

# Patent Office introduces new discretionary denial process for challenges to issued patents

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In 2011, the America Invents Act (AIA) created a system by which litigation defendants, special-interest groups, or any member of the public could challenge the validity of an issued U.S. Patent before a panel of experienced administrative judges at the Patent Office. One of the new procedures—called *inter partes* review (IPR)—was inspired, at least in part, by the public perception that there were too many “weak” or otherwise undeserving patents in force that were stifling innovation.

Patent litigation is notoriously slow and expensive. The government wanted to provide a cheaper and faster way to resolve disputes about whether an existing patent monopoly was valid. It was provided through the Patent Trial and Appeal Board (PTAB).

The PTAB's new role was initially met with criticism. Proponents of strong patent rights called the panel judges “patent death squads,” and decried the system as an added expense — rather than an alternative — to traditional patent litigation. Nonetheless, IPRs and other post-grant reviews promulgated under the AIA became a mainstay of patent litigation.

In the decade-plus following their creation, thousands of patents have been canceled, though thousands have also survived. Meanwhile district courts have embraced the streamlining potential of IPRs, often granting stays of patent cases while the PTAB considers the validity of asserted patents.

Patent lawyers handling IPRs became well versed in the various strategies for navigating the process. One of the key strategies has always been pursuing (or defeating) the PTAB's discretion to deny institution of an IPR Petition based on various factors unrelated to the merits of patentability. Whether copending litigation was in advanced stages, whether the petition suffered from procedural flaws, or whether the prior art cited in the Petition was already considered and overcome during prosecution were common reasons for the PTAB to discretionarily deny a petition.

On March 26, 2025, the Patent Office issued new “Guidance on USPTO's rescission of ‘Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District

Court Litigation.” This Guidance established a new bifurcated process for evaluating discretionary denial in AIA trials. The revised framework fundamentally alters the institution phase by separating discretionary denial analysis and merits review.

Unlike the prior process, where discretionary denial issues and merit issues were both addressed simultaneously by the same panel, the new structure requires a threshold review of discretionary denial grounds by a designated panel before any merits-based institution analysis is conducted by a separate panel. It is the most dramatic procedural change to Patent Office practice since the passage of the AIA.

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Under the new approach, discretionary denial is entirely removed from the normal IPR briefing process. The Office will consider more bases for discretionary denial than previously considered, including economic and policy considerations. Discretionary denial arguments are now reviewed by the PTO Director and selected judges, rather than the panel that will ultimately review the merits of the Petition if it is not discretionarily denied.

Although it is not entirely clear how the new procedure will impact the overall effectiveness of IPR as a means for challenging patents, some shifts are notable already. By increasing the scope and prominence of discretionary denial—a decision that is not subject to appeal—the Patent Office is expending its resources more conservatively. Only

Petitions that first justify their consideration as a policy matter will be evaluated on their merits.

The procedural changes apply to proceedings where the Patent Owner Preliminary Response (POPR) is due on or after March 26, 2025. The new process provides separate 14,000-word-limit briefs for each side, with the Patent Owner's discretionary denial brief due two months after the Notice of Filing Date Accorded and the Petitioner's opposition one month later.

Absent good cause, the Director will issue a decision regarding discretionary denial within one month of the final briefing. Although characterized as "interim," the USPTO has signaled that formal rulemaking is forthcoming, and the first discretionary denial decisions under the new framework are expected by mid to late summer 2025.

The new procedure and guidance have, accordingly, given rise to important new strategies.

First, the provision of a separate briefing process for discretionary denial means that Petitions and Patent-Owner Responses no longer need to address issues that go to the PTAB's discretion. They can focus entirely on the merits.

Second, while the timing window for filing IPRs has always been strategic, it is now critical. It appears that petitions filed late in the statutory window — particularly those that come after major litigation milestones — are at a significant disadvantage. The PTAB has signaled that it is uninterested in expending its resources deciding a petition that would result in duplicative effort or inconsistent outcomes with co-pending litigation.

Petitioners should file IPR Petitions as early as possible and should include any stipulations decoupling invalidity issues from the litigation (often called *Sotera* stipulations) immediately (if at all).

Finally, both Patent Owners (in seeking discretionary denial) and Petitioners (in opposing it) should maximize the use of the present administration's goals and concerns in their briefing. The PTO Acting Director has made clear that discretionary denial is about more than just legal tests — it is about perceived efficiency, fairness, and conservation of agency resources.

PTO statistics, prior guidance, or Director commentary that supports (or defeats) institution will be helpful. Positioning the use of agency resources as consistent with the Office's broader mission gives the Director a policy reason to decide institution.

In sum, the new framework marks a major procedural and strategic inflection point. For Petitioners, success now depends not just on merits strength, but also on timing, forum coordination, and proactively handling discretionary risks. Patent Owners now have a powerful opportunity to defeat petitions early — but only with precision. With Director oversight, tight deadlines, and evolving policy priorities, effective navigation demands counsel who understand both PTAB procedure and how to align case strategy with institutional goals. Companies facing AIA trials need not just experienced PTAB counsel — but counsel on the forefront of this rapidly and dramatically evolving system.

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