Perkins Coie

PTAB in 2025: A Conversation with PTAB Judges on Recent Changes, Emerging Trends, and Future Direction

Kalyan Deshpande, Acting Chief Judge, PTAB
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SEPTEMBER 25, 2025

Discretion Background

Institution Is Discretionary

- 35 U.S.C. § 314(a): "The Director may not authorize an inter partes review to be instituted unless the Director determines that the information presented in the petition … and any response … 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."
- "The Director is permitted, but never compelled, to institute an IPR[, a]nd no petitioner has a right to such institution." *Mylan Laboratories Ltd. v. Janssen Pharmaceutica, N.V.*, 989 F.3d 1375, 1382 (Fed. Cir. 2021).
- "§ 314(a) invests the Director with discretion on the question whether to institute review." *SAS Institute, Inc. v. Iancu*, 138 S. Ct. 1348, 1356 (2018).

Discretionary Denial Based on Co-Pending Litigation

Fintiv factors made precedential in 2020

1. Stay: whether the court has granted a stay or there is evidence that a stay may be granted if a proceeding is instituted;
2. Trial date: the proximity of the court's trial date to the PTAB's projected statutory deadline for a final written decision;
3. Investment: the investment in the parallel proceeding by the court and the parties;
4. Overlap: the overlap between issues raised in the petition and in the parallel proceeding;
5. Parties: whether the petitioner and the defendant in the parallel proceeding are the same party; and
6. Other circumstances: other circumstances that impact the PTAB's exercise of discretion, including the merits

Apple Inc. v. Fintiv, Inc., IPR2020-00019, Paper 11 (Mar. 20, 2020) (precedential)

Fintiv Stipulations to Reduce/Eliminate Overlap

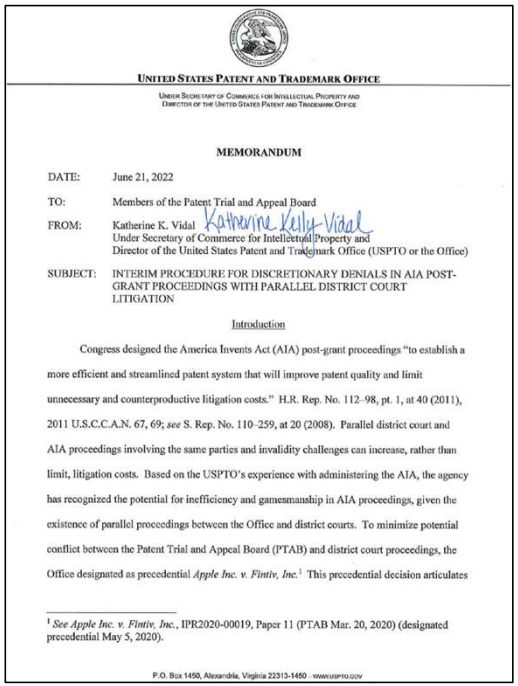
Sotera, Sotera Plus, *Sand*, and *Sand Plus* Stipulations

- *Sotera* Stipulation: Stipulation not to pursue same grounds or any grounds that could have reasonably been raised
- *Sotera Plus* Stipulation: A Sotera stipulation that also stipulates not to pursue, e.g.:
  - Petition art with unpublished system art
  - Any system art embodied by prior art that could have been raised in IPR
  - Any 102/103 arguments
- *Sand* Stipulation: Stipulation not to pursue same grounds
- *Sand Plus* Stipulation: Stipulation not to pursue any ground that includes the references asserted at PTAB

Prior *Fintiv* guidance

June 2022 Director memo (rescinded 2/28/2025)

- Instructed that PTAB would not discretionarily deny institution in view of parallel litigation where:
  - Petition presented compelling merits
  - Parallel litigation was in the ITC
  - Petitioner offered *Sotera* stipulation (i.e., a "stipulation not to pursue in a parallel proceeding the same grounds or any grounds that could have reasonably been raised before the PTAB")



UNITED STATES PATENT AND TRADEMARK OFFICE

UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE

MEMORANDUM

DATE: June 21, 2022

TO: Members of the Patent Trial and Appeal Board

FROM: Katherine K. Vidal Katherine Kelly Vidal
Under Secretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office (USPTO or the Office)

