

NYIPLA ANNUAL MEETING

THE PTAB: WHERE WE'VE BEEN – AND WHERE WE'RE GOING

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**The Union League Club
New York, NY**

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IN THE BEGINNING

Leahy-Smith America Invents Act (“AIA”) Pub. L. 112-29 (Sept. 16, 2011), modified by Technical Corrections, Pub. L. 112-274 (Jan. 14, 2023).

AIA, Post-Grant Proceedings (Sept. 2012)

IPR (*inter partes* review)

PGR (post-grant review)

CBMR (covered business method review) [SUNSETTED]

Ex parte reexaminations continued

Differences Between US District Court and Post-Grant Proceedings

- Authorization needed from PTAB panel for many case procedures
- Expungement of evidence possible
- No pleading in alternative
- No *Markman* proceedings
- Extremely limited discovery
- Trial Practice Guide / Guidance memorandum
- Limited ability to use demonstratives

PTAB proceedings are “trial on paper,” similar to USITC

Evidentiary Standard of Proof re Invalidity

US District Court: all patents carry statutory presumption of validity under 35 U.S.C. § 282(a)

That presumption carries burden of clear and convincing evidence on defendant seeking to challenge validity

AIA Trial: AIA trials require petitioner to demonstrate invalidity by a preponderance of the evidence (35 U.S.C. § 316(e))

Claim Construction Standard

US District Court: US district court claim construction performed in accordance with Federal Circuit decision in *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2008); *see also*, *Markman v. Westview Instruments, Inc.*, 517 US 370 (1996).

Hierarchy for evidence properly considered during claim construction by a judge: (1) intrinsic record, specification and file history; (2) extrinsic record, dictionary definitions, articles in relevant field, and expert testimony.

AIA Trial

Originally, prior to 2018, a “broader” claim construction standard applied in the PTAB: APJs applied a “broadest reasonable interpretation” (“BRI”) to construe claim terms. Not a new standard. USPTO examiners used BRI to interpret claims. BRI not only determined scope of claims in view of claim language, but gave claims the broadest reasonable construction “in light of the specification as it would be interpreted by one of ordinary skill in the art.”

Taking positions on claim construction by petitioners was *not* optional. The original Trial Practice Guide stated that, in its petition, “a petitioner *must* . . . provide a claim construction for the challenged claims.” F.R. 77, 157 (Aug. 14, 2012), Office Patent Trial Practice Guide, at 48763 (“3. *Specific Requirements for Petition:* . . . Additionally, a petitioner must identify each claim that is challenged and the specific statutory grounds on which each challenge to the claim is based, provide a claim construction for the challenged claims, and state the relevance of the evidence to the issues raised. *Id.*”).

On May 9, 2018, USPTO issued notice of proposed rulemaking re 37 C.F.R. §§ 42.100(b), 42.200(b), and 42.300(b), under which USPTO would “construe patent claims and proposed claims based on the record of the IPR, PGR, or CBM proceeding, taking into account the claim language itself, specification and prosecution history pertaining to the patent.” The Office would apply the principles that the Federal Circuit articulated in *Phillips* and its progeny (83 Fed. Reg. 21, 221 at 21, 223-24 (May 9, 2018)).

Proposed rule, had to take into account / consider “. . . any prior claim construction determination concerning a term of the involved claim in a civil action, or an ITC proceeding, that is timely made of record in an IPR, PGR, or CBM proceeding” (83 Fed. Reg. 21, 221 at 21, 222 (May 9, 2018)).

On October 4, 2018, USPTO published final rule adopting *Phillips* standard for all IPR, PGR, and CBMR petitions filed on or after November 13, 2018 (*see*, Trial Practice Guide Update [July 2019], p. 36 (“ . . . The Board will interpret the claims at issue in the proceeding . . . using the same standard that would be used to construe the claim in a civil action under 35 U.S.C. § 282(b)”).

Precedent/Deference

US District Court

Body of precedential patent law relevant to US district court practice is substantial: statutes, rules, and case law available, must be considered under *stare decisis*.

AIA Trials

PTAB direct appeals to Federal Circuit, 35 U.S.C. § 141, written decisions, *stare decisis*.

Federal Circuit Rule 36, no *stare decisis*/no opinion/decision

Prior decisions of other PTAB panels: § 1.07 PTAB Official Information *Resources*, one of four designations control. Only precedential opinions are binding under *stare decisis*. Informative decisions are non-binding.

Parallel Proceedings

U.S. International Trade Commission (“ITC”)

Unfair trade practices covered by 19 U.S.C. § 1337 are, *inter alia*, the importation, sale for importation or sale within the US after importation of articles that infringe a United States patent. Remedies include a limited or general exclusion order enforced by US Customs (“CBP”) barring entry of any infringing articles, and a cease and desist order prohibiting further sale of infringing articles already within the US.

Effects of PTAB Post-Grant Proceedings on Parallel Proceedings

Stays of Parallel Proceedings; Estoppel / Collateral Estoppel

[1] Possibility exists to stay a pending US district court litigation until PTAB IPR or PGR is resolved

Court weighing motion to stay litigation pending resolution of PTAB proceedings normally will consider:

- (i) status of the case, including whether the case is close to trial;
- (ii) whether a stay will simplify the issue before the court; and
- (iii) whether a stay would unduly prejudice *or* disadvantage the plaintiff (or patent owner)

See, NFC Tech LLC v. HTC Am. Inc., 2015 U.S. District. LEXIS 29573, 5-6 (E.D. Tex. Mar. 11, 2015) [Bryson, J., sitting by designation].

[2] Estoppel provisions of 35 U.S.C. § 315(e)

Courts have been consistent on three (3) primary facets of PTAB proceeding-based estoppel:

First, that estoppel under 35 U.S.C. § 315(e) applies on a claim-by-claim basis

Second, that estoppel under 35 U.S.C. § 315(e) does not apply to reject petitions

Third, it is the plaintiff's/patent owner's burden to demonstrate that estoppel applies

After an IPR that “results in a final written decision,” Petitioner, real parties-in-interest, and privies of Petitioner cannot assert a claim of invalidity in a USPTO, US district court, or ITC proceeding against that particular claim “on any ground that the [P]etitioner raised or reasonably could have raised” in the IPR.

See, Cal. Inst. of Tech. v. Broadcom Ltd., 2019 U.S. Dist. LEXIS 141103 *44 (C.D. Cal. Aug. 9, 2019) (estoppel found where the system art used in litigation was substantially identical to printed publications used in an IPR).

Effects of Parallel Proceedings on PTAB Post-Grant Proceedings

[1] *Fintiv* and Discretionary Denial

One of the most significant ways that parallel proceedings can impact an IPR or PGR is the PTAB's precedential *Fintiv* policy, under which a petition may be denied institution irrespective of its merits. This policy was first outlined in *NHK Spring Co. v. Intri-Plex Techs., Inc.*, where the PTAB denied institution under § 325(d) but noted that the advanced stage of copending litigation provided "additional factors that favor denying institution." The policy was then expanded and formalized in *Apple, Inc. v. Fintiv, Inc.*, which enumerated six factors for consideration of whether the PTAB should exercise its discretion to deny a petition based on the status of copending litigation:

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.

Following the designation of *Fintiv* as precedential, the PTAB began applying it regularly to deny petitions. The policy was challenged by various petitioners using a variety of appellate, mandamus, and Administrative Procedure Act actions. *Cf. Apple, Inc. v. Vidal*, 63 F.4th 1, 18 (Fed. Cir. 2023) (remanding for trial court evaluation of whether *Fintiv* instruction from Director was improperly issued without APA notice-and-comment rulemaking).

