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DISCRETIONARY DENIALS OF IPR INSTITUTION

*Jasper L. Tran, Matthew Chung, David Maiorana, and Matthew W. Johnson**

I. INTRODUCTION

On September 12, 2018, the PTAB in *NHK Spring Co. v. Intri-Plex Techs., Inc.* exercised its discretion under 35 U.S.C. § 314(a)¹ to deny institution of an IPR, despite the petitioner's timely filing, due to a parallel district court trial scheduled six months after the date of filing.² The PTAB designated *NHK Spring* as precedential on May 7, 2019 and, in so doing, characterized *NHK Spring*'s holding as denying institution because the co-pending district court proceeding was "nearing completion."³ The PTAB has "recognized in cases such as *NHK Spring* that the fact that [a] court will resolve the same issues raised by [a] Petition, at an earlier date than the Board, gives rise to inefficiencies and duplication of effort between the tribunals."⁴ By examining the effect of the designation of *NHK Spring* as

* The views set forth herein are personal and do not necessarily reflect those of Jones Day or its former/current clients.

1. Section 314(a) reads: "Threshold. 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) (2012); *see also* *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) (Section 314(a) provides that the PTAB may, not must, institute IPR); *Conopco, Inc. v. Proctor & Gamble Co.*, No. IPR2014-00506, Paper 25 at 4 (P.T.A.B. Dec. 10, 2014) (informative) (IPR institution "is discretionary, not mandatory" under § 314(a)). *See generally* Kevin B. Laurence and Matthew C. Phillips, *PTAB's Discretion to Deny Institution*, in USPTO POST-GRANT PATENT TRIALS 2018 (2018), available at https://www.ipo.org/wp-content/uploads/2018/04/9.15_Laurence_Kevin_Paper.pdf.

2. No. IPR2018-00752, Paper 8 (P.T.A.B. Sept. 12, 2018).

3. *Precedential and Informative Decisions*, USPTO, <https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/precedential-informative-decisions> (last visited Aug. 6, 2019). Precedential opinions are binding on all members of the Board unless overcome by subsequent binding authority. Note that on one hand, the PTAB's "nearing completion" remark may have no legal significance and be administratively amended/deleted at any time; on the other hand, the remark could shed light on the PTAB's thinking at the time of designating *NHK Spring* precedential.

4. *Hormel Foods Corp. v. HIP, Inc.*, No. IPR2019-00469, Paper 9 at 50 (P.T.A.B. July 15, 2019). The PTAB applied the principle of *NHK Spring* even before designating it as a precedential

precedential, the authors show that *NHK Spring* and its progeny⁵ have important implications for both the timing of filing an IPR petition and deciding whether to file a petition when trial in a parallel district court proceeding draws near.

The article proceeds in six Parts. Part II lays out the procedural history of *NHK Spring*. Part III discusses three PTAB cases before *NHK Spring*'s precedential designation. Part IV discusses three PTAB cases after the designation. Part V analyzes and synthesizes each case discussed in Parts II through IV. Part VI briefly concludes with strategic considerations for practitioners. The Appendix to this article summarizes the seven discussed cases in a table format to help visualize the results and any possible trends.

II. *NHK SPRING CO., LTD. V. INTRI-PLEX TECHS., INC.* (DENYING INSTITUTION; TRIAL SIX MONTHS AWAY)

In *NHK Spring*, the PTAB exercised its discretion under both §§ 314(a) and 325(d)⁶ to deny institution due, *inter alia*, to a parallel district court trial scheduled six months away.⁷ On March 2, 2017, Intri-Plex Technologies, Inc. sued NHK International and its parent company, NHK Spring, for infringement of U.S. Patent No. 6,183,841 in the Northern District of California.⁸ Service was effected on March 9, 2017.⁹ On March 7, 2018 (two days before the one-year time bar deadline¹⁰), NHK Spring petitioned for IPR.¹¹ In its preliminary response, Intri-Plex asserted that an IPR proceeding would be inefficient due to the parallel district court proceedings.¹²

The PTAB agreed with Intri-Plex and denied institution on September 12, 2018, because the parallel district court trial was scheduled to be on

decision. For instance, in May 2019, the PTAB in *E-One, Inc. v. Oshkosh Corp.* denied institution under § 314(a) due to a parallel district court trial scheduled eleven months away. No. IPR2019-00161, Paper 16 at 9 (P.T.A.B. May 15, 2019).

