

CLIENT ALERT

PTAB Announces New Institution Policy, and Proposes Rule Barring Parallel Challenges, in Effort to Upend IPR Practice

October 22, 2025

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Last week, the United States Patent and Trademark Office (USPTO) unveiled efforts to modify the conduct of IPR proceedings and limit parallel and serial attempts to challenge patent claims.

First—effective as of October 20, 2025—USPTO Director John Squires will decide whether to institute *inter partes* and post-grant review (IPR and PGR) trials. This is a significant departure from the USPTO's established practice since the first PTAB trial proceedings in 2012 of having a merits panel of Administrative Patent Judges (APJs or PTAB judges) decide whether to institute trial on each petition. Second, the USPTO published a Notice of Proposed Rulemaking ("Proposed Rules") that would prohibit IPRs against patents that have previously survived an invalidity challenge in any forum, and require petitioners to waive any anticipation or obviousness positions in parallel proceedings.

These actions, taken just weeks after Director Squires was confirmed to lead the USPTO—and following on the heels of other policies promulgated by then-Acting Director Coke Morgan Stewart (now Deputy Director)—represent the most substantive changes made by the Patent Office to post-grant review proceedings since they were

established by the America Invents Act (AIA), and reflect a concerted effort by the current administration to curtail IPR challenges. Indeed, in announcing the new institution policy, Director Squires invoked his confirmation hearing, in which he “expressed discomfort that data seemed to be ‘skewed’ in favor of certain provisions,” including “a very high invalidation rate,” which “raised questions about both the administration of IPR proceedings and their institution in particular.”¹

This client alert addresses the immediate impacts of Director Squires’s exercise of authority and possible consequences of the Proposed Rules, and offers practical takeaways for patent owners and petitioners.

Director Squires’s Memorandum on Institution of AIA Trial Proceedings

On October 16, 2025, Director Squires issued a memorandum governing AIA trial proceedings, including both IPR and PGR.² Pursuant to the memorandum, and effective as of the date of this client alert, the Director will determine—“in consultation with at least three PTAB judges”—whether to institute trial in all IPR and PGR proceedings.³ Director Squires will consider both discretionary denial and merits issues raised by the petition.⁴ After determining whether institution is appropriate, the Director will issue a “summary notice” either granting or denying institution, before referral to a PTAB panel to conduct the proceeding.⁵ However, where a petition involves “novel or important factual or legal issues,” the Director may issue a decision addressing those issues.⁶ Similarly, if he determines that “detailed treatment of issues raised in a petition is appropriate”—for instance, claim construction issues, priority analyses, and real-party-in-interest determinations—Director Squires may refer the institution decision to one or more PTAB members.⁷ All petitions already referred to an APJ panel prior to October 20, 2025 will be unaffected by this change in procedure.⁸

This effectuates a substantial change to PTAB practice. Previously, institution decisions were made by a merits panel of the same three APJs that would decide, post-institution, whether the challenged claims were shown to be unpatentable. The Director would rule only when a patentee sought a discretionary denial of institution, or where a party sought Director Review of the Final Written Decision.⁹ Now, the decision to institute will be left to the Director, and only after institution will the petition proceed to a panel of APJs.¹⁰

¹ An Open Letter from America’s Innovation Agency, USPTO (Oct. 17, 2025), at 2.

² Director Institution of AIA Trial Proceedings—Memorandum, USPTO (Oct. 17, 2025), https://www.uspto.gov/sites/default/files/documents/Director_Institution_of_AIA_Trial_Proceedings.pdf?utm_campaign=subscriptioncenter&utm_content=&utm_medium=email&utm_name=&utm_source=govdelivery&utm_term= [hereinafter October Memorandum].

³ *Id.* at 1.

⁴ *Id.* at 2.

⁵ *Id.* at 1-2.

⁶ *Id.* at 2.

⁷ *Id.*

⁸ *Id.*

⁹ Interim Processes for PTAB Workload Management—Memorandum, USPTO (Mar. 26, 2025), https://www.uspto.gov/sites/default/files/documents/InterimProcesses-PTABWorkloadMgmt-20250326.pdf?utm_campaign=subscriptioncenter&utm_content=&utm_medium=email&utm_name=&utm_source=govdelivery&utm_term= [hereinafter March Memorandum].

¹⁰ *Id.* at 2.