The PTAB issued additional decisions adding further details to the evolving *Fintiv* denial framework. In *Sotera Wireless, Inc. v. Masimo Corp.*, the PTAB found that a petitioner's agreement to broadly forego pursuing in district court litigation any ground of invalidity that it could have brought in the IPR "mitigates any concerns of duplicative efforts between the district court and the Board, as well as concerns of potentially conflicting decisions." Under additional guidance from the USPTO Director, a "*Sotera* stipulation" provided a complete protection against a *Fintiv* discretionary denial.

In 2022, the USPTO Director issued a memo outlining additional interim procedures to be applied while the Office pursued formalizing its *Fintiv* policy via notice-and-comment

rulemaking. In addition to emphasizing the importance of the *Sotera* stipulation as noted above, the Director's memo stated that the presentation of a "compelling unpatentability challenge" was sufficient to overcome any other *Fintiv* consideration. The proximity of a court's trial date under *Fintiv* factor two was also not sufficient, by itself, to justify denial. A trial court's projected trial date was to be considered alongside the court's reported statistics, tacitly responding to the Federal Circuit's observation that "a court's general ability to set a fast-paced schedule is not particularly relevant . . . where, like here, the forum itself has not historically resolved cases so quickly." **Finally, the Director stated that a *Fintiv* denial will not be based on a parallel ITC proceeding, "as the ITC lacks authority to invalidate a patent. . . ."**

[2] *Fintiv* Stipulations

Petitioners have offered a variety of stipulations in seeking to get their IPR petitions past the Board's consideration of discretionary denial under *Fintiv*. While the scope of a stipulation can be endlessly tailored to fit a particular party's needs, most stipulations can be categorized into three general approaches:

Sotera stipulation, e.g., "petitioner stipulates not to pursue in a parallel district court proceeding the same grounds as in the petition or any grounds that could have reasonably been raised in the petition." This stipulation effectively accelerates the estoppel provisions of 35 U.S.C. § 315(d), making them take effect at institution. Under the USPTO's earlier policy, a *Sotera* stipulation was a complete defense against *Fintiv* denial—so long as it was made before institution. The Petitioner's offer of a *Sotera* stipulation to the PTAB is sufficient; the stipulation does not have to be filed with the district court.

AliveCor stipulation, e.g., petitioner stipulates not to pursue in a parallel district court proceeding any ground of invalidity that utilizes the references relied upon in the petition's grounds. By forgoing all use of the IPR art, this stipulation was considered to prevent "any overlap in arguments or evidence between the two proceedings." Thus, the "stipulation mitigates to some degree concerns of duplicative efforts and possibly conflicting decision."

Sand stipulation, e.g., petitioner stipulations "not [to] pursue the same grounds in the district court litigation." This stipulation "mitigates to some degree the concerns of duplicative efforts between the district court and the Board, as well as concerns of potentially conflicting decisions."

Patent Trial and Appeal Board Consolidated Trial Practice Guide – November 2019

The PTAB generally expects a Petition to clearly articulate the Petitioner's claim construction position. If the Petitioner acknowledges the need for claim construction but offers only conditional or ambiguous arguments, the PTAB may find the petition fails to satisfy/demonstrate a likelihood of prevailing. *Vector Flow, Inc. v. HID Global Corp.*, IPR 2023-00353, Paper 15 at 23 (Oct. 17, 2023).

The November 2019 Consolidated Trial Practice Guide describes at substantial length the Board's claim construction rules and practices:

6. Claim Construction: If a petitioner believes that a claim term requires an express construction, the petitioner must include a statement identifying a proposed construction of the particular term and where the intrinsic and/or extrinsic evidence supports that meaning. On the other hand, a petitioner may include a statement that the claim terms require no express construction. The patent owner may then respond to these positions and/or propose additional terms for construction, with corresponding statements identifying a proposed construction of any particular term or terms and where the intrinsic and/or extrinsic evidence supports those meanings. The petitioner may respond to any such new claim construction issues raised by the patent owner, **but cannot raise new claim construction issues that were not previously raised in its petition.** If the Board raises a claim construction issue on its own, both parties will be afforded an opportunity to respond before a final written decision is issued. *See, e.g., Hamilton Beach Brands, Inc. v. F'Real Foods, LLC*, 908 F.3d 1328, 1339 (Fed. Cir. 2018) (citing *SAS Inst., Inc. v. ComplementSoft, LLC.*, 825 F.3d 1341, 1351 (Fed. Cir. 2016), *reversed on other grounds*, *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1351 (2018)) (finding that the Board did not violate the Administrative Procedure Act when it adopted its own claim construction in the final written decision because the parties had notice of the contested claim construction and an opportunity to be heard).

The Office has revised the claim construction standard used in IPR, PGR, and CBM proceedings, and now applies the same claim construction standard that would be used to construe the claim in a civil action under 35 U.S.C. § 282(b). *See Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings Before the Patent Trial and Appeal Board*, 83 Fed. Reg. 51,340 (Oct. 11, 2018) (Final Rule) (applying to all IPR, PGR and CBM petitions filed on or after November 13, 2018). **This is the same claim construction standard used by Article III federal courts and the ITC, which follows *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (en banc) and its progeny.** The amended rules (37 C.F.R. §§ 42.100(b), 42.200(b), and 42.300(b)) reflect that **in an AIA proceeding, the Board will apply the same standard used in federal courts to construe patent claims.** The Board will construe patent claims and proposed substitute claims based on the record of the IPR, PGR, or CBM proceeding, taking into account the claim language itself, specification, and prosecution history pertaining to the patent, as well as relevant extrinsic evidence, all as in prevailing jurisprudence of Article III courts. The Board will also take into account the prosecution history that occurred previously in proceedings at the Office prior to the IPR, PGR, or CBM proceeding at issue, including in another AIA proceeding, or before an examiner during examination, reissue, and reexamination. . . .

Under this provision, the Board will consider any prior claim construction determination in a civil action or ITC proceeding if a federal court or the ITC has

previously construed a term of the involved claim using the same standard, and the claim construction determination has been timely made of record in the IPR, PGR, or CBM proceeding. The Board will give such other claim construction determinations appropriate weight. Non-exclusive factors considered by the Board when determining appropriate weight may include, for example, the similarities between the record in the district court or the ITC and the record before the Board. It may also be relevant whether the prior claim construction is final or interlocutory. These factors will continue to be relevant under the district court claim construction standard, which is articulated in *Phillips*. The Board may also consider whether the terms construed by the district court or ITC are necessary to deciding the issues before it. This is not an exclusive list of considerations, and the facts and circumstances of each case will be analyzed as appropriate.

Parties should submit a prior claim construction determination by a federal court or the ITC in an AIA proceeding as soon as that determination becomes available. Preferably, the prior claim construction determination should be submitted with the petition, preliminary response, or response, along with explanations. Submission of a prior claim construction determination is mandatory under 37 C.F.R. § 42.51(b), if it is "relevant information that is inconsistent with a position advanced by the party during the proceeding." In such cases, the determination should be submitted "concurrent with the filing of the documents or things that contains the inconsistency." 37 C.F.R. § 42.51(b). After a trial is instituted, the Board's rules on supplemental information govern the timing and procedures for submitting claim construction decisions. 37 C.F.R. §§ 42.123, 42.223. Under those rules, a party must first request authorization from the Board to file a motion to submit supplemental information. If it is more than one month after the date the trial is instituted, the motion must show why the supplemental information reasonably could not have been obtained earlier. Normally, the Board will permit such information to be filed, as long as the final oral hearing has not taken place. The Board may permit a later filing where it is not close to the one-year deadline for completing the trial. Again, parties should submit a prior claim construction as soon as the decision is available.

