

Discretion Takes Back Control at the PTAB

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In a significant procedural pivot, the Patent Trial and Appeal Board (PTAB) at the U.S. Patent and Trademark Office (USPTO) has radically redesigned how it handles discretionary denials in post-grant proceedings such as inter partes review (IPR) and post-grant review (PGR). These changes mark one of the most consequential shifts since the America Invents Act created these proceedings over a decade ago.

Post-grant proceedings: A quick refresher. Post-grant proceedings are administrative trials that allow third parties to challenge the validity of issued U.S. patents outside of federal court. Congress designed them to be faster and less expensive than litigation. A patent challenger must file a petition providing specific reasons it believes a patent is invalid, and the PTAB decides whether to institute a trial or not. That institution decision is unappealable.

Traditionally, when a petition was denied institution, that denial fell into two categories: merit-based — where the PTAB concluded the petition failed to show a reasonable likelihood that at least one challenged claim was unpatentable — and discretionary — where the PTAB denied review for policy or procedural reasons, such as when arguments had already been fully considered during examination and no material error by the examiner was shown. Historically, discretionary denials were relatively rare. But under new guidance rolled out by USPTO Acting Director Coke Stewart, they have surged, particularly in IPRs. The pendulum has swung toward patent owners, making it more difficult for petitioners to secure review.

Rescinding petitioner-friendly guidance. One of the most common grounds for discretionary denial arises when the same patent is being challenged in either a district court or International Trade Commission (ITC) proceeding as well as before the PTAB. In order to avoid duplicative litigation, the PTAB often denied institution in these cases if the other forum was on track to resolve validity first.

In June 2022, then-Director Kathi Vidal created a “safe harbor” for petitioners through the so-called Sotera stipulation — a promise by the petitioner not to pursue the same invalidity grounds in parallel court proceedings. Under that policy, a Sotera stipulation typically insulated the petition from this type of discretionary denial.

That protection ended in February 2025, when Acting Director Stewart rescinded Vidal’s guidance. Now, a Sotera stipulation no longer guarantees that the PTAB will institute the post-grant proceeding. This retroactive policy change has already sparked petitions for mandamus at the Federal Circuit. Regardless, the clear message is that institution may once again be denied whenever parallel

proceedings are moving more swiftly than the PTAB could otherwise act.

New bifurcated process: Discretion comes first, merits later. Previously, the PTAB considered both discretionary and merits-based grounds for denial together. In March 2025, however, Stewart instituted a bifurcated process. The first step is a discretionary review. The Director, in consultation with at least three PTAB judges, decides whether to deny institution on discretionary grounds before the merits are even considered. The second step is a merits review. If the petition survives, a three-judge PTAB panel then decides institution based on the statutory “reasonable likelihood” test.

To accommodate this structure, briefing has now been split. Patent owners must file a separate discretionary denial brief within two months of the notice according a filing date, and petitioners get one month to respond. If the case clears the discretionary hurdle, it proceeds to the merits stage.

What counts as “discretion”? A broader lens. The scope of factors the Director may consider in exercising discretion has broadened dramatically. Beyond traditional factors like trial timing, overlap of issues, and error during the original prosecution, the Director may now weigh: the strength of the unpatentability challenge; the extent of reliance on expert testimony; “settled expectations,” including how long the claims have been in force without challenge; public-interest factors such as economic, health, or national-security concerns; and the PTAB’s workload and ability to meet statutory deadlines.

This expanded framework places discretion at the center of the institution process, injecting new policy considerations into what was once a primarily merits-driven assessment.

Real-world effects. The impact of these changes has been swift and significant. Discretionary denials have increased sharply, with the “settled expectations” factor proving particularly influential. In some cases, if a patent has been known to a petitioner for years but the petitioner waited to seek review, the PTAB has denied institution even where the petition’s merits were arguably strong. In effect, delay can now permanently foreclose PTAB review.

The PTAB’s overhaul of its discretionary denial framework marks a decisive shift in the balance of power in post-grant proceedings. What was once a relatively narrow and infrequently applied doctrine has become a central battleground.

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