5. Every case following *NHK Spring*, through August 15, 2019, has been identified by searching PTAB Decisions on Institution in Docket Navigator for “IPR2018-00752, Paper 8” or “IPR2018-00752, slip op.” The authors assessed each such case and have discussed below each as having a sufficient substantive discussion of *NHK Spring*.

6. 35 U.S.C. § 325(d) (2012) (“[I]f another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the [IPR] may proceed . . .”).

7. No. IPR2018-00752, Paper 8 (P.T.A.B. Sep. 12, 2018).

8. *Intri-Plex Techs., Inc. v. NHK Int'l Corp.*, No. 3-17-cv-1097 (N.D. Cal. 2017).

9. *NHK Int'l*, No. 3-17-cv-1097, Dkt. 15 (Mar. 10, 2017).

10. See 35 U.S.C. § 315(b) (“An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent.”).

11. *NHK Spring*, No. IPR2018-00752, Paper 1 (P.T.A.B. Mar. 7, 2018).

12. *NHK Spring*, No. IPR2018-00752, Paper 8 at 20 (P.T.A.B. Sept. 12, 2018).

March 25, 2019, approximately six months after the denial.¹³ The PTAB found that instituting under § 314(a) would be an inefficient use of resources because Petitioner asserted the same prior art and arguments in the district court proceeding.¹⁴ Additionally, the district court proceeding was “nearing its final stages” and the advanced state of the district court proceeding weighed in favor of denying the petition under § 314(a).¹⁵

In this instance, the PTAB’s “nearing its final stages” refers to the parallel district court trial scheduled for six months away.¹⁶ And while *NHK Spring* involved the PTAB’s exercise of its discretion to deny under both §§ 314(a) and 325(d), it has been mostly cited for its discretion to deny under § 314(a), though the denial on the § 325(d) ground has been brought up in attempt to distinguish *NHK Spring*.¹⁷

III. BEFORE NHK SPRING’S PRECEDENTIAL DESIGNATION

1. *Mylan Pharmaceuticals, Inc. v. Bayer Intellectual Property GmbH* (denying institution; trial four months away)

In *Mylan*, the PTAB exercised its § 314(a) discretion to deny institution based on the fact that a district court trial was scheduled to begin in four months, even though the Patent Owner did not raise the issue.¹⁸ On May 19, 2017, Bayer Intellectual Property GmbH and its parent company, Bayer AG, sued Mylan Pharmaceuticals Inc. for infringement of U.S. Patent No. 9,539,218 in the District of Delaware.¹⁹ On May 24, 2018, Mylan petitioned for IPR, asserting two grounds alleging obviousness.²⁰ In its preliminary response, Bayer argued that the PTAB should decline to institute the IPR on both grounds under § 325(d) or alternatively

13. *Id.*

14. *Id.*

15. *Id.*

16. *Id.*

17. *See, e.g.,* *Intuitive Surgical, Inc. v. Ethicon LLC*, No. IPR2018-01703, Paper 7 at 11–13 & nn. 7–8 (P.T.A.B. Feb. 19, 2019); *Huawei Device Co., Ltd. v. Optis Wireless Tech., LLC*, Nos. IPR2018-00653, IPR2018-00655, Paper 27 at 11 (P.T.A.B. Mar. 13, 2019). *Intuitive Surgical* is discussed in detail in *infra* Part III.2.

18. No. IPR2018-01143, Paper 13 (P.T.A.B. Dec. 3, 2018).

19. *Bayer Intellectual Property GmbH v. Mylan Pharms., Inc.*, No. 1-17-cv-584, Dkt. 1 (D. Del. 2017).

20. *Mylan Pharma. Inc. v. Bayer Intellectual Prop. GmbH*, No. IPR2018-01143, Paper 2 at 1–3 (P.T.A.B. May 24, 2018). As Mylan explained in the petition, it was served with the complaint in the district court action “no earlier than May 24, 2017,” and thus the petition was filed within one year of service, as permitted under 35 U.S.C. § 315(b). *Id.* at 14.