The Board, in its claim construction determinations, will consider statements regarding claim construction made by patent owners and by a petitioner filed in other proceedings, if the statements are timely made of record. *Cf. Aylus Networks, Inc. v. Apple Inc.*, 856 F.3d 1353, 1360-61 (Fed. Cir. 2017) (extending the prosecution disclaimer doctrine to include patent owner's statements made in a preliminary response that was submitted in a prior AIA proceeding). To the extent that a party wants such information to be considered by the Board, that party should point out specifically the statements and explain how those statements support or contradict a party's proposed claim construction in the proceeding at issue. Each party bears the burden of providing sufficient support for any construction advanced by that party. Furthermore, the Board may take into consideration statements made by a patent owner or petitioner about claim scope, such as those submitted under 35 U.S.C. § 301(a), for example.

The petitioner and patent owner have opportunities, during the preliminary stage, to submit their proposed claim constructions (in a petition and preliminary response, respectively) and any supporting evidence, including both intrinsic and extrinsic evidence. Upon consideration of the parties proposed claim constructions and supporting evidence, the Board will provide an initial claim construction determination in the institution decision, to the extent that such construction is required to resolve the disputes raised by the parties. If a trial is instituted, the parties also will have opportunities to cross-examine any opposing declarants, and to submit additional arguments and evidence, addressing the Board's initial claim construction determination and the opposing party's arguments and evidence before oral hearing. The Board also will consider the entirety of the trial record, including the claim language itself, -the specification, prosecution history pertaining to the patent, extrinsic evidence as necessary, and any prior claim construction determinations from the federal courts and ITC that have timely been made of record, before entering a final written decision that sets forth the final claim construction determination. All parties will have a full and fair opportunity to present arguments and evidence prior to any final determination.

Relationship to Final U.S. District Court Proceeding Claim Constructions

The USPTO has rejected a *per se* rule that would bind the PTAB, under issue preclusion principles, to adopt a construction issue in a final U.S. district court decision involving the same parties or their privies. The USPTO explained that such an approach:

is not appropriate in light of the fact specific nature of the application of issue preclusion, the differing construction approaches applied in the district court and the Office, and patent owner's opportunity to amend its challenged claims in an AIA proceeding to conform to a prior district court construction.

Instead of the *per se* rule, the USPTO explained if a party claims a final U.S. district court construction controls, the PTAB will continue to review those constructions in light of the particular facts in each case and adopt the same or similar constructions when appropriate. **The Federal Circuit, however, has held that the PTAB is obligated to consider a prior U.S. district court construction of the same term in arriving at its own claim construction.**

A proposed claim construction—whether raised in the Petition, POPR, Institution Decision, POR and Petition reply—should be objected to at each appropriate step where necessary.

OFFERS OF PROOF

The rules indicate that any evidence "that is not taken, sought, or filed in accordance" with 37 C.F.R. § 42.1 *et seq.* "is not admissible." Federal Rule of Evidence 103(a), which under Rule 42.62(a) applies to PTAB proceedings (Consolidated Trial Practice Guide at 127-28 (Nov. 2019)), provides for an offer of proof to preserve a claim of error for appeal.

To date, however, the PTAB has resisted the use of offers of proof. In *IBM v. Intellectual Ventures II LLC* (IPR 2015-01323, Paper 32 at 4-5 (June 14, 2016), Paper 38 at 10-11 (Sept. 27, 2016)), through the mechanism of declaring, *ipse dixit*, a written Rule 103 offer of proof to be "late supplemental information," the PTAB denied IBM's request to file a written offer regarding a non-sworn declaration submitted by Petitioner to support the prior art status of a reference (IPR 2015-01323, Paper 32 at 4-5 (June 14, 2016), Paper 38 at 10-11 (Sept. 27, 2016)). Later, the PTAB took the position, despite stating that it was going to give the declaration—which had an inadvertently defective 28 U.S.C. § 1746 averment—"no weight," that, as it had not entered a ruling "excluding evidence," an FRE 103 offer of proof was improper (IPR 2015-01323, Paper 32 at 4-5 (June 14, 2016), Paper 38 at 10-11 (Sept. 27, 2016)).

The practical difference, however, between "exclusion" and "no weight," if any, is unclear because the PTAB did not rely on the evidence.

The Federal Circuit has since recognized, in *Ultratec, Inc. v. CaptionCall, LLC*, 872 F.3d 1267, 1274 (Fed. Cir. 2017) the seeming unavailability of offers of proof to preserve error in AIA trials. The court said that "[i]n district court litigation, a party dissatisfied with a ruling excluding evidence is allowed to make an offer of proof to preserve error. Fed. R. Evid. 103. Parties in IPRs are not given similar protections. In this case, the PTO forbade even a 'discussion of the contents or types of the particular documents sought to be entered.' . . . And it refused to permit the record to include [Patent Owner's] email requesting authorization to file a motion to supplement the record. Excluding such discussion from the record contributes to the unreviewability of the Board's decision-making" (872 F.3d 1267, 1273-74 Fed. Cir. 2017)).

DISCRETIONARY DENIALS IN POST-GRANT PROCEEDINGS

Section 314(a)

Section 314(a) provides that:

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 [P]etitioner would prevail with respect to at least 1 of the claims challenged in the petition.

Increasingly, the PTAB uses its discretion under Section 314(a) to deny “second bite” petitions.

There are two basic types of discretionary denials under Section 314(a): (i) litigation-based, and (ii) prior art-based.

Litigation-Based

Apple v. Fintiv IPR 2020-00019, Paper II, March 20, 2020 (precedential).

There are six (6) *Fintiv* factors, which the PTAB will consider when determining whether to grant or deny institution under § 314(a).

A **litigation-based denial** can occur when the PTAB believes that it will not be worth its time to institute a petition because there is a co-pending litigation involving the same patent that will resolve the same matters. In *Apple Inc. v. Fintiv, Inc.*, the PTAB set forth in a precedential order the factors (“the *Fintiv* factors”) the PTAB will consider when determining whether to grant or deny institution under Section 314(a):

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.

Prior Art-Based

General Plastic Indus. Co. Ltd. v. Canon Kabushiki Kaisha, IPR 2016-01357, Paper 16 at 9-10 (Nov. 14, 2016) (precedential as to § II.B.4.i).

There are seven (7) *General Plastics* factors which the PTAB will consider when determining whether to grant or deny institution under § 314(a).

Prior art-based denials occur when the PTAB exercises its discretion to deny institution of a petition when a prior petition presents substantially similar substantive arguments:

1. whether the same petitioner previously filed a petition directed to the same claims of the same patent;
2. whether at the time of filing of the first petition the petitioner knew of the prior art asserted in the second petition or should have known of it;
3. whether at the time of filing of the second petition the petitioner already received the patent owner's preliminary response to the first petition or received the Board's decision on whether to institute review in the first petition;
4. the length of time that elapsed between the time the petitioner learned of the prior art asserted in the second petition and the filing of the second petition;
5. whether the petitioner provides adequate explanation for the time elapsed between the filings of multiple petitions directed to the same claims of the same patent;
6. the finite resources of the Board; and
7. the requirement under 35 U.S.C. § 316(a)(11) to issue a final determination not later than 1 year after the date on which the Director noticed institution of review.

