

## Discretionary Denials 2.0 — The Litigator's IPR Playbook Under the New PTAB Regime

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When Congress enacted inter partes review in 2012, the proceeding was sold as a fast, cost-effective way to cull weak patents. For more than a decade, that promise largely held: An accused infringer could reflexively file an IPR, likely collect a district court stay and shift validity issues from a lay jury to technically trained Patent Trial and Appeal Board judges. That playbook is now obsolete.

In March, the U.S. Patent and Trademark Office issued its “Interim Process for PTAB Workload Management” memorandum — quickly dubbed the “Workload Memo.” The memo resurrects and expands the PTAB’s discretion to deny institution for reasons that have little to do with the prior art. By July 31, the acting director had already logged 109 discretionary-denial decisions (covering 233 IPR and 13 post-grant review petitions), signaling a tectonic shift. Age of the patent, progress of parallel litigation, PTAB docket pressure and even public interest concerns now routinely eclipse merits arguments.

For petitioners who count on IPRs to stall infringement suits — and patent owners who must decide where to fight — the new regime demands a strategic overhaul. This article distills what has changed, why it matters and how litigators should adapt.

### **From *Fintiv* to Workload Management: A Policy Reset**

In its precedential March 2020 *Apple v. Fintiv* decision, the PTAB outlined six discretionary denial factors used to decide whether to deny institution of an IPR petition based on parallel district court litigation. These factors — such as whether the litigation was likely to be stayed, the proximity of the scheduled trial date to the PTAB’s final decision deadline and the investment in the parallel proceeding — enabled the PTAB to deny IPRs where parallel litigation was far along.

The *Fintiv* analysis was often criticized as favoring patent owners.

In June 2022, then-Director Kathi Vidal issued a memorandum that softened the impact of the *Fintiv* analysis by narrowing when discretionary denial should apply. The Vidal Memo gave petitioners clearer ways to avoid discretionary denial and encouraged more IPR institutions.

The USPTO rescinded the Vidal Memo in February, in anticipation of formal rulemaking. This action reinstated *Fintiv* application in its original form and was followed closely by the issuance of the Workload Memo.

The Workload Memo introduced a new, two-track institution review process. Before the Workload Memo, the same three-judge PTAB panel evaluated both (1) whether to institute review and (2) the

merits of unpatentability. Discretionary factors were weighed only after the panel had dug into the merits of the prior art.

Now, any patent owner may file a “discretionary-denial brief” within two months of the petition. Institution immediately bifurcates:

1. The USPTO director, advised by at least three PTAB judges, decides first whether to deny on discretionary grounds.
2. Only if the petition survives that screening does a separate PTAB panel analyze the merits and statutory bars.

The reordering front loads discretion and spares PTAB resources otherwise spent on petitions likely to be rejected for nonmerits reasons. For petitioners, it means the director — not the panel — has the first and often last word.

### **Four Denial Factors Dominating Early Decisions**

#### *1. Patent Age and “Settled Expectations.”*

The Workload Memo’s most consequential innovation is the “settled expectations” doctrine. Patents granted as recently as six years ago have been deemed mature enough that businesses and investors should be able to rely on their validity. In *Amgen v. Bristol-Myers Squibb*, the director invoked settled expectations to deny review of patents issued in 2017 and 2018. Conversely, petitions challenging newly issued patents fare better: In *Shenzhen Root Technology*, patents granted in 2023 were green lit for review because “expectations” had not yet crystallized.

The doctrine is not absolute. Where a petitioner shows material USPTO error — for example, misapplied prior art — the director may still institute, even for patents 17 or 18 years old (*Anthony Inc. v. ControlTec*). But the default presumption now favors the patent as it ages.

#### *2. Timing of Parallel Litigation (Fintiv Reinvigorated).*

The *Fintiv* factors never disappeared; now they are simply applied earlier and more aggressively. Key considerations include (a) whether a district court trial will precede the PTAB’s final written decision, (b) the resources already sunk into that litigation and (c) the likelihood of a stay.

In *Lam Research v. Inpria*, the director denied institution where trial was scheduled four months before the projected PTAB decision, reasoning that duplicative work and risk of conflicting judgments outweighed any benefit from PTAB review. By contrast, in *RØDE Microphones v. Zaxcom*, district court proceedings were stayed; the petition proceeded because PTAB review was the most efficient forum.