SUBJECT: INTERIM PROCEDURE FOR DISCRETIONARY DENIALS IN AIA POST-GRANT PROCEEDINGS WITH PARALLEL DISTRICT COURT LITIGATION

Introduction

Congress designed the America Invents Act (AIA) post-grant proceedings "to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs." H.R. Rep. No. 112–98, pt. 1, at 40 (2011), 2011 U.S.C.C.A.N. 67, 69; *see* S. Rep. No. 110–259, at 20 (2008). Parallel district court and AIA proceedings involving the same parties and invalidity challenges can increase, rather than limit, litigation costs. Based on the USPTO's experience with administering the AIA, the agency has recognized the potential for inefficiency and gamesmanship in AIA proceedings, given the existence of parallel proceedings between the Office and district courts. To minimize potential conflict between the Patent Trial and Appeal Board (PTAB) and district court proceedings, the Office designated as precedential *Apple Inc. v. Fintiv, Inc.*[1] This precedential decision articulates

[1] *See Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (designated precedential May 5, 2020).

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Changes on Discretion in 2025

Time of Significant Change on Discretion: Feb. 2025 - Ongoing

Feb. 2025: PTAB Workforce Policies (Return-To-Office, Limited Teleworking)

- As of 1/19/2025, there were about 350 total PTAB employees, including 230 APJs and 120 support staff
- Since that time, several APJs and staff members have departed for a variety of reasons—including incentives, regular retirements, and resignations to take jobs in the private sector

Time of Significant Change on Discretion: Feb. 2025 - Ongoing

Feb. 28, 2025: Acting Director Stewart Rescinds June 2022 Memo

Patent Trial and Appeal Board

UNITED STATES PATENT AND TRADEMARK OFFICE uspto

USPTO rescinds memorandum addressing discretionary denial procedures

Today, the USPTO rescinded the June 21, 2022, memorandum entitled "Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation" (Memorandum).

Parties to post-grant proceedings should refer to Patent Trial and Appeal Board (PTAB) precedent for guidance, including Apple Inc. v. Fintiv, Inc., IPR2020-00019, Paper 11 (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).

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.

https://content.govdelivery.com/accounts/USPTO/bulletins/3d4a99f

Changes on Discretion

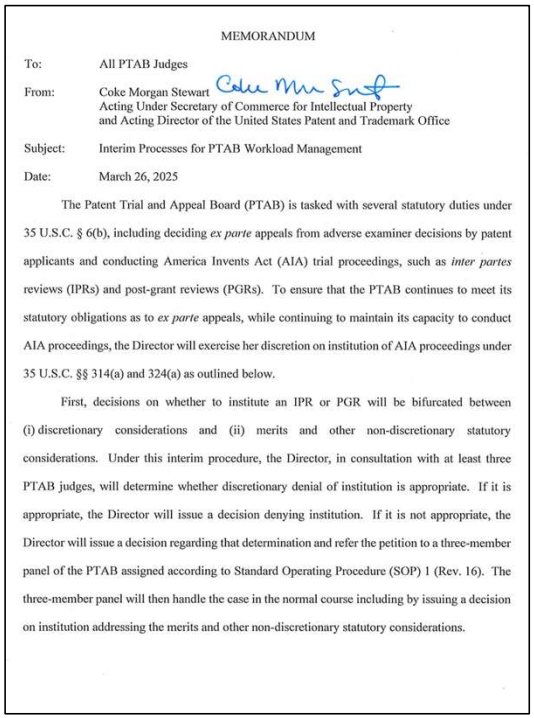
Mar. 26, 2025: Acting Director Stewart Issues Interim Processes for PTAB Workload Management ("Stewart Memo")

- Establishes bifurcated procedure for evaluating discretionary considerations (Director) and merits (APJ merits panel)
- Applies to proceedings in which Patent Owner Preliminary Response due 3/27/2025 or later