Section 325(d)

Section 325(d) is used to reject additional petitions challenging a patent previously challenged in an AIA trial (or petition requesting an AIA trial):

In determining whether to institute or order a proceeding under [325(d)], the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.

Becton, Dickinson & Co. v. B. Braun Melsungen AG, IPR 2017-01586, Paper 8 at 17-18 (Dec. 15, 2017) (informative).

In *Becton, Dickinson & Co. v. B. Braun Melsungen AG*, the PTAB articulated six factors it will consider to determine whether to deny institution under Section 325(d). These factors are:

1. the similarities and material differences between the asserted art and the prior art involved during examination;
2. the cumulative nature of the asserted art and the prior art evaluated during examination;
3. the extent to which the asserted art was evaluated during examination;
4. the extent of the overlap between the arguments made during examination and the manner in which a petitioner relies on the prior art or a patent owner distinguishes the prior art;
5. whether a petitioner has pointed out sufficiently how the Office erred in evaluating the asserted prior art; and
6. the extent to which additional evidence and facts presented in the petition warrant reconsideration of the prior art or arguments.

The PTAB has since formulated the *Benton-Dickinson* factors into a two-part framework in *Advanced Bionics, LLC v. Med-El Elektromedizinische Gerate GmbH*, IPR 2019-01469, Paper 6 at 8-9 (Feb. 13, 2020) (precedential). First, the PTAB considers whether the same or substantially the same prior art or arguments were previously presented to the USPTO. Second, if the first part of the framework is met, the PTAB considers whether Petitioner has demonstrated that the USPTO erred in a manner material to the patentability of the challenged claims. The PTAB explained that the two-part framework set forth in *Advanced Bionics* "reflects a commitment to defer to previous Office evaluations of the evidence of record unless material error is shown."

THE NEW WORLD OF DISCRETIONARY DENIALS IN POST-GRANT PROCEEDINGS

February 28, 2025

Akin, “PTAB Issues Guidance on Discretionary Denials,” Rosbrook et al. (March 28, 2025). USPTO announced on February 28, 2025, that it was rescinding a 2022 memorandum on discretionary denials of post-grant proceedings by the Patent Trial and Appeal Board. The 2022 memorandum had narrowed the use of discretionary denials based on parallel district court litigation, specifying bright line instances where discretionary denials would not be issued. Rescinding the 2022 memorandum seemed to signal an intent to return to a more flexible approach to the discretionary denial analysis.

March 24, 2025

On March 24, 2025, more new guidance confirmed that more flexible direction, when Chief Administrative Patent Judge Scott Boalick issued a memorandum providing guidance on the application of discretionary denials:

First, the memo explains that the rescission of the 2022 memorandum applies to cases where (i) no institution decision has issued, (ii) a request for rehearing is pending, or (iii) a request for Director Review is pending. Additional briefing on the application or non-application of the rescission will be considered on a case-by-case basis. Further, only in “extraordinary circumstances” will the PTAB revisit earlier decisions if the time for requesting rehearing or Director review has passed.

Second, going forward, parallel ITC proceedings will be analyzed under the *Fintiv* factors. Under the 2022 memo, discretionary denials were not available based on parallel ITC proceedings. The reasoning was that ITC rulings do not bind either the USPTO or a district court, and so cannot conclusively resolve patent invalidity issues. Chief Judge Boalick, however, states that it is still difficult to assert patents that the ITC has found invalid, so it is still appropriate to consider those proceedings. Thus, if the ITC is projected to reach a final determination before the PTAB’s deadline to issue a final written decision, the board is more likely to deny institution.

Third, under the 2022 memo, the PTAB would not deny institution where a petitioner submitted a *Sotera* stipulation, agreeing not to pursue invalidity in district court on “the same grounds” or “any grounds that could have reasonably been raised” in the IPR or PGR petition. **Under the March 24, 2025 guidance memo, *Sotera* stipulations will be “highly relevant” to a holistic analysis, but not dispositive.**

Fourth, in applying the *Fintiv* factors, the board will consider “any evidence that the parties make of record” concerning the proximity of the district court’s trial date, including median time-to-trial statistics. **Given that a court’s trial schedule and median**

time-to-trial statistics were considered under the 2022 memo, this does not appear to be a significant change.

Finally, under the 2022 memo, presenting "compelling merits" of invalidity meant that the PTAB would not deny institution based on a parallel proceeding. **Going forward, presenting "compelling merits" will be "part of a balanced assessment of all the relevant circumstances in the case."**

March 26, 2025

On March 26, 2025, the Acting Director Coke Morgan Stewart issued memo introducing a bifurcated approach to institution decisions in IPR and PGR proceedings:

Discretionary denial considerations under 35 U.S.C. §§ 314(a)/324(a) will be reviewed separately from the substantive merits of a petition.

The Acting Director, in consultation with at least three PTAB judges, will make an initial threshold determination as to whether institution should be denied for discretionary reasons. *Id.* at 1. If such denial is deemed appropriate, the petition will be rejected at that stage. *Id.* If not, the petition then proceeds to a merits panel, which will assess the petition under traditional statutory requirements. *Id.*

This interim reform—triggered in part by increasing workload constraints at the PTAB—marks a sharp departure from prior practice, where a single PTAB panel assessed both discretionary and merits considerations concurrently. The policy applies to proceedings where the Patent Owner's deadline to file a preliminary response has not yet passed. For those cases, the USPTO will now entertain a separate round of briefing focused exclusively on discretionary denial.

The bifurcated process introduced by the USPTO includes a newly established timeline for briefing discretionary denial issues, separate from the existing merits briefing schedule governed by 37 C.F.R. § 42.107(b). The deadlines are:

- Patent Owner's Discretionary Denial Brief: Within two months of the PTAB's entry of a Notice of Filing Date Accorded, the patent owner may submit a brief outlining the bases for discretionary denial of institution.
- Petitioner's Opposition Brief: The petitioner may file a responsive opposition no later than one month after the patent owner's brief is filed.

Id. at 2. Both briefs are subject to a 14,000-word limit, consistent with the constraints in 37 C.F.R. § 42.24. *Id.* A reply brief, if permitted, must not exceed 5,600 words and will only be allowed upon a showing of good cause. *Id.*

The schedule for the patent owner's preliminary response ("POPR") addressing the merits of the petition remains unchanged. *Id.* . . .

Under the new procedure, parties may present arguments on a broad range of factors relevant to discretionary denial, including, but not limited to:

- **Parallel Proceedings:** Whether the PTAB or another tribunal, such as a district court or the ITC, has already adjudicated-or is likely to adjudicate—the validity or patentability of the challenged claims.
- **Strength of the Petition:** The perceived substantive strength of the unpatentability grounds may be a relevant factor, particularly in cases where the record appears to lack compelling merits.
- **Reliance on Expert Testimony:** The extent to which the petition depends on expert declarations may now serve as an independent basis for discretionary denial, raising new strategic considerations in how petitioners frame their initial filings.
- **Settled Expectations:** The age of the patent and the duration for which the claims have been in force may weigh against institution, particularly where long-standing rights or reliance interests are implicated.
- **Public Interest Factors:** Parties may now argue that compelling economic, public health, or national security considerations either support or weigh against institution.
- **Administrative Efficiency:** The Director will also consider the PTAB's ability to meet statutory deadlines and manage its existing workload, as authorized by 35 U.S.C. § 316(b).