Importantly, International Trade Commission schedules also matter. If an ITC hearing or target date comes first, the director is inclined to deny, as seen in *Kangxi Communication v. Skyworks*.

- *PTAB Workload and Resource Allocation.*

The Workload Memo expressly invites the board to police its docket. Petitions duplicating earlier challenges, attacking dismissed claims or seeking joinder after the one-year bar face an uphill climb. In *Google v. Mullen Industries*, the board rejected review of claims already dropped from district court, labeling the petition an inefficient use of scarce resources.

The opposite can be true. In *Tesla v. Intellectual Ventures*, the board allowed multiple petitions covering a sprawling, technically diverse portfolio. The early stage of district litigation, coupled with Tesla's broad *Sotera* stipulation (waiving parallel invalidity defenses), persuaded the director that PTAB expertise would promote efficiency.

- *Over-Reliance on Expert Testimony.*

The Workload Memo warns against using expert declarations to “fill gaps” in the prior art. In *iRhythm v. Welch Allyn*, the director found that extensive expert testimony suggested factual disputes better suited for a jury, tipping the balance toward denial. The lesson: keep expert analysis concise, tied directly to documentary evidence and avoid conclusory statements.

### **Where Public Interest Fits In**

While no denial has yet turned solely on public-interest factors, the Workload Memo expressly cites “compelling economic, public health, or national security interests” as relevant. Petitioners challenging, say, a blockbuster drug patent may argue that invalidation would lower prices and serve the public. Patent owners, meanwhile, can frame their innovations as critical to infrastructure or public safety. Expect parties to test these arguments soon.

### **Business Implications Beyond the PTAB**

One of the most immediate business implications of the Workload Memo is the need for earlier and more proactive freedom-to-operate analyses. Companies that are developing or deploying technology in crowded patent landscapes can no longer afford to wait and see if a patent owner will sue before considering an IPR challenge. The window to file an IPR is now narrower, especially as the “settled expectations” doctrine attaches to patents as they age. Businesses must be vigilant in monitoring potentially blocking patents and be prepared to act quickly to preserve the option of PTAB review.

Venue strategy has also become a critical factor in determining access to the PTAB. Courts known for their fast dockets, such as the Eastern District of Texas, the Eastern District of Virginia and the ITC, can make it much more difficult for petitioners to obtain PTAB relief. This is because the timing of proceedings is now a central consideration under the *Fintiv* factors, and if a trial is likely to occur before the PTAB can issue a final written decision, the director is more likely to deny institution. On the other hand, litigating in slower venues may keep the door open for PTAB review, but it can also prolong the overall dispute and increase costs. As a result, forum selection clauses, declaratory judgment actions and the sequencing of customer-suit litigation have new strategic importance.

Patent valuation has also shifted under the new regime. Previously, even older patents could be viewed as vulnerable if strong prior art surfaced, and the threat of an IPR could be used to negotiate lower licensing fees. Now, with the “settled expectations” doctrine in play, patents that are 6 or 7

years old — or older — are less likely to be subject to PTAB review, which can increase their value in licensing negotiations and portfolio valuations. Investors and companies evaluating patent portfolios should take this into account and adjust their financial models accordingly.

Finally, documentation and storytelling have become more important than ever. Discretionary denial decisions often hinge on nuanced factors such as the status of parallel litigation, the extent of market reliance on the patented technology and the potential public burden of allowing or denying review. Meticulous records of litigation milestones, licensing history, R&D investments and market adoption can make the difference in persuading the director to institute or deny review. The ability to craft a compelling narrative supported by concrete evidence now plays a central role in determining who wins the critical gateway battle at the PTAB.

### **Case Studies: Early Lessons**

The early wave of decisions under the new discretionary denial regime offers valuable lessons for both petitioners and patent owners. In *iRhythm v. Welch Allyn*, five separate IPR petitions were filed against cardiac-monitoring patents that had been issued between 2014 and 2016. The director denied all five petitions, citing the age of the patents, the advanced stage of district-court discovery, and the petitioners' heavy reliance on expert declarations. The director concluded that the combination of settled expectations and the presence of factual disputes better suited for a jury tipped the balance toward denial, even though the district court trial was still some time away.

In *Dabico v. AXA Power*, the petitioner challenged an 8-year-old patent covering airport power systems. Despite presenting what appeared to be strong prior art, the petitioner failed to offer a compelling public-interest rationale for why PTAB review was warranted at such a late stage. The director exercised discretion to deny institution, emphasizing that the age of the patent alone justified honoring settled expectations and that the petitioner had not explained why board review would serve the innovation ecosystem.