Changes on Discretion

Stewart Memo

- Institution Decisions Bifurcated Between:
  - (1) discretionary considerations (Director); and
  - (2) merits and other non-discretionary statutory considerations (APJ merits panel)
- Bifurcated Institution Procedure
  - Director will decide whether discretionary denial is appropriate
  - If discretionary denial is not appropriate, Director will refer proceeding to merits panel
  - Separate discretionary denial briefing



MEMORANDUM

To: All PTAB Judges

From: Coke Morgan Stewart
Acting Under Secretary of Commerce for Intellectual Property
and Acting Director of the United States Patent and Trademark Office

Subject: Interim Processes for PTAB Workload Management

Date: March 26, 2025

The Patent Trial and Appeal Board (PTAB) is tasked with several statutory duties under 35 U.S.C. § 6(b), including deciding *ex parte* appeals from adverse examiner decisions by patent applicants and conducting America Invents Act (AIA) trial proceedings, such as *inter partes* reviews (IPRs) and post-grant reviews (PGRs). To ensure that the PTAB continues to meet its statutory obligations as to *ex parte* appeals, while continuing to maintain its capacity to conduct AIA proceedings, the Director will exercise her discretion on institution of AIA proceedings under 35 U.S.C. §§ 314(a) and 324(a) as outlined below.

First, decisions on whether to institute an IPR or PGR will be bifurcated between (i) discretionary considerations and (ii) merits and other non-discretionary statutory considerations. Under this interim procedure, the Director, in consultation with at least three PTAB judges, will determine whether discretionary denial of institution is appropriate. If it is appropriate, the Director will issue a decision denying institution. If it is not appropriate, the Director will issue a decision regarding that determination and refer the petition to a three-member panel of the PTAB assigned according to Standard Operating Procedure (SOP) 1 (Rev. 16). The three-member panel will then handle the case in the normal course including by issuing a decision on institution addressing the merits and other non-discretionary statutory considerations.

https://www.uspto.gov/sites/default/files/documents/InterimProcesses-PTABWorkloadMgmt-20250326.pdf

Changes on Discretion

Interim Director Discretionary Process Webpage

- Office has published guidance on process (replaces previously-published FAQs)

Interim Director Discretionary Process

On March 26, 2025, the United States Patent and Trademark Office (USPTO or Office) issued a memorandum on interim processes for PTAB workload management (Process Memorandum). Under the Process Memorandum, decisions on whether to institute *inter partes* reviews (IPR) and post-grant reviews (PGR) are bifurcated between (i) discretionary considerations and (ii) merits and other non-discretionary considerations.

This webpage provides information on the discretionary considerations process and serves as a guide to parties on when and how to file discretionary briefing, and the process by which the Under Secretary of Commerce for Intellectual Property and Director of the USPTO (Director) will render decisions on discretion. All questions about the Director's Discretionary Process can be submitted to Director_Discretionary_Decision@uspto.gov.

This webpage supersedes the April 25, 2025 FAQs for Interim Processes for PTAB Workload Management, which are now archived.

https://www.uspto.gov/patents/ptab/interim-director-discretionary-process

Changes on Discretion

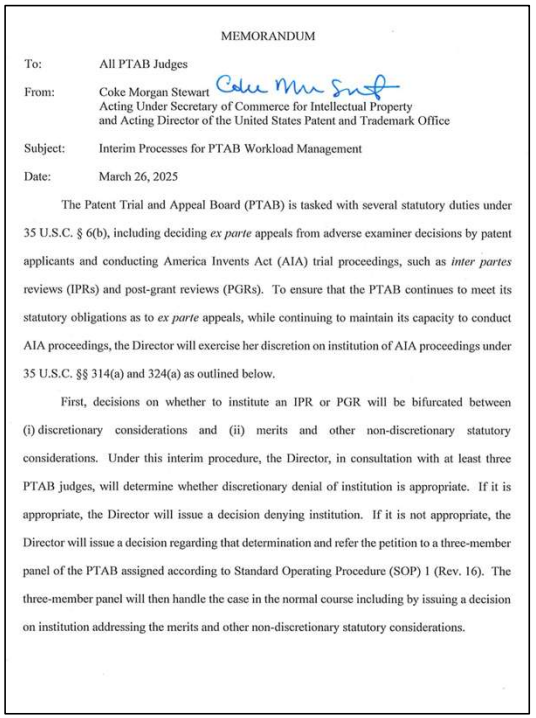
Interim Director Discretionary Process Webpage (continued)

