

Publications

April 1, 2025 • Updates

PTAB Discretion in Flux: Lessons from *Stellar LLC v. Motorola Solutions Inc.*

Overview

Following the Patent Trial and Appeal Board's (PTAB) new guidance on discretionary denials, the PTAB proceeding in *Stellar LLC v. Motorola Solutions Inc.*, IPR2024-01208, presents an early case study for PTAB practitioners navigating discretionary denials under 35 U.S.C. § 314(a).

This decision highlights how the PTAB is now weighing *Fintiv* factors, including *Sotera* stipulations, the effort the parties have spent on co-pending litigation and the existence of additional invalidity grounds in the litigation. As such, this case offers a lens into how discretionary standards are shifting in practice following the rescission of the Guidance Memo.

Why This Case Matters

This case is notable for three primary reasons:

1. It tests the boundaries of *Fintiv* factor analysis after the USPTO issued a new guidance memo on discretionary denials.
2. It forces consideration of how *Sotera* stipulations are weighed when parallel litigation includes invalidity contentions based on grounds that cannot be addressed in *inter partes* review (IPR).
3. It underscores the importance of timing, completeness and strategic framing, both at the Petition and Patent Owner Preliminary Response stages.

Key Lessons for Practitioners

1. ***Sotera* Stipulations Are Still Powerful but Not Bulletproof:** Although a *Sotera* stipulation can reduce overlapping issues, it may not fully mitigate the Director's concerns if the petitioner raises broader invalidity arguments in district court, including prior use system prior art not covered by the stipulation.
2. **Advanced Parallel Litigation Can Prompt Denial:** The Director stressed that when a district court case is far along, especially with substantial resources already

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invested and a trial date that precedes the projected PTAB final written decision, this factor strongly favors denial.

3. **Stay of Litigation Entered After Institution of IPR Does Not Factor Into Discretionary Denial:** The Director acknowledged that the underlying litigation had been stayed pending the outcome of the IPR but dismissed that fact in a footnote suggesting that the Director will not give any weight to a stay entered after the institution of IPR proceedings.
4. ***Fintiv* Factor Analysis Remains the Primary Consideration:** The Director's memo confirms that the *Fintiv* factors are still the focus of the analysis but that the weighing of these factors may change going forward. As this decision demonstrates, even if certain factors (like a *Sotera* stipulation) weigh against denial, other factors (like the significant investment in the parallel proceeding) can tip the scales toward discretionarily denying institution.

This decision highlights the need for petitioners and patent owners to recalibrate their strategies considering the evolving PTAB approach toward discretionary denials. Petitioners must act swiftly, frame petitions comprehensively and understand how *Sotera* stipulations, while still valuable, may no longer be sufficient in cases involving advanced district court proceedings or broader invalidity issues.

For patent owners, this decision underscores the strategic importance of building a robust litigation record early to fortify the *Fintiv*-based challenges. As the PTAB's discretionary standards continue to shift, timing, procedural posture and substantive alignment across forums will be critical to succeed.