Id. at 2-3. **This expansive list introduces new framing opportunities for both petitioners and patent owners, while also increasing the complexity of the pre-institution phase. Notably, the absence of safe harbors previously available under prior guidance—such as stipulations to avoid *Fintiv*—suggests that each petition will now be subject to a case-specific, holistic evaluation of discretionary factors.**

March 31, 2025

Huong et al., “What to Know About the PTAB’s Discretionary Denial Shake Ups,” Fish; Hudnall, “PTAB Recalibrates Review: New Discretionary Denial Framework and Pre-Institution Reform.”

April 1, 2025

Crouch, "The Return of Robust Discretionary Denials," Dennis Crouch's Patently-O (April 1, 2025).

Cavanaugh et al., "USPTO Issues Memo on Interim Process for PTAB Discretionary Denial Evaluation." ("Seems very like that this memo will result in an increase in discretionary denials and fewer petitions being instituted.")

Davis, "Acting USPTO Leader Says New Policies Will Bolster Patents," Law 360 (April 1, 2025):

Stewart also described other steps the USPTO is taking that she said would benefit the patent system. She said the office plans to work with the Justice Department to persuade the U.S. Supreme Court to take up cases to make it "simple and clear" which inventions are eligible for patents.

McDermott, "USPTO Acting Director Expands on Reasoning for New Interim PTAB 'Workload Management' Process," IP Watchdog (April 1, 2025):

That announcement came not long after Stewart in late February rescinded former USPTO Director Kathi Vidal's 2022 memo, title "Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation." The Vidal memo had explained that the PTAB "will not deny institution of an IPR or PGR under *Fintiv* (i) when a petition presents compelling evidence of unpatentability; (ii) when a request for denial under *Fintiv* is based on a parallel ITC proceeding; or (iii) where a petitioner stipulates not to pursue in a parallel district court proceeding the same grounds as in the petition or any grounds that could have reasonably been raised in the petition."

But Stewart's more recent memo said the Office has rescinded Vidal's process and that parties to post-grant proceedings "should refer to [PTAB] precedent for guidance, including *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 1 (PTAB Mar. 20, 2020) (precedential) and *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 (PTAB Dec. 1, 2020) (precedential as to § II.A)." It added: "To the extent any other PTAB or Director Review decisions rely on the Memorandum, the portions of those decisions relying on the Memorandum shall not be binding or persuasive on the PTAB."

April 2, 2025

Heard et al., “USPTO Implements Bifurcated Review Process for Patent Petitions Under New Policy,” Lex Mundi (April 2, 2025).

Cricco-Lizza et al., “Recent Developments on Discretionary Denials of Post-Grant Proceedings” (April 2, 2025). Just a few days before the (Coke Stewart 2025) Memorandum, Chief Administrative Patent Judge Scott R. Boalick had released his own Memorandum setting forth his guidance on the rescission of the June 2022 Memorandum:

1. *Fintiv* will apply when there are parallel ITC proceedings. Specifically, the Board is more likely to deny a petition if an investigation in a parallel ITC proceeding is anticipated to conclude (via the scheduled target date) before the Board's deadline to issue a decision
2. A *Sotera* stipulation will not be dispositive by itself in determining whether a discretionary denial is appropriate
3. The application of *Fintiv* will involve a holistic, balanced assessment of all factors, and compelling merits alone will not be dispositive

In the June 2022 Memorandum, former Director Vidal limited *Fintiv* to the facts of that case, namely directing that it applied only when there are parallel district court proceedings. While neither district courts nor the ITC can issue decisions that are binding on the PTO, district courts do hold authority to invalidate patents, unlike the ITC. Chief Judge Boalick acknowledged that, even though not preclusive, "it is still difficult as a practical matter to assert patent claims that the ITC has determined as invalid."

It is unclear how Chief Boalick's Memorandum will interact with the 2025 Memorandum, which does not specifically mention how the PTAB will apply *Fintiv*, other than stating that the Board will abide by its precedent.

Along with *Fintiv* and other existing Board precedent, the PTAB and now the Director will address other discretionary considerations, including:

- Whether the PTAB or another forum has already adjudicated the validity or patentability of the challenged patent claims
- Whether there have been changes in the law or new judicial precedent issued since issuance of the claims that may affect patentability
- The strength of the unpatentability challenge
- The extent of the petition's reliance on expert testimony

- Settled expectations of the parties, such as the length of time the claims have been in force
- Compelling economic, public health, or national security interests and
- Any other considerations bearing on the director's discretion

April 3, 2025

Johnson et al., “PTAB Pendulum Swings in Favor of Discretionary Denial,” PTAB Litigation Blog, Jones Day (April 3, 2025):

These memoranda mark a strong return to the expansion of the scope of discretionary denial authority that emerged during Director Iancu’s tenure . . .

During this era of expanded discretionary denials, the number of cases that raised parallel litigation as a ground to deny institution doubled. After the now-rescinded memorandum was published, the rate of discretionary denial decreased. **In sum, the June 2022 Memorandum . . . provided multiple avenues for petitioners to avoid discretionary institution denials under *Fintiv*, along with providing petitioners the ability to rely on a *Sotera*-style stipulation not to pursue similar grounds in a parallel district to avoid discretionary denial.**

Under the new framework, patentees will have the opportunity to separately brief discretionary denial issues. **Moreover, given Judge Boalick's guidance, the *Sotera*-stipulation route will still be a consideration, though not as compelling to the PTAB as previously. ITC proceedings will again become relevant to the *Fintiv* analysis.** Based on Acting-Director Stewart's memorandum, the parties will be permitted to address "all relevant considerations," in their discretionary denial briefing. **While this mirrors *Fintiv* factor 6, it may nonetheless indicate an intent to broaden the bases for discretionary denial, favoring patent owners. And with the potential for administrative overload, panels may be more tempted than ever before to discretionarily deny review to keep caseloads manageable.**

Crumbly et al., “USPTO Memorandum Bifurcating PTAB Institution Process Signals Shift Toward Increased Discretionary Denials in IPR and PGR,” Bracewell LLP (April 3, 2025) (“The USPTO has fundamentally altered the PTAB institution decision framework through a March 26, 2025 memorandum from Acting Director Coke Morgan Stewart).

Drayton et al., “Further Shifts in Patent Office guidance for Discretionary Denials Signal Uphill Battles for Patent Challengers,” The Patent Playbook, Proskauer Rose (April 3, 2025):

On the heels of the rescission of the *Fintiv* guidance memorandum, the U.S. Patent and Trademark Office has again reshaped the PTAB's approach to discretionary denials. **On**

March 26, 2025, the Acting Director issued a new memorandum that fundamentally changes how the PTAB will handle *inter partes* review and post grant review petitions.

Now, all IPR and PGR institution decisions will be decided in two stages: (1) a threshold analysis focused solely on discretionary denials related to parallel proceedings or issues already decided by the Patent Office; and (2) decisions regarding institution based on the merits of the petition itself, but only if the petition survives step 1.

This shift gives patent owners a clearer and potentially earlier path to avoiding PTAB review altogether—without ever having to debate the merits of the petition. . . .