By contrast, in *Tesla v. Intellectual Ventures*, Tesla filed multiple petitions targeting a sprawling portfolio of patents spanning diverse technologies. The litigation was still in its early stages, and Tesla offered a broad *Sotera* stipulation, pledging not to litigate overlapping prior-art grounds in district court. The director allowed the petitions to proceed, reasoning that the diversity of subject matter warranted PTAB expertise, the early stage of district litigation minimized the risk of duplication and Tesla's stipulation mitigated concerns about duplicative proceedings. This case illustrates that robust stipulations and early, well-coordinated filings can still overcome discretionary denial hurdles, especially when the PTAB's technical expertise is likely to add value.

### **Tactical Guidance**

#### *For Petitioners*

For petitioners, the new landscape requires a more disciplined and strategic approach to IPR filings. The most important advice is to file early, before the "settled expectations" doctrine attaches to the patent. If a petitioner is challenging a patent that is more than 6 or 7 years old, it is essential to provide a compelling explanation — such as the discovery of new prior art, discovery of

a USPTO error in the original examination or new commercial activity that justifies PTAB review despite the patent's maturity. Delays without justification are likely to be viewed skeptically by the director.

Petitioners should also streamline their petitions, focusing on a limited number of strong grounds and avoiding the temptation to include every possible argument or expert. The PTAB is increasingly wary of "kitchen sink" petitions that are resource-intensive or rely heavily on expert declarations to fill gaps in the prior art. Instead, each claim limitation should be tied to a clear documentary source, with expert testimony used sparingly to clarify technical context rather than to supply missing elements.

Another key tactic is to tailor any "*Sotera* stipulation" — a promise not to pursue certain invalidity arguments in district court if the PTAB institutes review. Generic or boilerplate stipulations are unlikely to carry weight; recent guidance has removed their dispositive effect. Instead, petitioners should identify the specific prior art and arguments they will forgo and file the stipulation with the petition so that the director can consider it from the outset. This can help defuse concerns about duplicative proceedings and "two bites at the apple."

Coordination among defendants is also critical in multidefendant assertion campaigns. Rather than filing duplicative petitions at different times, defendants should agree on a lead petitioner or file joint petitions to conserve PTAB resources and avoid the appearance of gamesmanship. Highlighting the broader impact of invalidating a patent — such as lowering drug prices, unlocking standards-essential technology or addressing public health or national security needs — can also be persuasive, as the Workload Memo explicitly invites such arguments.

#### *For Patent Owners*

For patent owners, the discretionary-denial brief is a powerful tool. With a generous 14,000-word limit, patent owners can shape the narrative by documenting litigation milestones, quantifying investments in the patented technology and describing industry reliance through licensing deals, R&D expenditures or market adoption. Emphasizing the age of the patent and its commercial success can reinforce the argument that settled expectations have developed and that the public and industry have come to rely on the patent's validity.

Patent owners should also scrutinize the petitioner's reliance on expert testimony, pointing out where the petition leans on conclusory or unsupported expert opinions. This can bolster the argument that factual disputes are better resolved in district court, where a jury can weigh the evidence. If multiple petitions cover overlapping prior art or claims that have already been dismissed from district court litigation, patent owners should argue that the board's resources are better spent elsewhere and that further review would be duplicative and inefficient.

Finally, the management of stays in parallel litigation is a strategic lever. If a patent owner prefers a jury trial, opposing a stay and pushing discovery forward can strengthen the *Fintiv* case for denial by showing that the district court is moving quickly and that PTAB review would be duplicative. Conversely, if the patent owner welcomes a PTAB battle, stipulating to a stay can defuse timing concerns and make PTAB review more likely.

## What Comes Next?

The Workload Memo is nominally “interim,” but nothing suggests a snap-back to the old regime. The Supreme Court’s *Arthrex* decision cemented the director’s discretionary authority, and both sides of the bar are already recalibrating. Congress should be watching: If stakeholders cry that discretionary denials gut an essential check on bad patents, legislation could follow. Conversely, if patentees and investors tout increased certainty as fueling innovation, the trend may harden.

What is clear: Success in the new PTAB landscape is no longer about presenting the best prior art references. It is also about who tells the better story — early, efficiently and in a way that aligns with the director’s broader policy goals. Counsel who master that narrative will shape the next era of patent disputes — and the business strategies built atop them.

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