Director Squires explained the reasons for this change in an open letter that accompanied the memorandum. As he wrote, allowing APJ panels to make institution decisions “created the *appearance* that institution decisions affect docket size, credit, and resource allocation—inviting concerns that the Board may be ‘filling its own docket.’”¹¹ (emphasis in original). The letter states that the changed institution policy is intended to achieve four of Director Squires’s goals: (1) eliminate the appearance of self-interest; (2) remove a perceived referral-signal bias by centralizing the decision with the Director; (3) enhance transparency and public trust; and (4) realign the duties and responsibilities of the Director, as a Senate-confirmed officer, to be accountable for institution.¹²

Director Squires also noted that the change in policy was in accord with the text of the AIA, and in particular 35 U.S.C. § 314(a), which “vests the authority to institute IPRs and PGRs in the USPTO Director.”¹³ Though prior USPTO Directors had delegated that authority to merits panels, Director Squires asserted that transitioning away from the “delegated-institution model” would align the administration of IPRs with “both the letter and the spirit” of the statute.¹⁴

New Proposed Rules for IPR Petitions

On October 15, 2025—the day before Director Squires issued his memorandum—the USPTO published new Proposed Rules that would limit petitioners’ ability to challenge certain patents and their ability to maintain patent challenges in a parallel forum, like in an infringement case in district court.¹⁵ Unlike the Memorandum, the Proposed Rules are not yet effective, and would affect only IPR proceedings; they would not extend to PGR trials or *ex parte* reexaminations.

According to the notice published in the Federal Register, the Proposed Rules constitute changes to “agency practice and procedure” and therefore do not require notice and comment rulemaking.¹⁶ However, the USPTO is accepting public comments to the proposed rules until November 17, 2025.¹⁷

The Proposed Rules have two main provisions. First, they would prohibit a petitioner from filing an IPR against any patent that had already survived a validity challenge in either district court or before the PTAB (including *ex parte* reexaminations), or if a pending proceeding involving the patent will reach a decision on validity before the Final Written Decision would be due.¹⁸ This marks a substantial shift from current IPR rules and policies, which only bar *the same party* from bringing successive IPR petitions against the same patent, and where parallel or prior proceedings are considered as a factor that may weigh in favor of discretionary denial—not a bar to instituting IPR.

¹¹ Squires Letter, *supra* note 1, at 2.

¹² *Id.*

¹³ *Id.*; see also 35 U.S.C. § 314(a).

¹⁴ *Id.* at 2-3.

¹⁵ Revision to Rules of Practice Before the Patent Trial and Appeal Board, 90 Fed. Reg. 48335 (Oct. 17, 2025) [hereinafter Proposed Rules].

¹⁶ *Id.* at 48335.

¹⁷ *Id.* at 48335.

¹⁸ *Id.* at 48338.

Second, the Proposed Rules would require all petitioners seeking IPR to stipulate that they would not pursue any arguments based on 35 U.S.C. §§ 102 or 103 (*i.e.*, anticipation and obviousness) in any other venue.¹⁹ Under current practice, the pendency of other actions is merely one factor that may weigh against institution; to avoid discretionary denial, petitioners may enter so-called *Sotera* stipulations in an effort to “cancel out” that factor. By making a *Sotera* stipulation, a petitioner promises not to raise in parallel district court proceedings invalidity grounds that could be raised in IPR.²⁰ However, even in those cases, petitioners are generally free to maintain arguments that could **not** be asserted in IPR, including anticipation or obviousness arguments that do not rest on patents and printed publications—the only types of prior art that can be asserted in IPR. (For instance, an accused infringer who files a *Sotera* stipulation can maintain an IPR against an asserted patent while asserting invalidity based on physical products that were on sale before the patent was filed.) However, the Proposed Rules would by themselves limit the kinds of invalidity challenges that could be raised in parallel patent litigation and thus serve as a requisite super-*Sotera* stipulation even in the absence of pending parallel proceedings.²¹

Despite the general applicability of these two potential policies, the Proposed Rules would create a limited exception in which an otherwise-barred petition can nonetheless proceed to trial if the petitioner establishes “extraordinary circumstances [which] warrant institution.”²² However, while the Proposed Rules do not elaborate on what would constitute “extraordinary circumstances,” they clarify that such circumstances are intended to be very limited, and would not include “new or additional prior art, new expert testimony, new caselaw . . . new legal argument, or a prior challenger’s failure to appeal.”²³ Further, the Proposed Rules warn that affected petitions that frivolously claim “extraordinary circumstances” may result in the petitioner being sanctioned with attorneys’ fees.²⁴

The same day that it published the Proposed Rules, the USPTO also withdrew an earlier Notice of Proposed Rules from 2024 (the “2024 Notice”), originally proposed under the prior Director, Kathi Vidal, which had taken more incremental steps to streamline IPR proceedings and codify Board policy.²⁵ For instance, the 2024 Notice would have granted APJ merits panels discretion to decline to institute “serial petitions,” narrowly defined as petitions filed by the same party, or real party in interest, that challenge the same claims.²⁶ The 2024 Notice also would have implemented an expanded briefing process for discretionary denial issues.²⁷

Takeaways for Patentees and Patent Challengers

Director Squires’s memorandum and the Proposed Rules create several new strategic considerations for parties that may find themselves before the PTAB, either as patent owners or as patent challengers.