§ 312(a)(3), but did not contend that the PTAB should exercise its discretion to deny institution under § 314(a).²¹

In its Decision on Institution, issued on December 3, 2018, the PTAB noted that a district court trial on the same patent was scheduled for April 1, 2019, less than four months away.²² Relying on *NHK Spring*, the PTAB found that instituting IPR would be inefficient given the advanced stage of the co-pending district court case and the extensive overlap between the cases.²³ Thus, the PTAB exercised its discretion under § 314(a) and dismissed the relevant grounds in Bayer's petition because of temporal proximity of the district court trial.²⁴ *Mylan* demonstrates the PTAB's willingness to deny institution, *sua sponte*, under § 314(a) due to the temporal proximity of the parallel district court trial under *NHK Spring*.

2. *Intuitive Surgical, Inc. v. Ethicon LLC* (granting institution; trial eight months away)

In *Intuitive Surgical*, the panel made clear its position that *NHK Spring* did not endorse denying all IPR institutions solely because of parallel district court proceedings.²⁵ On June 30, 2017 Ethicon LLC, Ethicon Endo-Surgery, Inc., and Ethicon US, LLC sued Intuitive Surgical, Inc., Intuitive Surgical Operations, Inc., and Intuitive Surgical Holdings, LLC for infringement of six patents, including U.S. Patent No. 8,616,431 (“431 Patent”), in the District of Delaware.²⁶ On September 11, 2018, Intuitive Surgical petitioned for IPR on the ‘431 Patent.²⁷ In its preliminary response, Ethicon argued that the PTAB should deny institution because Intuitive Surgical delayed filing the IPR so that the district court would

21. *Mylan*, Paper 6 at 2–4 (P.T.A.B. Sept. 7, 2018) (citing 35 U.S.C. § 312(a)(3) (2012) “Requirements of Petitions. A petition filed under section 311 may be considered only if . . . the petition identifies, in writing and with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim, including (A) copies of patents and printed publications that the petitioner relies upon in support of the petition; and (B) affidavits or declarations of supporting evidence and opinions, if the petitioner relies on expert opinions.”).

22. *Id.* at 14.

23. *Id.* at 13–14 (explaining that “given the advanced stage of the copending district court case and the extensive overlap of the asserted prior art, expert testimony, and claim construction . . . it would be an inefficient use of Board resources to proceed with this *inter partes* review in parallel with the district court case”).

24. *Id.*

25. See generally No. IPR2018-01703 (P.T.A.B. filed Sep. 11, 2018).

26. *Ethicon LLC v. Intuitive Surgical, Inc.*, No. 17-cv-871, Dkt. 1 (D. Del. June 30, 2017).

27. *Ethicon*, No. 17-cv-871, Dkt. 47 (D. Del. Nov. 13, 2017); *Intuitive Surgical*, No. IPR2018-01703, Paper 2 at 1 (P.T.A.B. Sept. 11, 2018).

reach a decision before an IPR proceeding would, and cited *NHK Spring* to argue that the PTAB should deny institution under § 314(a).²⁸

The PTAB disagreed with Ethicon and instituted IPR on February 19, 2019, despite a parallel district court trial scheduled for October 15, 2019, nearly eight months away.²⁹ The PTAB explained there is no *per se* rule to deny institution of an IPR whose final decision might issue after a district court trial.³⁰ In fact, according to the PTAB, instituting under these circumstances might conserve judicial resources because it gives the district court an opportunity to stay the litigation until the IPR proceeding is complete.³¹ Moreover, because the petition was filed before November 13, 2018, the claims would be construed using the broadest reasonable interpretation standard, which is a different standard from the one the district court would apply.³² The PTAB further found that *NHK Spring* did not require the PTAB to exercise its § 314(a) discretion solely because the district court would review the same issues before the IPR proceeding would be completed.³³ Instead, the PTAB noted that in *NHK Spring*, the PTAB could have denied institution based entirely on the § 325(d) factors.³⁴ Finally, the PTAB noted that “*NHK Spring* has not been designated as either precedential or informative.”³⁵

Thus, in *Intuitive Surgical*, the PTAB declined to deny institution based on only the fact that the Final Written Decision would be issued after the district court trial.

