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Google Exhibit 1096
Google v. Mullen
IPR2025-00366

DID *SOTERA* STIPULATIONS SOLVE THE *FINTIV* CRITICISMS?

BY NATHAN SPORTEL

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INTRODUCTION

Since *NHK Spring Co. v. Intri-Plex Techs., Inc.*[1] and more notably, *Apple Inc. v. Fintiv, Inc.*,[2] the Patent Trial and Appeal Board ("PTAB" or "Board") has been discretionarily denying *inter partes* review ("IPR") petitions with increased frequency under 35 U.S.C. § 314(a).[3] According to a February 6, 2022 Report[4] by Unified Patents, the PTAB denied institution on § 314(a) grounds 167 times in 2020 and 123 times in 2021, representing approximately 43% of petition denials in 2020 and 35% in 2021. These numbers are notable because in 2018, the year before *NHK* was decided and designated precedential, a mere 45 cases were denied on § 314(a) grounds (and only one in 2017).[5] The uptick in § 314(a) denials is undoubtedly the result of *NHK* and *Fintiv*.[6]

NHK stands for the proposition that the PTAB can consider district court activities, progression, and deadlines to decide whether instituting IPR would be "an inefficient use of Board resources" in view of § 314(a).[7] Even though nothing in the statute mentions consideration of parallel litigation progression in the discretion granted to the USPTO,[8] the PTAB has found persuasive the idea that district court litigation progress impacts whether the PTAB should institute IPR.[9] The *Fintiv* decision clarified the *NHK* ruling and formalized six factors, considered holistically, to evaluate in deciding whether the PTAB will exercise § 314(a) discretion:

> "(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."[10]

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1. NHK Spring Co. v. Intri-Plex Techs., Inc., No. IPR2018-00752, Paper 8 (P.T.A.B. Sept. 12, 2018) (precedential, designated May 7, 2019).

2. Apple v. Fintiv, Inc., No. IPR2020-00019, Paper 11 (P.T.A.B. Mar. 20, 2020) (precedential, designated May 5, 2020).

3. "The Director may not authorize an inter partes review to be instituted unless the Director determines that the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition." 35 U.S.C. § 314(a).

4. *PTAB Procedural Decisions Report: Non-Merits Based Decisions Rise, Denials Fall*, UNIFIED PATENTS (Feb. 6, 2022), https://www.unifiedpatents.com/insights/ptab-procedural-decisions-report [https://perma.cc/ZS5D-UE3G].

5. *Id*.

6. *Id*.

7. *NHK Spring Co.*, Paper 8 at 20 (PTAB Sept. 12, 2018).

8. *See* 35 U.S.C. § 314(a).

9. *See id*. (litigation milestones considered include expert discovery ending almost a year before the IPR oral hearing, and the district court trial starting almost 6 months before the IPR oral hearing).

10. *Fintiv, Inc.*, Paper 11 at 6 (P.T.A.B. Mar. 20, 2020).

Since *Fintiv*, a common reason for discretionary denial is that a district court trial date occurs much earlier than the deadline for a final written decision from the PTAB.[11] These results heed *Fintiv*'s precedential language noting that an "earlier" trial date favors discretionary denial.[12]

As a result of *Fintiv*, the pendulum swung to the Patent Owner's favor, especially when a Patent Owner files a lawsuit in a fast-paced jurisdiction, such as the Western District of Texas.[13] More specifically, *Fintiv* gave Patent Owners a valuable tool on procedural grounds to avoid PTAB review of patent claims under the less stringent "preponderance of the evidence" burden of proof, and it worked almost 300 times (or 12% of the time) in 2020 and 2021.[14]

Commentators have not been shy in criticizing *Fintiv*. Perhaps the biggest criticism is that *Fintiv* generally considers trial dates that almost always change.[15] Moreover, not all jurisdictions follow the same scheduling timeline for a patent infringement lawsuit, meaning that defendants sued in faster jurisdictions are prejudiced because the *Fintiv* factors will become problematic for a petitioner far earlier than the full 12 months allotted by 35 U.S.C. § 315(b).[16]

