousness.

Under factor 1 (stay), the Board found the facts to be neutral because no record evidence suggested that a stay was granted or may be granted in the future. The Board acknowledged that "many legitimate reasons may lead a party not to file a motion to stay a parallel proceeding prior to the Board's institution decision, including because such a motion may be viewed as premature." But, "[b]e that as it may, our precedential guidance instructs us to consider whether the court has granted a stay of the parallel proceeding, or whether evidence exists that a stay may be granted upon institution."

Under factor 2 (proximity of trial date to final written decision deadline), the Board found that the facts weighed strongly toward denying institution because the district court trial was scheduled to occur nine months prior to the final written decision deadline. In so holding, the Board rejected petitioner’s argument that the district court trial should receive little weight because trial was scheduled to occur only eighteen months after the challenged patents issued.

Under factor 3 (investment in the parallel proceeding), the Board found the facts to be moderately in favor of institution. This was based on the investment of the parties and the court in the district court trial, but *also* on the Board’s prior investment with the parent patents of the challenged patents in previous IPR petitions. The Board found that “only minimal investments” had been made in the parallel proceeding. And although the claim scope differed between the prior IPR proceedings and the current PGR proceedings, the Board found the Board’s prior investments weighed moderately in favor of institution. Weighed together, these facts weighed moderately in favor of institution for this factor.

Under factor 4 (overlap in issues), the Board found the facts to weigh moderately in favor of denying institution. The parties did not dispute that there was substantial overlap in issues between the parallel proceedings. Petitioner argued, however, that because the PGR review window had now closed without anyone else filing a petition, those issues would be forever insulated from PGR review if institution were denied. The Board recognized Petitioner’s policy arguments, but was “constrained by binding Board precedent” into considering this factor. Based on the record evidence, the facts weighed moderately in favor of institution for this factor.

Under factor 5 (overlap in parties), there was no dispute that the parties were the same. The petitioner raised similar policy arguments as with factor 4, but the Board again was constrained by prior precedent and found this factor weighed in favor of denying institution.

Under factor 6 (other circumstances), the Board found that there were some factors specific to post-grant review that should be considered. Specifically, the fact that the Board had previously considered related subject matter was pertinent and addressed in the analysis of factor 3. The inability of any other petitioner to bring patentable subject matter challenges in future IPR petitions and the differing institution standards for PGR (“more likely than not”) and IPR (“reasonable likelihood”) were considered as part of the analysis of the merits of petitioner’s challenge within factor 6. With respect to the merits of petitioner’s challenges, the Board found the merits of the patentable subject matter challenges appeared strong. The Board found the merits of the written description and indefiniteness challenges (only in PGR2020-00039) appeared, respectively, “weak” and “not strong.” And the Board found that patent owner identified valid weaknesses with the public availability of a reference underlying the obviousness challenges. Altogether, the Board found that these factors weighed slightly in favor of institution.

And, finally, after balancing all the facts and circumstances in the holistic analysis of the *Fintiv* factors, the Board concluded that duplication of efforts was likely and the potential for inconsistent results existed. Accordingly, the Board declined to institute the PGR petitions.

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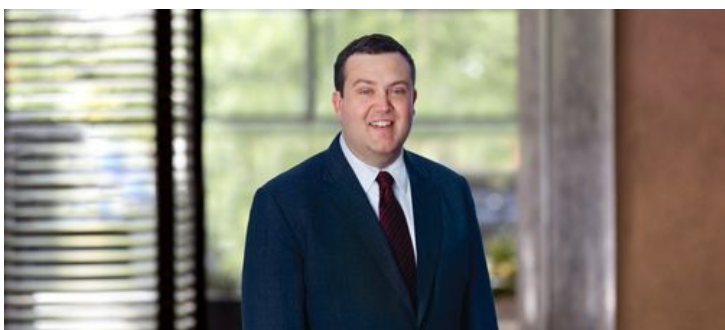
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