3. *Amazon.com, Inc. v. CustomPlay, LLC* (granting institution on one of three asserted patents; trial five months away)

In *Amazon*, the PTAB declined to exercise its § 314(a) discretion to deny institution of one of the three patents asserted at the district court, despite a parallel district court trial scheduled five months away.³⁶ On July 27, 2017, CustomPlay, LLC sued Amazon.com, Inc. for infringing three patents, including U.S. Patent No. 9,380,282 (“282 Patent”), in the

28. *Intuitive Surgical*, No. IPR2018-01703, Paper 6 at 6, 41–43 (P.T.A.B. Dec. 21, 2018).

29. *Intuitive Surgical*, No. IPR2018-01703, Paper 7 at 28 (P.T.A.B. Feb. 19, 2019).

30. *Id.* at 11–12.

31. *Id.* at 12.

32. *Id.*

33. *Id.* at 13.

34. *Id.* at 12.

35. *Id.* at 12 n.7. However, this last statement was short-lived because the PTAB designated *NHK Spring* precedential three months later. See *Precedential*, *supra* note 3.

36. See generally No. IPR2018-01498 (P.T.A.B. filed Aug. 1, 2018).

Southern District of Florida.³⁷ The Complaint was served on August 2, 2017.³⁸ On August 1, 2018 (one day before the one-year time bar deadline), Amazon.com filed an IPR petition challenging the ‘282 Patent.³⁹ In its preliminary response, CustomPlay cited *NHK Spring* to argue that instituting IPR would not serve its purpose “as an alternative to litigation” and would be inefficient given the advanced stage of the district court proceeding.⁴⁰

The PTAB disagreed with CustomPlay and instituted IPR of the ‘282 Patent on March 14, 2019 despite the parallel district court trial scheduled for August 19, 2019 (five months away).⁴¹ The PTAB disagreed with Patent Owner’s contention that the related district court case was at an advanced stage to warrant denying institution.⁴² At that point, the parties had not taken any fact depositions, there had been no claim construction hearing, and the district court had recently granted a joint motion to extend deadlines for discovery.⁴³ This is distinguishable from *NHK Spring* where the district court had already issued its claim construction order, and expert discovery was set to end in less than two months.⁴⁴ Thus, the PTAB declined to exercise its § 314(a) discretion to deny institution.⁴⁵

IV. AFTER *NHK SPRING*’S PRECEDENTIAL DESIGNATION

After *NHK Spring* was designated as precedential, patent owners cited it more frequently, requesting that the PTAB exercise its § 314(a) discretion. So far, the designation has not significantly affected the PTAB’s responses to § 314(a) arguments.

1. *E-One Inc. v. Oshkosh Corp.* (denying institution; trial up to eleven months away)

After *NHK Spring* was designated precedential on May 7, 2019,⁴⁶ the PTAB in *E-One Inc. v. Oshkosh Corp.* denied institution under § 314(a)

37. CustomPlay, LLC v. Amazon.com, Inc., No. 17-cv-80884, Dkt. 1 at 5 (S.D. Fla. July 27, 2017).

38. CustomPlay, No. 17-cv-80884, Dkt. 7 (Aug. 11, 2017).

39. Amazon.com, Inc. v. CustomPlay, LLC, No. IPR2018-01498, Paper 1 at 1 (P.T.A.B. Aug. 1, 2018).

40. Amazon.com, No. IPR2018-01498, Paper 6 at 9–10 (P.T.A.B. Dec. 18, 2018).

41. Amazon.com, No. IPR2018-01498, Paper 13 at 8 (P.T.A.B. Mar. 14, 2019).

42. *Id.* at 9.

43. *Id.* at 9–10.

44. *Id.* at 10.

45. *Id.* at 11.