However, in late 2020, the pendulum swung back to center after the petitioner in *Sotera Wireless, Inc. v. Masimo Corporation*[17] successfully convinced the PTAB that a broad stipulation provided strong weight against exercising discretion.[18] The stipulation stated that "if IPR is instituted, [Sotera] will not pursue in the District Court Litigation any ground raised *or that could have been reasonably raised in an IPR*."[19] The PTAB noted that the breadth of the stipulation, which essentially matches the language used in the estoppel statute,[20] "weigh[ed] strongly" against an exercise of § 314(a)

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11. *See, e.g.*, Samsung Elecs. Co., Ltd. v. Clear Imaging Res., LLC, IPR2020-01551, Paper 12 (P.T.A.B. Feb. 17, 2021); Verizon Business Network Servs. LLC v. Huawei Techs. Co. Ltd., IPR2020-01291, Paper 13 (P.T.A.B. Jan. 25, 2021).

12. In *NHK*, "[t]he Board found that the *earlier* district court trial date presented efficiency considerations that provided an additional basis, separate from the independent concerns under 35 U.S.C. § 325(d),2 for denying institution. Thus, *NHK* applies to the situation where the district court has set a trial date to occur *earlier* than the Board's deadline to issue a final written decision in an instituted proceeding." *Fintiv Inc.*, Paper 11, at 3 (emphasis added).

13. *See* Pauline Pelletier et. al., *How West Texas Patent Trial Speed Affects PTAB Denials*, LAW360 (Feb. 16, 2021 4:14 PM EST), https://www.sternekessler.com/news-insights/publications/how-west-texas-patent-trial-speed-affects-ptab-denials [https://perma.cc/4XKX-F97U].

14. UNIFIED PATENTS, *supra* note 4.

15. Andrew T. Dufresne et. al., *How Reliable are Trial Dates Relied on by the PTAB in the* Fintiv *Analysis?*, 1600 PTAB & BEYOND (Oct. 29, 2021) https://www.1600ptab.com/2021/10/how-reliable-are-trial-dates-relied-on-by-the-ptab-in-the-fintiv-analysis/ [https://perma.cc/HF8B-GCQC] ("Our results confirm the prior criticism. Out of 55 discretionary denials, only seven cited a trial date that proved accurate").

16. *See* Pelletier, *supra* note 12.

17. Sotera Wireless, Inc., v. Masimo Corp., No. IPR2020-01019, Paper 12 at 17 (P.T.A.B. Dec. 1, 2020) (precedential, designated Dec. 17, 2020).

18. *Id.* at 18-19.

19. *Id.* at 18 (emphasis added).

20. *See* 35 U.S.C. § 315(e)(2).

discretion.[21] Once the decision was designated as precedential, the *Sotera* stipulation was born, and petitioners had a low-risk option to help avoid discretionary denial by effectively advancing the estoppel provision of 35 U.S.C. § 325(e)(2) from Final Written Decision to a Decision Granting Institution.[22]

It has been more than a year since *Sotera* was decided, and so a natural question is whether the *Sotera* stipulation has fixed the *Fintiv* criticisms described above? Reviewing PTAB decisions in aggregate and the stipulation language submitted since *Sotera* will help answer this question.

I. A CLOSER LOOK AT STIPULATION LANGUAGE

The *Sotera* decision built on an earlier decision: *Sand Revolution II, LLC v. Cont'l Intermodal Group – Trucking LLC*.[23] In *Sand Revolution*, the petitioner filed a narrow stipulation stating, "if the IPR is instituted, Petitioner will not pursue the same grounds in the district court litigation."[24] The Board gave this stipulation only "marginal" weight against exercising 314(a) discretion due to the stipulation's narrow breadth.[25] In contrast, the Board found that a *Sotera* stipulation provides *strong* weight against discretionary denial.[26] But are there any workable stipulations that fall between a *Sotera* stipulation and a *Sand Revolution* stipulation?

Apparently not. In the 14 months after *Sotera*, stipulation language varied, sometimes notably, as clever practitioners attempted to avoid discretionary denial without "giving away the farm"[27] by submitting a *Sotera* stipulation. Despite the variety in stipulation language proposed by differing petitioners, the PTAB has taken a binary approach in classifying the various stipulations reviewed and considered since *Sotera*, dividing stipulations into one of two buckets. The first bucket falls into the true *Sotera* category, and such stipulations always include the "or could have been reasonably raised"

21. *Sotera*, Paper 12 at 19.

22. Nathan Sportel, *PTAB's Fintiv Test and the Use of Stipulations in Parallel District Court Litigation*, 27 IP LITIGATOR 8-11 (MAY/JUNE 2021).