- Replaces, and is largely consistent with, prior FAQs
- Changes
  - Discretion briefing page limits
    - Request due on/after 9/1/2025: 20 pages for request/opposition
    - Request due before 9/1/2025: 14,000 words for request/opposition
  - Discretion opposition deadline
    - Same date as patent owner preliminary response (3 months after notice of filing date accorded)
- Webpage may be updated periodically without notice

Changes on Discretion

Stewart Memo (continued)

- Identifies additional discretion factors:
  - 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.



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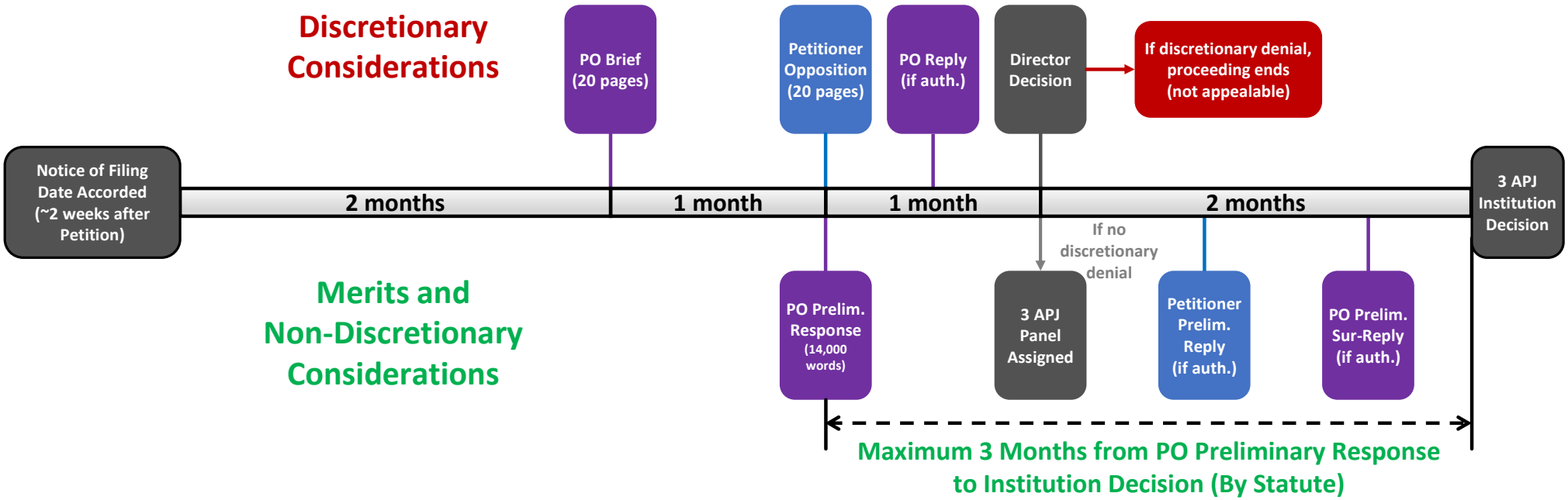
Changes on Discretion