46. *Precedential*, *supra* note 3.

due to a district court trial scheduled ten to eleven months away.⁴⁷ On February 23, 2018, Pierce Manufacturing, a subsidiary of Oshkosh Corporation, sued REV Group and E-One for infringement of U.S. Patent Nos. 9,597,536 (“‘536 Patent”) and 9,814,915 (“‘915 Patent”) in the Eastern District of Wisconsin (“Wisconsin Action”).⁴⁸ REV Group and E-One responded on March 14, 2018, by filing a declaratory judgment action on the two patents in the Middle District of Florida (“Florida Action”).⁴⁹ The Wisconsin Action was transferred to the Middle District of Florida on April 20, 2018, and consolidated with the Florida Action on May 2, 2018.⁵⁰ A trial is scheduled for April 2020.⁵¹ On November 20, 2018 (less than nine months after filing suit), E-One, REV Group, and others filed one IPR petition on each of the two patents.⁵² In its preliminary responses, Oshkosh and Pierce Manufacturing cited *NHK Spring* to argue that instituting IPR would be inefficient given the status of the district court proceeding.⁵³

The PTAB agreed with Oshkosh and Pierce Manufacturing in No. IPR2019-00161 and denied institution of the ‘536 Patent on May 15, 2019 because the district court trial on the same patent was scheduled for eleven months from the date of the institution decision. The PTAB chose to exercise its § 314(a) discretion because there was significant overlap between the IPR petition and the parallel district court case.⁵⁴ Additionally, the proceedings at the district court were at a significantly advanced stage.⁵⁵ For instance, while the IPR petitions were pending, the district court already reviewed all the briefings related to, and granted decisions on, preliminary injunction and claim construction.⁵⁶ And the district court trial would have concluded before a final decision would be due in the PTAB proceeding if IPR was instituted.⁵⁷

On June 5, 2019, the PTAB in No. IPR2019-00162 denied institution of the ‘915 Patent under § 314(a) for the same reason – this time, the trial was ten months away.⁵⁸ In a more lengthy discussion of the parallel

47. No. IPR2019-00161, Paper 16 (P.T.A.B. May 15, 2019).

48. *Pierce Mfg. v. REV Grp.*, No. 18-cv-284 (E.D. Wis. 2018).

49. *Pierce Mfg. v. E-One*, No. 18-cv-617 (M.D. Fl. 2018).

50. *Pierce Mfg. v. REV Grp.*, No. 18-cv-976 (M.D. Fl. 2018).

51. *E-One*, No. 18-cv-617, Dkt. 43 (June 13, 2018).

52. *E-One*, No. IPR2019-00161 (P.T.A.B. Nov. 11, 2018) (‘536 Patent). *See generally E-One*, No. IPR2019-00162, (P.T.A.B. Nov. 11, 2018) (‘915 Patent).

53. *E-One*, No. IPR2019-00161, Paper 9 at 14 (P.T.A.B. Mar. 6, 2019).

54. *Id.*, Paper 16 at 6 (P.T.A.B. May 15, 2019).

55. *Id.* at 9.

56. *Id.* at 7.

57. *Id.* at 6.

58. *Id.*, No. IPR2019-00162, Paper 16 at 8–9 (P.T.A.B. June 5, 2019).

proceedings, the PTAB found that administering IPR would be inefficient because of the significant overlap between the petition and the district court case.⁵⁹ The significant resources already spent on the co-pending litigation meant instituting IPR would “not serve the objective of providing an effective and efficient alternative to district court litigation.”⁶⁰ Petitioner’s arguments in this petition were essentially the same as those brought up in the district court case.⁶¹ Furthermore, the PTAB found the petitioner’s arguments “weak and speculative.”⁶² And the scheduled district court trial would complete before any Final Written Decision would be due.⁶³ Thus, denying a petition under § 314(a) was in accordance with a balanced assessment of the totality of the circumstances, including the merits.⁶⁴

In its decision, the PTAB went into substantial detail on the many overlaps between the petition and the parallel district court proceeding. E-One’s invalidity arguments in its petition relied on the same theory as the one proposed in the Florida Action.⁶⁵ After reviewing the expert witness declarations, the PTAB found substantial overlap on expert testimony between the petition and the Florida Action.⁶⁶ Furthermore, since the petition was filed after November 13, 2018, the *Phillips* standard applies to both the district court and IPRs.⁶⁷ The PTAB found that E-One’s obviousness arguments were fundamentally the same as those presented in the Florida Action and ultimately unconvincing.⁶⁸ Thus, the PTAB decided to exercise its § 314(a) discretion to deny institution based on the substantial overlap between the parallel district court case and the relatively weak merits of the petition.⁶⁹

E-One is significant because the PTAB can still exercise its § 314(a) discretion to deny institution due to a parallel district court trial scheduled up to eleven months in the future.

