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The PTAB's Discretionary Denial Crackdown: Strategy, Stats, and Survival Tips

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Back in March, I wrote about Acting Director Coke Morgan Stewart's overhaul of the pre-institution discretionary denial process. Since then, much has been written on the topic and, for better or worse, the dust has started to settle, and one thing is clear: discretionary denials are on the rise. Here's a concise update on where things stand and what it means for stakeholders.

- Overview. The new discretionary denial framework was introduced by the Acting Director in a Memorandum and further clarified in a Boardside Chat and updated FAQs. The stated goals of the new process are to: (i) reduce pendency for ex parte appeals and AIA statutory deadlines, (ii) improve PTAB efficiency, and (iii) promote consistency in discretionary considerations.

- Updated Statistics. In 2024, excluding pre-institution settlements, the PTAB's institution rate was around 75%. Under the new regime, it has dropped to approximately 35%--a dramatic 40% decline that reflects a major policy shift. Key grounds for discretionary denial include: the new "settled expectations" doctrine, ongoing parallel proceedings, and impending trial dates in related litigation.

- Settled Expectations. In June, the Acting Director issued her first discretionary denial decision based on "settled expectations." *See iRhythm Techs. v. Welch Allyn, Inc.*, IPR2025-00363, Paper 10. Under this doctrine, institution may be denied based on the failure to challenge the patent early in its life. Although the Director's opinion in *iRhythm* considered the petitioner's early knowledge of the patent (e.g., shown in an IDS), follow-on decisions indicate that such knowledge is not required for denial under this doctrine. While there's no bright-line rule, the PTAB has pointed to the six-year damages window under 35 U.S.C. § 286 as a reference point. For example, in *Kahoot! AS v. Interstellar Inc.*, IPR2025-00696, Paper 12, the PTAB found that a patent in force for over six years had "strong settled expectations."

- PGR free pass. Another discretionary denial trigger is the so-called "follow-on petition"—a petition filed after a previous one was denied. Emphasizing that early patent challenges are favored, however, the Acting Director recently indicated that "petitions for *inter partes* review will generally not be discretionarily denied because of an earlier petition for post-grant review when the

post-grant review was not instituted." *LifeVac v. DCSTAR*, IPR2025-00454, Paper 11. Thus, petitioners have increased flexibility after an initial PGR challenge fails.

- Strategic Considerations.
  - **Patent Owners**: If asserting a patent is part of your long-term plan, consider waiting **at least six years from issuance** to file suit. Doing so may shield the patent from later IPR challenges under the "settled expectations" doctrine.
  - **Defendants**: If sued early in a patent's lifetime, *file your IPR petition as soon as possible*—don't wait until the one-year bar under 35 U.S.C. § 315(b) is about to expire.
  - **Freedom-to-Operate (FTO)**: Now more than ever, recurring FTO reviews are crucial. Identifying concerning patents early allows time to file a **PGR or IPR** well within the "safe" window.
  - **PGR Strategy**: Don't be afraid of filing a PGR. Even if it is denied institution, that shouldn't be held against you in filing a follow-on IPR petition based on better art and arguments.
  - **Docketing Tip**: For any potentially problematic third-party patent, **docket the five-year anniversary** of issuance. That gives a one-year cushion to assess and file any necessary IPR before "settled expectations" arguments take hold.