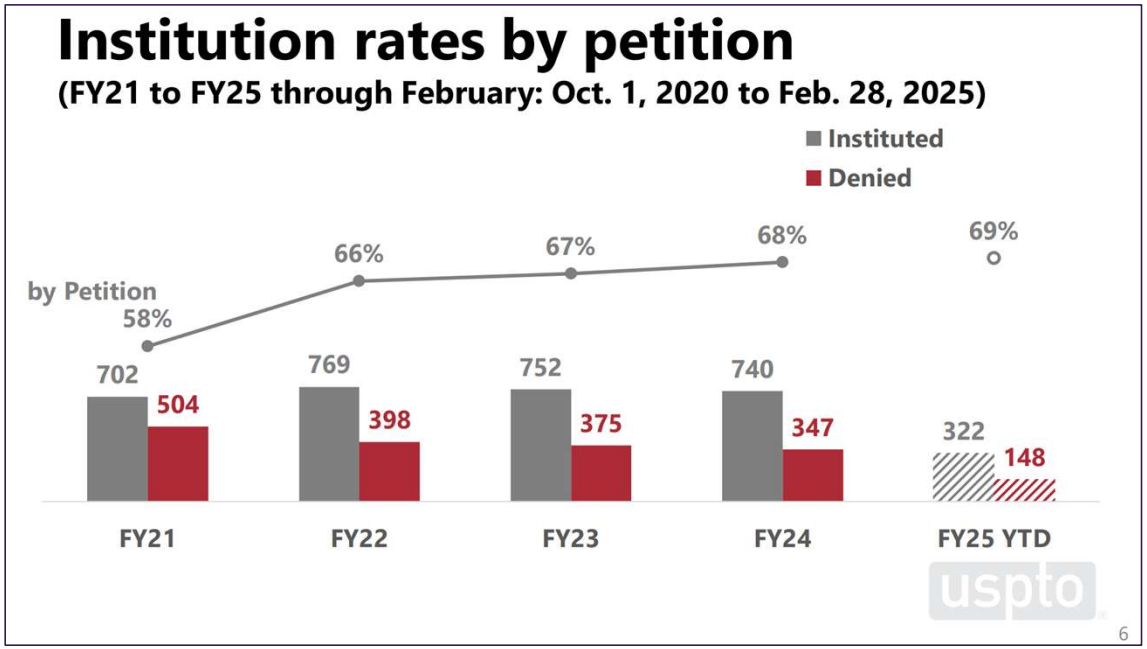
Timeline: Bifurcated Institution Process