59. *Id.* at 8.

60. *Id.* at 12–13.

61. *Id.* at 17.

62. *Id.* at 20.

63. *Id.*

64. *Id.* at 8.

65. *Id.* at 10.

66. *Id.* at 11.

67. *Id.* at 11–12.

68. *Id.* at 17.

69. *Id.* at 20.

2. *Apotex Inc. v. UCB Biopharma SPRL* (granting institution; district court case was stayed though trial and would have been one month away)

In *Apotex*, the PTAB chose to not exercise its § 314(a) discretion to deny institution because the district court proceeding was stayed pending resolution of the IPR petition.⁷⁰ On April 17, 2018, UCB, Inc. and UCB Biopharma SPRL sued Apotex Inc. for infringement of U.S. Patent No. 8,663,194 in the Southern District of Florida.⁷¹ On December 13, 2018, Apotex petitioned for IPR.⁷² The jury trial was initially scheduled for August 19, 2019,⁷³ but on April 1, 2019, the district court granted a stay pending resolution of the IPR petition.⁷⁴ In its preliminary response, UCB cited *Mylan* and *NHK Spring* to argue that the PTAB should exercise its § 314(a) discretion and deny institution because of the co-pending district court litigation.⁷⁵ Additionally, UCB argued that if the status of the '194 Patent remained in flux after the 30-month regulatory stay, UCB would be forced to "seek a preliminary injunction at the District Court where the merits of the case will have to be reviewed because the Hatch-Waxman Act empowers only District Courts to issue such injunctions."⁷⁶ UCB argued that, from an efficiency standpoint, the entire case should be handled by the district court.⁷⁷

The PTAB disagreed with UCB and instituted IPR on July 15, 2019, even though the initially-scheduled district court trial without the stay would have been one month away.⁷⁸ The PTAB distinguished *Apotex* from *NHK Spring* and found that "the merits of the case weigh heavily in favor of granting institution" and "the procedural posture of the related district court litigation weighs against exercising [the PTAB's § 314(a)] discretion to deny institution."⁷⁹ In *Apotex*, the related district court proceeding is stayed and administratively closed pending resolution of IPR. Thus, unlike *NHK Spring*, the district court trial in *Apotex* could not occur before the Final Written Decision.⁸⁰ Additionally, the PTAB found that risk of a

70. No. IPR2019-00400, Paper 17 at 31–35 (P.T.A.B. July 15, 2019).

71. *UCB Inc. v. Apotex Inc.*, No. 18-cv-60846, Dkt. 1 (S.D. Fla. Apr. 17, 2018).

72. *Apotex*, No. IPR2019-00400, Paper 3 (P.T.A.B. Dec. 13, 2018).

73. *UCB*, No. 18-cv-60846, Dkt. 28 (S.D. Fla. June 7, 2018).

74. *Apotex*, No. IPR2019-00400, Paper 17 at 29 (P.T.A.B. July 15, 2019); *UCB*, No. 18-cv-60846, Dkt. 61 (S.D. Fla. Apr. 1, 2019).

75. *Apotex*, No. IPR2019-00400, Paper 11 at 27–28 (P.T.A.B. Apr. 16, 2019).

76. *Id.* at 30–31.

77. *Id.*

78. *Apotex*, No. IPR2019-00400, Paper 17 at 35 (P.T.A.B. July 15, 2019).

79. *Id.* at 31–35.

80. *Id.* at 30–32.

possible preliminary injunction to be speculative.⁸¹ Finally, the PTAB found that the AIA did not guarantee every IPR would be maximally efficient and that litigants need not adopt inferior strategies simply to increase efficiency.⁸²

In *Apotex*, even though the district court trial was potentially only one month away, the PTAB chose not to exercise its § 314(a) discretion because the district court stayed the case pending IPR resolution. The circumstances (*e.g.*, an intervening stay order) may dictate the result of the IPR petition.

