

With Discretionary Denials, PTAB Accepting Fewer Petitions

By **Theresa Schliep**

Law360 (July 16, 2025, 9:00 PM EDT) -- The rate of patent challenges accepted by the Patent Trial and Appeal Board is still declining, with data for July showing a sharp decrease in the institution rate following major changes in board practice, according to data shared at a Sterne Kessler Goldstein & Fox PLLC webinar Wednesday.

The PTAB's institution rate — or the rate at which it takes on challenges to patent validity — has stood at nearly 20% for the month of July so far, according to data from Sterne Kessler evaluating institution rates going back 19 months. The firm held a webinar discussing current developments at the PTAB, and it was hosted by directors Trey Powers, William H. Milliken and Jennifer Meyer Chagnon and counsel Melissa Haapala.

While about half of the month remains and that figure will fluctuate, the data suggests that a decline in the institution rate will continue following changes in board practice under acting U.S. Patent and Trademark Office Director Coke Morgan Stewart. Besides July, the next lowest monthly institution rate over the 19-month period sampled by Sterne Kessler was in April, when it slightly exceeded 40%, followed by May and June, when it hovered around 50%.

The Sterne Kessler panel attributed the decrease over the past couple of months to Stewart's bifurcated process for America Invents Act cases, in which she can first consider if such matters should be discretionarily denied before they go on to the merits.

"I think this really highlights that we started seeing the discretionary decisions from acting Director Stewart in mid-May, but it was really in June that we started seeing more of them, and you can see the effect the discretionary denials are having on the overall institution rate in this data," Chagnon said.

That this downward trend is connected to the bifurcated process is evidenced by the early data available on discretionary denials. Since Stewart started issuing those decisions through July 16, there have been 42 decisions discretionarily denying institution, covering 99 proceedings, according to Sterne Kessler data. Meanwhile, Stewart or another PTAB leader, intervening if she has a conflict, have sent 31 matters to the merits, covering 65 proceedings.

There have been 84 proceedings sent to the merits since the patent owner didn't request discretionary denial. That the data has thus far been favorable to patent owners suggests that patent owners might as well request discretionary denial, according to Chagnon.

"Looking at the numbers, if I'm a patent owner, I'm probably just going to try and file a brief and say something," she said, adding "there have been a lot of new issues that have been raised as reasons for discretionary denial that are not necessarily things that have been relied on in the past, so you never know what will happen."

Some of the discretionary denial trends have been the idea that patent owners should be able to count on a patent if it's been in force long enough without facing a challenge, an idea now known as "settled expectations," the Sterne Kessler attorneys said.

There also are the issues of parallel district court litigation as well as Fintiv, a piece of precedent that accounts for the status of parallel litigation when weighing institution. For instance, Stewart seems disinclined to grant institution when related district court litigation is pacing ahead of the PTAB proceedings, and when there hasn't been a stay issued in that litigation, according to cases surveyed by Sterne Kessler.

And petitioners looking to clear the discretionary denial bar should not only respond to patent owners' requests for why such denial is appropriate, but they should also "proactively identify reasons why the director should not exercise discretion," Chagnon said.

"Historically, a lot of these discretionary issues have been decided in a way where the patent owner says, 'You should deny under discretion,' [and] petitioner just responds to those but hasn't needed to provide affirmative reasons why the case should go forward," she added. "I think we're seeing a shift there."

--Additional reporting by Dani Kass and Ryan Davis. Editing by Adam LoBelia.