Outcomes, Strategies, and Other Guideposts

Historical Institution Rates

- Board's FY2025 institution rate through February 2025 was 69%

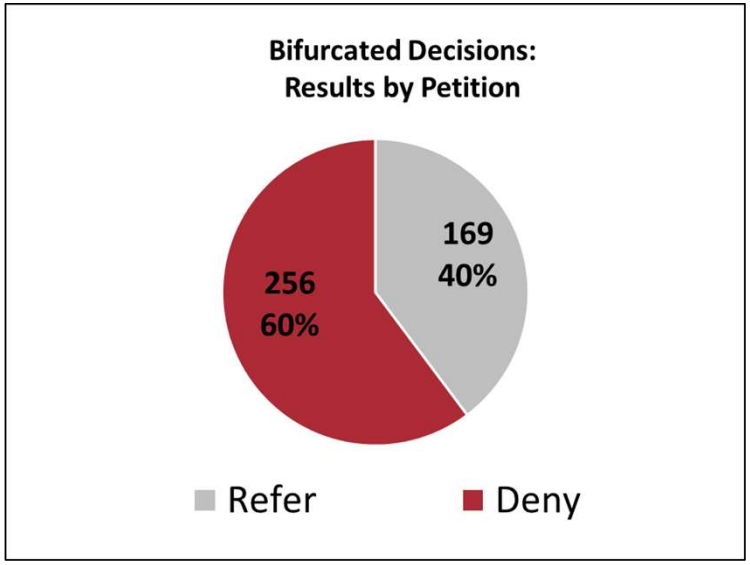


https://www.uspto.gov/sites/default/files/documents/ptab_aia_20250228_.pdf

Director Discretion Decisions Through 9/8/2025

Results by Petition

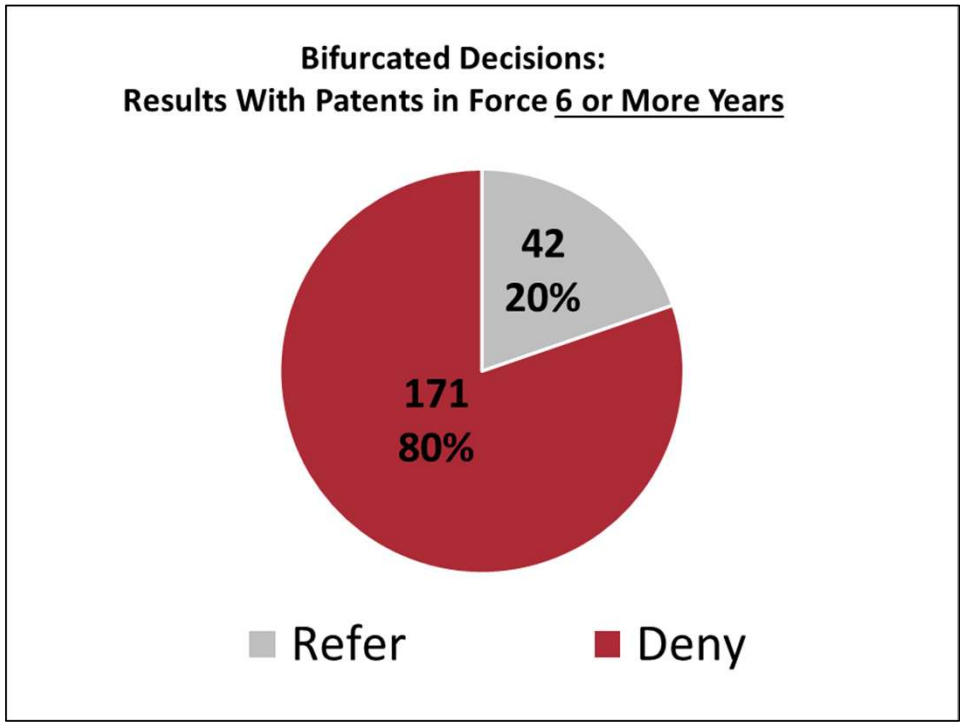
- Office has denied 60% of the 425 petitions considered—a substantial increase compared to the reported 31% total institution denial rate in fiscal year 2025 through February 28

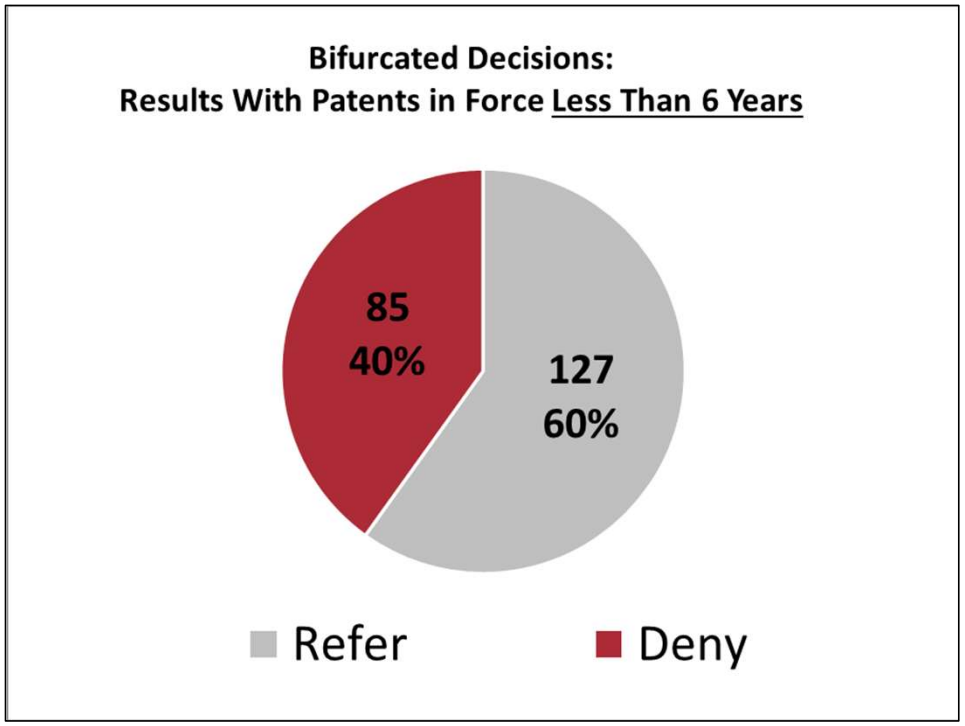


*Two petitions were initially discretionary denied and then referred on Director Review/Rehearing due to changed circumstances