23. IPR2019-01393, Paper 24 at 7 (PTAB June 16, 2020) (informative).

24. *Id.* at 11-12.

25. *Id.* at 12.

26. *Sotera*, IPR2020-01019, Paper 12 at 17.

27. It should be noted here that a *Sotera* stipulation will never include ineligible prior art for IPR, such as product prior art, evidence of a prior sale, public use, etc. *Philip Morris Products SA v. RAI Strategic Holdings, Inc.*, IPR2020-01094, Paper 9 at 21-23 (PTAB January 25, 2021); 35 U.S.C. § 311(b). Certainly, a *Sotera* stipulation is more attractive if a defendant has invalidity arguments using prior art that is not a patent or a printed publication. Nevertheless, a *Sotera* stipulation is an attractive option when facing a *Fintiv* challenge because, as Scott McKeown has noted, a petitioner's best chance of invalidating an asserted patent remains at the PTAB. Scott McKeown, *Top 5 PTAB Developments of 2020 for District Court Litigators*, ROPES AND GRAY (Jan. 8, 2021), https://www.patentspostgrant.com/top-5-ptab-developments-for-district-court-litigators/. So, a *Sotera* stipulation likely never "gives away the farm," even though some practitioners may feel hesitant about submitting one.

language.[28] All other stipulations fall into the *Sand Revolution* bucket, which merely receives "marginal" or "slight" weight against exercising discretion under § 314(a).[29]

Petitioners have tested the boundaries of the *Sotera* stipulation by writing stipulations that track the stipulation in *Sotera* but lack the magic words "or reasonably could have raised." For example, in *Apple Inc. v. Koss Corporation*,[30] the petitioner offered a stipulation on the petitioned grounds and any other grounds using the same primary reference used in the petition.[31] The PTAB recognized that this stipulation was broader than the stipulation in *Sand Revolution*, but the PTAB still treated this stipulation like a *Sand Revolution* stipulation, giving it only marginal weight against discretionary denial.[32] Similar stipulations have been made by petitioners, vowing not to assert any of the references cited in the petition, regardless of primary, secondary, or otherwise, in the parallel litigation, but this attempt, like the *Apple v. Koss* stipulation, has failed to receive anything more than "marginal" weight.[33]

While there have been some clever attempts to receive more than marginal weight against discretionary denial, no stipulation that lacked the "*or that could have been reasonably raised*" language has been given anything other than "marginal" or "slight" weight against discretion. And often, this marginal weight has not been enough to overcome concerns regarding district court litigation.[34]

As we see from these cases, after fourteen months of *Sotera* precedent, the Board has confirmed that nothing short of a true *Sotera* stipulation, having the "*or that could have been reasonably raised*" language, will receive anything more than "marginal weight" against exercising § 314 discretion. Whether that marginal weight is enough to survive a *Fintiv* challenge depends on other facts, as applied by the Board through the other five *Fintiv* factors. Still, practitioners should be aware that clever attempts to file broader stipulations lacking the magic *Sotera* language likely will not receive any more weight than a basic *Sand Revolution* stipulation limited to only the petition grounds. From the Board's perspective, a stipulation is either *Sotera* or *Sand Revolution*; apparently, there is nothing of significance

28. Medtronic CoreValve LLC v. Colibri Heart Valve LLC, IPR2020-01454, Paper 11 at 16-17 (PTAB March 10, 2021).

29. *Compare* Tennant Company v. Oxygenator Water Technologies, Inc., IPR2021-00625, Paper 9 at 16 (PTAB August 20, 2021) *with* Juniper Networks, Inc. v. Wsou Investments, LLC, IPR2021-00538, Paper 9 at 13-16 (PTAB August 18, 2021).

30. IPR2021-00255, Paper 22 at 16 (PTAB June 3, 2021).

31. *Id*. at 18.

32. *Id.* at 19.

33. *See, e.g.* Canon Inc. v. Optimum Imaging Techs. LLC, No. IPR2020-01321, Paper 10 at 10-11 (P.T.A.B. Mar. 1, 2021).