3. *Unified Patents Inc. v. Fall Line Patents, LLC* (granting institution; trial nine months away)

In *Unified Patents*, the PTAB chose not to exercise its § 314(a) discretion to deny institution because, despite a parallel district court trial scheduled nine months away, the Patent Owner did not provide sufficient evidence on the progress of the district court proceeding nor the material overlap between the two proceedings.⁸³ On August 15, 2018, Fall Line Patents separately sued multiple defendants in the Eastern District of Texas for infringement of U.S. Patent No. 9,454,748.⁸⁴ The defendants, along with Unified Patents, petitioned for IPR on claims 1, 2, 5, 7, and 19–22.⁸⁵ In its preliminary response, Fall Line Patents cited *NHK Spring* to argue that the PTAB should exercise its § 314(a) discretion to deny institution because the district court trial is set for May 2020, just nine months away and well before a Final Written Decision is due.⁸⁶

The PTAB disagreed with Fall Line Patents and instituted IPR on August 7, 2019, despite the parallel May 2020 district court trial.⁸⁷ Unlike in *NHK Spring*, where the related district court case was in its final stages and expert discovery was set to close in a few months, the PTAB found the record “devoid of other evidence on the status of that case, such as the

81. *Id.*

82. *Id.* at 32–33.

83. No. IPR2019-00610, Paper 14 at 11 (P.T.A.B. Aug. 7, 2019).

84. *Unified Patents*, No. IPR2019-00610, Paper 7 at 1–2 (P.T.A.B. Jan. 22, 2019). They are: American Multi-Cinema, Inc.; AMC Entertainment Holdings, Inc.; Boston Market Corporation; Mobo Systems, Inc.; McDonald’s Corporation; McDonald’s USA; Panda Restaurant Group, Inc.; Panda Express Inc.; Papa John’s International, Inc.; Star Papa LP; Papa John’s USA, Inc.; and Starbucks Corporation.

85. *Id.* at 3.

86. *Unified Patents*, No. IPR2019-00610, Paper 14 at 9 (P.T.A.B. Aug. 7, 2019)

87. *Id.* at 11.

progress of fact and expert discovery.”⁸⁸ Also, the PTAB found that Fall Line Patents did not provide any evidence on a significant overlap between the petition and the related district court case, which overlap had been present in *NHK Spring*.⁸⁹ As such, failing to sufficiently support the *NHK Spring* argument with more details and citations to the record (evidence) can doom an otherwise-solid § 314(a) argument.

Unified Patents shows that patent owners advancing *NHK Spring* arguments need to be thorough and detailed, with evidence and citations to the record, to avoid non-institution owing merely to the absence of details regarding the overlap in issues in the parallel proceedings and the stage of the district court litigation.

V. ANALYSIS

NHK Spring's precedential designation in May 2019 is fairly recent and its effect on PTAB practice is still developing. While six post-*NHK Spring* cases may not portend a long-term trend, to the extent one is observable, the precedential designation does not appear to mark a shift in PTAB practice regarding institution, though there seems to be a trend with the co-pending district court trial dates appearing closer and closer to the Final Written Decision dates for cases that were denied institution. The precedential designation makes arguments citing *NHK Spring* more persuasive, but based on what has happened thus far, arguments based on *NHK Spring* and its progeny have found occasional, but not consistent, success. Sometimes, like in *Apotex Inc. v. UCB Biopharma SPRL*,⁹⁰ the circumstances (e.g., an intervening stay order) dictate the result. In others, like *Unified Patents Inc. v. Fall Line Patents, LLC*,⁹¹ *NHK Spring* arguments may fail because of a lack of substantive support for such arguments.

Given that the PTAB's Final Written Decision is due “not more than one year from the date a trial is instituted,”⁹² the term “nearing completion” used by the PTAB in summarizing the *NHK Spring* holding⁹³ appears to mean that the PTAB can exercise its § 314(a) discretion to deny institution due to a parallel district court trial scheduled *almost one year away*, as

88. *Id.*

89. *Id.*

90. No. IPR2019-00400, Paper 17 (P.T.A.B. July 15, 2019).

91. No. IPR2019-00610, Paper 14 at 11 (P.T.A.B. Aug. 7, 2019).

92. Office Patent Trial Practice Guide, 77 Fed. Reg. 48757 (Aug. 14, 2012) (to be codified at 37 C.F.R. pt. 42).

93. *See Precedential*, *supra* note 3.

evident by *E-One Inc. v. Oshkosh Corp.*⁹⁴ (denying institution due to a district court trial eleven months away).