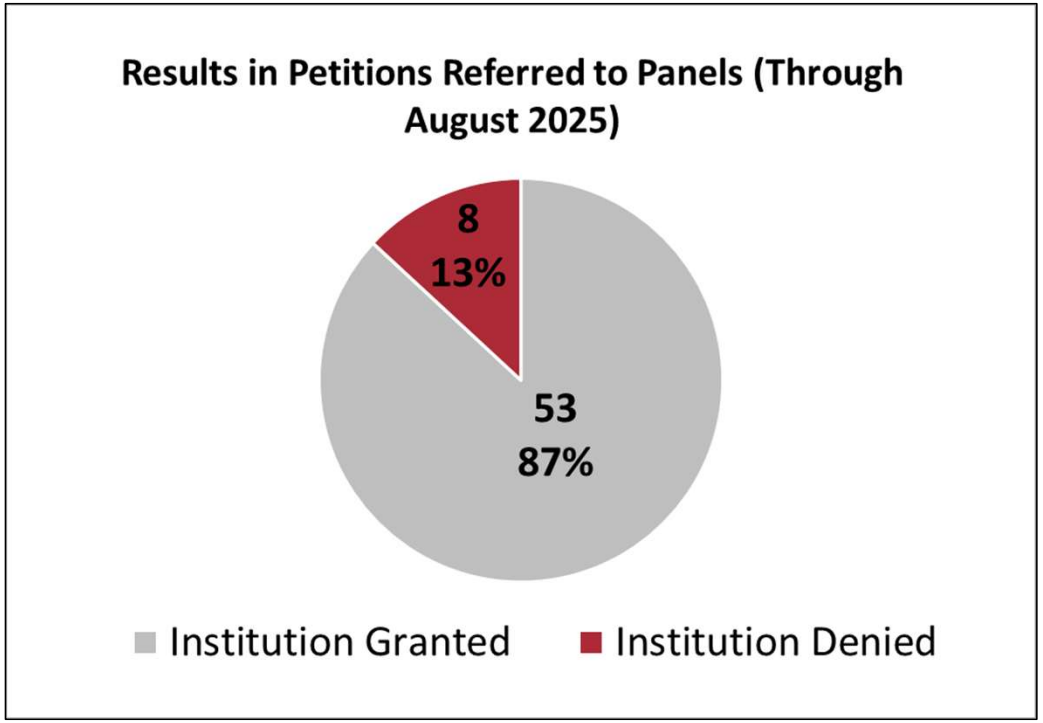
Director Discretion Decisions Through 9/8/2025

Results By Petition and Patent Age





APJ Panel Decisions Regarding Referred Petitions Results by Petition



Burden Is on Petitioner to Demonstrate Why Petition Should Be Instituted

- It is Petitioner's responsibility "not only to respond to patent owner's arguments but also to identify reasons *not to exercise discretion to deny institution*."
  - *See Dabico Airport Solutions v. AXA Power ApS*, IPR2025-00408, Paper 21 (June 18, 2025) (denying institution)
    - No parallel litigation
    - Parties' briefs did not address "settled expectations"
    - Nevertheless, Acting Director discretionarily denied institution, finding that the patent had "been in force almost eight years, creating settled expectations"

"Settled Expectations"

- Every discretionary brief should address "settled expectations."
- "Although there is no bright-line rule on when expectations become settled, in general, the longer the patent has been in force, the more settled expectations should be … [A]ctual notice of a patent or of possible infringement is not necessary to create settled expectations."
  - *Dabico Airport Solutions v. AXA Power ApS,* IPR2025-00408, Paper 21 (June 18, 2025) (denying institution)
  - *See also iRhythm Techs., Inc. v. Welch Allyn, Inc.*, IPR2025-00363 et. al., Paper 10 (June 6, 2025) (denying institution)
- Although outcomes suggest "settled expectations" attach at 6 years, Acting Director has suggested that PO could have "settled expectations" in patents in force less than 6 years.
  - *Apple Inc. v. Apex Beam Techs. LLC*, IPR2025-00896 et al., Paper 10 (Sept. 3, 2025) ("Although there may be good reasons why a patent owner has strong settled expectations in a patent that has been in force for two, three, or four years, Patent Owner has not sufficiently articulated such reasons in these proceedings. In the absence of such information, Patent Owner has not demonstrated that it has developed strong settled expectations that favor discretionary denial.")