34. *See, e.g.* SharkNinja Operating LLC v. iRobot Corp., No. IPR2021-00544, Paper 13 (P.T.A.B. Nov. 17, 2021); LG Elecs., Inc. v. Ancora Techs., Inc., No. IPR2021-00581, Paper 16 (P.T.A.B. June 10, 2021); Google LLC v. EcoFactor Inc., No. IPR2021-00454, Paper 9 (P.T.A.B. July 22, 2021).

therebetween. Thus, whether stipulations solve the *Fintiv* criticism hinges on whether the petitioner uses precise *Sotera* stipulation language.

II. A CLOSER LOOK AT THE NUMBERS

As mentioned above, a true *Sotera* stipulation provides much stronger protection against discretionary denial than a *Sand Revolution* stipulation. Knowing this, one would think that Petitioners would file *Sotera* stipulations with regularity. However, the numbers suggest that petitioners opted for a *Sotera* stipulation only about 50% of the time.

211 institution decisions citing to *Sotera,* from December 2020 through February 2022, were analyzed for the purpose of writing this article. As a result of this analysis, it was found that 106 petitioners opted for a *Sotera* stipulation while 105 petitioners opted for a *Sand Revolution* stipulation. Over time, however, *Sotera* stipulations have become more frequent.[35]

That is not to say that the PTAB never institutes *inter partes* review when a Petitioner provides a *Sand Revolution* stipulation. In fact, the PTAB has found that a *Sand Revolution* stipulation can overcome some trial date concerns, even a trial date scheduled for three months before the due date for the Final Written Decision.[36] Also, numerous petitions have been granted when the Petitioner provides a *Sand Revolution* stipulation, although the other facts, including the trial date, typically did not weigh strongly against institution in those cases.[37] But of course, several instances show that *Sand Revolution* stipulations will not suffice when there are significant trial date concerns.[38]

On the other hand, a *Sotera* stipulation is not bulletproof.[39] In *Cisco Systems, Inc. v. Estech Systems, Inc.*,[40] a *Sotera* stipulation was not sufficient to overcome a trial date scheduled for 11 months before the due date of a Final Written Decision and the completion of fact and expert discovery in the parallel litigation.[41] In other words, a *Sotera* stipulation could not overcome strong denial weight under both *Fintiv* factors (2) and (3).

So, whether a petition needs a *Sand Revolution* or a *Sotera* stipulation will depend on the other facts of the case. Petitioners are generally cognizant of their set of circumstances and how the Board is likely to react to that particular set of facts. And it is certainly worth noting that, even after the

35. Trend discovered because the researcher reviewed institution decisions in chronological order.

36. Facebook, Inc. v. Onstream Media Corp., No. IPR2020-01527, Paper 11 (P.T.A.B. Apr. 5, 2021).

37. Western Digital Corp. v. Kuster, No. IPR2020-01410, Paper 13 (P.T.A.B. Feb. 17, 2021); Netapp, Inc. v. Proven Networks, LLC, No. IPR2020-01436, Paper 11 (P.T.A.B. Apr. 9, 2021).

38. *Canon Inc.,* Paper 10 at 10-11 (P.T.A.B. Mar. 1, 2021)..

39. *See* Tianma Micro-electronics Co., Ltd. v. Japan Display Inc, No. IPR2021-01057, Paper 15 (P.T.A.B. Jan. 6, 2022) ("Sotera-type stipulations are not always dispositive of institution")

40. Cisco Sys., Inc. v. Estech Sys., Inc., No. IPR2021-00329, Paper 13 (P.T.A.B. July 6, 2021).

41. *Id.* at 13.

Board's guidance in *Sotera*, the Board still appreciates and gives some favorable weight against discretionary denial to non-*Sotera* stipulations.[42]

III. HAS *SOTERA* SOLVED THE *FINTIV* CRITICISMS?

While *Sotera* gives the petitioner some control against discretionary denial, *Sotera* has by no means "fixed" *Fintiv*. The Board still considers trial dates and scheduling orders that may change,[43] there is no movement toward uniformity in patent litigation scheduling nationwide, and *Sotera* stipulations, by the Board's own admission, are "not always dispositive."[44] Moreover, it does not appear that *Fintiv* is going away anytime soon, especially considering that the Administration Procedure Act challenge to *Fintiv* in the Northern District of California was dismissed,[45] and Congress has not passed the "Restoring America Invents Act" Bill introduced by Senator Patrick Leahy in September 2021, directed at overruling *Fintiv* through legislation.[46]