This isn't the first time the PTAB's discretionary denial practices have drawn attention. **A 2022 PTAB memorandum was issued after pushback from patent challengers—particularly in cases where the parallel litigation was fast-tracked for trial in district court like those in the Eastern District of Texas.** The 2022 guidance signaled that median times-to-trial and particularly meritorious petitions would be given stronger weight to potentially overcome a discretionary denial. **This guidance gave petitioners a lifeline, especially for strong petitions.**

But that lifeline is diminished. On February 28, 2025, that 2022 memorandum was rescinded. **With the March 26, 2025 memorandum, the PTAB has doubled down, creating a bifurcated procedure elevating the discretionary decision over the merits of a petition. . . .**

Patent owners will likely find this bifurcated approach to be a rebalancing of the PTAB playing field. **Indeed, by addressing purely discretionary issues first, meritorious petitions may be denied based on a pending district court litigation that is set for trial.** Patent owners may be drawn to rocket docket jurisdictions, such as the Eastern District of Texas, known to set early trial dates—regardless of whether those dates hold. Under the factors for discretionary denial, **a scheduled trial date that occurs before the final written decision (which is approximately 18 months after a petition is filed) weighs against institution.**

On the other hand, the new PTAB processes appear to create a steeper uphill battle for patent challengers. They must now clear an early procedural hurdle just to get the PTAB to consider the merits of their case. **With no guarantee that even a strong petition will be reviewed, patent challengers will be forced to accelerate the completion and filing of IPR petitions** (potentially even prior to the service of a district court complaint in some instances) and weigh their options as to whether a PTAB petition is justified in the face of likely discretionary denial and to increase the odds of success having the petition heard on the merits.

April 9, 2025

Henderson et al., “A New Era for the PTAB: Discretion Returns, Layoffs Loom, and Early Challenge Encouraged,” Lawflash, Morgan Lewis (April 9, 2025):

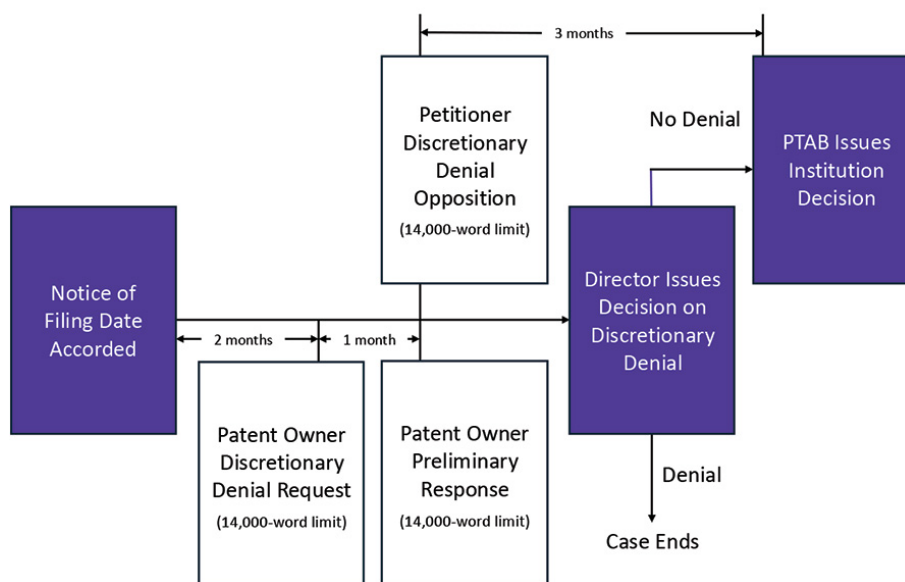
DISCRETIONARY DENIAL MAKES A COMEBACK

In late February 2025, the USPTO rescinded its 2022 memo that had curtailed the PTAB's ability to deny institution of review in light of parallel litigation. **That prior guidance had paved the way for a more petitioner-friendly era by softening the application of the *Fintiv* factors. Its reversal denotes a renewed emphasis on institutional discretion and a return to a more cautious, context-driven approach to potential redundancy and litigation overlap.**

Under the *Fintiv* framework, the PTAB will continue to weigh the timing of related district court or International Trade Commission trials along with whether the petitioner has stipulated not to pursue duplicative arguments in parallel litigation. **But where such stipulations once provided a safe harbor from discretionary denial, they now serve only as one part of a broader, more holistic assessment.** Even a strong merits case no longer **guarantees institution if procedural factors weigh against it.**

One of the most far-reaching changes arrived on March 26, when Acting Director Stewart introduced a bifurcated process for institution decisions. **Under this system, discretionary denials will be reviewed separately—and first—by the Director and a panel of judges before any evaluation of the merits occurs.**

The following graphic illustrates the structure and timing of the new bifurcated review process:



April 9, 2025

Mee, “PTAB Guidance Following Withdrawal of *Fintiv* Memo Will Increase Discretionary IPR Denials-Layoffs and More from the PTAB in March 2025,” Pearl Cohen (April 9, 2025):

Discretionary denials will be more frequent following rescission of the *Fintiv* memo and even more so following guidance from Acting USPTO Director Coke Morgan Stewart issued on March 26, 2025.

As background, a precedential PTAB decision *Apple Inc. v. Fintiv, Inc.* (IPR2020-00019, Paper 11, March 20, 2020) articulated the factors to consider when denying IPR institution in light of parallel district court litigation. **In June 2022, former USPTO Director [] Vidal issued a memorandum, commonly referred to as the "*Fintiv* memo", which aimed to limit overly broad application of *Fintiv*.** Specifically, the *Fintiv* memo addressed when the PTAB **should not** discretionarily deny an IPR petition due to parallel litigation, including: when the petitioner agreed not to pursue the same invalidity grounds in court that it raises in the IPR (a so-called *Sotera* stipulation); when the panel deemed the merits of the unpatentability arguments in the IPR petition to be compelling; when the “parallel litigation” was an International Trade Commission (ITC) proceeding; and when the district court litigation was not realistically near trial. Under the policy of the *Fintiv* Memo, strong IPR petitions to invalidate weak patents became effectively immune to discretionary denial.

But the petitioner-friendly regime for challenging patents by IPR is gone with a stroke of the pen. On February 28, 2025, Acting USPTO Director Coke Morgan Stewart rescinded the *Fintiv* Memo. Then, on March 24, 2025, the USPTO published an updated Guidance on USPTO's rescission of "Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation". . . **The PTAB can again apply *Fintiv* in all parallel proceedings, including ITC cases. A *Sotera* stipulation, while still "highly relevant," is no longer dispositive—meaning it no longer guarantees avoidance of a denial. Likewise, even if a petition presents compelling merits, that alone is not enough to foreclose discretionary denial. In short, the *Fintiv* factors are fully back in play.**

Then, on March 26, 2025, Director Stewart issued a Memorandum on Interim Processes for PTAB Workload Management describing a new bifurcated process for determining discretionary denials of IPRs. **Under the new process, the USPTO Director (with at least three PTAB judges) will review the case for discretionary denial considerations separately from the merits. Only if the Director decides at this stage not to discretionarily deny will the petition proceed to the second stage, where a PTAB panel evaluates the merits of the patentability challenge.**

Stewart's memorandum also [presents] new factors, beyond the original *Fintiv* factors, that may be considered in deciding to deny IPR institution. including: (a) changes in law or new judicial precedent since the patent issued that might affect validity; (b) the extent of the petition's reliance on expert testimony (suggesting the Board might weigh if a case hinges on dueling experts); (c) "settled expectations" of the parties – e.g., how long the patent has been enforced or if the patent is near expiry; and (d) compelling public interests such as economic impacts, public health, or national security concerns. **These additional factors give the Director broader latitude to deny institution in the interest of policy or fairness, even if the traditional *Fintiv* factors alone might not warrant denial. Notably, the memo explicitly allows consideration of the PTAB's workload and ability to meet deadlines when deciding whether to institute an IPR.**

April 21, 2025

Smith et al., “Whither Discretionary Denials? Read the Tea Leaves or Follow the Bread Crumbs? (Part I),” Global IP & Privacy Law Blog, Squire Patton Boggs (April 21, 2025).