Petitioner's Settled Expectations?

- Petitioner's settled expectation appears to have a higher bar
  - *DataDome S.A. v. Arkose Labs Holdings, Inc.*, IPR2025-00693-694, Paper 13 (Aug. 14, 2025)
    - "For example, a concession of non-infringement by a patent owner may constitute settled expectations for a petitioner. However, a petitioner's reliance on its own assessment of patents presents a different consideration. Under these circumstances, Petitioner's assertions of settled expectations do not overcome Patent Owner's strong settled expectations."
  - *Apple Inc. v. Allani*, IPR2025-00856-857, Paper 11 (Sept. 5, 2025)
    - "Petitioner, however, contends that it 'did not expect enforcement' of the patent…because [Petitioner] concluded that it did not require a license to the patent and advised Patent Owner of its position, and because Patent Owner did not assert the challenged patent against Petitioner until eleven years after the parties' discussion about that patent…Additionally, Patent Owner did not assert the challenged patents against Petitioner until after they expired. Under these circumstances, discretionary denial is not appropriate."
  - *Home Depot USA, Inc. v. H2 Intellect LLC*, IPR2025-00480, Paper 11 (Sept. 4, 2025)
    - "Petitioner argues with respect to settled expectations that the challenged patent has not been commercialized, asserted, marked, licensed, or otherwise applied in its technology space. Petitioner argues that Patent Owner only previously targeted smartphones, tablets, and watches, whereas Petitioner, Home Depot, is the proprietor of a chain of hardware stores and did not have reason to anticipate assertion of the patent against it. Petitioner's arguments are persuasive. These considerations weigh against Patent Owner's settled expectations and weigh in favor of Petitioner's expectations, and outweigh the considerations favoring discretionary denial."

Other Guideposts

- Arguments regarding economic, public health, or national security interests must be "narrowly tailored"
  - *Taiwan Semiconductor Manufacturing Co. v. Marlin Semiconductor Ltd.*, IPR2025-00847 et al., Paper 11 (Sept. 3, 2025)
    - "Petitioner argues that national security, economic, and public interest considerations counsel against discretionary denial because '[t]he semiconductor chips manufactured by TSMC are vital to leading U.S. companies (from Apple and NVIDIA to Amazon and Tesla) . . . and national security and defense through TSMC's CyberShuttle program.' Petitioner, however, does not explain in sufficient detail why review of the challenged patents is in the interest of national security, the economy, or the public. That is, Petitioner's arguments are **not narrowly-tailored** towards particular products or manufacturing methods, and Petitioner does not sufficiently explain how national security, economic, or public interests warrant review of the specific patents challenged in these proceedings."

Patterns in Decisions

- Referred Petitions
  - *Fintiv* factors (primarily trial date) weigh against discretionary denial (or are close);
  - Patent is less than 6 years old; and
  - Parties have not argued other circumstances that favor denial

- Denied Petitions
  - *Fintiv* factors (primarily trial date) weigh in favor of denial; or
  - Patent is more than 6 years old;
  - Unless: there is some persuasive argument that the petition should proceed to a merits determination

Stipulations

- Acting Director may fault a petitioner for not providing a stipulation, but she will not necessarily credit a petitioner for providing a stipulation.
- A stipulation of any scope (even *Sotera* plus) may not outweigh a trial date before FWD.
- However, failing to provide a stipulation may be weighed in favor of discretionary denial even if the FWD will come before the trial date (or there is no trial date or the case is stayed).
  - *DataDome S.A. v. Arkose Labs Holdings, Inc.*, IPR2025-00693-694, Paper 13 (Aug. 14, 2025)
    - "Although there is no scheduled trial date, which counsels against discretionary denial, Petitioner has not offered a stipulation…"
  - *HS Hyosung Advanced Materials Corp. v. Kolon Industries, Inc.*, IPR2025-00662-664, Paper (Aug. 14. 2025)
    - "Furthermore, Petitioner has not filed a stipulation to address concerns of duplicative efforts and potentially conflicting decisions should the stay be lifted."