¹⁹ *Id.*

²⁰ *Id.*

²¹ Proposed Rules, *supra* note 15, at 48335.

²² *Id.*

²³ *Id.* at 48341.

²⁴ *Id.*

²⁵ Patent Trial and Appeal Board Rules of Practice for Briefing Discretionary Denial Issues, and Rules for 325(d) Considerations, Instituting Parallel and Serial Petitions, and Termination Due to Settlement Agreement, 90 Fed. Reg. 48342 (Oct. 17, 2025).

²⁶ *Id.*

²⁷ *Id.*

First, in light of recent positions taken by Director Squires and then-acting Director Stewart, vesting the decision whether to institute post-grant reviews in the Director rather than merits panels will likely reduce the number of IPR and PGR petitions that proceed to trial—an explicit goal of this new policy change. That reduced institution rate may also chill the filing of petitions. Moreover, because the Director will issue “summary notices” of his institution decision rather than the typically lengthy analyses typically authored by the APJs, parties may receive only limited guidance, if any, as to why a petition was granted or denied institution and how the APJs view the key legal or factual issues should the IPR or PGR be instituted.

Similarly, the Proposed Rules would force patent challengers to consider whether pursuing an IPR is a viable invalidity strategy. As just one consideration, IPR petitions are limited by word count, and the Proposed Rules would foreclose a petitioner’s ability to raise any additional anticipation and obviousness challenges in a parallel proceeding. This would even preclude petitioners from raising system prior art in another proceeding, even though system prior art cannot be used in an IPR petition. Thus, the Rules would severely limit the breadth of validity challenges that can be asserted, and patent challengers will have to decide whether the attendant benefits of an IPR outweigh their ability to fully challenge a patent in a parallel proceeding.

Prospective patent challengers should also be aware that they may be barred from filing an IPR if another party has previously taken aim at the same patent: the PTAB would refuse to institute any IPR against a patent claim that has survived either a final written decision in IPR or PGR, an *ex parte* reexamination, or district court and ITC invalidity challenges. If this Rule is implemented and if it makes strategic sense to pursue an IPR, potential petitioners may be incentivized to file IPRs against any potentially problematic patent as early as possible, in order to maintain control of the proceeding and retain the benefits of PTAB practice—a lower burden of proof, and a “faster and cheaper” pathway to resolving questions of patentability.²⁸ Should they lose the race to the PTAB, potential infringers with meritorious anticipation or obviousness positions may have limited recourse beyond either (1) challenging a patent’s validity in district court, where they would face a higher burden of proof (clear and convincing evidence) than the preponderance-of-the-evidence standard in IPR; or (2) seeking *ex parte* reexamination before the Central Reexamination Unit, where they would be unable to participate after filing the request. These concerns will be particularly pressing where multiple parties are sued, either contemporaneously or serially, for infringing the same patent; under the Proposed Rules, only the first petition instituted could proceed to IPR. As a result, the Proposed Rules aim both to make the PTAB a less attractive forum to challenge validity and to meaningfully limit patent challengers’ access to the PTAB.

Parties should also be mindful of patent challenges that would not be affected by these potential changes. For instance, the Proposed Rules would not affect a party’s ability to bring PGR petitions against newly-granted patents; both Director Squires and then-Acting Director Stewart have favored those proceedings over IPR. Likewise, even if barred from bringing anticipation and obviousness challenges in parallel proceedings, IPR petitioners also facing district court litigation could maintain other defenses, including invalidity under §§ 101 and 112, and unenforceability.

²⁸ Nomination of John Squires to be Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office: Questions for the Record (responses of John Squires to Written Questions) at 25 (May 28, 2025).

And, *ex parte* reexamination provides another pathway to seek review of patentability issues, albeit a non-adversarial one.

It is also important to note that policy changes by the USPTO will likely extend beyond these two formal announcements. For instance, both then-Acting Director Stewart and Director Squires have expanded the use of discretionary denials, with new factors like “settled expectations,” including the age of the patent, being used to deny institution of otherwise trial-worthy petitions.²⁹ And, in one of Director Squires’s first Director Review decisions, he reversed a Final Written Decision that had found the challenged claims unpatentable and terminated the proceeding, apparently precluding appellate review.³⁰ Accordingly, these two announcements—though potentially seismic in effect—may also be a harbinger of more changes to come.

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²⁹ See PTAB Trial Statistics-July 2025, USPTO, https://www.uspto.gov/sites/default/files/documents/Trial_Statistics_July_2025.pdf

³⁰ *Interactive Commc’ns Int’l v. Blackhawk Network Inc.*, No. IPR 2024-00465, Paper 39 (P.T.A.B. Oct. 1, 2025).