VI. CONCLUSION

It may be advisable for an alleged infringer to consider early IPR petitions to try to preempt what may become a common attack in patent owner preliminary responses. For example, the PTAB once hinted that a petitioner might have escaped a § 314(a) denial if it had filed its IPR “around the same time as the service of the initial invalidity contentions” in the parallel district court proceeding.⁹⁵ Of course, the feasibility of such fast-track attacks will vary from case to case and may be sub-optimal in some instances (*e.g.*, where it is helpful to wait to take a claim construction position in trial court to solidify a PTAB unpatentability ground).⁹⁶ But petitioners and patent owners should not assume that a petition is timely merely because it is filed before the one-year time bar.⁹⁷ In determining when to file IPR petitions, petitioners should consider the status of any related litigations. In particular, if a related litigation is pending in a relatively fast venue, petitioners may want to file an IPR petition on an expedited schedule, well before the one-year deadline. Patent owners, on the other hand, should consider challenging the timing of a “timely” IPR petition if the IPR proceeding would conclude after (or about the same time as) the scheduled district court trial. Patent owners might also argue that the parallel proceedings are duplicative and, therefore, a waste of judicial resources, and have the potential to produce inconsistent results.

94. No. IPR2019-00161, Paper 9 (P.T.A.B. Mar. 6, 2019).

95. *Next Caller Inc. v. TRUSTID, Inc.*, No. IPR2019-00961, Paper 10 at 16 (P.T.A.B. Oct. 16, 2019) (denying institution).

96. Office Patent Trial Practice Guide, 77 Fed. Reg. at 48757.

97. 35 U.S.C. § 315(b) (2012).

Appendix: Summary of Cases Nearing Trial at Time of Institution Decision

Case	Institution Decision Date	Result of Institution Decision	Time to District Court Trial as of Institution Decision	Months after Trial that Final Written Decision Would Be Due
<i>NHK Spring Co., Ltd. v. Intri-Plex Techs., Inc.</i> ⁹⁸	Sept. 12, 2018	Denied	6 months	6 months
Pre-Designation Cases				
<i>Mylan Pharmaceuticals, Inc. v. Bayer Intellectual Property GmbH</i> ⁹⁹	Dec. 13, 2018	Denied	4 months	8 months
<i>Intuitive Surgical, Inc. v. Ethicon LLC</i> ¹⁰⁰	Feb. 19, 2019	Granted	8 months	4 months
<i>Amazon.com, Inc. v. CustomPlay, LLC</i> ¹⁰¹	Mar. 14, 2019	Granted	5 months	7 months
Post-Designation Cases				
<i>E-One Inc. v. Oshkosh Corp.</i> ¹⁰²	May 15, 2019; June 5, 2019	Denied	Up to 11 months	Approx. 1 month
<i>Apotex Inc. v. UCB Biopharma SPRL</i> ¹⁰³	July 15, 2019	Granted	Case stayed (trial originally scheduled for 1 month after inst. decision)	Before district court trial
<i>Unified Patents Inc. v. Fall Line Patents, LLC</i> ¹⁰⁴	Aug. 7, 2019	Granted	9 months	3 months

98. No. IPR2018-00752, Paper 8 (P.T.A.B. Sep. 12, 2018).

99. No. IPR2018-01143, Paper 13 (P.T.A.B. Dec. 13, 2018).

100. No. IPR2018-01703, Paper 7 (P.T.A.B. Feb. 19, 2019).

101. No. IPR2018-01498, Paper 13 (P.T.A.B. Mar. 14, 2019).

102. No. IPR2019-00161, Paper 16 (P.T.A.B. May 15, 2019).

103. No. IPR2019-00400, Paper 17 (P.T.A.B. July 15, 2019).

104. No. IPR2019-00610, Paper 14 (P.T.A.B. Aug. 7, 2019).