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Intellectual Property Alert

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PTAB establishes temporary discretionary denial procedure

By Angelo Christopher and Jennifer Hayes

USPTO issued a memo establishing an interim procedure for considering discretionary denial in IPRs and PGRs based on several factors.



What's the impact?

- PTAB will now assess discretionary denial and the merits of the unpatentability challenge separately.
- This procedure will also change how parties address discretionary denial.

On March 26, 2025, the Acting Director of the United States Patent and Trademark Office issued a memo to all administrative law judges of the Patent Trial and Appeal Board (PTAB) setting a temporary procedure for considering arguments for discretionary denial in *inter partes* reviews (IPRs) and post-grant reviews (PGRs).

When can PTAB exercise discretionary denial?

In IPRs and PGRs, the PTAB can exercise its discretion to deny institution even if an unpatentability ground in the petition meets the threshold for institution. Generally, the PTAB considers whether to exercise such discretion in three situations. First, the PTAB can deny institution based on the advanced stage of co-pending litigation.¹ Second, the PTAB can deny institution where the petition is one of multiple challenges against the patent, such as a “follow-on” petition.² Third, the PTAB may deny institution if the same or substantially similar prior art was previously presented during prosecution.³

Under the new interim procedure, the PTAB’s institution decision process will be bifurcated between (1) discretionary denial and (2) the merits of the unpatentability challenge. First, the Director and at least three PTAB judges will decide whether to discretionarily deny the petition. Then, if discretionary denial is not appropriate, the IPR or PGR will proceed to a three-judge panel to consider the merits of the unpatentability challenge.

As part of this new bifurcated approach, the PTAB will permit separate briefing on discretionary denial issues. Specifically, within two-months of the petition, the patent owner can file a separate brief up to 14,000 words arguing for discretionary denial. The petitioner can then file an equal-length response brief. The patent owner may also request a reply brief. All other preliminary briefing on the merits remains unchanged under this new procedure.

This is a significant change relative to the PTAB’s prior practice, where the same panel would consider discretionary denial and merits arguments at the same time. This procedure will also change how parties address discretionary denial. Previously, petitioners would often address these issues in the petition, but only briefly given word limit constraints. The preliminary patent owner response would then address discretionary denial and the merits. Petitioners would then often ask for authorization to file a preliminary reply to address discretionary denial, and there was no guarantee that the PTAB would allow it. The new procedure now allows both parties a full opportunity to address discretionary denial separate from the merits briefing.

Factors influencing discretionary denial

The interim procedure also provides that the PTAB may address the following factors in determining whether to discretionarily deny institution:

- / Whether the PTAB or another forum has already adjudicated the validity or patentability of

¹ *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (Mar. 20, 2020) (precedential)

² *General Plastic Co., Ltd. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 (PTAB Sept. 6, 2017) (precedential).

³ *Advanced Bionics, LLC v. Med-EL Elektromedizinische Geräte GmbH*, IPR2019-01469, Paper 6 (PTAB Feb. 13, 2020) (precedential); 35 U.S.C. § 325(d).

the challenged patent claims;

- / Whether there have been changes in the law or new judicial precedent issued since issuance of the claims that may affect patentability;
- / The strength of the unpatentability challenge;
- / The extent of the petition's reliance on expert testimony;
- / Settled expectations of the parties, such as the length of time the claims have been in force;
- / Compelling economic, public health, or national security interests; and
- / Any other considerations bearing on the Director's discretion.

These additional factors may allow patent owners to raise more discretionary denial arguments that do not necessarily fit within the three general categories discussed above.

The Director may also consider other factors, such as the ability of the PTAB to comply with pendency goals for *ex parte* appeals, its statutory deadlines for AIA proceedings, and other workload needs. This will give the Patent Office more authority to deny proceedings consistent with the reduction in size of government agencies associated with the administration's executive orders.

Patent owners and applicants must stay informed

Patent owners should familiarize themselves with the expanded list of factors that the PTAB may evaluate when deciding on discretionary denial, ensuring that they address any relevant considerations that could strengthen their case. Nixon Peabody's [Intellectual Property](#), [Patent Portfolio Management](#), and [Post-Grant Proceedings](#) teams can help patent owners and applicants strategically address these new procedures to better protect their intellectual property rights as these changes unfold.

For more information on the content of this alert, please contact your Nixon Peabody attorney or:

[Angelo Christopher](#)

312.977.4391

achristopher@nixonpeabody.com

[Jennifer Hayes](#)

213.629.6179

jenhayes@nixonpeabody.com