As noted, *supra*, on February 28, 2025, acting Director Stewart rescinded former Director Vidal’s Guidance Memorandum for handling discretionary denials in *inter partes* review proceedings before the Board. On March 24, 2025, Chief Judge Boalick issued a Guidance Memorandum on the rescission.

In rescinding the Vidal Guidance, the USPTO restored the precedence of *Fintiv* and *Sotera* without modification, specifically identifying those two Board decisions in its rescission announcement. The USPTO did not provide any comment.

In addressing the Boalick Guidance, Smith et al. comment that:

The Boalick Guidance clarifie[d] how the Board will approach petitions for post-grant reviews going forward, including but not limited to those filed after the acting Director rescinded the Vidal Guidance.

Rescission of the Vidal Guidance does not apply to instituted cases that are outside the timescope for rehearing or Director Review of an Initial Determination (ID) on institution. Rescission does apply to any case where institution has not been determined, or any case where a request for rehearing or Director Review of the ID was timely filed and pending. "Absent extraordinary circumstances," the Board will not revisit IDs otherwise.

However, it is unclear what would constitute "extraordinary circumstances." For example, would reviews instituted based solely on the submission of a *Sotera* stipulation and with no evaluation of the *Fintiv* factors constitute an “extraordinary circumstance?” . . .

In addition, and contrary to the Vidal Guidance, the Boalick Guidance instructs application of the *Fintiv* factors to proceedings before the International Trade Commission (ITC). Also contrary to the Vidal Guidance, the Boalick Guidance states that a *Sotera* stipulation is highly relevant and should be considered in balancing the *Fintiv* factors, but will not be dispositive. Finally, and contrary to the Vidal Guidance, compelling merits of a given IPR petition will not be dispositive in the Board's *Fintiv* analysis.

Consistent with the Vidal Guidance, the Boalick Guidance allows the Board to consider median time-to-trial and judge case load, without regard for whether such evidence is presented by the parties. The Board's *Fintiv* analysis may include "any evidence...that bears on the proximity of the district court's trial date or the ITC's final determination target date, including median time-to-trial."

Further comments as to the Boalick guidance were also presented, measuring potential impacts of the recession of the Vidal Guidance:

One of the most discussed aspects of the Vidal Guidance was its instruction to consider whether a petition's merit is compelling when *Fintiv* Factors 1 through 5 indicate that the Board should exercise its discretion to deny the petition. Compelling merits could override the remaining *Fintiv* factors. The rescission appeared to negate that instruction. For example, under the Boalick Guidance, it is clear that the Board may deny institution even in the face of a petition with compelling merits. Such denial would leave the determination of validity solely in the hands of a district court or jury, and would prevent administrative patent judges (APJs) who are familiar with patent law and technology, from adjudicating validity.

April 23, 2025

Smith et al. continued in offering comments, now including those focusing on the new interim procedure instituted on March 26, 2025 for the briefing mechanism; the subject of a Boardside Chat on April 17, 2025.

“Whither Discretionary Denials? Read the Tea Leaves, or Follow the Bread Crumbs? (Part II),” Global IP & Privacy Blog, Squire Patton Boggs (April 23, 2025). Smith et al. noted that:

What Recourse Do the Parties Have in Challenging Decisions on Discretionary Denial and/or Merits?

During the Boardside Chat, the PTAB identified three possible paths of recourse for parties to challenge institution (or non-institution) decisions:

- Merits: Panel Rehearing Request
- Discretionary Denial: Director Review Request
- Merits + Discretionary Denial: Director Review Request

In their takeaways, Smith et al. closed with concerns over serious future difficulties being possible:

[T]here have been significant resignations of APJs from the PTAB. In addition, the PTAB has been ordered to accelerate its work on appeals to the USPTO by over 40 percent. Since some PTAB judges handle both IPRs/PGRs and appeals, there will be an adverse impact on capacity to generate IPR decisions. **As a result of all this, it seems likely that there will be more discretionary denials of IPR and PGR petitions going forward, and thus fewer merits decisions.** In the short term at least, this approach may help with the Board's workload. Longer term, it remains to be seen whether the increase in discretionary denials will continue as a part of Patent Office policy. **A continued increase in discretionary denials could have a chilling effect on a patent infringement defendant's willingness to file an IPR petition.**

April 23, 2025

Stemler, “Back to *Fintiv*? The USPTO’s Shifting Approach to Discretionary Denials in PTAB Proceedings,” IP Watchdog (April 23, 2025).

Stemler concluded his analysis of the new world of discretionary denials with yet another list of strategic implications for petitioners captioned as “practical tips:”

- **File Early:** Don't wait for parallel litigation to develop. Early filing can help avoid trial dates that conflict with the PTAB timeline.
- **Consider a *Sotera* Stipulation:** While no longer dispositive, these stipulations still weigh heavily against discretionary denial.
- **Focus on New Art and Arguments:** Relying on prior art and arguments that have not yet been considered can help avoid discretionary denial under § 325(d).
- **Limit Multiple Petitions:** Filing numerous petitions can increase the risk of denial under both *Fintiv* and *General Plastic*.
- **Prepare for Briefing:** Given the new discretionary denial briefing schedule, petitioners no longer need to include discretionary denial counterarguments in their petitions. However, petitioners should still be ready to substantively address discretionary denial grounds— especially under § 325(d) and the newly reanimated *Fintiv* factors in an opposition brief.
- **Consider the Factors outlined in the March 26 Memo:** Because these factors were specifically outlined in Acting Director Stewart's memo, it seems likely that the PTAB will place emphasis on these factors when considering whether discretionary denial is appropriate. . . .

For those navigating parallel litigation and PTAB proceedings, understanding the evolving contours of discretionary denial standards is no longer optional—it’s essential.

April 24, 2025

Fleck et al., “The USPTO is Poised to Reject More IPR Petitions,” RSHC Client Alert (April 24, 2025) (“In this alert, we provide an overview of (i) the recent history of the PTAB’s use of its discretion to deny institution of IPRs; (ii) the PTAB’s updated procedures regarding discretionary denials; and (iii) recent decisions denying institution in the wake of the updated procedures,” which “foreshadows an increase in discretionary denials of IPRs”).

Wiekier, “Role of USPTO’s Delegated Rehearing Panel Changing with New Administration,” McGuire Woods LLP (April 24, 2025) (detailed explanation of Delegation of Director Review; explanation of Delegation/operation of Delegated Re-Hearing Panel; Wiekier lays out “early days” reliance by Acting Director Coke Morgan Stewart on USPTO’s Director Review delegation procedures, noting that that reliance has been at “an unprecedented level” of “delegation in this Administration”).

Three expectation summaries are set out:

1. Delegated reviews are likely to address a variety of issues. Stewart has delegated review of both institution decisions and final written decisions. These delegations involved a wide variety of issues including institution discretion under 35 U.S.C. § 325(d), patentability under 35 U.S.C. § 101, claim construction and the proper application of prior art to the claim language. Thus, delegation may be used as a tool for further review of a variety of issues arising in PTAB decisions without requiring extensive director resources.

Other recent changes to PTAB process will likely lead to fewer requests for Director Review of discretionary institution issues because, under an "interim" process, the acting director herself will make such decisions. Nonetheless, the acting director's delegation of review for other patentability, claim construction and prior art issues suggest that delegation will continue to be employed with a wide breadth in this administration, even if not for review of discretionary issues.