Regardless, whether you like or loathe *Fintiv*, the PTAB's discretionary denials precedent has certainly become increasingly complex since the inception of IPR in 2012, particularly in the way that the PTAB has interpreted § 314(a). The same can be said of § 325(d) precedent, which has its own multi-prong test[47] to potentially consider. Unfortunately, the PTAB, in an effort to clarify discretionary denial, has made matters much more complicated. Petitioners in many, if not most, situations must provide in-depth, substantive arguments addressing numerous discretionary denial factors.[48] These arguments require significant space in a petition only allowed to have 14,000 words.[49] The words used to address discretionary denials deduct from words that could be used to discuss the merits of the petition, which is the entire point of an *inter partes* review – to determine whether a patent should have been granted in view of the prior art.[50] As a

42. Quest Diagnostics Inc. v. Ravgen, Inc., No. IPR2021-00788, Paper 23 at 35 (P.T.A.B. Oct. 19, 2021) ("the Board has not mandated that a stipulation must be as broad as the one in Sotera Wireless or cover the same scope as the estoppel provisions of § 315(e) in order to be considered in a Fintiv analysis.").

43. Samsung Electronics America, Inc. v. Proxense, LLC, No. IPR2021-01439, Paper 11 at 6-15 (P.T.A.B. Feb. 28, 2022).

44. *Tianma*, Paper 15.

45. Apple Inc. v. Iancu, No. 5:20-CV-06128-EJD, 2021 WL 5232241 (N.D. Cal. Nov. 10, 2021).

46. Press Release, Sen. Patrick Leahy, Leahy and Cornyn Introduce Bipartisan Bill to Support American Innovation And Reduce Litigation (Sept. 29, 2021), https://www.leahy.senate.gov/press/leahy-and-cornyn-introduce-bipartisan-bill-to-support-american-innovation-and-reduce-litigation [https://perma.cc/92SW-QBNB].

47. Becton, Dickinson & Co. v. B. Braun Melsungen AG, No. IPR2017-01586, Paper 8 (P.T.A.B. Dec. 15, 2017).

48. Regeneron Pharmaceuticals, Inc. v. Novartis Pharma Ag, No. IPR2020-01317, Paper 12, at 6 (P.T.A.B. Nov. 17, 2020) (the *Fintiv* factors "are expected to be addressed in some manner in the petition when it is reasonably foreseeable that patent owner may raise these issues.").

49. 37 C.F.R. § 42.24(a)(1)(i) (2021).

50. H.R. Rep. No. 112-98, p. 39, 164 (June 1, 2011) (Conf. Rep.)

result, petitioners may forego drafting an important backup position, arguing additional motivations to combine, or challenging some claims to ensure that strong arguments against discretionary denial are presented in the petition. The more complicated the PTAB makes discretionary jurisprudence, the less petitioners, patent owners, and the Board itself get to focus on the substance of the petition.

Nevertheless, the USPTO can self-correct. An alternative solution would be to set a separate word count limit for arguments directed to discretionary denial under any of the discretion statutes. A separate word count applying to discretion arguments would not affect or take away from arguments directed to the substance of the IPR – namely the grounds for unpatentability. Such a rule change would not be controversial, as the PTAB has, in some situations, allowed additional briefing on *Fintiv*, but those situations were usually limited to petitions filed before *Fintiv* was decided.[51]

The 14,000-word limit has been in effect since the USPTO changed the rule in 2016 from 60 pages to 14,000 words.[52] Notably, none of *NHK*, *Fintiv*, or *Becton, Dickinson* were decided under the current 14,000-word limit. The word limit was set before anyone knew how complex the PTAB would make their interpretation of §§ 314(a) and 325(d). Now that PTAB has determined how it will interpret these statutes, and particularly that the interpretation considers numerous factors, the USPTO should reconsider the petition word limit, and set a separate word limit for arguments directed to discretionary denial.

Certainly, *Sotera* alleviated some fears about just how broadly the Board would apply *Fintiv*, but the holding of *Sotera* won't change how complicated matters have become when it comes to applying and analyzing §§ 314(a) and 325(d). Other impacts should be analyzed, and a reconsideration of the current word limits would go far in mitigating the impact of our modern discretionary denial landscape.

51. *Sotera*, Papers 10-11.
52. *See* 81 Fed. Reg. 18,750 (Apr. 1, 2016).