

News

Patent Review Denials Based on Texas Trial Dates Not a Certainty

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- Much-debated rule relates to administrative patent challenges
- Study suggests rule hasn't played big role in Texas cases recently

By Matthew Bultman

(Bloomberg Law) --

Companies that file patent infringement lawsuits in the Western District of Texas shouldn't count on an administrative tribunal rejecting challenges to their patents because the court intends to move fast toward trial, a new study suggests.

From September through December 2021, no patent challenges were denied by the Patent Trial and Appeal Board under the NHK-Fintiv rule based on the stage of a parallel infringement lawsuit in the U.S. District Court for the Western District of Texas, the Buchanan Ingersoll & Rooney PC study found.

The NHK-Fintiv rule, set through agency precedent, gives considerations for PTAB judges to weigh when determining whether to institute review of a patent that is part of a parallel infringement case. The district court's trial date is among the most significant factors.

The rule has cut against companies sued in the U.S. District Court for the Western District of Texas. Judge Alan Albright, who handles the vast majority of patent cases in the district, generally sets fast times to trial.

"Plaintiffs could go into the Western District of Texas and not have to worry about PTAB proceedings," Todd Walters, who chairs the Patent Office Litigation practice at Buchanan Ingersoll, said during a presentation of the study's findings at a panel discussion hosted by IPWatchdog.

"But that certainty is eroding," Walters said.

Needing 'Something Else'

The findings sharply contrast with previous data.

One September 2020 [analysis](#), for example, found companies sued in fast-moving courts, like the Western District of Texas and the Eastern District of Texas, were at a significant disadvantage in terms of getting PTAB review, because of the Fintiv analysis.

"The message is, if its a Fintiv argument alone you can't beat IPR institution, at least right now, by filing in the Eastern District or Western District. You need something else," Global IP Law Group attorney Alison Richards said during the panel discussion.

While the sample size is limited, other attorneys on the panel suggested a mix of factors could be at play.

More companies are promising not to pursue in the district court arguments that they made in the review—or any other argument that could have been raised, the attorneys said. The PTAB has said such stipulations weigh strongly in favor of review.

Dentons attorney Kevin Greenleaf suggested the PTAB may also be giving trial dates in the Western District of Texas less credence. Sen. Thom Tillis (R-N.C.) in a letter to the patent office recently questioned the PTAB's reliance on Albright's trial dates, which he said can be "unrealistic."

"It's really hard to give the trial date any credence and I think that's what the PTAB is doing - it's giving it less credence," Greenleaf said.

Merits Denials

The PTAB in several recent decisions has denied challenges on the merits without addressing arguments the patent owners made under Fintiv.

Last month, Sable Networks Inc. argued review of its patent should be denied, noting a trial date in a parallel infringement case scheduled for January 2023 in West Texas. The PTAB **said** it didn't need to address the Fintiv arguments because Cloudflare Inc. hadn't shown the claims are likely invalid.

"I think merit-based denials are going to be the new norm," said Scott McKeown, chair of the PTAB group at Ropes & Gray LLP.

Statistics indicate PTAB denials under Fintiv have been on a downward trend across the board, not just in reviews arising from disputes in Texas, attorneys said. Still, Wendy Verlander of Verlander LLP said she's not ready to declare Fintiv dead.

"The data doesn't look good and I don't think one would be advising their client that there is any likelihood that there will be a denial based on these Fintiv factors," Verlander said. "But I wouldn't proclaim them completely dead in any jurisdiction just yet."

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