2. Delegated reviews are likely to move quickly. Stewart has moved quickly to address pending Director Review requests and to initiate *sua sponte* review within the timeline set forth by rule. See 37 C.F.R. § 42.75(b) ("Absent exceptional circumstances, any *sua sponte* Director Review will be initiated within 21 days after the expiration of the period for filing a request for rehearing pursuant to § 42.71(d)."). Additionally, as noted above, she imposed 30-day deadlines for DRP ["Delegated Rehearing Panel"] decisions, absent good cause. This "good cause" exception has not yet been invoked by a DRP. Given these considerations, DRP decisions under the current regime will likely issue relatively quickly after PTAB decisions are entered.

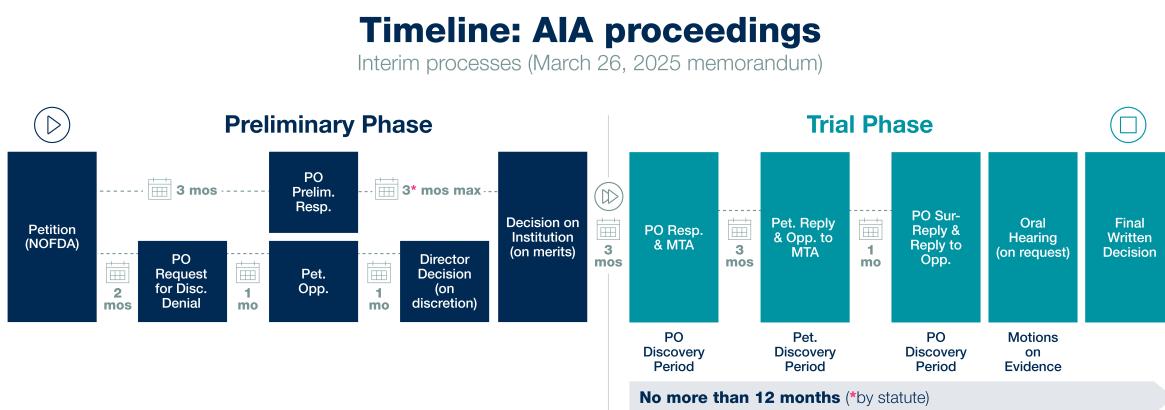
But given that only up to seven APJs are included in the pool of judges eligible to sit on a DRP and the potential volume of delegated reviews, it will be interesting to see whether the 30-day deadline becomes unworkable, necessitating the "good cause" exception.

3. Delegated reviews are likely to resolve issues, not remand. The two DRP decisions that issued during the Vidal administration remanded the proceeding to the original PTAB panel for further proceedings. This was consistent with Director Review decisions issued by Vidal herself, many of which provided guidance as to how the panel should resolve a legal or factual issue and which then remanded the proceeding to the panel to resolve those issues in the first instance, considering the director's guidance.

By contrast, the three DRP decisions that have issued during Stewart's tenure have resolved issues in the DRP decisions themselves and have not remanded to the original PTAB panel for further proceedings. This may simply reflect the relatively small sample size of DRP decisions under both administrations. It is equally possible that the DRP has followed the lead of the administration, in this case seeking to promote efficiency by streamlining decision-making when reasonably possible to do so. To that end, likely there will be more DRP decisions that resolve issues directly than be remanded to the original panel for further decision-making.

April 25, 2025

Fish, "PTAB Issues FAQs on Interim Process for Workload Management" (April 25, 2025) ("PTAB issued a list of *FAQs* related to the new bifurcated process for discretionary denial established in the *March 26 Memorandum* issued by Acting Director Stewart. The FAQs follow the *April 16 Boardside Chat* addressing the new process . . . A schematic diagram was revealed during the Boardside Chat that shows the timelines for the bifurcated process).



A detailed set of takeaways “on factors affecting the Director’s exercise of discretion,” drafted particularly to interface with the FAQs, make a number of worthwhile points; to wit:

- "A petitioner should file a *Sotera* or *Sand* stipulation as soon as practicable, so that a patent owner may address the impact of the stipulation in its discretionary denial brief." FAQ 14.
- Note, however, that patent owners can file their discretionary denial briefings earlier than the allotted two months from the filing of the notice of accord of filing date. Petitioners should account for that possibility when considering the timing for filing their stipulations.
- Consider how stipulations reduce overlap between the parallel proceedings. The FAQs explain that:
 - "The Director will take into account whether the stipulation materially reduces overlap between the proceedings. Where the petitioner is relying on corresponding system art in a co-pending proceeding and/or several other invalidity theories, a stipulation may not be particularly meaningful because the efficiency gained by any AIA proceeding will be limited." FAQ 14.
- Carefully consider the timing for when discretionary denial issues should be raised in post-grant proceedings. FAQ 22. Additionally, the FAQs explain that Petitioners need not address discretionary issues in their petitions and instead can raise such issues in their oppositions to the discretionary denial briefs. FAQ 24.
- Watch expert testimony closely. The FAQs state that:
 - "While the Board may consider expert testimony, as a matter of efficiency, extensive reliance on expert testimony and/or reasonable disputes between experts on dispositive issues may suggest that the questions are better resolved in an Article III court. The statute and our reviewing court require that petitions be based on prior art patents and printed publications. As the judges have technical and legal expertise, it is not necessary for an expert to explain every aspect of the prior art. It is most helpful if an expert is providing focused testimony, for example to provide helpful context or to explain terms of art. The failure to provide focused expert testimony may weigh against institution." FAQ 21.
- Assess how to best address "merits" during pre-institution briefing with both a brief for discretionary denial and a POPR available.
 - The FAQs indicate that "the Director will consider the merits arguments made in the petition and the POPR when relevant to the discretion determination," but that "[t]he parties should not treat a discretionary denial brief or opposition as an additional opportunity for merits briefing." FAQ 25. The FAQs also explain that,

"when filing a brief for discretionary denial, a patent owner may direct attention to an anticipated POPR and evidence for a discussion of the merits" and, "in arguing about the strengths or weaknesses of the merits, the parties may refer to arguments made in the petition and cite to record evidence." FAQ 25. Notably, "[a] Board panel is not bound by merit findings or conclusions in a discretionary consideration decision but must explain in the decision on institution why the panel's findings and/or determination are different (citing the parties' evidence of record as relevant), if that occurs." FAQ 13.

- Evaluate all grounds during the pre-institution phase of a proceeding. The FAQs indicate that the Board panel may even assess discretionary denial when "the petition presents an insufficient number of challenges that meet the reasonable likelihood standard":
 - "Unless otherwise authorized by the Director, the Board panel will not address discretionary considerations, except where the petition presents an insufficient number of challenges that meet the reasonable likelihood standard indicating that institution is an inefficient use of resources, as explained in *Chevron Oronite Co. LLC v. Infineum USA L.P.*, IPR2018-00923, Paper 9 (PTAB Nov. 7, 2018) (informative) ("*Chevron*") and *Deeper, UAB v. Vexilar, Inc.*, IPR2018-01310, Paper 7 (PTAB Jan. 24, 2019) (informative) ("*Deeper*")." FAQ 9.
- Analyze a broad range of discretionary considerations and monitor decisions closely.
 - The Boardside Chat and FAQs indicate that parties may raise "any applicable bases for discretionary denial of institution" and encourage parties "to address any fact or circumstance they believe bears on the Director's discretion to institute, including reasons not discussed in current Board precedent or in the Process Memorandum." FAQ 11.
- Consider the evidence you need to support your discretionary denial arguments. The patent owner and petitioner are permitted to submit additional evidence with their discretionary denial briefings. At a minimum, this allows for additional evidence to be submitted by the petitioner between the time of the petition filing and the institution decision. FAQ 26.